

# Cost of Living Report 2012



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The Western Australian Council of Social Service (the Council) has produced the Cost of Living report since 2006.

As the peak advocacy body for disadvantaged and vulnerable people, the Council has a particular interest in drawing attention to the impact of cost of living pressures on low income Western Australians. The Council is engaged in a range of initiatives which seek to understand and draw attention to cost of living pressures and help alleviate the impacts of rising living costs on low income households.

The Council prepares this report with analysis of the impact of the relative changes of different income sources and living costs on different types of households with the purpose of:

- Fulfilling its mission to advocate for the best interests of the disadvantaged and vulnerable;
- Providing better analysis and advice to not-for-profit community service providers (our members) to inform their strategic priorities for the development of new services and the improvement of existing ones;
- Providing better advice to Government about existing gaps in policy, funding and service delivery and to identify emerging issues of concern; and
- Playing an important public education role in improving the community's understanding of the nature and impact of changes in living costs.

We trust that readers will find this research useful and informative in responding to the significant challenges facing households who are struggling with the high cost of living in WA.

Irina Cattalini  
CEO

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## 1.0 Introduction

The methodology of the **2012 Cost of Living Report** has been significantly updated and expanded this year to employ a new methodology based on three different model households, each with differing types of income and costs. The Council decided to change the methodology from previous years to better enable us to explore how relative changes in living costs and sources of income impact upon different types of low-income households in Western Australia. The new approach enables us to provide better advice to Governments and community service providers on which hardship issues most impact low income households, and which strategies are most likely to prove effective in enabling households to comfortably meet a basic standard of living.

The decision to examine cost of living impacts on a range of different household types reflects the findings of a number of recent reports suggesting that single parent families and single unemployed people are facing some of the highest levels of financial hardship in our community. It is also consistent with the concerns raised with the Council by emergency relief services, financial counsellors, and other frontline community service providers in recent community consultations.

The **2012 Cost of Living Report** is structured as follows:

In section **3.0 Household income**, we examine the factors which affect the income level of three different low income households:

- **Household A:** A single parent family with two children, combining part-time work and income support;
- **Household B:** A working family with two children. One parent works full-time while the other balances part-time work with care-giving — both are employed slightly above the minimum wage; and
- **Household C:** A single unemployed person who is looking for work and relies on the Newstart Allowance.

In section **4.0 Methodology**, we outline our process for determining the basic costs of living for each of the different households, and explain the key characteristics of our three households.

Following our analysis of the income, costs and overall financial wellbeing of the three households in section **5.0 Analysis**, in section **6.0 Key challenges for low income households** we analyse and further explore the three biggest emerging hardship issues facing low income households in WA — housing, utilities and food.

In section **7.0 The cost of living in regional WA**, particular attention is drawn to the circumstances and challenges faced by low income households, particularly in the north of Western Australia.

The report concludes by first asking the question “if you’re not on a low income, are you really struggling to meet the cost of living in WA?” in section **8.0 Experiences and perceptions of rising living costs**, and then by outlining 19 recommendations which could help to help address the cost of living pressures being faced by low income households (**9.0 Recommendations**).

## 2.0 Key findings

- 1) **Household A** The income of the **single parent family** has risen slightly faster than their projected weekly expenditure in recent years (on average 3.8% vs 3.1%), however their level of income still remains below the level of expenditure required to maintain a basic standard of living in line with community expectations.

*Household A's net weekly position is **-\$30** in 2011/12, an improvement of \$7 over the previous year. There are approximately 32,000 single parent families in WA.*

The financial circumstances of Household A are highly insecure due to their dependence on income from casual work to make ends meet. The household also lacks resilience, as they have little or no capacity to save and are at significant risk of going into unsustainable debt.

- 2) **Household B** The income of the **working family** has kept better pace with living costs in the past three years (both increasing, on average, 3%). Their income is sufficient to maintain a basic standard of living, but they have little capacity to save money or to cope with unexpected costs.

*Household B's net weekly position is **+\$28** in 2011/12, an improvement of \$6 over the previous year. There are approximately 36,000 families with children in WA earning less than \$1,249 per week.*

With two sources of income, Household B is slightly more resilient than Household A. However, the low wage level of both adults tends to apply to working in low-skilled jobs, in fields where the level of job insecurity is both high and increasing.

- 3) **Household C** The level of income received by the **unemployed single** is clearly inadequate to maintain a basic standard of living, and is sufficiently low to present a barrier to their ability to find work, rather than an incentive. Changes in their income over the past three years have been slightly ahead of changes in their living costs (on average 4.2% vs 3.2%) but remain grossly insufficient to address the base inadequacy of their standard of living.

*Household C's net weekly position is **-\$30** in 2011/12, an improvement of \$5 over the previous year. There are approximately 43,000 unemployed people in WA.*

- 4) **Housing** Housing costs are the single biggest item of expenditure for each of our households, representing 28%, 38% and 41% of weekly expenditure respectively for Households A, B and C. The cost of housing is the biggest contributor to financial hardship in low income households.

Based on the results of our analysis and recent data on rental affordability in Perth, the capacity of an unemployed person to secure housing in the metropolitan area depends almost entirely on their ability to find share housing at below median market rental costs.

- 5) Income** Increases in income, arising from improvements in the minimum wage and some one-off supplementary government payments have meant the increase in income has kept slightly ahead of the increase in household expenditure for our model low income households for the past three years. However, the income levels have still been lower than living costs for single parent families and unemployed singles.

Conversely, the cost of living for the average (median) WA household has improved in recent years, with median income rising faster than overall living costs, as indicated by CPI.

- 6) Resilience** The resilience of households on low incomes is an issue of concern, as tight budgets and little or no capacity to save means our model households are at significant risk of financial crisis or unsustainable debt.

- 7) Food Stress** Low income households are spending less on food than they need to ensure a healthy and nutritious meal plan. Our analysis of current food spending patterns against the costs of a healthy meal plan suggest our model households need to spend 2 – 3% more on food (between around \$400 and \$1400 per annum more, depending on household size) to meet the requirements for healthy nutrition.

Our unemployed single is most at risk of poor nutrition, but we should also be concerned about the longer-term consequences for children growing up with food stress and inadequate nutrition.

- 8) Essentials** Households on low and fixed incomes are more susceptible to rises in the costs of essential items (such as housing, food, utilities and transport) than those on median and higher incomes, who benefit more from decreases in the cost of discretionary and “luxury” items.

When households are in financial stress the first symptoms are often utilities hardship (because power and water bills are large, intermittent and unpredictable) and food stress (buying cheaper energy-dense foods with poor nutrition).

- 9) Methodology** The three new household models utilised in this report (examining the income and living costs of three different household types) allows for a more sensitive analysis of the impact of different living costs on the financial stress faced by different WA households.

### 3.0 Household income

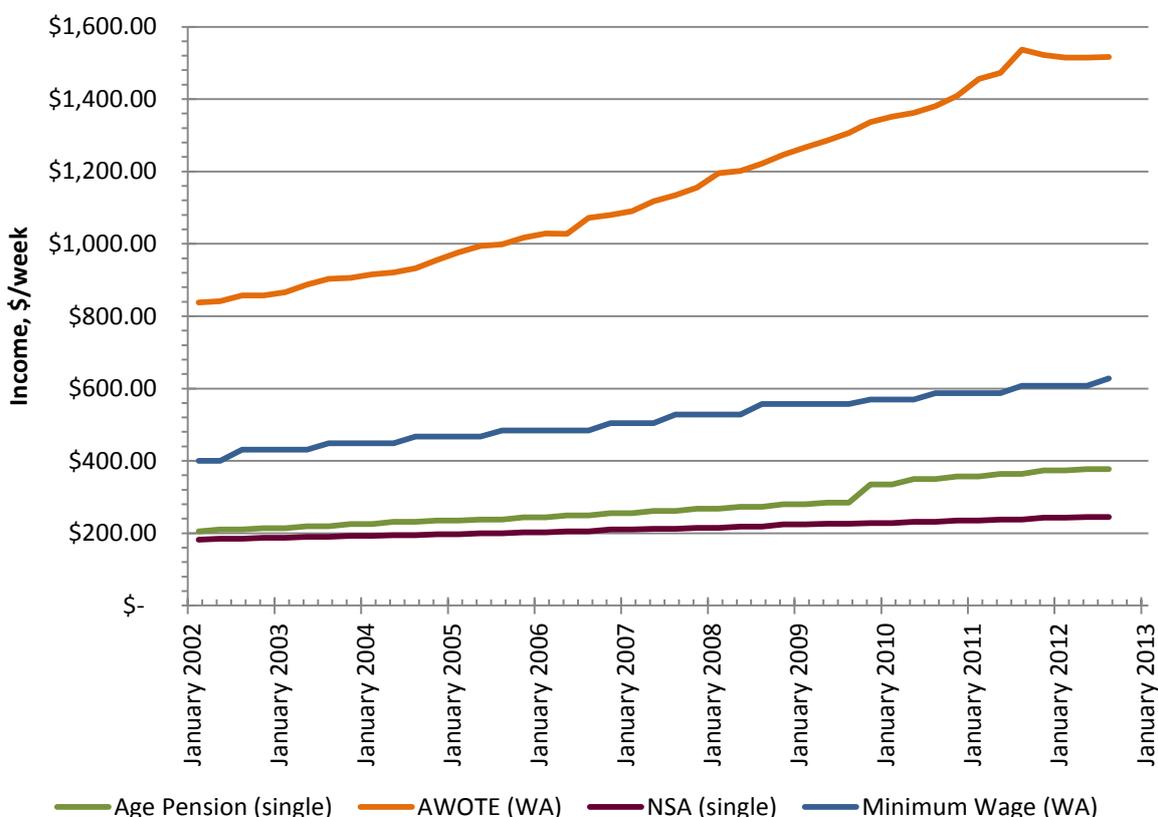
In this section we discuss four factors relevant to household income in Western Australia — increases, inequality, insecurity and inadequacy.

**Increases** — Over the last decade, Western Australia has seen significant income growth for a significant proportion of the community.

**Table 1:** Increase in weekly income, July 2002 - July 2012<sup>1</sup>

	July 2002	July 2012	\$ increase	% change
<b>Average Weekly Ordinary Time Earnings (Australia)</b>	\$861.20	\$1,351.20	\$490.00	56.9%
<b>Average Weekly Ordinary Time Earnings (WA)</b>	\$841.30	\$1,515.20	\$673.90	80.1%
<b>WA Minimum Wage</b>	\$400.40	\$627.70	\$227.30	56.8%
<b>Age Pension (single)</b>	\$210.33	\$376.74	\$166.40	79.1%
<b>Newstart Allowance (single)</b>	\$184.50	\$244.85	\$60.35	32.7%

**Figure 1:** Weekly income comparison, 2002-2012



<sup>1</sup> WA Minimum Wage figures from Department of Commerce <http://goo.gl/Av5kK> and WA Industrial Relations Commission <http://goo.gl/oT4HX>; NSA & Age Pension figures from FaCHSIA <http://goo.gl/DAA3z> and <http://goo.gl/ZleuV>; AWOTE figures from Australian Bureau of Statistics <http://goo.gl/nHN6C>.

As Table 1 and Figure 1 show, the increase in average weekly ordinary time earnings in WA has outstripped the increases in both WA minimum wage and Newstart Allowance. We have seen a growing gap emerging between average weekly earnings and the minimum wage, between the minimum wage and social security payments, and between the Age Pension and the Newstart and Youth Allowances. At the same time we have also experienced a rapid growth in salaries in certain sectors of our economy, particularly the resources sector. The end result has been a dramatic increase in inequality within our society. Newstart Allowance recipients have experienced, by far, the lowest real and percentage increase in their weekly income.

**Inequality** — Western Australia has the highest rate of income inequality in the country. The Gini coefficient is used worldwide as a measure of income inequality in a society — where zero indicates total equality and 1 indicates maximal inequality. WA had the highest Gini coefficient of any Australian State or Territory in 2009/10, with a score of 0.367 (an increase from 0.329 in 2007/08).<sup>2</sup>

Income inequality in Australia is growing — both between pensions and allowances, and between average wages and allowances. The 2009/10 ABS Income Distribution Survey indicated that the 20% of households with the lowest net worth accounted for only 1% of total household net worth, while the wealthiest 20% of households in Australia account for 62% of total household net worth.

WA also has the largest gender pay gap of any state in Australia — a gap much larger than the national average. In November 2011, Western Australia reached a record high gender pay gap of 27.7% compared to the national average of 17.6%.<sup>3</sup> This translates to an annual \$23,015 gender wage gap for full-time employees (not including superannuation and other entitlements).

**Insecurity** — In May 2012, the final report of the *Independent Inquiry into Insecure Work in Australia* was released. In the foreword to the Inquiry's final report, Inquiry chair Brian Howe described the situation for people employed on insecure work arrangements as follows:

*If their skills are low, or outdated, they are not offered training through work. They shift between periods of unemployment and underemployment that destroy their ability to save money...*

*For them, flexibility is not knowing when and where they will work, facing the risk of being laid off with no warning and being required to fit family responsibilities around unpredictable periods of work.*<sup>4</sup>

In Australia, women are disproportionately represented in casual work, with 28% of all female employees working in casual employment, compared to 20% of male employees; and over half (56%) of casual employees are women.<sup>5</sup> Single parents in particular are highly dependent on casual and part-time work, and face significant challenges with insecure working hours and childcare arrangements — as well as unpredictable wages and social security reporting requirements.

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<sup>2</sup> Australian Bureau of Statistics (2010) *6523.0 Household Income and Income Distribution, Australia (2009-10)*, Tables 1.1A – 1.1H.

<sup>3</sup> Preston, A. (2012) *Presentation at WACOSS Emerging Issues Community Sector Leaders Forum*, Accessed at: <http://goo.gl/obRCQ>, Accessed on: 20/9/2012.

<sup>4</sup> Independent Inquiry into Insecure Work in Australia (2012) *Lives on Hold: Unlocking the Potential of the Australian Workforce*, page 5.

