Australian Council of Social Service

JobSeeker adequacy, wages and other incomes in the community

Briefing Paper

July 2026

Introduction

This paper outlines why the Federal Government must deliver a substantial real increase to JobSeeker and related payments so that they are not so far below other incomes in the community. These payments must be linked to wage growth to stop the growing disparity between unemployment payments and wages, which has entrenched people without paid work into poverty and destitution.

It is well established that unemployment, student and parenting payments in Australia fail to meet basic costs and fall below all measures of adequacy including poverty lines.[1] What is not well understood is that these payments were not always so far below other incomes in the community, including wages and pensions.

JobSeeker is now 40% of the gross minimum wage.[2] A minimum waged worker who loses a full-time job and moves onto JobSeeker would see their income more than halve.[3] JobSeeker is now 68% of the pension rate (plus supplements), when in the 1970s, it was paid at the same rate as the pension.

This paper makes the case for changing policy settings guiding the rates of JobSeeker Youth Allowance and other working-age payments to improve their adequacy whilst providing an appropriate reward for paid work and ensure they better reflect community living standards.

[1] For example, see all three Economic Inclusion Advisory Committee reports and ACOSS's latest poverty snapshot.
[2] From 1 July 2026 when the minimum wage rise takes effect
[3] Assuming they do not receive Rent Assistance (most people on JobSeeker do not).

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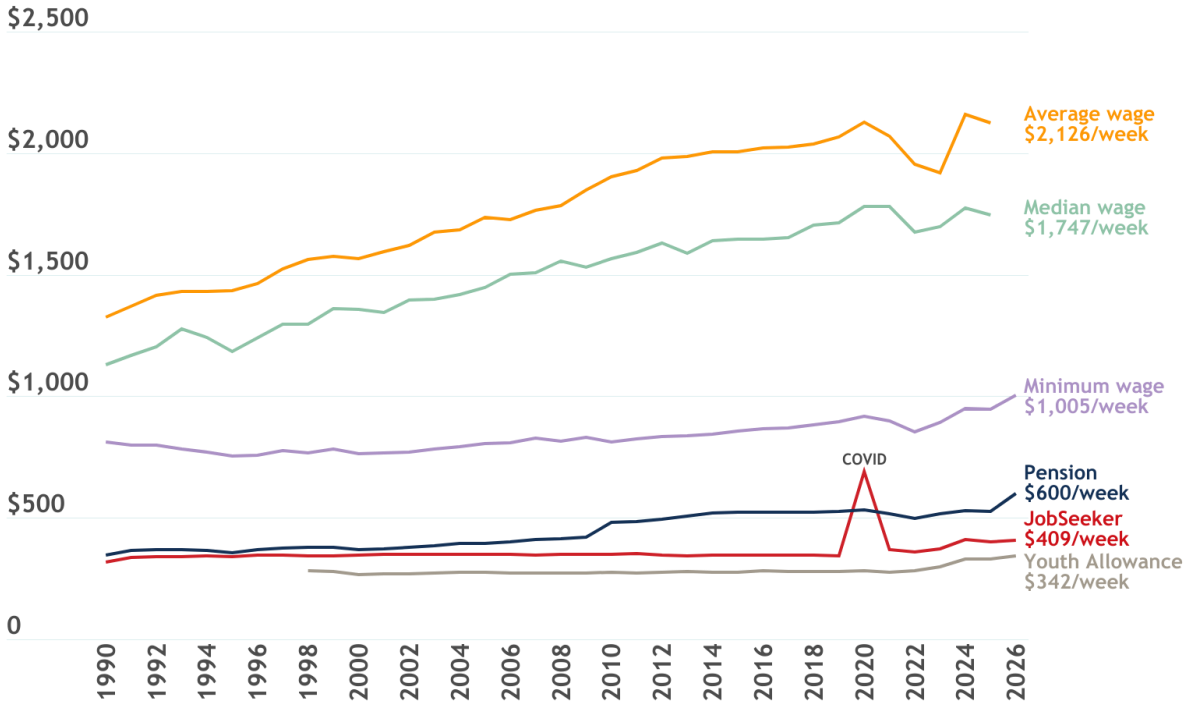
JobSeeker is well behind pensions and wages, but it didn't used to be

JobSeeker and Youth Allowance are payments typically received by people without paid work or people who are studying. These payments have flatlined since the early 1990s, while pensions, minimum and average wages have risen reflecting growth in the economy and policy change.

