

MEDIA RELEASE

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Cost of Living - Who's never had it so good?

The Western Australian Council of Social Service responded to the release of the NATSEM Household Budget Report today, to ensure the plight of low income households was not forgotten.

"Today's NATSEM Report confirms the key findings of the WACOSS 2013 Cost of Living Report released in September," said Chris Twomey, Director of Policy at WACOSS.

"That is, if you are a middle income Australian household, then chances are you *have* never had it so good ... and your income has continued to rise faster than your essential living costs."

"However, the same does not hold true for others in our community – so while we reflect on our own good fortune, we should spare a thought for those who *are* really struggling to keep up with rising living costs," said Mr Twomey.

"Our Cost of Living report clearly showed that households on low and fixed incomes – such as those relying on income support, the minimum wage or low-skilled part-time and casual work – have seen their basic living costs go up faster than their incomes.

"Low income households have copped a double whammy. On the one hand they have not shared the benefits of wage rises and income growth experienced by the rest of our community. On the other hand, low income households spend a much greater proportion of their income on essential costs – like housing, power, transport and food," he concluded.

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The WACOSS Cost of Living Report can be downloaded at:

http://www.wacoss.org.au/policy_and_advocacy/CostofLiving.aspx

The NATSEM Report can be downloaded at:

<http://www.natsem.canberra.edu.au/publications/?publication=natsem-household-budget-report-cost-of-living-and-standard-of-living-indexes-for-australia-september-2013>

Background on the WACOSS Cost of Living Report (Released 5 September 2013)

The report models three representative low income household types (a single parent household combining part-time work and income support, a two-parent working family mixing full-time and part-time low-skilled work, and an unemployed single in shared housing) to measure each household's capacity to meet a basic living standard and how it's net weekly position has changed over time. The report finds that basic living costs have increased faster than incomes over the last financial year for all three low income households, and that the income of the single parent family and the unemployed single are inadequate to meet basic living costs.

	Income	Expenditure	Net Position
Single Parent (Parenting Payment)	\$899.70	\$935.16	-\$35.46
Single Parent (Newstart)	\$822.87	\$935.16	-\$112.29
Working Family	\$1,322.13	\$1,309.23	\$12.90
Unemployed Single	\$288.25	\$349.79	-\$61.54

KEY FACTS & REPORT FINDINGS

- Housing is the major weekly expense for each of our households, accounting for between 29% and 45% of weekly income.
- The 8.6% increase in rental costs accounted for between 61% and 74% of the total rise in living costs.
- The lack of affordable housing for low incomes is the single biggest driver of financial hardship.
- While utility costs rose faster (at around 12 - 13%) they account for only around 4-5% of weekly expenditure overall.
- If our model single parent household is moved from Parenting Payment Single to Newstart Allowance this results in a \$77 decrease in weekly income putting them \$112 per week behind what is need to maintain a basic but frugal standard of living.
- An estimated 65,000 single parent families were moved from Parenting Payment Single to Newstart Allowance in January 2013.
- Australia is experiencing rising rates of child poverty with an estimated 575,000 children (or 1 in 6) in poverty, an increase of 15% since 2001.

RECOMMENDATIONS

To address these problems, the Council is calling for:

- ✦ A \$50 per week increase to the Newstart payment;
- ✦ Significant investment in public and community housing, incentives to create more affordable rentals, and increased assistance to low-income and vulnerable people;
- ✦ An (annual) increase in the State Minimum Wage by the WA Industrial Relations Commission which takes into account the increasing cost of living in WA;
- ✦ A 15% concessional electricity tariff for concession card holders;
- ✦ Inclusionary zoning policies for new housing projects requiring 15% of developments over 10 units to be affordable to those in the lowest two income quintiles;
- ✦ Review of the appropriateness, accessibility and adequacy of state concessions; and
- ✦ Introduction of a targeted energy and water efficiency program for low income households.