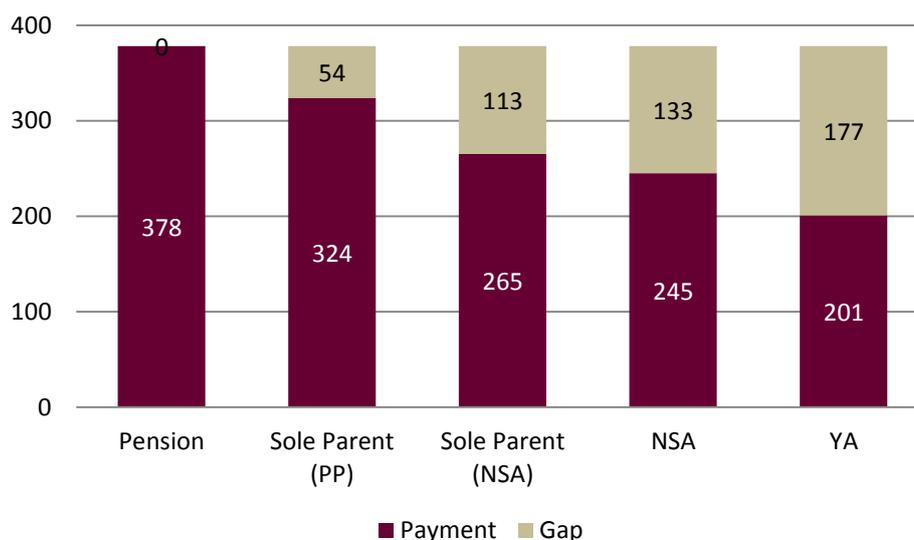
<sup>5</sup> Ibid.

**Inadequacy** — While the WA economy has prospered in recent years, those households reliant on income support payments have been left behind. Unemployment benefits across Australia (in particular Newstart Allowance and Youth Allowance) continue to fall behind the cost of living in real terms, with the average single unemployed person currently receiving only 40% of the minimum wage in Australia, or \$245/week. The rate of Rent Assistance in particular is inadequate in the face of rising housing costs and the lack of affordable rental properties for low income households in the metropolitan region.

The report *Going Without: Financial Hardship in Australia*, released in 2012, found that “households where the unemployment benefit is the main source of income are more than five times as likely to be in poverty” and that a “very high proportion of these unemployed households persist in poverty for at least two years (46.8 per cent) compared to the national average of eight per cent”.<sup>6</sup>

The Newstart Allowance (single) remains around 55% of the couples combined rate, a disproportionate disadvantage compared to the 66% difference between the single and couples combined rates for the age pension. Figure 2, below, shows the differences between the single age pension and other allowances:

**Figure 2:** Social security payment gaps for singles, March 2012 (\$/week)<sup>7</sup>



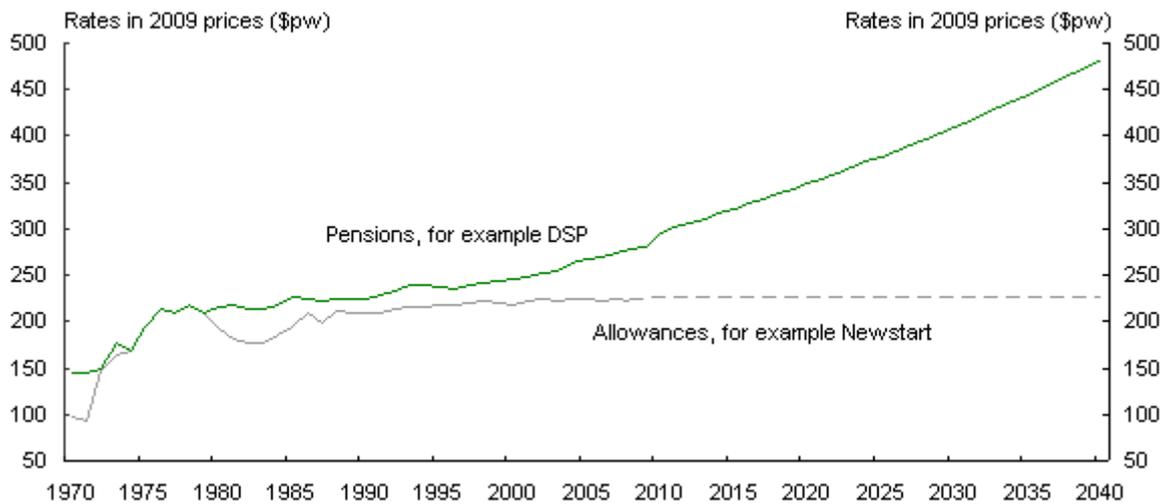
The gap between allowance and pension payment rates is widening as a result of the different indexation methods used — that is, whereas allowances are currently indexed against CPI, pension payments are indexed against average wage movements (the past and predicted future impact of which is shown in Figure 3). The Henry Tax Review estimated that by 2040, if the current arrangements remain in place, a single pensioner would be paid twice as much as a single unemployed person.<sup>8</sup>

<sup>6</sup> NATSEM (August 2012) *Going Without: Financial Hardship in Australia*, National Centre for Social and Economic Modelling, Accessed at: <http://goo.gl/UQmwy>, Accessed on: 23/9/2012.

<sup>7</sup> ACOSS (August 2012) ‘Surviving, not living’: Submission to Senate Employment Committee on the adequacy of ‘allowance’ payments, Accessed at: <http://goo.gl/SDvL2>, Accessed on: 20/9/2012, page 5.

<sup>8</sup> Ibid.

**Figure 3:** The gap between single pension and allowance rates over time<sup>9</sup>



At the time of publication, the Senate Standing Committee on Education, Employment and Workplace Relations was in the process of conducting an inquiry into *The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market*. A key feature of this inquiry is the examination of the adequacy of the Newstart Allowance payment as an income support payment for jobseekers. Numerous welfare and advocacy groups, including the Council, have made submissions to the inquiry, arguing for the need to increase the Newstart allowance in order to ensure the income support payment (relative to the cost of living) does not constitute a barrier to workforce participation for jobseekers.<sup>10</sup>

<sup>9</sup> Australia's Future Tax System (2010) *Final Report, Chapter F: The Transfer System*, Accessed at: <http://goo.gl/L7o87>, Accessed on: 21/9/2012

<sup>10</sup> For more information about this inquiry, visit <http://goo.gl/cAlC3>.

## 4.0 Methodology

Rising living costs impact on all Western Australian households to some extent, but it is low income households — particularly those reliant on income support payments — who are hit hardest by increases in the costs of essential goods and services.

According to the latest ABS figures, the living costs in Perth increased by 1.1% between June 2011 and June 2012 (as measured by the change in Consumer Price Index, or CPI). This is slightly lower than the weighted average CPI increase for the eight Australian capital cities of 1.2%.<sup>11</sup> At the same time, between May 2011 and May 2012, the average weekly ordinary time earnings for those employed full-time in WA rose by 2.9%.<sup>12</sup> This means that, if you are an *average* Western Australian, your income is likely to have increased at a faster rate than your cost of living expenses over the past year.

However, the focus of this report is on the cost of living pressures experienced specifically by Western Australian households on **low and fixed incomes**. It's worth remembering that if you're on a low or fixed income:

- Your income rarely increases at the same rate as middle and higher income households, due to your lack of power to negotiate higher wages, or your reliance on government payments.
- When your income does increase, it increases by a much smaller amount. For example, a 4% increase to a weekly income of \$1,200 provides an additional \$48 per week, whereas a 4% increase to a weekly income of \$400 only provides an additional \$16 per week.
- A much higher proportion of your income is spent on essential items (such as housing, utilities, transport and food), than for someone on a higher income.

### 4.1 The limitations of CPI and HES cost figures

Changes to the headline CPI figure do not provide an accurate or reliable indication of changes to the cost of living for low income households in WA. This is because the CPI is based on average price increases across a basket of goods consisting of both essential **and** discretionary or “luxury” items. The extent to which different household types are obliged to spend a proportion of their overall income on essential items as opposed to discretionary items obviously has an impact on the extent to which they feel the impact of cost of living rises.

The household models being used for the first time this year have allowed us to build a better understanding of the difference between *current* patterns of household spending (as indicated by the figures in the ABS Household Expenditure Survey (HES)<sup>13</sup> and how much household *should* be spending in order to maintain their health and well-being, and achieve what the community considers an acceptable basic standard of living.

This is an important distinction to make because it helps us to address some of the limitations of the Consumer Price Index and the ABS Household Expenditure Survey model as measures of real cost of

<sup>11</sup> Australian Bureau of Statistics (June 2012) 6401.0 *Consumer Price Index, Australia*, Tables 1 & 2 CPI: All Groups, Index Numbers and Percentage Changes.

<sup>12</sup> Australian Bureau of Statistics (May 2012) 6302.0 - *Average Weekly Earnings, Australia*.

<sup>13</sup> Australian Bureau of Statistics (2011) 6530.0 - *Household Expenditure Survey 2009-10*.

living impacts and financial stress. Simply reporting on the current spending patterns of households on low and fixed incomes can mask the level of financial hardship they face because – while it may capture changes in spending patterns, and reflect the relative proportion households *are* spending on one type of good or service versus another — the figures are unable to tell us what low income households *can't* afford and *aren't* spending.

The distinction between what a household *is* paying and what they *should be* paying is best illustrated in the case of housing. While examining the proportion of household income that is spent on mortgage or rental costs (i.e. if households in the bottom four quintiles are spending more than 30% of their income – the 30/40 rule<sup>14</sup>) might provide some *indication* of overall levels of housing stress, this is only really an effective measure of the *lived experience* of housing stress of particular households to the extent that households will prioritise housing over other living costs (and are able to decrease their spending in other areas to avoid default or eviction).

That is, a low income household responding to rising living costs simply cannot increase the proportion of its spending on housing *and* food *and* utilities *and* transport all at the same time – the household typically has a fixed level of income that acts as an immovable upper bound on spending. When the rent or mortgage payments get to a certain point it is quite likely this hypothetical family will be forced to move into smaller and less appropriate housing. While this may then result in their housing costs going down (perhaps below the 30% housing stress threshold), in reality the level of stress that this family is experiencing will probably increase dramatically (eg. with a family of 4 now crammed into a 2 bedroom flat, or forced to live on in outer suburbs — a long way from work, school, shops and services).

As a consequence of this inelasticity of expenditure of disadvantaged households, measures of financial stress based on the proportion of disposable income only really make sense *if* we have a good reason to believe that households with limited spending will prioritise one type of spending over another. So, while it makes a certain amount of sense to continue to use the 30/40 rule as a quick and easy indicator of housing stress – on the basis that safe shelter tends to be the highest priority (i.e. Maslow's hierarchy of needs) – applying a similar measure to food spending probably won't produce a reliable indicator of food stress. This is because we have significant evidence that disadvantaged households can and will buy cheaper less nutritious foods (that sustain them in the short-term but undermine their health in the longer-term) when they are under financial stress and struggling to make ends meet.

To this end, the **2012 Cost of Living Report** examines alternative measures of food stress (the difference between current household food spending and that necessary for a healthy meal plan – see section 6.3 *Food*) and of utilities hardship (changes in the levels of a range of hardship indicators including payment extensions, payment plans, HUGS grants and disconnections – see section 6.2 *Utilities*) to provide a better measure of cost of living impacts.

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<sup>14</sup> The *30/40 rule* means those spending more than 30 per cent of their income on housing, while earning in the bottom 40 per cent of the income range are defined as experiencing 'housing stress'.

## 4.2 WACOSS household models

The Council has developed 3 household models in order to examine more closely the impact of cost of living changes on vulnerable Western Australian families. The three model households have different budgets based on differing levels and types of income and expenditure. Each household model is a hypothetical scenario based on a number of different referenced assumptions (see section 10Appendix 1).<sup>15</sup> The characteristics of the three households are described in Table 2 WACOSS Household Models.

**Table 2: WACOSS Household Models**

	Household A	Household B	Household C
<b>Household members</b>	Single mother with two dependent children	Working family with 2 school aged children	Single, unemployed female
<b>Age</b>	34 years old, with two children aged 7 and 8	2 adults aged 40 and 38 years, with two children aged 11 and 13	44 years old
<b>Housing</b>	Rents a unit (85% median unit rental)	Rents a house (85% median house rental)	Shares a house with 2 other adults (one third of 85% median house rental)
<b>Education</b>	Both children attend school	Both children attend school	-
<b>Income source</b>	Mother works casual hours for 18 hours a week for 39 weeks a year at minimum wage with casual loading. Eligible for government payments.	1 full time worker (minimum wage + 33%); 1 casual (average 16 hours per week at minimum wage with casual loading). Eligible for government payments.	Newstart Allowance
<b>Transport</b>	Owens a small car	Own a small car, plus uses public transport for 5 round trips per week	Public transport is only mode of transport (5 round-trips per week)
<b>Other</b>	Non-smoking, no gambling, and no pay TV	Non-smoking, no gambling, and no pay TV	Non-smoking, no gambling, and no pay TV
<b>Health</b>	No private health insurance	Has private health insurance	No private health insurance

The use of these three household models allows us to examine the likelihood of low income households in WA being able to comfortably meet a basic standard of living.

Due to the limitations of relying on CPI figures for low income households' cost of living, the costs in the **2012 Cost of Living Report** have been calculated, wherever possible, using figures which reflect the average price/usage by Perth residents, and conservative assumptions of cost and consumption. The sources of the cost figures used in the household models are described below (for more detail, refer to *10Appendix 1: Assumptions*):

- **Housing** — based on statistics from the Real Estate Institute of Western Australia which show the average rental prices of houses and units advertised in the Perth metropolitan region over a quarterly period.

<sup>15</sup> These models are not intended to be a precise reflection of *all* living costs and/or household expenditures.