JobSeeker and Youth Allowance versus the pension and wages, 1990-2026 (2026$)



Source: ACOSS

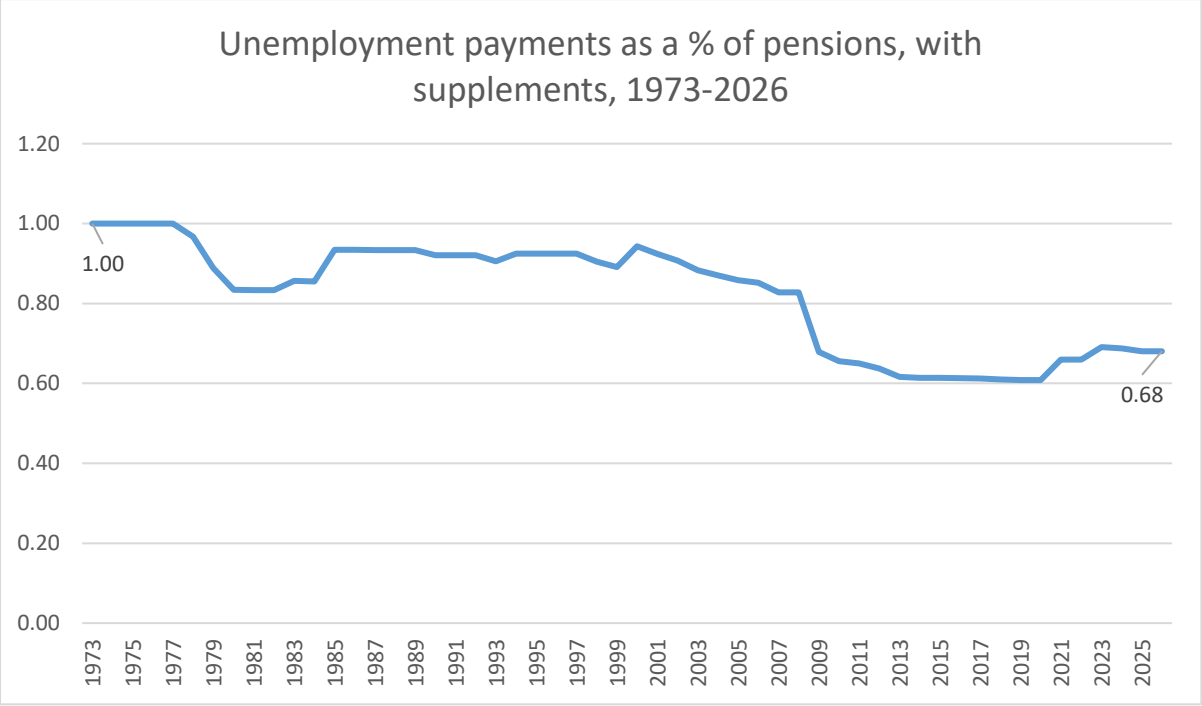
In 1990, the JobSeeker Payment[4] was $134pw while the pension was $146pw. The gap between the two payments was just $23 (2026$) a week and JobSeeker was around 92% of the pension.

[4] Then known as Newstart

Today, 36 years later, the pension is $191 a week higher than JobSeeker, a gap 16 times that of what it was in 1990.

Year	Unemployment payment $pw	Pension $pw
1990	$134	$146
2000	$175	$189
2009	$228	$336
2026	$409	$600

Graph 3. Single unemployment payment as a percentage of the pension, including supplements for both payments.



Source: ACOSS using DSS historical rate data

Policy reform to improve the adequacy of the pension has produced the large gap between it and unemployment payments over the last 25 years.

During the Whitlam Government, pensions and unemployment payments were equal (graph 3) and remained so for several years. The then prime minister Gough Whitlam committed to benchmarking pensions to 25% of Male Total Average Weekly Earnings

but did not legislate it. The Fraser Government then suspended CPI indexation of unemployment payments, which saw their value drop, but committed to increasing them leading up to the 1983 election (and had already put this spending into the forward estimates). The Hawke Government lifted unemployment payments as its first piece of legislation after winning office. In its accord struck with the ACTU in 1982, it committed to the:

> "restoration of the relative value of pensions and benefits in line with movements in community incomes, with the specific objective of restoring the basic rate of 25% of average male earners".[5]

Over the next ten years, Hawke and Keating governments raised the rate of unemployment payments so that by the early 1990s, the unemployment payment was around 92% of the pension.

In 1997, the Howard Government legislated benchmarking pensions to 25% of Male Total Average Weekly Earnings. Up until then, pensions had been informally set to 25% of average male weekly earnings, as well as indexed to the Consumer Price Index (CPI).

Unemployment payments as well as other allowances like Youth Allowance were excluded from the 1997 MTAWE benchmarking legislation. The Labor Opposition at the time the legislation was before the parliament sought to amend it to include allowances but was unsuccessful.[6] Labor pushed to retain the informal link it had kept in place between pensions and allowances[7] arguing that this is needed to ensure that "those people who are on a benefit [unemployment payments] do not fall behind."[8]

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[5] ACTU & ALP (1983) '**STATEMENT OF ACCORD: STATEMENT OF ACCORD BY THE AUSTRALIAN LABOR PARTY AND THE *AUSTRALIAN COUNCIL OF TRADE* UNIONS REGARDING ECONOMIC POLICY'**

[6] SOCIAL SECURITY AND VETERANS' AFFAIRS LEGISLATION AMENDMENT (MALE TOTAL AVERAGE WEEKLY EARNINGS BENCHMARK) BILL 1997 https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansardr%2F1997-03-26%2F0038%22;src1=sm1

