



MEDIA RELEASE

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Small changes, big impact: Reforms reduce poverty, boost 90% of super balances

A new study by ANU's Centre for Social Policy Research reveals how changing tax concessions on the wealthiest superannuation accounts could fund a fairer safety net while boosting the super of 90 per cent of Australians.

Commissioned by the St Vincent de Paul Society of Australia, the *A Fairer Tax and Welfare System 2025* study aims to lift more Australians out of poverty and improve living standards of our most financially disadvantaged households. Attending to the needs of people experiencing poverty and vulnerability is the Society's priority.

'In his memorable re-election victory speech, Prime Minister Anthony Albanese pledged that "together we will make our way forward with no one held back and no one left behind", the Society's National President Mark Gaetani said. 'The policy options in our new study offer a viable, budget-neutral way for the Federal Government to fulfil the Prime Minister's promise of "looking after each other, while building for the future".'

After housing costs and living standards are taken into account, almost 3 million Australians are living in poverty. *A Fairer Tax and Welfare System 2025* finds those households with abnormally high rates of financial stress and poverty include single parents and their children, younger Australians, renters, and working age welfare recipients.

The four policy options range from increasing working age payments through to a system-wide Guaranteed Minimum Income (GMI) set at the current poverty line. A GMI would top up the income for all households below that threshold.

The spend is between 3 and 6 per cent of the current welfare budget and less than 1.5 per cent of the overall Federal Budget. The approach aligns with recommendations made by the Economic Inclusion Advisory Committee and would lower poverty by up to one third.

All four options are progressive and funded through reductions in superannuation tax concessions or changes in thresholds for some welfare payments and concessions to high-wealth/high-income households.

Option 1 lifts 95,000 Australians out of poverty; Options 2 and 3 lift 584,000 people out of poverty. Option 4, the GMI, lifts 1.03 million people out of poverty, including non-welfare low-income households.

The analysis confirms all four models are progressive – directing the greatest gains to low-income households, while asking only the wealthiest households to receive less in superannuation tax concessions.

The study also finds that GST is highly regressive relative to disposable income. For example, the poorest households spend 5.4 per cent of income on GST while the richest spend just 2.6 per cent.

'The Society opposes any broadening or increasing of the GST, as this would only increase the growing gap between Australia's richest and poorest households,' Mr Gaetani said.

'We believe this study shows that it is economically feasible to lift more Australian families out of poverty while improving the lot of lower- and middle-income households,' he said.

'The Society urges the Federal Government to make good on their re-election promises by considering the budget-neutral options outlined in *A Fairer Tax and Welfare System 2025* and by keeping the GST as it is.'

* Photo of National President, Mr Mark Gaetani, is available on request.

The St Vincent de Paul Society in Australia consists of 45,000 members and volunteers who operate on the ground through over 1,000 groups located in local communities across the country.

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