- **Utilities** — consumption is based on government estimates of average usage, and prices were obtained directly from the utility providers that service Perth residential households.
- **Food and beverages** — based on the WA food and beverage costs in the ABS Household Expenditure Survey 2009-10 (with CPI applied).
- **Transport** — based on RAC WA calculated running costs for a car that travels 15,000km/year. The car with the lowest running cost and use was selected.
- **Other household and living costs** — based on relevant items within the ABS Household Expenditure Survey 2009-10 (with CPI applied) — only some of these figures were specific to WA. This grouping encompasses all of the other costs that households typically encounter — including education, communication, household services etc.

## 5.0 Analysis

### 5.1 Household A: Single Parent Family

Household A is comprised of a single mother with two school aged children. The mother works part-time, rents a 2 bedroom unit, and owns a small car.

As of March 2012, there were 31,509 WA households receiving Parenting Payment Single.<sup>16</sup>

#### 5.1.1 Single Parent Family: Weekly Income

The single mother in Household A is a casual employee, working approximately 25 hours per week at minimum wage. She is only able to work 39 weeks per year (rather than 52 weeks), as she must stay home and care for her children during the school holiday periods. As a casual employee, she receives 25% casual loading on top of the minimum wage, making her hourly rate \$19.18. She is also eligible to receive Parenting Payments, Family Tax Benefits, and other once-off government supplements.

**Table 3:** Single Parent Weekly Income

	2009/10	2010/11	2011/12
Wages (gross)	\$337.33	\$347.64	\$359.64
Parenting payment	\$192.99	\$206.71	\$216.57
Tax	-\$44.35	-\$45.44	-\$49.08
Regular government benefits	\$269.15	\$275.45	\$283.50
Government supplements (one off payments, converted to weekly amount)	\$59.37	\$60.49	\$66.00
<b>Total weekly income</b>	<b>\$814.49</b>	<b>\$844.86</b>	<b>\$876.63</b>
Increase on previous year	NA	\$30.37	\$31.77
% increase on previous year	NA	3.7%	3.8%

The mother's wage increased 3.45% (or \$12) per week over the last 12 months as a result of the annual state minimum wage adjustment. It is important to note, however, that the mother is an example of a person in an insecure work arrangement. As a casual employee, she would not have sick leave or annual leave entitlements, and there is no guarantee that her employer would be able to maintain the number of hours she works each week. This job insecurity contributes to significant financial insecurity for the family.

Over the same period, indexation was applied to her income support supplements (Parenting Payments, Family Tax Benefits and Rent Assistance) contributing to a minor rise in income. In the 2011/12 financial year, the household also received two one-off supplementary payments included in the income in Table 2 — the School Kids Bonus of \$1,227 and the Clean Energy Future Advance of \$248.32. This is a 9% (\$287/year) increase on the supplementary payments received in 2010/11. It is also important to note that there is no guarantee that equivalent or higher supplementary payments

<sup>16</sup> Department of Human Services (March 2012) *Income Support Recipients by Federal Electorate*, Accessed at: <http://goo.gl/5Bsk6>, Accessed on: 3/10/2012.

will be received each year — that is, these payments may not re-occur in future years, resulting in a reduction (or lower percentage increase) in weekly income.

Overall, the income of Household A increased by 3.8% (or \$31.77 per week) this year (i.e. between 2010/11 and 2011/12).

### 5.1.2 Single Parent Family: Weekly Expenditure

**Table 4:** Single Parent Weekly Expenditure

	2009/10	2010/11	2011/12
Rent	\$299.63	\$308.13	\$333.63
Food and beverage	\$206.50	\$217.96	\$211.29
Utilities	\$24.68	\$28.36	\$31.36
Transport	\$65.28	\$67.08	\$66.56
Household and living costs	\$257.04	\$261.10	\$264.18
<b>Total expenditure</b>	<b>\$853.11</b>	<b>\$882.62</b>	<b>\$907.01</b>
Increase on previous year	NA	\$29.51	\$24.39
% increase on previous year	NA	3.5%	2.8%

Household A's total expenditure rose by 2.8% (\$24.39 per week) this year, on top of a 3.5% (\$29.51 per week) increase the previous year. Over the last 12 months household expenditure on the four key essential items (housing, utilities, transport and food) increased by \$21.30/week. The spike in expenditure between 2009/10 and 2010/11 can be attributed primarily to a sharp rise of 5.6% (or \$11.46 per week) in food costs, as well as an 2.8% (or \$8.50 per week) increase in rent. The 2010/11 increase in food costs was the result of a seasonal spike in fruit and vegetable costs, which corrected in 2011/12.

The household experienced a significant increase in their housing costs this year, with the family's rent increasing by 8.3%, or \$25.50 per week (\$1,326 over the year). The impact of this rent rise on the family's expenditure has been lessened by the household's increase in income, together with the correction in food prices. The family's housing costs currently account for 38% of their overall income (or \$17,394/year), meaning that the household is considered to be experiencing housing stress.

The other interesting point to note is the relative contribution of utility costs to the overall position and level of financial stress experienced by the family. While utility prices rose 11% this year and 15% the previous year, the cost of utilities only accounts for 3.6% (or \$1,635/year) of the family's current income.

Expenditure on other household and living costs (including health, education, communications and clothing) increased by \$4.06/week between 2009/10 and 2010/11, and increased again this year by a further \$3.09/week. This indicates the increased cost of the four key essential items contributed much more to the rise in household expenditure than increases in other household costs.

### 5.1.3 Single Parent Family: Discussion

**Table 5: Single Parent Family Net Position**

	2009/10	2010/11	2011/12
Total weekly income	\$814.49	\$844.86	\$876.63
Total expenditure	\$853.11	\$882.62	\$907.01
<b>Difference</b>	<b>-\$38.62</b>	<b>-\$37.76</b>	<b>-\$30.38</b>

For Household A, the single parent family, we see that in 2009/10 the model household's income was \$38.62 per week lower than the level of expenditure required for the family to achieve the basic standard of living represented in our household model. This reduced to \$37.76 per week last year, and then to \$30.38 per week (or \$1,584 over the year) this year. Obviously, a real family cannot spend more money than they are receiving in income (without going into debt — a scenario not reflected in the model). What this means is that each week the household has to make tough decisions regarding which essential goods and services are *most essential* at the time. The ongoing, negative difference between income and expenditure is a clear indication that this household is struggling to meet a basic standard of living.

It is important to remember that the model also makes no allowance for savings or to enable the family to be able to respond to an unexpected cost or crisis. (i.e. if the fridge or car breaks down), The single family does not have any health or home and contents insurance, and the model does not provide for any spending on items such as birthday presents, or other non-essential items.

The key issue here is that of *resilience* — a single family in these circumstances has little capacity to absorb sudden and unavoidable costs that can quickly push the family into crisis; into a debt they lack the capacity to service; and/or into poverty or homelessness. At the same time their reliance on insecure income from part-time casual work increases their level of financial risk. The experiences of emergency relief providers, financial counsellors and women's shelters all point to the consequences of this lack of resilience, and there are many stories of single parent households struggling to pay off high interest short-term loans.

The model assumes that Household A is paying 85% of the median rent for a unit in the Perth metropolitan region. If the family was forced to pay even the median unit rental price (\$393 per week rather than \$334 per week) for a unit in Perth in order to secure housing (a real possibility, given the very low vacancy rates and lack of affordable rental properties in Perth at present), then this household would see their expenses exceed their income by approximately \$89.25 per week (or \$4,654/year).

It is also worth considering the relative proportion of family expenditure on utilities (3.5%) versus housing (38%), given the amount of public and political focus in WA on rising utility costs. While there is good reason to be concerned about rising levels of utility hardship (reflected in rates of disconnection), given that utilities account for a relatively small proportion of household income, utility hardship could be seen more as a consequence of transferred housing stress.

## 5.2 Household B: Working Family

Household B consists of 2 adults and 2 school aged children. One parent works full time, and the other undertakes casual employment. They rent a house, own a small car and use public transport for 5 round trips a week.

At the time of the 2011 Census, there were 35,973 families with children in WA earning less than \$1,249 per week.<sup>17</sup>

### 5.2.1 Working Family: Weekly Income

There are two wage-earners in the working family. One works full time, 38 hours per week at \$21.25 per hour (equivalent to minimum wage + 33%). The other is employed casually, earning the minimum wage plus 25% casual loading for 16 hours per week. The family is also eligible to receive Family Tax Benefits A and B, since the adjusted taxable income of the primary earner is significantly less than \$150,000 per year and their partner earns less than \$19,929 per year.

**Table 6:** Working Family Weekly Income

	2009/10	2010/11	2011/12
Combined wages (gross)	\$1,045.43	\$1,077.48	\$1,114.51
Tax	-\$102.10	-\$101.71	-\$111.21
Regular government benefits	\$213.42	\$215.96	\$220.51
Government supplements (one off payments, converted to weekly figures)	\$56.37	\$57.49	\$62.95
<b>Total income</b>	<b>\$1,213.13</b>	<b>\$1,249.23</b>	<b>\$1,286.75</b>
Increase on previous year	N/A	\$36.10	\$37.52
% increase on previous year	N/A	3.0%	3.0%

Household B's income from wages increased by 2.8% (or \$27.53) over the last 12 months — primarily as a result of the annual state minimum wage adjustment. However like Household A, the working family's financial security is put at risk by insecure work arrangements. This insecurity relates particularly to the casual employee's work — the fact that he/she is not entitled to sick or annual leave, her employer does not have to guarantee that employee 16 hours work per week, and the employer has far fewer obligations to meet (notice periods ...etc.) should they decide to terminate the person's employment. Despite the fact that the primary earner is working full-time, given that they are on a relatively low wage (33% above the minimum wage) it is also quite possible that they are within a low-skilled sector of the workforce that is being increasingly affected by workplace insecurity, as discussed in section 3.0 *Household income*.

In the 2011/12 financial year, the household also received two one-off supplementary payments — the School Kids Bonus of \$1,223.56 and the Clean Energy Future Advance of \$247.52. As discussed in relation to Household A, the increase in weekly income as a result of these supplementary payments may not re-occur in future years.

<sup>17</sup> Australian Bureau of Statistics (9 August 2011) *2011 Census*, Customised table with STATE, HCFMD and HIND data.

## 5.2.2 Working Family: Weekly Expenditure

**Table 7:** Working Family Weekly Expenditure

	2009/10	2010/11	2011/12
Rent	\$319.81	\$327.25	\$358.06
Food and beverages	\$296.14	\$312.15	\$303.01
Utilities	\$36.65	\$42.28	\$46.16
Transport	\$91.80	\$94.50	\$94.78
Household and living costs	\$441.92	\$450.93	\$457.00
<b>Total expenditure</b>	<b>\$1,186.31</b>	<b>\$1,227.11</b>	<b>\$1,259.01</b>
Increase on previous year	N/A	\$40.80	\$31.90
% increase on previous year	N/A	3.4%	2.6%

Housing is the largest single highest expenditure item for Household B, with rent estimated to account for 28% of income in 2011/12. Rental costs of \$358.06 per week means that the working family is spending \$18,669 a year on rent alone — an increase of over \$1,600 on the previous year.

Food is the second largest expenditure item for the family of four — representing 24% of household income. As discussed in 5.1.2 *Single Parent Family: Weekly Expenditure*, while the household's expenditure on food decreased in the current year, this occurred on the back of a significant seasonal spike in the cost of fruit and vegetables in the previous year. This household is now spending 2.3% (\$6.87 per week) more on food in 2011/12 than they were in 2009/10.

Housing and food account for more than 52% of household expenditure, meaning that increases to these costs have the greatest impact on households' financial wellbeing. However, as the discussion in 5.2.3 *Working Family: Discussion* explains, when a household's income only just covers their expenditure, even a 9.2% (\$3.88 per week) increase in the cost of utilities (which accounts for less than 4% of household expenditure) can have a notable impact on the household's financial wellbeing.

## 5.2.3 Working Family: Discussion

**Table 8:** Working Family Net Position

	2009/10	2010/11	2011/12
Total income	\$1,213.13	\$1,249.23	\$1,286.75
Total expenditure	\$1,186.31	\$1,227.11	\$1,259.01
<b>Difference (\$)</b>	<b>+\$26.82</b>	<b>+\$22.11</b>	<b>+\$27.74</b>

In considering the difference between income and expenditure, is important to note that the model assumes that Household B is able to acquire a rental property at 85% of the median price for a house in the Perth metropolitan region. If the family was forced to pay the median rental price (\$421 per week<sup>18</sup> rather than their current \$358 per week), this household would have seen their expenses exceed their income by approximately \$35.45 per week (or \$1,848/year) in the current year. This

<sup>18</sup> See 10Appendix 2: Real Estate Institute of WA, Perth Rental & Vacancy figures

must be considered a real possibility, given the low vacancy rates and lack of affordable rental properties in Perth at present (discussed in more detail in 6.1 Housing).

While the figures suggest that the family now has \$27.74 per week (or \$1,446.28 per annum) 'left over', it is important to remember that \$28 per week will not go very far in a household of four people. The 'surplus' provides little allowance for the family to save or to enable the family to be able to respond to an unexpected cost or crisis (ie. if the fridge or car breaks down, or unexpected medical expenses are incurred), and provides very little money for spending on items such as birthday presents. For a family whose income only just exceeds its expenditure, the high likelihood that additional expenses may be incurred over the course of a year means that the household will probably need to cut back its spending and is at risk of getting into debt. The resilience of a household with two incomes is higher than that of our single parent family, but they could still be just one accident or a couple of missed pay-checks away from financial crisis.

### 5.3 Household C: Unemployed Single Person

*Household C, our model unemployed single woman's only income comes from government allowances and benefits. She is currently looking for work, resides in shared accommodation, and relies on public transport to get around.*

As of March 2012, there were 42,845 Western Australians receiving Newstart Allowance.<sup>19</sup>

#### 5.3.1 Unemployed Single: Weekly Income

**Table 9:** Unemployed Single Weekly Income

	2009/10	2010/11	2011/12
Newstart Allowance	\$227.41	\$235.18	\$243.12
Regular government benefits	\$42.58	\$42.79	\$46.67
Once off government supplements (converted to weekly rate)	-	-	\$3.07
<b>Total weekly income</b>	<b>\$269.99</b>	<b>\$277.97</b>	<b>\$292.86</b>
Increase on previous year	N/A	\$7.97	\$14.89
% increase on previous year	N/A	3.0%	5.4%

As a single, unemployed female, this person is currently receiving the Newstart Allowance as their primary source of income. This person is also eligible to receive Rent Assistance, and will occasionally receive other supplementary government payments, such as the Clean Energy Future Advance of \$247.52 in 2011/12.