[7] Senator Neal (1997) SOCIAL SECURITY AND VETERANS' AFFAIRS LEGISLATION AMENDMENT (MALE TOTAL AVERAGE WEEKLY EARNINGS BENCHMARK) BILL 1997
Second Reading https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansards%2F1997-09-29%2F0215%22?afd_azwaf_tok=eyJraWQiOiI1MUExNzM1MkJFMzVFNkZCMTE3QUI4MEVDMjhFQjk1NkQ2ODYzNkY5MjA5MENGNENBMTJERTJFREE0MTkxMjY1IiwiYWxnIjoiUlMyNTYifQ.eyJhdWQiOiJwYXJsaW5mby5hcGguZ292LmF1IiwiZXhwIjoxNzgwNDkyNTk2LCJpYXQiOjE3ODA0OTI1ODYsImlzcyI6InRpZXIxLWJmNmZiNTg0Zi03eHA4YiIsInN1YiI6IjgzLjI0MS4yMDkuMTE4IiwiZGF0YSI6eyJ0eXBlIjoiaXNzdWVkIiwicmVmIjoiMjAyNjA2MDNUMTMxNjI2Wi1yMWJmNmZiNTg0Zjd4cDhiaEMxU1RPZ3VyZzAwMDAwMDBxbmcwMDAwMDAwMDNlYWsiLCJiIjoiVDlnN2xtR01NM1RfMGdSa3ktN3BJR19RMXppcUMwZnJoby1veG9mRHdPQSIsImgiOiJsVFRiNGU1d1NWVlZ6VTNVeXB3NDRSMTVRRVhqMTFGc3dEOFVMa0EtN1JVIn19.XaslVN2NiMyL3CpSeDLUemoRcliHBTaXxEsSbZ3NfviP-shIbVeMO57vr7zTkNnbWWlIrTugkMhPd3TwKWD9sxHe2wUpA--NOpaQ1aMC_0ybMEXFqUzEkjy_xEu6gl6AhYHf5ZBSizA_lsX_tssJjjjyxRapLAtj6p8J44Jbafvpksoj_rY_Pa1LmRUdIg0_3_eqT9N55DgVTRso813Iwow5aKhPxsnb1vL6fKfV8tHRwgmvpP5SyYLfJxRPeDuy785GSEjT9D7IqZSl579HxMp9kPjE3EWm9zle6FCs9JQDMEI-JvOedYPF1FpO18xVshwmuXYuj4sMhUpDCw0Pdw.WF3obl2IDtqgvMFRqVdYkD5s

[8] Ibid.

The benchmarking of pensions to wages saw pensions grow at a faster rate than allowances over the next decade or so because wage growth was so strong. On the other hand, JobSeeker and Youth Allowance, which rose in line with CPI only, flatlined in real terms.

In 2009, the Rudd Government delivered a $32.50 per week real increase to the single pension to improve its adequacy (but did not extend this increase on the parenting pension payment or allowances). This increase improved the adequacy of the Age, Disability Support and Carer Payment pensions and widened the gap between pensions and allowances.

In the last five years, successive federal governments delivered two permanent real increases to JobSeeker and Youth Allowance. The first was a $25 a week rise in 2021 by the Morrison Government following the removal of the temporary Coronavirus Supplement, and the second a $20 a week increase in 2023 by the Albanese Government.[9] The last real permanent increase to base rates before these was in 1994 when JobSeeker rose by $2.95 a week.

These increases have improved the adequacy of payments in a small way. However, as the graph above shows, JobSeeker is still well below the pension and wages. Furthermore, the Economic Inclusion Advisory Committee has shown that if JobSeeker and related working-age payments continue to rise in line with inflation only, these real increases delivered in 2021 and 2023 "would be undone by 2035."[10]

The latest Intergenerational Report shows that spending on JobSeeker and related payments is set to decline from about 0.5% of Gross Domestic Product (GDP) in 2022/23 to just over 0.3% of GDP by 2062/63[11] because these payments will not rise in real terms. In other words, people receiving JobSeeker and Youth Allowance will not share in economic growth unless they also have paid work (which the vast majority do not). The report also refers to an expectation that the share of the population seeking paid work will decline.[12]