<sup>19</sup> Department of Human Services (March 2012) *Income Support Recipients by Federal Electorate*, Accessed at: <http://goo.gl/5Bsk6>, Accessed on: 3/10/2012.

### 5.3.2 Unemployed Single: Weekly Expenditure

**Table 10:** Unemployed Single Weekly Expenditure

	2009/10	2010/11	2011/12
Rent	\$106.60	\$109.08	\$119.35
Food and beverage	\$89.64	\$94.19	\$91.72
Utilities	\$11.45	\$13.22	\$14.45
Transport	\$10.22	\$11.08	\$11.08
Household and living costs	\$85.25	\$86.32	\$86.75
<b>Total expenditure</b>	<b>\$303.17</b>	<b>\$313.90</b>	<b>\$323.35</b>
Increase on previous year	NA	\$10.73	\$9.46
% increase on previous year	NA	3.5%	3.0%

Household C, the unemployed woman, is estimated to be spending \$119.35 per week (or \$6,233 per year) to live in shared accommodation with 2 other people. It is assumed that all shared household costs (rent, utilities, etc.) are split equally between the three occupants. Housing alone, accounts for 41% of the individual's weekly income — meaning they are considered to be in housing stress. This year the individual's housing costs increased by 9.4% (\$10.27 per week), but their Rent Assistance only increased by \$3.88/week. This represents an additional \$333 that the individual has to find over the course of 12 months to cover their housing needs. It is also important to recognise that the housing and related household expenditure in the model are based on conservative estimates. Rental housing this affordable is likely only to be met in the outer suburbs of Perth, and assumes that the 44 year old woman is prepared to live in a shared housing arrangement. It is extremely unlikely that they would be able to find a single unit in the metropolitan area that they could afford on such a low income.

Food is the second largest expenditure item for the unemployed woman. In this model, weekly expenditure of \$91.72 on food accounts for 31% of the individual's income. The estimated expenditure on food is derived from ABS Household Expenditure Survey<sup>20</sup> data. It is worth considering that the ABS data reflects what a household *is* spending on food, as opposed to what a household *should* be spending in order to eat a well-balanced, nutritious diet. Due to the low income of the unemployed single, their expenditure on food is much more likely to reflect their limited income, than informed nutritional choices. (This issue is discussed further in section 6.3 *Food*).

As a Newstart Allowance recipient, the individual is eligible to pay the concession rates for public transport. The concession rates are significantly less than the full fare prices. In Household C, it is assumed that the individual uses the Perth metropolitan train network for 6 trips over 2 zones and 4 trips over 1 zone (a total of 5 return trips) per week. In 2011/12, this would cost the individual, paying concession fares using a Smartrider \$11.08 per week (the Smartrider card entitles the individual to an additional 15% discount on the price of a printed ticket). If the person was paying the full rate, rather than concession rate, the cost for the same journeys would more than double to \$28.22 per week.

<sup>20</sup> Australian Bureau of Statistics (2011) 6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2009-10

### 5.3.3 Unemployed Single: Discussion

**Table 11:** Unemployed Single Net Position

	2009/10	2010/11	2011/12
Total expenditure	\$303.17	\$313.90	\$323.35
Total weekly income	\$269.99	\$277.97	\$292.86
<b>Difference</b>	<b>-\$33.17</b>	<b>-\$35.93</b>	<b>-\$30.49</b>

For Household C, the unemployed woman, we see that her projected expenditure exceeds her income by \$30.49 per week (or \$1,590) this year. While this is a slight improvement on her \$33.17 and \$35.93 weekly shortfalls in 2009/10 and 2010/11 respectively, the figures clearly show that she is unable to meet the basic standard of living represented in our household model.

As discussed in relation to the similar circumstances faced by Household A (see section 5.1.3), a person cannot spend more money than they are receiving in income without going into debt. What this means is that each week the household has to make tough decisions regarding which essential goods and services are *most essential* at the time. The ongoing, negative difference between income and expenditure is a clear indication that this household is struggling to meet a basic standard of living in WA.

Anglicare's 2012 study of rental affordability in Perth, found that on Saturday 14 April 2012 there were zero properties advertised for rent in Perth that were affordable for a single person on Newstart.<sup>21</sup> If the unemployed woman was unable to find shared housing, and as a result, had to consider renting a unit by herself, she would need to find a unit 75% below the medium unit rental price in order for her income to cover the weekly rental cost<sup>22</sup>. However, even if the woman found such a unit, while she would have a roof over her head, she would have no income to pay for *any* other living expenses. Under such circumstances, homelessness is a clear and present risk.

In addition the model makes no allowance for savings to enable the individual to respond to an unexpected cost or crisis (ie. an unexpected medical expense or purchase new whitegoods). The model also does not provide for any spending on non-essential items.

These figures provide a clear indication that the government assistance provided to this individual is inadequate to meet their basic living costs.

<sup>21</sup> Anglicare Australia (2012) *Rental Affordability Snapshot*, Accessed at: <http://goo.gl/ftZJU>, Accessed on 19/9/2012.

<sup>22</sup> 75% of \$392.50 (the average weekly unit rent for 2011/12, see 10Appendix 2) is \$292.86 which is this person's income per week.

## 6.0 Key challenges for low income households

### 6.1 Housing

Housing remains the single biggest living cost for WA households, and is the biggest contributor to financial hardship for low-income households. In June 2012, the Perth median house rental price rose to \$430, representing an increase of 13.2% over the previous 12 months.<sup>23</sup>

Recent studies of rental affordability by both Anglicare WA and the Community Housing Coalition of WA have demonstrated very clearly that there are few rental properties available in the Perth metropolitan area that are affordable to households reliant on the minimum wage, and almost none that can be afforded by those reliant on income support payments.<sup>24</sup>

According to the 2011 Census, Western Australian households have faced the highest national increases in rental costs since 2006, with prices jumping a staggering 76%<sup>25</sup>, compared to the national average of just below 50%.<sup>26</sup>

On Saturday 14 April 2012, Anglicare WA undertook a snapshot of rental availability in Perth, looking at the availability of affordable<sup>27</sup> and appropriate rental properties, specifically for low income households. The survey examined online listings from realestate.com.au and print listing in The West Australian newspaper, and local newspapers in Bunbury, Albany, Karratha, Broome and Kununurra. Affordable rental was defined as 30% or less of a family/individual's income.

The survey found that no properties were available in Perth at the time of the snapshot for a single unemployed person, a single parent with 2 children or a young person in a share house.

According to the Anglicare study, housing costs were even higher in many parts of regional WA. The study found that the cheapest rental available in the North West at the time of the study was a one bedroom unit in Broome, costing \$420 per week, while the average rental price in the North West was estimated at \$1,374 per week. In the Great Southern and South West, the study found there were no properties affordable to people receiving Newstart or Youth Allowance, two properties were suitable for singles on an aged pension, and other household types on pensions or benefits would be competing for a small number of properties.<sup>28</sup>

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<sup>23</sup> Real Estate Institute of WA (20 July 2012) *Property Market Indicators*, Accessed at:

<http://reiwa.com.au/Research/Pages/Market-indicators.aspx>, Accessed on: 24/9/2012.

<sup>24</sup> Anglicare Australia (2012) *Snapshot: Anglicare WA, Western Australia*, Accessed at: <http://goo.gl/17q0q>, Accessed on: 24/9/2012; and Community Housing Coalition of WA (2012) *The Failure of Perth's Private Rental Market: And why it matters*, Accessed at: <http://goo.gl/FMDmZ>, Accessed on: 24/9/2012.

<sup>25</sup> Australian Bureau of Statistics (2011) *2011 Census QuickStats: WA*, Accessed at:

[http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2011/quickstat/5#mortgage-rent](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/5#mortgage-rent),

<sup>26</sup> Australian Bureau of Statistics (2011) *2011 Census QuickStats*, Accessed at: Accessed on: 25/9/2012.

[http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2011/quickstat/0](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/0), Accessed on: 25/9/2012.

<sup>27</sup> An affordable rental was defined as a rental 30% or less of a family/individual's income.

<sup>28</sup> Anglicare Australia (2012) *Snapshot: Anglicare WA, Western Australia*, Accessed at: <http://goo.gl/17q0q>, Accessed on: 24/9/2012.

**Table 12:** Rental availability in Perth (April 2012)<sup>29</sup>

Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate	Comments
Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	0	0.00%	
Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	16	0.50%	
Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage x 2 + FTB A & B	782	24.36%	
Couple, no children	Age Pension	26	0.81%	Share house only
Single	Newstart Allowance	0	0.00%	
Single	Age Pension	7	0.22%	Share house only
Single in share house	Youth allowance	0	0.00%	

The lack of affordable rental properties has seen many families in metropolitan and regional centres forced to seek cheaper housing on the fringes of their town or city, which typically contributes to higher transportation costs, reduced access to jobs and services, and increased social isolation. It has also resulted in increases in the number of people accessing homelessness services.<sup>30</sup>

Homelessness has become an increasingly significant problem in Western Australia, with the Australian Institute of Health and Welfare finding that between 2010 and 2011, an estimated 19,500 people received support from a specialist homelessness service. Of these, 11,600 (59%) were clients and 7,900 (41%) were children accompanying clients.<sup>31</sup>

When families struggle to meet the cost of keeping a roof over their head, other essential costs such as food, utilities, health, and education can become almost impossible to meet. The implications of these ongoing struggles are felt not only financially, but socially as well.

*Many of the consequences are hidden and cost a great deal to governments down the track, as they attempt to fix up poor educational outcomes for children and the breakdown of families and relationships. A home is critical to the wellbeing of people and their life and employment opportunities.<sup>32</sup>*

<sup>29</sup> Adapted from Anglicare Australia (2012) *Snapshot: Anglicare WA, Western Australia*, Accessed at: <http://goo.gl/17q0g>, Accessed on: 24/9/2012.

<sup>30</sup> Australian Institute of Health & Welfare (2011) *Government-funded specialist homelessness services*, Accessed at: <http://goo.gl/JNCYt>, Accessed on: 24/9/2012.

<sup>31</sup> Ibid, page 1.

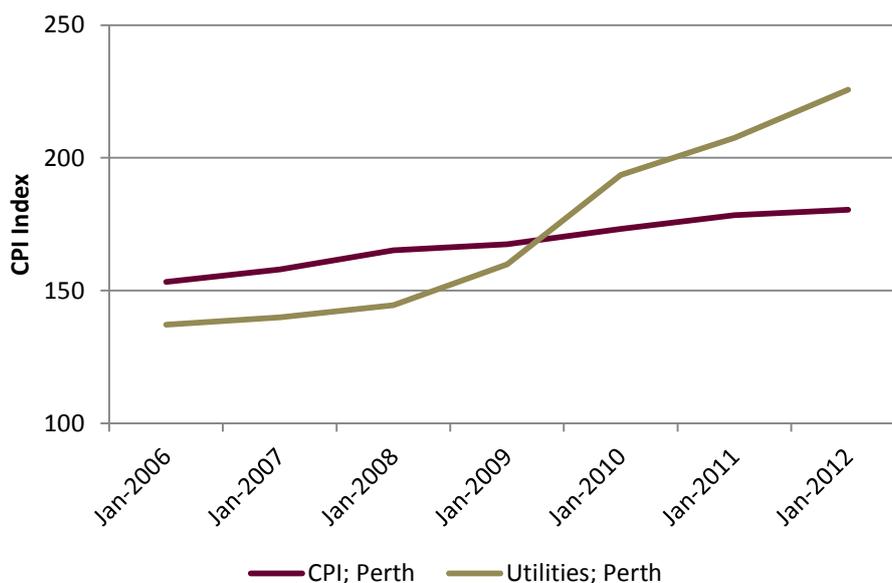
<sup>32</sup> Anglicare Australia (2012) *Snapshot: Anglicare WA, Western Australia*, Accessed at: <http://goo.gl/17q0g>, Accessed on: 24/9/2012.

The lower health and educational outcomes, and negative family relationships which are often a consequence of such circumstances, have long term economic consequences for both governments, and the wider Western Australian community.

## 6.2 Utilities

Between June 2007 and June 2012, the CPI of utilities (including electricity, gas, and other household fuels) in Perth increased by 64.6%.<sup>33</sup>

**Figure 4: CPI (Perth) vs CPI of Utilities (Perth)**



The dramatic increases in the cost of gas, electricity and water has meant that low income households, who spend a greater portion of their income on utility bills, are feeling the pressures of the rising cost of utilities more than other Western Australians.

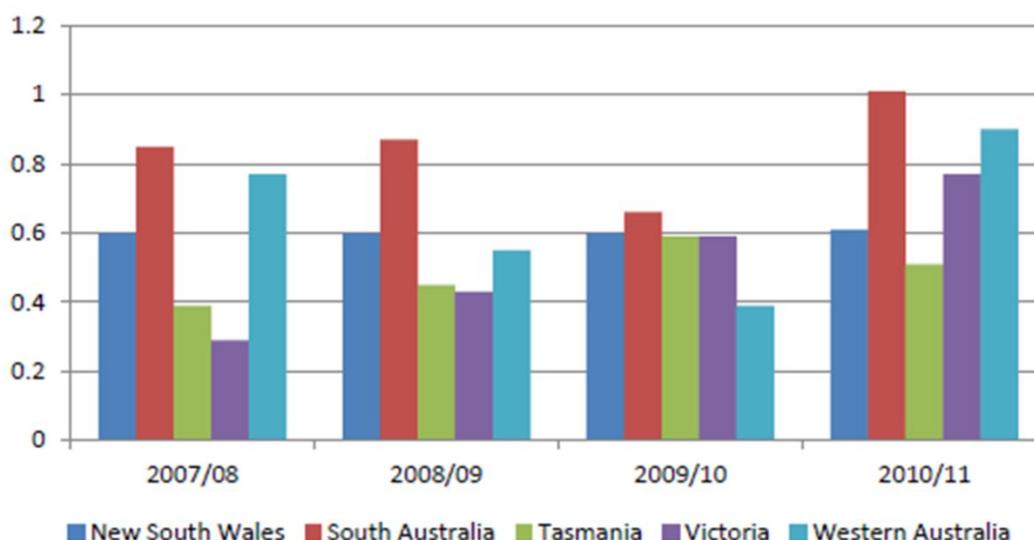
This is exacerbated by the fact that many low income families rent (or own) homes that are not very energy efficient. Given their low income, they are unlikely to be able to afford the financial investment in energy efficiency measures, and if they are renting, they will most likely be precluded from making any significant energy efficiency-related changes to the property in which they reside. These factors further contribute to the systematic and disproportionate disadvantage experienced by low income households in the face of rising utility prices.