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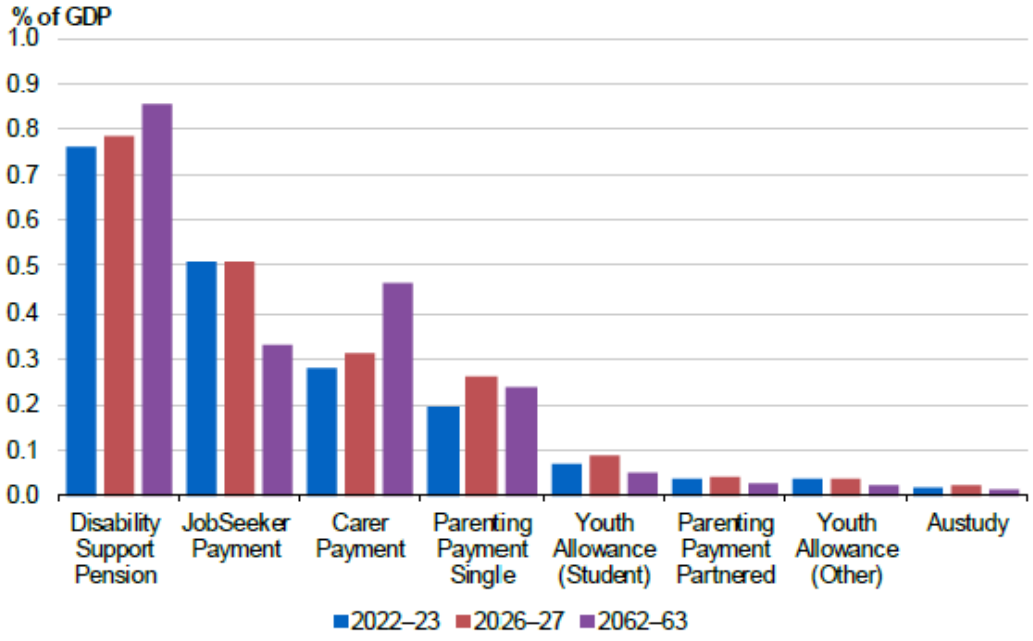
[9] Note Parenting Payment did not increase but eligibility for Parenting Payment Single was expanded moving approximately 70,000 single parents off JobSeeker and on to the more generous Parenting Payment Single.

[10] EIAC (2024) 'Report to Government' https://www.dss.gov.au/committees-councils-groups-and-panels/resource/economic-inclusion-advisory-committee-2024-report p. 45

[11] Australian Government (2023) 'Intergenerational Report 2023 Australia's future to 2063' https://treasury.gov.au/sites/default/files/2023-08/p2023-435150.pdf p.176

[12] Ibid. p. 177

Graph 4: Expected spending on social security payments (from the 2023 intergenerational report).



Source: Treasury.

Source: Treasury's Intergenerational Report 2023 Australia's future to 2063[13]

Why should we be concerned about this?

Excluding JobSeeker and Youth Allowance from real increases linked to wages growth pushes people receiving these payments further behind compared with others in the community when wages grow. Unless inflation outstrips wage growth, which typically does not happen over the long term, JobSeeker as a proportion of other incomes in the community will fall.

Governments of course want to see incomes grow with strong economic growth. However, this does not apply to people on the lowest incomes receiving unemployment and student payments because their incomes are effectively quarantined from such growth.

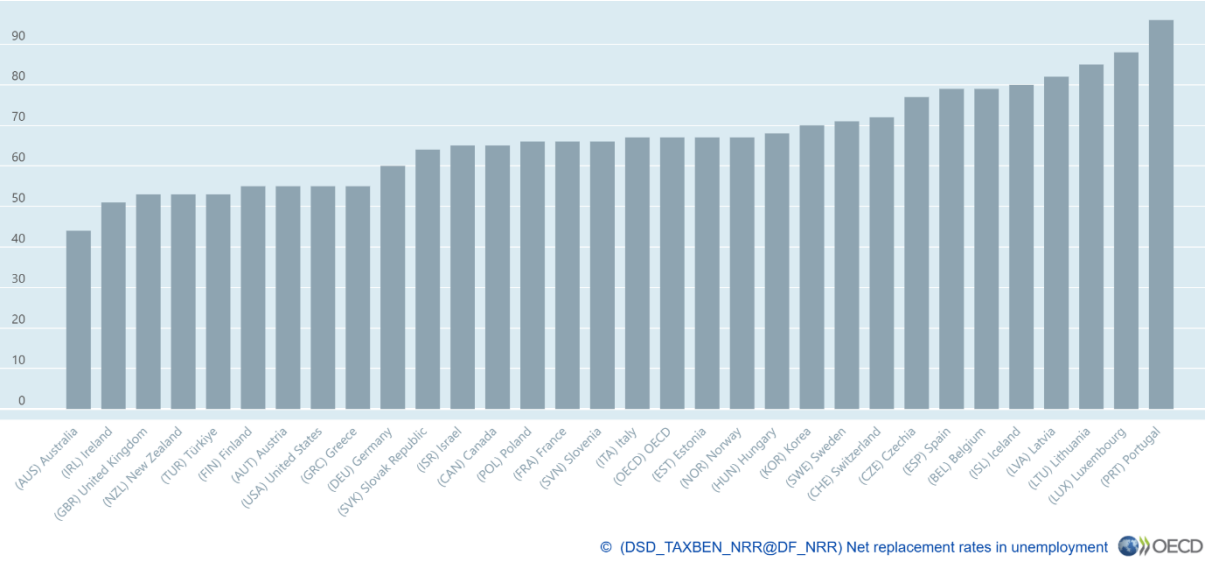
[13] Ibid.