The increasing numbers of people affected by rising utility prices is also reflected in the increasing number of households who have been disconnected for non-payment of an energy bill, or who have needed to request additional time to pay their utility bill(s).

Recent data from the WA Economic Regulatory Authority (ERA) (see Figure 5) shows that the rate of residential electricity disconnections in WA peaked in 2010/11 — in that year WA had the second highest rate of disconnections across the country.

<sup>33</sup> Australian Bureau of Statistics (June 2012) 6401.0 *Consumer Price Index*, Table 11 CPI: Group, Sub-group and Expenditure Class, Index Numbers by Capital City.

**Figure 5: Jurisdictional comparison of residential electricity disconnection rates (per 100 customers)<sup>34</sup>**



Linked to the high rate of disconnection is the increased number of households who have accessed the state government-funded Hardship Utility Grants Scheme (HUGS). Between August 2002 and December 2011, 30,507 WA households accessed HUGS.

The tables below outline the number of hardship grants accessed by gas and electricity providers over a 4 year period.

A total of 23,486 grants, to the value of \$8.977 million, have been provided to customers facing hardship — to provide assistance with Horizon Energy and Synergy electricity bills — since HUGS commenced in August 2008.<sup>35</sup>

**Table 13: Hardship Utility Grants - Electricity**

Year	Synergy		Horizon Power	
	Number of Approved Grants	Value of Approved Grants (to the nearest \$1000)	Number of Approved Grants	Value of Approved Grants (to the nearest \$1000)
2008 (Aug-Dec)	1,011	\$316,000	44	\$17,000
2009	3,642	\$1,221,000	328	\$151,000
2010	5,399	\$1,898,000	796	\$427,000
2011	10,948	\$4,181,000	1,318	\$766,000

A total of 6,351 grants, to the value of \$1.719 million, have been provided to customers experiencing utility hardship (having difficulty paying their Alinta Gas bill), since May 2009.<sup>36,37</sup>

<sup>34</sup> Economic Regulation Authority (2012) *2010/11 Annual Performance Report Energy Retailers*, page 17.

<sup>35</sup> Department for Child Protection (2012) *Key Hardship Utility Grants Scheme statistics*, Accessed at: <http://goo.gl/ZUGd1>, Accessed on: 21/9/2012.

<sup>36</sup> Ibid.

<sup>37</sup> The Hardship Utility Grants Scheme (HUGS) commenced in August 2008. Alinta joined HUGS in May 2009.

**Table 14:** Hardship Utility Grants - Gas

Year	Alinta	
	Number of Approved Grants	Value of Approved Grants (to the nearest \$1000)
2009	844	\$241,000
2010	2,185	\$586,000
2011	3,322	\$892,000

Between January and March 2012, 4,575 HUGS grants (to the value of \$1,586,030) were provided to residential customers. As electricity prices continue to rise, the number of customer requesting HUGS is expected to follow.

While the cost of utilities for our model households, and applications for HUGS have risen substantially during recent years, expenditure on utility costs represents a relatively small proportion of our model household expenditure (3.5-4.5%, as opposed to 30-40% for housing). Recent increases in utility costs are likely to have had less impact on the cost of living for low income households than increases in the cost of housing. Increases in the rates of utility hardship in WA might be better understood as indicators of transferred housing stress.

During the period of our study, the single parent family and single unemployed person have both received the supply charge rebate (and the former has also received the dependent child rebate).<sup>38</sup> When household budgets are as tight as those of our model families, such concessions can make an important contribution to helping households make ends meet. It is also important to ensure households are aware of their concession entitlements — to this end, the Council welcomes moves by the WA Government to improve ease of access to concession entitlements, through the launch of the new centralised Concessions WA website ([www.concessions.wa.gov.au](http://www.concessions.wa.gov.au)).

### 6.3 Food

People facing financial stress due to wider cost of living pressures are often forced to make difficult choices — such as balancing the nutritional quality of food against its cost. Nutritional poverty arises when households under financial stress persistently cannot afford nutritious food, and are forced to make unhealthy choices — buying and consuming less-expensive, energy-dense foods, instead of nutritious ones.

*Foods that are higher in kilojoules generally cost less than those that are not. There is a strong correlation between the cost of foods and their energy density. Generally, fats, oils, sugar and foods that are high in added fat and sugar are the cheapest. Perishable core foods (eg. fruit, vegetables, meats and dairy foods) that*

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<sup>38</sup> As of October 2012, the supply charge rebate will be replaced with a more generous Cost of Living Allowance, providing an additional \$53 per year to the current \$147 subsidy for 348,000 WA households (ie. an extra \$1 per week).

*are lower energy density and higher nutrient density cost more (by weight) than those foods of higher energy density.*<sup>39</sup>

Over time, such a diet can result in poorer health outcomes including higher rates of obesity, diabetes and heart disease and reduced life expectancy.

In 2010, the Western Australian Department of Health released its first Food Access and Costs Survey Report (FACS Report). The FACS Report says:

*Food security, the ability of individuals, households and communities to acquire appropriate and nutritious food on a regular and reliable basis using socially acceptable means, is determined by people's local 'food supply' and their capacity and resources to 'access and use that food'.*

The affordability of food is a key determinant of food choice, making 'food stress' both a financial and health issue for low income households.

The FACS Report used a nutritional analysis of the dietary requirements of two model families to identify a representative food basket for a healthy diet, and then compared the costs of those items (including alternatives and different brands) at different supermarkets and stores across the metropolitan area, and in regional and remote WA. The FACS Report examined the food stress experienced by WA families on low incomes and found that

*The proportion of weekly income that would be spent on food to purchase a food basket consistent with Australian Dietary recommendations was much greater for welfare recipients [than for non-welfare recipients].*<sup>40</sup>

Similarly, a South Australian study undertaken in 2010 found that low income households need to spend 30% or more of their household budget to be able to eat a healthy diet, compared to wealthy households which spend about 9%.<sup>41</sup>

The figures used to estimate the amount our three model households spend on food each week were derived from the ABS's Household Expenditure Survey<sup>42</sup>. These figures represent what a household *is* spending on food (but as discussed earlier, what *is* eaten in a low income household is strongly linked to income and the affordability of food). As a result, it is likely that the HES figures reflect a low income household's tendency to buy and consume less-expensive, energy-dense foods, rather than more expensive, nutritious ones.

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<sup>39</sup> WA Department of Health (2010) *Food Access and Cost Survey (FACS)*, Accessed at: <http://goo.gl/Rv4Um>, Accessed on: 13 September 2012, page 11.

<sup>40</sup> Ibid, page 12. See also Table 9 (page 37), but note that the income figure shown is likely to be an underestimate of the total income that such a family would receive once Parenting Payments, Family Tax Benefits and Rent Assistance are taken into account.

<sup>41</sup> See interview with Dr John Coveney (28 September 2010) *Low earners suffering 'food stress'* ABC Adelaide Available at: <http://www.youtube.com/watch?v=fnju60g1MP8>

<sup>42</sup> Australian Bureau of Statistics (2011) *6530.0 - Household Expenditure Survey 2009-10*.

Consistent with the studies described above, we also sought to consider the additional cost which would be incurred by a household seeking to purchase food in line with healthy diet recommendations.<sup>43</sup> These findings are summarised in Table 15 below.

**Table 15: Indications of Food Stress**

<b>Household A: Single Parent Family</b>	
<b>1 adult, 2 children (aged 7 &amp; 8)</b>	<b>2011-12</b>
Weekly income	\$876.63
Weekly cost of healthy food meal plan (FACS)	\$219.01
<i>Healthy food meal plan as % of income</i>	25.0%
Actual weekly food spending (HES) <sup>44</sup>	\$199.29
<i>Actual weekly food spending as % of income</i>	22.7%
Additional <b>weekly</b> spending needed for a healthy diet	\$19.72
Additional <b>annual</b> spending needed for a healthy diet	\$1,028.39

<b>Household B: Working Family</b>	
<b>2 adults, 2 children (aged 11 &amp; 13)</b>	<b>2011-12</b>
Weekly income	\$1,286.75
Weekly cost of healthy food meal plan (based on FACS)	\$306.61
<i>Healthy food meal plan as % of income</i>	23.8%
Actual weekly food spending (based on HES)	\$279.00
<i>Actual weekly food spending as % of income</i>	21.7%
Additional <b>weekly</b> spending needed for a healthy diet	\$27.61
Additional <b>annual</b> spending needed for a healthy diet	\$1,439.75

<b>Household C: Unemployed Single</b>	
<b>Single adult female</b>	<b>2011-12</b>
Weekly income	\$292.86
Weekly cost of healthy food meal plan (FACS)	\$87.60
<i>Healthy food meal plan as % of income</i>	29.9%
Actual weekly food spending (HES)	\$79.71
<i>Actual weekly food spending as % of income</i>	27.2%
Additional <b>weekly</b> spending needed for a healthy diet	\$7.89
Additional <b>annual</b> spending needed for a healthy diet	\$411.38

The calculations suggest that it would cost our model households between \$411 and \$1440 extra each year, to be able to ensure they are purchasing more nutritious and healthy food. This represents an increase in food spending of between 2-3% for each household. For low income

<sup>43</sup> How much families *should be* spending (in order to eat a healthy diet) is based the WA Department of Health's 2010 Food Access and Cost Survey (FACS) food basket model (and the latest price data). Accessed at: <http://goo.gl/Rv4Um>.

<sup>44</sup> For the purpose of comparing a healthy food basket, the 'Actual weekly food spending (HES)' accounts only for food and non-alcoholic beverages. (The food and beverage costs used in the three household models also provided a small allowance for alcoholic beverages.)

households already struggling to meet the costs of essential items such as housing, utilities and transport, it is easy to understand why such a household may have to compromise and purchase less healthy foods.

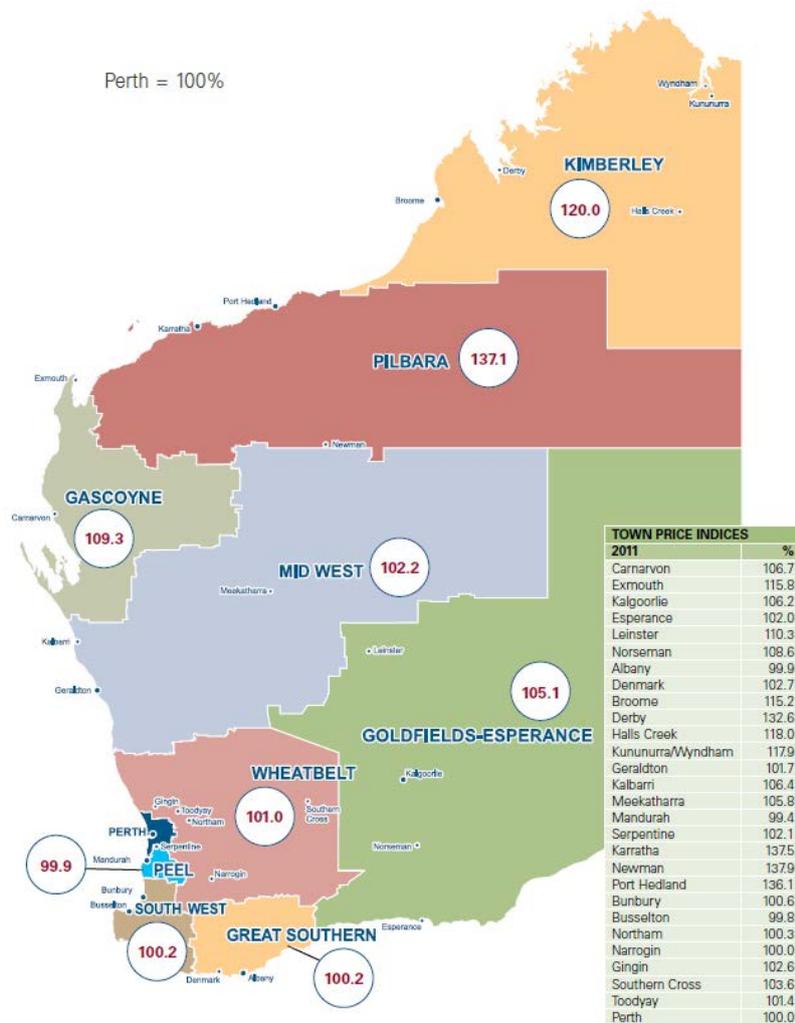
The unemployed, single female is most at risk of poor nutrition and related longer-term health problems, followed by the single parent household. We should also be particularly concerned by the risks that poor nutrition presents to children growing up in low income households – both in terms of the impacts on their physical and cognitive development, and in relation to their longer-term health prospects. There is some evidence to suggest that dietary patterns and taste preferences established during childhood are highly likely to carry on into adult eating patterns, meaning children raised on a poor diet may continue to eat unhealthy foods even after their circumstances have changed.

## 7.0 The cost of living in regional WA

The 2011 Regional Price Index, a study undertaken by the WA Department of Regional Development and Lands, was designed to determine the differences in price of selected goods and services between regional town centres and Perth. The project priced a unique basket of 500 goods and services in six Local Government Authority locations in Perth and then simultaneously priced the same goods and services in 28 regional localities around Western Australia.<sup>45</sup> Some of the goods and services compared included housing, clothing, food, healthcare and transportation.

The RPI found a notable disparity between the overall cost of living in Perth, compared with regional and remote areas of WA. Figure 6 below, shows that the cost of living in the Pilbara region is 37.1% higher, and the Kimberley is 20% higher, than living in Perth.

Figure 6: Regional and town price indices<sup>46</sup>



<sup>45</sup> Department of Regional Development and Lands (2011) Regional Price Index 2011, page 2, Accessed at: <http://goo.gl/wOfO4>, Accessed on: 21/9/2012.

<sup>46</sup> Department of Regional Development and Lands (2011) Regional Price Index 2011, page 2, Accessed at: <http://goo.gl/TNWh4>, Accessed on: 21/9/2012.

The WA Department of Health’s 2010 Food Access and Cost Survey Report (FACS Report) compared the proportion of income needed by a welfare-recipient household, versus an average income household, to purchase a healthy food basket<sup>47</sup> each week. This study also provided consideration of the difference in food prices between major cities, regional and remote areas. The FACS Report found that regional and remote Western Australians face substantially higher food prices than those in Perth, with the average fortnightly cost for a healthy food basket costing an average of \$542.19 in major cities, compared with \$627.11 in very remote areas of WA.

**Table 16:** Mean cost of HFAB (health food access basket) basic food groups by remoteness, WA<sup>48</sup>

Food group	Western Australia	Major cities	Inner regional	Outer regional	Remote	Very remote	Increase from Major cities to very remote	Kendall's Tau p-value
	\$ (CI)	%						
Fruit	112.58 (107.31-117.85)	102.51 (97.78-107.24)	103.20 (95.11-111.28)	99.06 (91.52-106.60)	122.56 (108.12-137.00)	135.54 (125.08-145.99)	32.2	<0.0001
Vegetables (& legumes)	105.13 (100.74-109.53)	98.02 (94.36-101.67)	97.61 (92.38-102.84)	97.65 (88.95-106.34)	108.91 (95.72-122.10)	123.60 (112.92-134.29)	26.1	0.0005
Bread & cereals	139.32 (135.23-143.41)	132.02 (129.58-134.46)	133.33 (128.46-138.21)	127.02 (121.68-132.36)	144.42 (135.96-152.89)	160.04 (149.19-170.88)	21 2	<0.0001
Dairy	50.15 (47.83-52.46)	44.59 (43.71-45.48)	44.10 (42.44-45.75)	47.23 (43.99-50.46)	52.71 (48.65-56.77)	62.43 (55.85-69.02)	40.0	<0.0001
Meat (& alternatives)	113.68 (111.82-115.54)	111.42 (109.48-113.36)	109.01 (104.35-113.67)	110.49 (107.04-113.95)	116.22 (111.95-120.50)	120.29 (114.42-126.16)	8.0	0.0017
Non-core foods	21.32 (20.35-22.29)	19.15 (18.66-19.65)	19.67 (18.39-20.96)	19.75 (18.58-20.92)	23.09 (20.59-25.59)	25.21 (22.15-28.26)	31.6	<0.001
<b>Total healthy food basket</b>	<b>542.19</b> (525.73-558.65)	<b>507.71</b> (499.40-516.01)	<b>506.92</b> (495.87-517.97)	<b>501.20</b> (490.43-511.97)	<b>567.92</b> (529.26-606.59)	<b>627.11</b> (587.59-666.64)	<b>23.5</b>	<b>&lt;0.0001</b>

The FACS Report concluded:

*People living in remote areas in WA are at a disadvantage when it comes to affordability and access to healthy food. Food pricing is associated with geographic location, with remote areas paying more for all foods. This increase is across all foods, however, greater for healthier foods.*<sup>49</sup>

The FACS and Regional Price Index reports both clearly show that the cost of living pressures being experienced by people in Perth are intensified in regional and remote areas — most notably in the north of Western Australia.

<sup>47</sup> A 'healthy food basket' (or health food access basket) refers to commonly available and nutritious foods consistent with the Australian Guide to Healthy Eating.

<sup>48</sup> WA Department of Health (2010) *Food Access and Cost Survey (FACS)*, page 34, Accessed at: <http://www.public.health.wa.gov.au/cproot/4115/2/Food%20Access%20and%20Costs%20Survey%202010.pdf>, Accessed on: 13 September 2012.

<sup>49</sup> Ibid, page 12.

## 8.0 Experiences and perceptions of rising living costs

The ABS data from the Consumer Price Index and Household Expenditure Survey indicates that average Western Australian households', income has risen at a faster rate than the cost of living over the last few years. So why is it that there is such a persistent perception across the community that the cost of living is rising and it is becoming harder to make ends meet?

*I think it would be very difficult to live on \$249 (a week). I've got a young family, I find it hard enough to make ends meet currently and I've got a job.<sup>50</sup>*

- Bill Shorten, Federal Employment Minister  
(who earns an estimated salary of \$330,000 per annum)

On the one hand, it seems that we tend to take more notice of rises in the cost of essential goods and services (things that we buy frequently or that we feel we have little choice but to pay for) than we do of falling prices for discretionary and luxury goods (cheaper cars, computers, white-goods or overseas holidays). We seem to take these 'windfall gains' in purchases that tend to be one-off items more or less for granted – we don't really acknowledge how they impact on our cost of living because we don't think of them as part of the weekly household budget. There is also often a tendency to adjust and maintain patterns of discretionary spending to take into account our increased income or our increased purchasing power – so that we are becoming accustomed to a higher standard of living, while feeling our household budget remain just as tight.

On the other hand, we tend to perceive increases in our income quite differently to how we perceive increases in essential living costs. When our pay packets get larger we have a tendency to think of this as part of our career and life progression, as a welcome but justified recognition of our worth, and what we deserve for our talent and all our hard work. While we may experience some ups and downs along the way (as we move houses, change jobs and have kids), on the whole our living standards tend to keep rising as part of our life cycle. Western Australians currently have one of the highest living standards in the world — we have never had it so good.

The problem with this gap between perception and reality — and the reason why it is important for us to debunk this widespread myth of the rising cost of living in WA — is because this misapprehension of who in our community is *really* struggling to keep up with essential living costs gets in the way of us understanding (and doing something) to assist those who are, or are at risk of, slipping into poverty.

Australia's rate of GDP growth has meant that, as a society, we are now twice as rich as we were only a couple of decades ago. As Dr Richard Denniss, from The Australia Institute, told an audience in Perth on 24 September 2012 "...this means we can afford to do *anything* we want to – we just can't afford to do *everything* we want to."<sup>51</sup> It is of deep concern that, despite the increasing affluence of our society, there are still a significant number of households and particularly children who are unable to afford the essentials of a basic standard of life.

<sup>50</sup> The Telegraph (28 August 2012) *Bill Shorten is doing it tough on \$330,000*, Accessed at: <http://goo.gl/FYxGw>, Accessed on: 24/9/2012.

<sup>51</sup> Dr Richard Denniss (24 September 2012) *2012 Mercy Oration*, at Mercy Care, Mount Lawley.

We hope that a better understanding of which households are struggling, and what are the greatest barriers they face (such as affordable housing, insecure work and inadequate income support), will contribute to a more informed public debate and greater support for anti-poverty measures.

## 9.0 Recommendations

Western Australians live in one of the wealthiest states of one of the wealthiest nations, at a time in world history where the living standards of the majority have never been higher. While more recently there has been a slow-down in some sections of our economy, as a society we are still in a strong economic position. In this context, it is right for us to be concerned by the growing gap between those who are benefiting from the wealth of our economy and natural resources, and those who are increasingly being left behind. During a period of strong and sustained economic growth we should, as a community, prioritise investment in effective efforts to lift the prospects of our most disadvantaged, and increase their opportunities to participate in our economic prosperity.

The key question we face as a society is how best to prioritise the investment of our 'social dividend' to most effectively address the barriers faced by disadvantaged individuals and households. To this end, and in light of the findings of the **2012 Cost of Living Report**, the Council puts forth a range of recommendations.

### 9.1 Housing affordability

Housing costs are the largest single driver of financial hardship for low income households in WA. Rising housing costs were the biggest single contributor to the cost of living for our model households — representing around 30-40% of household expenditure. The difficulty of finding suitable, affordable rental accommodation in the metropolitan area, results in disadvantaged households being increasingly pushed towards the fringes of our cities and towns, and our society.

The supply and availability of public and social housing has increasingly fallen behind the growth in demand, and the property bubble has meant that for the first time in recent history, home ownership is no longer a realistic prospect for a significant proportion of young families. In recent times, WA's booming economy has seen more than 1,000 people per week moving to WA, further contributing to dwindling housing stock and skyrocketing prices.

There is a strong case for both State and Federal governments to play a more active role in responding to market failure in the supply of housing in WA.

**Recommendation 1:** *Increase in direct State Government provision of public and social housing.*

**Recommendation 2:** *Introduction of improved incentives for private sector investment in affordable rental and home-ownership.*

**Recommendation 3:** *That the State Government ensures planning for growth management is undertaken to avoid housing sprawl and to reduce the social impacts of low income households being pushed to urban fringes and regional centres.*

The Western Australian State Affordable Housing Strategy has developed a range of successful initiatives in many of these areas. It is clear that we now have a good understanding of which approaches work best in different areas. The challenge now is one of scale.

**Recommendation 4:** *A substantial scaling-up of the level of State Government investment in the WA State Affordable Housing Strategy.*

The Council believes that in the longer term, community housing providers can more effectively and affordably provide social housing for disadvantaged and low-income households. This is because community housing providers:

- Are able to use existing housing assets to leverage further investment in new housing stock;
- Are better able to provide tenancy support services to disadvantaged clients (and provide cross-referral to complementary services);
- Are able to provide a better social mix within housing communities (rather than being obliged only to house the most disadvantaged thus creating areas of concentrated disadvantage); and
- Are more likely to be trusted by disadvantaged families with a history of distrust of authority.

**Recommendation 5:** *Increase in State Government investment in social housing, and grow the stock of community housing.*

**Recommendation 6:** *Increase in State and Federal Government funding for community service providers who deliver services to vulnerable people who are experiencing (or are at risk of experiencing) homelessness.*

The Council is particularly concerned by the housing affordability problems faced by low income households. We are concerned that increasing numbers of households are being forced to seek help from emergency relief providers, or need to seek crisis accommodation for financial reasons.

**Recommendation 7:** *Increase funding for crisis and transitional accommodation.*

Strong economic and population growth — together with the perverse incentives created by our tax system for investment in high end real estate, and a historic under-investment in social housing — has meant that Perth and many regional areas across WA are experiencing an extended shortage of affordable housing.

**Recommendation 8:** **Reform of the tax and transfers system at the Federal level — to ensure the adequacy of income support payments and Rent Assistance.**

**Recommendation 9:** **To gradually wind back the perverse incentives in the Federal tax system created by existing rates of capital gains tax and negative gearing.**

## **9.2 Utilities hardship**

Western Australian consumers have experienced significant rises in utility costs in recent years and we have seen significant increases in all measures of utilities hardship. While Western Australian utility costs are now more or less comparable to those in other states, we appear to have higher rates of utility hardship. Power and water are considered essential services, and access to them is critical to a basic standard of living.

The results of our household models demonstrate that the utility costs only represent a small fraction of the overall cost of living for our households — between 3.5 and 4.5%, as opposed to 30 - 40% for housing. This suggests that recent increases in utility costs are likely to have had less impact on the cost of living for low income households than increases in the cost of housing or food. It also suggests that the rate of utility hardship might be better thought of as a symptom of general levels of financial stress resulting from transferred housing stress. The reason we expect that utilities hardship may act as an early indicator or first symptom of financial stress is because utility bills are intermittent and unpredictable. Households will prioritise shelter ahead of warmth and light — they avoid being evicted, ahead of being disconnected.

While the contribution of utilities to the overall cost of living is relatively small for our model households, it should be noted that it makes up a significantly larger proportion of expenditure for most low income households than it does for most of those on median and higher incomes, meaning that increases in the cost of utilities impact disproportionately on disadvantaged households. The second factor we need to note is that there is considerable variation in power usage across different kinds of low income households, depending on both household make-up and the quality and efficiency of their housing and appliances. Larger low income households, particularly those with children, consume more electricity, water and gas – especially when they are in old housing stock of poor quality and design.

Strategies to address utilities hardship need to focus on the most effective manner of ensuring that low income households remain connected and are able to meet their utility costs (and resolve any debts). Disconnection needs to be an option of last resort, and households need to be encouraged to use electricity, water and gas in a sustainable manner to meet the costs of their consumption.

The Council believes the most effective way to address utilities hardship and ensure that access to utilities is equitable and affordable is through a two-pronged strategy:

***Recommendation 10: Introduce reforms to ensure utilities tariffs are affordable for low income households and concessions are adequate, proportionate to need and targeted to those who need them most.***

***Recommendation 11: Introduction of an energy efficiency program for low income households targeted to deliver long-term sustained reductions in the use of power, water and gas by those with the greatest need.***

### **9.3 Food security**

Food security is the ability of individuals, households and communities to acquire appropriate and nutritious food on a regular and reliable basis. Food stress is when a household needs to spend a disproportionate amount of their disposable income to eat healthy and nutritious food, or when financial difficulties mean they cannot effectively afford to do so. Nutritional poverty is experienced when households cannot afford nutritious food and are persistently forced to make unhealthy food choices to subsist on a diet of cheaper, energy-dense foods.

***Recommendation 12: Develop a whole of government approach to food stress and food security.***

The Council sees food stress and nutritional poverty as emerging issues for the Western Australian community and believes there is a pressing need to develop a reliable measure of food stress that is

relevant to the Western Australian community. We believe that our analysis, building on the methodology used in the FACS Report, represents an important first step and the Council would be keen to contribute to the development of such a measure.