Unemployment payments are low by international standards

Australia's unemployment payments are paid a flat rate of support that is not tied to previous earnings. In this way, Australia differs from many other comparable countries, which provide unemployment benefits that are linked to previous earnings, under an employee/employer contribution model.

If someone loses their job in Australia and then receives the JobSeeker Payment, they experience one of the largest drops in income in the OECD. Australia's unemployment payment is the lowest among wealthy countries as a proportion of average earnings in the first two months of unemployment.[14] The OECD average replacement rate is just under 70%, whereas Australia comes in at less than 45%.

Graph 5: Net replacement rates in unemployment, single person who was earning 67% of the average wage, first two months unemployment, including housing assistance (2025)



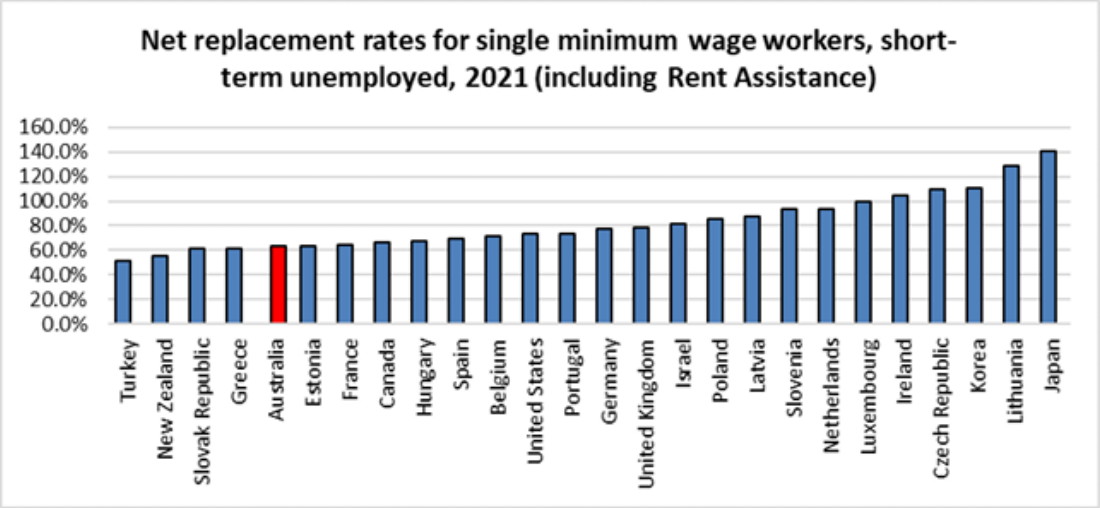
The Economic Inclusion Advisory Committee has shown that in 2023, Australia was near the bottom of the table when it comes to our unemployment payment and Rent

[14] OECD 'Net Replacement Rates in Unemployment' (2024)

Assistance as a proportion of the minimum wage, only surpassing New Zealand, the Slovak Republic and Turkey.[15]

Graph 6: Economic Inclusion Advisory Committee analysis

Figure 8: Net replacement rates for single National Minimum Wage workers, short-term unemployed, 2021 (including Rent Assistance)



Source: Calculated from OECD Benefits and Wages database, https://www.oecd.org/social/benefits-and-wages/.

Australia's unemployment payment has typically been low against the gross minimum wage, now sitting at around the same level it was back in the early 1990s. Youth Allowance is even less at just 36% of the gross minimum wage.

For someone earning an average wage, if they were to lose their job and receive JobSeeker and no other income, their income would drop by more than 80%, with JobSeeker sitting at just 19% of average wages.[16]

This kind of economic shock is why the Federal Treasury pushed to double the then $280 per week unemployment payment in 2020 when the Covid pandemic struck. Treasury also wanted to support the economy by lifting the incomes of people without paid work. As then Treasury Secretary Dr Steven Kennedy said at the time, "we tried to

[15] Economic Inclusion Advisory Committee (2023-24) 'Report to the Australian Government' https://www.dss.gov.au/committees-councils-groups-and-panels/resource/interim-economic-inclusion-advisory-committee-2023-24-report p.29
[16] ACOSS calculation. In 1990, the unemployment payment was around 25% of average wages.

enhance the automatic stabilisers, and—beyond the personal circumstances of people getting a much higher jobseeker payment—they were quite important for stabilising economic growth."[17] In other words, leaving unemployment payments well below other incomes in the community is not only bad for people receiving them, it is bad for the economy, particularly where there is a large economic shock, or in areas of high unemployment.