***Recommendation 13: Allocation of funding to develop an annual State Food Access and Pricing Survey.***

***Recommendation 14: Support research to develop an appropriate measure of food stress by the community sector***

The Council believes that any national or state plans, strategies or programs to address food security also need to pay particular attention to food stress and nutritional poverty among disadvantaged and vulnerable groups. The Council has also identified a range of practical measures where it believes action can be taken.

For example, it is not just the absolute cost of fresh fruit and vegetables in remote communities which poses an economic barrier to consumption. In remote areas, the relative cost compared to easily preserved “convenience foods” provides a significant disincentive to consume fresh fruit and vegetables. There are a range of ways in which this could be addressed, including a subsidy on transportation and/or production costs of fresh foods, or a tax on convenience foods to monetise the cost to the community of the negative impacts such as obesity, diabetes and dental disease. The suggestion of a tax on carbonated soft drinks has also previously been raised in the context of concern about the link between sugared soft drinks and dental decay. In this context, it would go some way to redressing the relative price advantage that preserved soft drinks enjoy in remote areas, compared to other foods.

These are complex issues to resolve, and any effective and sustainable solution will require a combination of regulatory and service responses, industry consultation, community engagement and education. As such, the Council is calling on State and Federal Governments to put the time and resources into researching regulative responses, policy responses and complementary measures to ensure any solution incorporating taxation and subsidy measures is appropriately targeted to be effective and to avoid unintended consequences.

***Recommendation 15: Investigate the implementation of the range of practical measures to address food stress and food security.***

## **9.4 Regional WA**

While the **2012 Cost of Living Report** has not included a detailed analysis of housing and living costs in regional areas, it is clear from consideration of the Regional Price Index and data on housing and rental prices in regional WA (particularly north-west communities) that significant effort is also needed to address housing affordability in regional areas.

***Recommendation 16: Investigate linking the approval of large resource developments to a requirement for investment (or co-investment) in housing provision in affected regional communities.***

The Regional Price Index was first published in 1998, with updates in 1999, 2000, 2007 and 2011. A regularly published Regional Price Index would be an important tool for assessing how living costs

vary across WA, and could provide a basis for the Council to assess cost of living changes for low income households in regional areas.

***Recommendation 17: That the Department of Regional Development and Lands commit to re-survey and publish the Regional Price Index on a regular basis — every 2 to 3 years — to ensure differences in costs across the state are monitored and responded to in a timely fashion.***

The Council is concerned about the impact of housing prices on the delivery of community services in the north-west, and are concerned that the salaries and conditions not-for-profit services are able to offer are insufficient to meet housing costs. This problem also extends to the cost of rental of premises for community service organisations in north-west towns, meaning that many services are struggling to afford to keep their doors open. If the current rate of resource development is to continue, stronger measures will need to be taken to ensure the social sustainability of north-west towns, either through much greater public investment or by requiring greater investment in housing by resource companies.

***Recommendation 18: Increase provision of affordable housing targeted at community workers and teachers in remote areas to ensure ongoing staffing needs are able to be met.***

***Recommendation 19: Provision of appropriate buildings to address regional accommodation shortages for community service organisations.***

## 10.0 Conclusion

As a wealthy society during a period of unrivalled prosperity, we need to confront the growing gap in living standards and health outcomes for our most disadvantaged, and prioritise investment in improving the prospects of those who are increasingly left behind. The ultimate result of such investment will be to both increase our productivity as a nation and to improve social harmony.

By analysing the impact of cost of living pressures on different types of low income households in Western Australia, we are able to obtain a better understanding of which specific kinds of price increases have the greatest impact on individuals and families in different circumstances. This allows us to provide advice to not-for-profit community service providers to inform their strategic priorities for the development of new services and the improvement of existing ones so that they are more effective in addressing or preventing disadvantage. It also informs our advocacy efforts, providing a sound basis for the policy advice we provide to governments about existing gaps in policy, funding and service delivery and to identify emerging issues of concern.

The findings of this year's cost of living report indicate that the weekly income of single parent families and unemployed singles is approximately \$30 less than the weekly cost of essential products and services needed to maintain a basic standard of living (including housing, utilities, food and transportation).

The report highlights the issue of resilience in relation to the financial risks faced by low income households. Our analysis clearly shows that there are many low income households who are currently just one accident or a couple of missed pay-checks away from financial crisis.

The analysis clearly shows that the rising cost of housing, which represents around 30-40% of household expenditure, is the single largest driver of financial hardship for low income households in WA. Matching the actual spending costs of low income household as documented in the ABS household expenditure survey required us to assume that our model households were able to secure housing a significant amount lower than the median rental cost, something which is becoming increasingly difficult in the metropolitan area and many regional centres.

The consequence of the lack of affordable rental properties is that many families in metropolitan and regional centres are forced to seek cheaper housing on the fringes of their town or city. This contributes to higher transportation costs, reduced access to jobs and services, and increased social isolation, and increasing numbers of people accessing homelessness services.

The analysis also shows that WA households have experienced significant rises in utility costs in recent years and there have been significant rises in utility hardship, despite the fact that utility costs represent a relatively small fraction of the overall cost of living for our households. The fact that for two of our model households their income is \$30 a week short of what they need to spend means that in practice they will struggle to cope when their utility bills are large or higher than expected. Given the relative proportion of the household budget dedicated to housing versus utility costs, rates of utility hardship in WA may be better understood as an indicator of wider financial hardship and a product of transferred housing stress.

The report also highlighted food stress and nutritional poverty as emerging issues for the Western Australian community. The gap between the amount households currently spend on food as compared to what they would need to spend to maintain a nutritious diet clearly indicates that low income households are making difficult decisions and compromising their longer-term health in order to make ends meet. As a community we need to acknowledge that a poor diet has real, long-term consequences for the cost of chronic disease to our health system, as well as reducing the well-being and life expectancy of disadvantaged families.

We trust that readers will find this research useful and informative in responding to the significant challenges facing households in WA who are struggling with the high cost of living.

The Council will be making more specific recommendations about the measures needed to address cost of living pressures for low income and vulnerable households and the quantum of funding required in our 2012 Pre-Budget Submission, which will be released on 19 October, 2012.

## 11.0 Appendices

### Appendix 1. Assumptions

Expense	Assumptions/comments			Source
	Working family	Unemployed person	Single mother	
Rent	Is the medium rent figures from REIWA unit rent figures, their 4 quarter figures were averaged out and then it is assumed that this household paid 85% of Perth average weekly household rent. (For 2011-12 =0.85 multiplied by \$421.25 = \$ 358.06 /week). See Appendix 2 for quarter and financial year figures.	Same as working family except final figure is divided by to account for his 1/3 share	Same as working family except unit rent averages were used instead of house rent prices.	REIWA Perth <a href="#">Rental &amp; Vacancy Rate</a> , accessed 4/09/12
Electricity	In the state government's 'representative household model' Synergy states that the average level of consumption is 5801 kW hours of electricity per annum, based on the forecast 2011-12 average level of consumption. It is assumed that this household did not receive the supply charge rebate. Tariffs and supply charges have been calculated at a daily rate and multiplied for the days that these rates applied in the relevant financial year. Assumes that this household's usage was 100% of the average level of consumption for Synergy customers in 2011-12. See Appendix 4 for prices supplied by Synergy.	Same as working family except it is assumed that household receives the supply charge rebate.* Also the final figure is divided by 3 to account for his 1/3 share.	Same as working family except it is assumed that household receives the supply charge rebate* and dependent child rebate. [ <i>*Note: to be replaced by more generous Cost of Living allowance</i> ]	<a href="#">2012-12 budget paper No. 3 Economic and Fiscal Outlook</a> , page 327 accessed 16/08/2012
Gas	Assumes that this household uses the average amount of gas of a Perth residential dwelling according to Access Arrangement Information for the WA Gas Networks Gas Distribution Systems document. That the average amount used is distributed evenly over the year (to account for changes in the costs that occurred at various times during the financial year and the tier pricing structure where over 12 units on average a day incorporates a lower price per unit and that this household uses 100% of the average gas usage amount for a Perth household. See table 3 for more details on gas pricing. See Appendix 5 for metropolitan gas prices provided by Alinta.	Same as working family except final figure is divided by to account for his 1/3 share	Same as working family except assumes usage is at 85% of average due to having a smaller space to heat.	<a href="#">Access Arrangement Information for the WA Gas Networks Gas Distribution Systems</a> document, page 19 accessed 5/09/12
Water	In the state government's 'representative household model' the Water Corporation states that the average level of water consumption is 270kl per annum. It is assumed that this household uses the average amount and as they are renting they only pay usage charges. See Appendix 3 for prices supplied by the Water Corporation.	Same as working family except final figure is divided by to account for his 1/3 share	Same as working family except it is assumed that this household uses 85% of the average amount of water.	<a href="#">2012-12 budget paper No. 3 Economic and Fiscal Outlook</a> , page 327 accessed 16/08/2012.
Private transport (car)	Each year the Royal Automotive Club of Western Australia releases a Vehicle Running Costs guide. From this guide the total running costs (fuel, tyres, servicing) and on road costs (which include Stamp duty, Registration, Insurance, RAC Club Membership) are added together and the car with the lowest yearly running cost is selected for our car costs. These costs are based on travelling 15,000km/year. Visit RAC WA website for a full list of their assumptions.	N/A	Same as working household	To see the full list of assumptions and the car running costs <a href="#">click here</a> , previous years data provided by RAC WA.
Public transport	Assumes person using public transport are receiving the 15% discount Smartrider card discount, that they take 3 round trips per week over 2 zones (6 X 2 zone trips) and 2 round trips over 1 zone (2 X 1 zone trip).	Same as working family except pays the concession price.	N/A	Price data supplied by Transperth.

The following were derived using Household Expenditure Survey Australia figures to allow for a number of sub-groups to be removed as only the Australia tables provide enough detail for this to occur. [HES 2009-10 Detailed tables](#) (sheet 3a) accessed 12/7/2012 and the Consumer Price Index, June 2012, Table 11 [CPI: Group, Sub-group and Expenditure Class, Index Numbers by Capital City](#) (sheet 'Data3'). HES data is overlaid with Perth CPI figures to ensure that figures remain current. For easiness the CPI series used the CPI ID is included in brackets following the CPI series name. The figure from HES plus CPI is then divided by 2.3 'the average number in household' in the 2nd quintile to return the value to a per person figure. This value is then multiplied by the number of people in the household except for

Education which is divided by 0.6 (average number of people under 18) multiplied by the number of children in the household and here otherwise indicated in the table below.

Expense	Assumptions/comments		
	Working family	Unemployed person	Single mother
Household contents and services	Australian figures, not Perth are used as a number of sub-groups are removed and only the Australian tables provide detailed enough data for this to occur. The final figure uses groups Household Furnishings and Equipment (07) \$39.56 and Household Services and Operation (08) \$49.35 plus Personal care (12) \$15.62 minus the sub groups (within these groups): Postal (080102) \$1.30, phone and fax charges (080103) \$23.87 (counted in communications already), Child care (080105) \$3.10, Household services (pests; private gardening and cleaning; security etc) (080104) \$4.52. Total \$71.74. Adjust for inflation with the CPI Furnishings, household equipment and services; Perth index (A2326006F). This is not adjusted for household size.	Same as working family except final figure is divided by to account for his 1/3 share	Adjusted to 0.75 of working family amount, then adjusted for household of 3.
Medial costs	Used Household Expenditure Survey, Table 3: GROSS INCOME QUINTILE, Household expenditure survey, Western Australia figures from the second quintile (gross household income quintile) broad expenditure group 'Medical care and health expenses' \$47.33. Adjusted for household size and inflation using CPI Health; Perth index (A2331091F).	Used more detailed HES Australian figures used to exclude health insurance costs. Broad expenditure group Medical care and health expenses (09) \$39.32 minus the subgroup 'Accident and health insurance' (0901) \$14.53. Total \$24.79/week. Adjust for inflation CPI Health; Perth index (A2331091F) and 1 adult.	Same as unemployed person adjusted for household of 3.
Phone and internet	Add online downloads (1102999904) \$0.14 and internet charges (account) (1102999902) \$5.60 and internet charges (non-account) (1102999903) \$0.20 (both from the Recreational and educational services expenditure group) with Telephone and facsimile charges (080103) \$23.87 from the expenditure group Household services and operation, plus Mobile phones (0705019901) \$0.84 and Telephone handset (purchase) (0705019902) \$0.84 from the Tools and other household durables expenditure group. Total \$30.86/week. Adjust for household size (divided by 2.3 people) and then multiple by number of people in household. Adjust for inflation CPI Communication; Perth index (A2331181K)	Same as working family adjusted for 1 adult.	Same as working family adjusted for household of 3.
Recreation	Recreation (11) \$100.74 minus the following Gambling (110201) \$3.97, Hire of equipment (110202) \$0.52, Pay TV (1102999901) \$3.81, \$5.80, Internet charges (1102999902+03) \$5.80, Online downloads (1102999904) \$0.14, Holidays (1103) \$29.54. Total \$56.96/week. Adjust with CPI Recreation and culture; Perth index (A2331226C).	Same as working family adjusted for 1 adult.	Adjusted to 0.75 of working family amount, then adjusted for household of 3.
Annual holiday	Holidays - Australia (110301) \$17.78 minus Air travel (1103010100) \$4.29 and Airfare included package tours (1103011000) \$3.97. Total \$9.52/week. Adjust for household size and inflation with CPI Domestic holiday travel and accommodation; Perth index (A2329336A)	Same as working family adjusted for 1 adult.	Same as working family adjusted for household of 3.
Education	Education fees primary and secondary (130202) \$7.33. Total: \$7.33/week. Adjusted for household size by dividing HES figures by average number of people under 18 in a 2 <sup>nd</sup> quintile house and then multiplied by number of children in household model. Adjusted for inflation with CPI Education; Perth index (A2331406L)	NA	Same as working family adjusted for 2 children at school.
Insurance and financial services	Sum of following: House and contents insurance (010104) \$8.82, various fees and charges (130205) \$10.43, Fines (1302990401) \$0.90, Travel insurance (1302990901) \$0.50, Misc. Services (1302999998) \$2.09. Total \$22.74/week adjust with CPI Insurance and financial services; Perth index (A2332576W)	NA	NA

The following figures use data derived from the Household Expenditure Survey, Australia 2009-10 [WA Data tables 2009-10](#), Table 3: GROSS INCOME QUINTILE, accessed 12/7/2012 and the [Consumer Price Index, June 2012, Table 11. CPI: Group, Sub-group and Expenditure Class](#), Index Numbers by Capital City (sheet 'Data3'). HES data is overlaid with Perth CPI figures to ensure that figures remain current. For easiness the CPI series used the CPI ID is included in brackets following the CPI series name. The figure from HES plus CPI is then divided by 2.2 'the average number in household' in the 2nd quintile to return the value to a per person figure. This value is then

multiplied by the number of people in the household except for the Food and beverages category where children are considered 0.75 due to the lower amounts of food they eat and alcoholic beverages where the HES figure is divided by the number of people over 18 which equals 1.8 (1.2 people 18-64 and 0.6 65 and over on average in the house) and then multiplied by the number of adults in the household.

Expense	Assumptions/comments		
	Working family	Unemployed person	Single mother
Food and beverages	Broad expenditure group 'Food and non-alcoholic beverages' \$171.39 adjusted for inflation with the CPI Food and non-alcoholic beverages Perth index (A2325871F) plus Broad expenditure group 'Alcoholic beverages' \$19.95 adjust for inflation with the CPI Alcoholic beverages; Perth index (A2326726C) and adjusted for number of adults in household.	Same as working family adjusted for 1 adult.	Same as working family adjusted for 1 adult and 2 children
Clothing and footwear	Broad expenditure group 'Clothing and footwear' \$27.97 adjust for inflation with the CPI Clothing and footwear; Perth index (A2325916X) adjusted for household of 4.	Same as working family, adjusted for 1 person.	Same as working family adjusted for household of 3.

## Appendix 2. Real Estate Institute of WA, Perth Rental & Vacancy figures

Quarterly figures sourced from [REIWA website](#) (4/09/12)

Qtr	Vacancy rate	Median house rent	Median unit rent
Sep-09	4.60%	\$370.00	\$350.00
Dec-09	4.70%	\$375.00	\$350.00
Mar-10	4.60%	\$380.00	\$360.00
Jun-10	4.20%	\$380.00	\$350.00
<b>2009-10 average</b>	<b>4.53%</b>	<b>\$376.25</b>	<b>\$352.50</b>
Sep-10	3.40%	\$380.00	\$355.00
Dec-10	3.40%	\$380.00	\$360.00
Mar-11	3.20%	\$390.00	\$365.00
Jun-11	3.40%	\$390.00	\$370.00
<b>2010-11 average</b>	<b>3.35%</b>	<b>\$385.00</b>	<b>\$362.50</b>
Sep-11	2.80%	\$400.00	\$380.00
Dec-11	2.30%	\$420.00	<b>\$380.00</b>
Mar-12	1.80%	\$425.00	\$400.00
Jun-12	1.90%	\$440.00	\$410.00
<b>2011-12 average</b>	<b>2.20%</b>	<b>\$421.25</b>	<b>\$392.50</b>

### Appendix 3. Water Corporation Water Use Price History

Residential Water Use			2009/10	2010/11	2011/12
kL	Interval	Total	Price/kL	Price/kL	Price/kL
first	150	150	\$0.73	\$0.98	\$1.19
next	200	350	\$0.88	\$1.24	\$1.54
next	150	500	\$1.02	\$1.33	\$1.58
next	50	550	\$1.02	\$1.44	\$1.90
next	200	750	\$1.54	\$1.80	\$2.08
next	200	950	\$1.54	\$1.80	\$2.08
next	200	1150	\$1.78	\$1.96	\$2.17
next	800	1950	\$1.78	\$1.96	\$2.17
Over	1950	1950+	\$1.78	\$1.96	\$2.17

### Appendix 4. Synergy A1 tariff prices GST Inclusive

Date effective	1/07/09	1/04/10	1/07/10	1/07/11	1/07/12
Energy Charge per unit (\$)	0.1761	0.1893	0.2083	0.2187	0.2489
Supply charge Per day (\$)	0.3233	0.3475	0.3823	0.4014	0.4155

### Appendix 5. Perth Metro gas prices from 1st July 2009 till 30th June 2012

Date effective – Perth metro charges	7/1/09	1/04/10	1/08/11	4/09/11	1/01/12	1/05/12
Daily Supply charge	\$0.1454	\$0.1556	\$0.1712	\$0.1712	\$0.1712	\$0.1854
Retail market levy	N/A	N/A	N/A	\$0.02209	\$0.0111	\$0.0111
Account administration fee	N/A	N/A	N/A	\$0.03287	\$0.03287	\$0.03287
Usage charge - first 12 units	\$0.1004	\$0.1074	\$0.1181	\$0.1181	\$0.1181	\$0.1279
Usage charge - over 12 units	\$0.0906	\$0.0969	\$0.1066	\$0.1066	\$0.1066	\$0.1154
Energy Safety Levy	\$0.78	\$0.86	\$0.86	removed	N/A	N/A
Daily costs for 12.95 units a day (inclusive of all costs)	\$1.13	\$1.20	\$1.20	\$1.20	\$1.32	\$1.37
	2009/10		2010/11	2011/12		
Days these charges apply for in financial year	275	90	365	31	34	300
Daily costs per average consumption household *	\$1.44	\$1.54	\$1.54	\$1.54	\$1.69	\$1.74
Total costs (for section of year these charges apply)	\$397.07	\$138.26	\$560.73	\$47.62	\$57.44	\$523.32
Annual household gas charges *		\$535.33	\$560.73			\$628.39

NOTE - All rates GST Inclusive. \* Inclusive of usage costs at 12.95 units a day, all levies and fees. Average gas use for residential customers in Western Australia is around 17 to 18 gigajoules annually, [Access Arrangement Information for the WA Gas Networks Gas Distribution Systems](#), page 19, sourced 5/09/12. Gigajoules are converted to kilowatt hours (the unit by which gas in WA is charged) by multiplying 1GJ\*278 = kWh. This conversion is from the [National Greenhouse Accounts \(NGA\) Factors 2010](#), page 57, sourced 5/09/12. So it is assumed that the average household gas usage is 12.95 kilowatts (units) a day (17 multiplied by 278 and then divided by 365 = 12.95 units/day).

According to the ABS [Household Choices Related to Water and Energy 2009](#), 84.2% of Greater Perth households are connected to mains gas, (page 30, accessed 5/09/12).

## Appendix 6. Household A: Detailed income and expenditure

<b>Household A: Single parent family - WEEKLY INCOME</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
<b>Taxable Income</b>			
Wage (gross)	\$337.33	\$347.64	\$359.64
Parenting payment	\$192.99	\$206.71	\$216.57
Tax	-\$44.35	-\$45.44	-\$49.08
<b>Net income (weekly)</b>	<b>\$485.97</b>	<b>\$508.92</b>	<b>\$527.14</b>
<b>Regular Government Benefits</b>			
Family Tax Benefit - Part A	\$156.94	\$160.30	\$164.64
Family Tax Benefit - Part B	\$46.55	\$47.53	\$48.79
Rent Assistance	\$65.66	\$67.62	\$70.07
<b>Total Government Benefits (weekly)</b>	<b>\$269.15</b>	<b>\$275.45</b>	<b>\$283.50</b>
<b>Other Government Supplements (per annum, unless stated otherwise)</b>			
Education tax refund	\$1,169.00	\$1,191.00	NA
School kids bonus (June 2012)	N/A	N/A	\$1,227.00
Clean energy future advance (May 2012)	N/A	N/A	\$248.32
Pharmaceutical Allowance	\$156.42	\$156.42	\$159.01
FTB A Supplement	\$1,423.50	\$1,452.70	\$1,452.70
FTB B Supplement	\$346.75	\$354.05	\$354.05
Total Government Supplements	\$3,095.67	\$3,154.17	\$3,441.08
<b>Total Government Supplements (weekly)</b>	<b>\$59.37</b>	<b>\$60.49</b>	<b>\$66.00</b>
<b>Total Household Income (weekly)</b>	<b>\$814.49</b>	<b>\$844.86</b>	<b>\$876.63</b>

<b>Household A: Single parent family - WEEKLY EXPENDITURE</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Rent	\$299.63	\$308.13	\$333.63
Electricity	\$12.30	\$14.28	\$15.05
Gas	\$8.94	\$9.36	\$10.53
Water	\$3.43	\$4.71	\$5.77
Transport (car)	\$65.28	\$67.08	\$66.56
Food and beverage	\$206.50	\$217.96	\$211.29
Clothing & Footwear	\$27.97	\$29.22	\$29.30
Household Contents & Services	\$63.91	\$63.56	\$63.91
Health	\$32.33	\$33.70	\$34.90
Phone/Internet	\$40.25	\$40.47	\$40.83

Recreation	\$55.72	\$55.72	\$54.74
Annual Holiday	\$12.42	\$12.71	\$13.04
Education	\$24.43	\$25.71	\$27.46
Insurance & Financial Services	\$0.00	\$0.00	\$0.00
<b>Total Household Expenditure (weekly)</b>	<b>\$853.11</b>	<b>\$882.62</b>	<b>\$907.01</b>

<b>Household A: Single parent family - WEEKLY DIFFERENCE</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Difference between income and expenditure	-\$38.62	-\$37.76	-\$30.38

## Appendix 7. Household B: Detailed income and expenditure

<b>Household B: Working family - WEEKLY INCOME</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
<b>Taxable Income</b>			
Partner A Wage (gross)	\$287.84	\$296.64	\$306.88
Partner A Tax	-\$0.02	\$0.00	\$0.00
Partner B Wage (gross)	\$757.59	\$780.84	\$807.63
Partner B Tax	-\$102.08	-\$101.71	-\$111.21
<b>Net income (weekly)</b>	<b>\$943.33</b>	<b>\$975.77</b>	<b>\$1,003.30</b>
<b>Regular Government Benefits</b>			
Family Tax Benefit - Part A	154.14	156.23	159.54
Family Tax Benefit - Part B	6.905	6.405	6.175
Rent Assistance	52.375	53.325	54.79
<b>Total Government Benefits (weekly)</b>	<b>213.42</b>	<b>215.96</b>	<b>220.505</b>
<b>Other Government Supplements (per annum, unless stated otherwise)</b>			
Education tax refund	\$1,169.00	\$1,191.00	N/A
School kids bonus (June 2012)	N/A	N/A	\$1,227.00
Clean energy future advance (May 2012)	N/A	N/A	\$248.32
FTB A Supplement	\$1,423.50	\$1,452.70	\$1,452.70
FTB B Supplement	\$346.75	\$354.05	\$354.05
Total Government Supplements	\$2,939.25	\$2,997.75	\$3,282.07
<b>Total Government Supplements (weekly)</b>	<b>\$56.37</b>	<b>\$57.49</b>	<b>\$62.95</b>
<b>Total Household Income (weekly)</b>	<b>\$1,213.13</b>	<b>\$1,249.23</b>	<b>\$1,286.75</b>

<b>Household B: Working family - WEEKLY EXPENDITURE</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Rent	319.8125	327.25	358.0625
Electricity	\$22.26	\$25.85	\$27.14
Gas	\$10.27	\$10.75	\$12.05
Water	\$4.11	\$5.67	\$6.96
Transport (car)	\$65.28	\$67.08	\$66.56
Public transport	\$26.52	\$27.42	\$28.22

Food and beverage	\$296.14	\$312.15	\$303.01
Clothing & Footwear	\$50.85	\$53.12	\$53.28
Household Contents & Services	\$71.74	\$71.35	\$71.74
Health	\$86.05	\$89.70	\$92.88
Phone/Internet	\$53.67	\$53.96	\$54.45
Recreation	\$99.06	\$99.06	\$97.32
Annual Holiday	\$16.56	\$16.95	\$17.38
Education	\$24.43	\$25.71	\$27.46
Insurance & Financial Services	\$39.55	\$41.08	\$42.50
<b>Total Household Expenditure (weekly)</b>	<b>\$1,186.31</b>	<b>\$1,227.11</b>	<b>\$1,259.01</b>

<b>Household B: Working family - WEEKLY DIFFERENCE</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Difference between income and expenditure	\$26.82	\$22.11	\$27.74

## Appendix 8. Household C: Detailed income and expenditure

<b>Household C: Unemployed single - WEEKLY INCOME</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Newstart Allowance	\$227.41	\$235.18	\$243.12
Tax	\$0.00	\$0.00	\$0.00
Rent assistance	\$42.58	\$42.79	\$46.67
Clean energy future advance (May 2012)	N/A	N/A	\$3.07
<b>Total weekly income</b>	<b>\$269.99</b>	<b>\$277.97</b>	<b>\$292.86</b>

<b>Household C: Unemployed single - WEEKLY EXPENDITURE</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Rent	\$106.60	\$109.08	\$119.35
Electricity	\$6.65	\$7.73	\$8.11
Gas	\$3.43	\$3.60	\$4.02
Water	\$1.37	\$1.89	\$2.32
Transport (car)	N/A	N/A	N/A
Public transport	\$10.22	\$11.08	\$11.08
Food and beverage	\$89.64	\$94.19	\$91.72
Clothing & Footwear	\$12.71	\$13.28	\$13.32
Household Contents & Services	\$23.39	\$23.26	\$23.39
Health	\$10.78	\$11.23	\$11.63
Phone/Internet	\$13.42	\$13.49	\$13.61
Recreation	\$20.82	\$20.82	\$20.45
Annual Holiday	\$4.14	\$4.24	\$4.35
Education	N/A	N/A	N/A
Insurance & Financial Services	N/A	N/A	N/A
<b>Total Household Expenditure (weekly)</b>	<b>\$303.17</b>	<b>\$313.90</b>	<b>\$323.35</b>

<b>Household C: Unemployed single - WEEKLY DIFFERENCE</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Difference between income and expenditure	-\$33.17	-\$35.93	-\$30.49