This kind of loss of income obviously makes it difficult for someone to meet living costs and can lead to homelessness. E61 has argued that the low rate of JobSeeker leads to people not taking economic risks for fear of losing income, which reduces dynamism in the economy. It found that "the value of unemployment benefits has fallen significantly relative to average earnings, potentially discouraging [ ] workers from initiating transitions to better matched jobs".[18] Similarly, Professor Irma Mooi-Reci, and Senior Research Fellow Trong-Anh Trinh have argued the low rate of JobSeeker leads to people not having children because the drop in income is too great.[19] They argue that for people in precarious paid work, the decision to have children may be influenced by the risk of unemployment and needing to rely on JobSeeker Payment, which sends people into poverty. As highlighted above, the large gap between wages and unemployment payments presents a huge economic shock if someone was to lose their job or be unable to participate in employment to raise children. Substantially increasing JobSeeker, Youth Allowance and related payments would narrow the gap between them and wages, softening the shock of job loss for both the individual and the economy.

[17] Senate Select Committee on Covid 19 - Australian Government's response to the COVID-19 pandemic 20 July 2020 https://parlinfo.aph.gov.au/parlInfo/download/committees/commsen/46f67b7b-953d-487f-8d48-ae82f0c5c64c/toc_pdf/Senate%20Select%20Committee%20on%20COVID-19_2020_07_30_7924_Official.pdf;fileType=application%2Fpdf#search=%22committees/commsen/46f67b7b-953d-487f-8d48-ae82f0c5c64c/0000%22 p.9

[18] e61 (2022) Better harnessing Australia's talent: five facts for the Summit, e61 Institute https://e61.in/wp-content/uploads/2022/09/Better-harnessing-Australias-talent-five-facts-for-the-Summit.pdf P.18

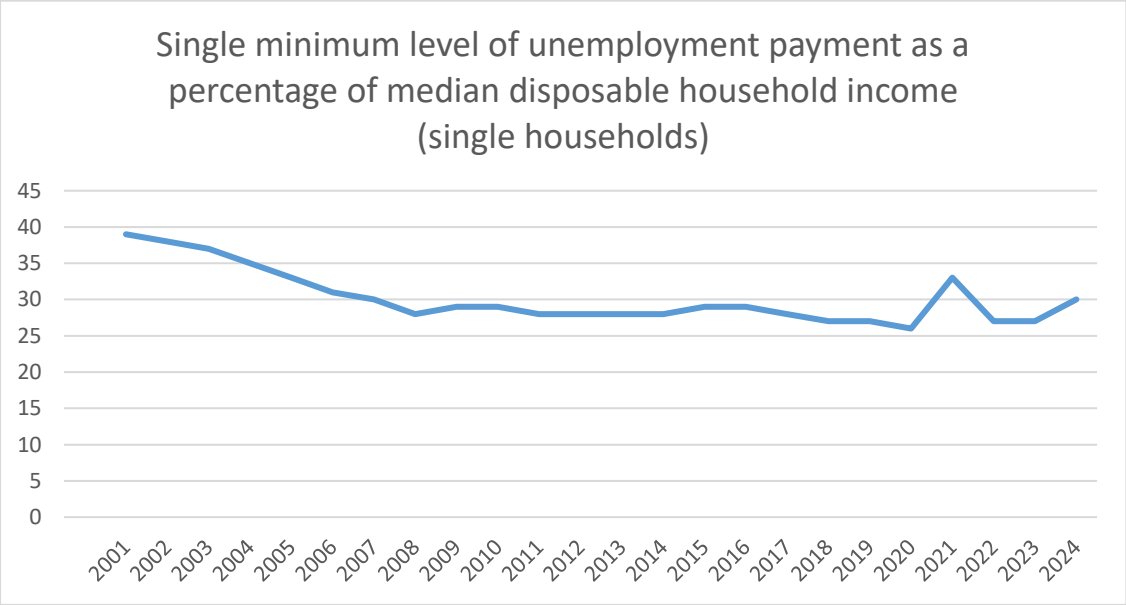
[19] Irma Mooi-Reci & Trong-Anh Trinh (2024) 'More secure jobs and higher unemployment benefits would help lift Australia's birth rate' The Conversation 5 August https://theconversation.com/more-secure-jobs-and-higher-unemployment-benefits-would-help-lift-australias-birth-rate-230538

JobSeeker has fallen as a proportion of median household disposable income

Professor Peter Whiteford has shown that the lack of real increases to unemployment payments has seen them fall as a percentage of median household disposable income by more than any other of the 24 high-income OECD countries.[20]

For a single person, the minimum benefit level (JobSeeker without Rent Assistance) has fallen from 39% of median, equivalised, disposable household income in 2001 to around 30% (as at 2024).[21]

Graph 7. JobSeeker has fallen as a percentage of median income



Source: ACOSS, calculated using OECD data.

JobSeeker and participation

There is no credible Australian evidence to suggest that substantially lifting the JobSeeker Payment would have a negative effect on employment. There is evidence

[20] Peter Whiteford (2025) 'Despite recent increases, JobSeeker still leaves people below the poverty line. Here's why that affects us all' The Conversation 12 March https://theconversation.com/despite-recent-increases-jobseeker-still-leaves-people-below-the-poverty-line-heres-why-that-affects-us-all-251915

[21] OECD (2026) 'Adequacy of minimum income benefits' OECD Data Explorer (without housing assistance) OECD Data Explorer • Adequacy of minimum income benefits

showing that lifting the payment *would not* have a negative effect on participation. When unemployment payments were temporarily doubled during the first year of the Covid pandemic, Professor Jeff Borland found that it did not affect take-up of employment for people receiving JobSeeker.[22] Professor Borland also found that there was not an increase in vacancy rates when the payment was doubled.

His research highlighted that job search is time consuming and costs money, which is hampered if people do not have enough of it. He cited concerns expressed by the OECD that Australia's unemployment payment is insufficient to cover basic costs for people looking for paid work. Mandala has also produced evidence to show that lifting the JobSeeker Payment would better support people to obtain paid work because they would be healthier and better placed to secure a job.[23]

International comparisons of the generosity of unemployment payments and the unemployment rate show that there is a correlation between higher benefits and lower unemployment. The Australia Institute has looked at unemployment rates among countries in the OECD and the replacement rate of their respective unemployment payments. The Institute found that countries with lower unemployment tend to have higher unemployment benefits.[24]

Reform of unemployment and related payments in Australia

Unless the Federal Government substantially increases JobSeeker and related supports in real terms, they will continue to fall well behind wages and pensions in the social security system. People receiving these payments will continue to not have the financial resources they need to adequately participate in society.

Many economists agree that unemployment payments should be linked to wages, so they maintain pace with community living standards. Wage indexation would also ensure people receiving the payment shared in productivity gains as pensioners and waged workers do (when wages growth outstrips that of inflation). [25]

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[22] Borland, J. (2020) 'New finding: boosting JobSeeker wouldn't keep Australians away from paid work' The Conversation https://findanexpert.unimelb.edu.au/news/13845-new-finding--boosting-jobseeker-wouldn%27t-keep-australians-away-from-paid-work

[23] Mandala (2025) 'The Social Dividend: An Actuarial Case for. Higher Income Support' https://mandalapartners.com/uploads/the-social-dividend.pdf

[24] The Australia Institute (2019) 'Adequacy of Newstart' Submission to the Standing Committee on Community Affairs https://australiainstitute.org.au/wp-content/uploads/2020/12/P791-submission-adequacy-of-Newstart.pdf

[25] Peter Martin 'Top economists want JobSeeker boosted by $100+ per week and tied to wages' https://esaqld.org.au/latest-news-item/41507/top-economists-want-jobseeker-boosted-by-100-per-week-and-tied-to-wages/?type_fr=71

JobSeeker, Youth Allowance, Austudy, Abstudy, Special Benefit and Parenting Payment should be lifted to the same rate as pensions – currently sitting at 2/3 of the minimum wage - to create a minimum income floor in the social security system. This would effectively create a single rate of payment, where allowances and pension payments are paid at the same rate.

Establishing a single level of payment would remove barriers to employment that arise from fear of losing a higher-paid payment like Carer Payment or the Disability Support Pension if one engages in paid work. It would also ensure these payments are paid above the poverty line.

To ensure these payments maintain pace with community living standards, they should be indexed to wages as well as prices.

People with higher costs because of disability, single parenthood, private rental or living in a remote area should have access to supplementary payments that reflect those added costs.

In short, our social security system should be simplified with a single rate of payment to cover basic costs set at two thirds of the minimum wage, with supplementary payments that meet specific needs.

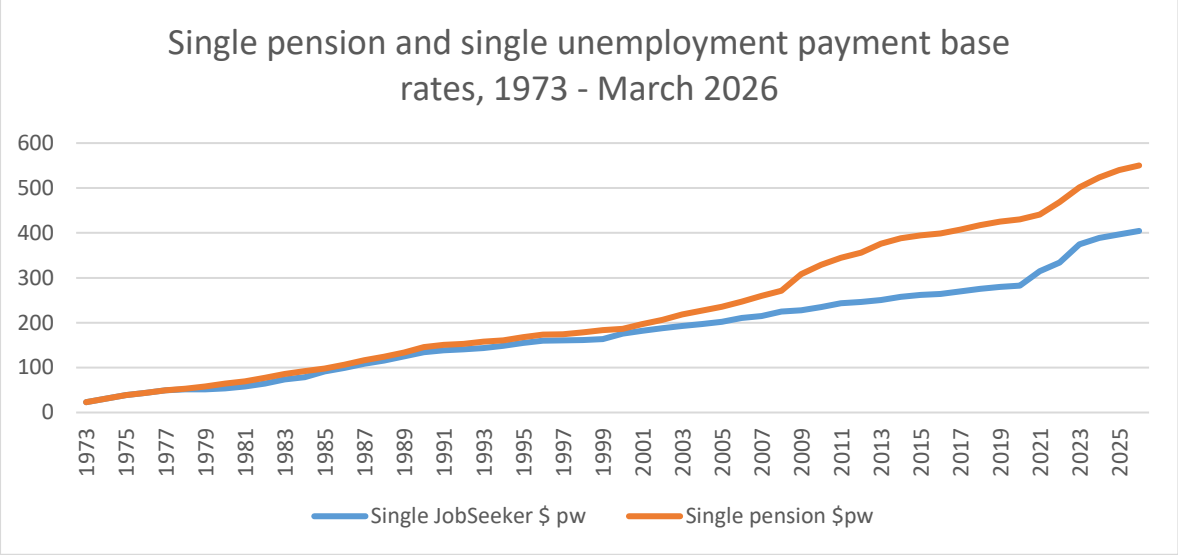
Appendix

Table of selected social security changes that affected payment rates for pensions and unemployment payments

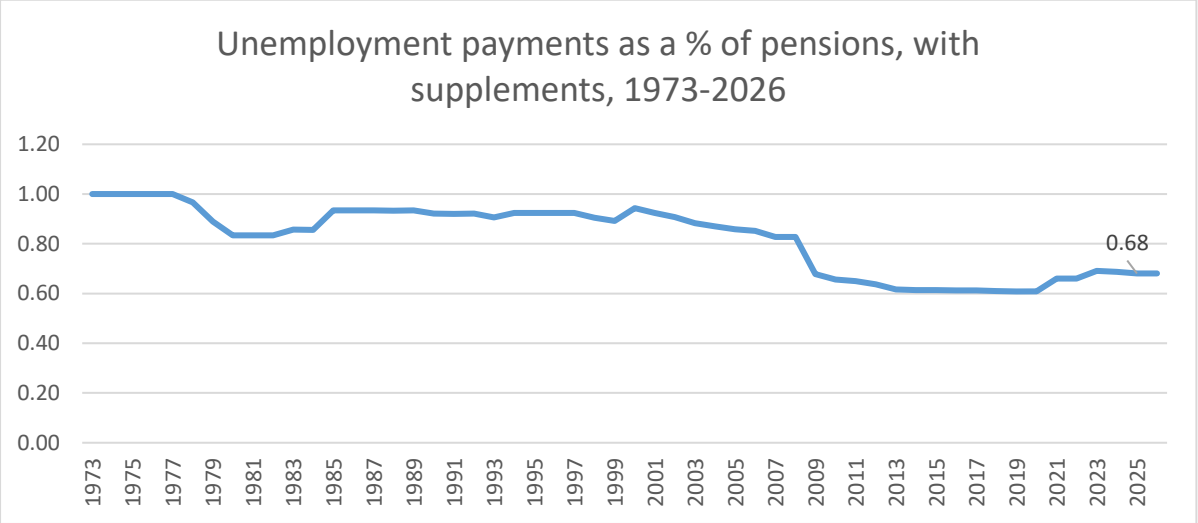
Year	Change
1970s	Whitlam committed to raising the level of the pension to 25% average male weekly earnings but did not legislate this commitment. In practice, pensions largely remained at 25% of average male weekly earnings through to 1997 (with some exceptions).
1973	**Rates of pensions and the unemployment payment were the same.**
1976	Regular CPI indexation of pensions and allowances enshrined in legislation
1982	After having stopped CPI indexation of single rate unemployment payments, Fraser Government commits to lifting unemployment payments.
1983	Hawke Government raised unemployment payments in real terms by $4.25pw and then $4.95pw following a recession.
1984-1993	Unemployment payments and pensions increased in real terms several times and amendments made to indexation, including indexation pauses.
1990	Pensions and unemployment payments automatically indexed each March and September
1993	Telephone Allowance extended to all pensioners
1994	Unemployment payments raised by $2.95pw in real terms following a recession.
1997	Howard Government enshrines in law the 25% MTAWE benchmark for Age, Disability Support pensions, Parenting Payment and Veteran Affairs pensions (1998 for the latter), but does not extend to unemployment and related payments.
2000	GST Supplement introduced - allowance base rates were increased to factor in the GST, and a supplementary payment was tied to pensions
2005	Utilities Allowance introduced for all pensioners
2009	Pensions lifted in real terms by $30 per week and indexed in line with Pensioner and Beneficiary Living Cost Index as well as CPI by Rudd Government.
2009	Pension Supplement established, which combined the GST Supplement, Telephone Allowance, Utilities Allowance and Pharmaceutical Allowance

	into one fortnightly payment. It also included an extra $2.50 payment as part of the 2009 pension reforms.
2013	Energy Supplement introduced by Gillard Government as compensation for the Carbon Pollution Reduction Scheme, set as a % of base rates, resulting in a higher amount for pensions compared with allowances.
2021	JobSeeker increased in real terms by $25 per week by Morrison Government following removal of temporary Covid Supplement.
2023	JobSeeker increased in real terms by $20 per week by Albanese Government.

Graph 1. Nominal base rates of single unemployment and pension payments, 1973-2026.



Graph 2. Single unemployment payment as a percentage of the pension, including supplements for both payments.


Unemployment payments as a % of pensions, with supplements, 1973-2026
1.20
1.00
0.80
0.60
0.40
0.20
0.00
0.68
1973
1975
1977
1979
1981
1983
1985
1987
1989
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