

Monday 16 December 2019

MEDIA ALERT

Louise Giolitto, Chief Executive Officer

Time: 10:30am

Date: Monday 16 December 2019

Location: Level 2, 3 Loftus Street, West Leederville, 6007 (entry on corner of Macewan Street and Oxford Close)

Louise will be available for interview at the WACOSS office, and will be joined by Renna, an advocate with lived experience.

MEDIA RELEASE

New report shows living costs outpacing income growth

Single parent families and people who are currently experiencing unemployment have been hit particularly hard by higher living costs in the past financial year, according to new modelling released today by the Western Australian Council of Social Service.

Louise Giolitto, Chief Executive Officer, said that the modelling showed increases to living costs across the board, including rent, food, utilities and transport.

“Households with two sets of wages were better able to absorb the increase in costs, which hit especially hard for people relying on income support payments like the Newstart Allowance.

“On even the most conservative estimations, it is clearly simply impossible for someone on Newstart to be able to afford the basics in life.

“We found that those households that were sitting below the poverty line were having to spend 72 per cent of their income each fortnight on housing and associated costs.”

Each year WACOSS releases modelling of the living costs and incomes for a range of different household types, including a working family, single parent family, unemployed single, and age pensioners.

This year the model households experienced the first rise in their rental costs since 2014, with significant percentage growth in utility costs and food observed as well. The household types that are assumed to own a car also saw a noticeable increase in their transport costs.

The modelling is accompanied by analysis of aggregated budgets of households who accessed financial counselling services in 2018/19. Financial counselling is a free and independent service to assist people who are experiencing financial difficulty.

“Overwhelmingly, housing is the most significant cost for all. On average 45.5 per cent of financial counselling clients’ expenditure goes to covering housing costs alone,” Louise Giolitto said.

“When households are struggling to just keep a roof over their head or food on the table, of course they aren’t going to be out spending big on Christmas presents.

“Putting more money into the pockets of those on the lowest incomes and wages in our community is fundamental to driving increased activity in the economy. All the evidence shows that increases to the incomes of those with the least are immediately spent on essential goods and services, rather than being squirrelled away and hoarded.

“When people are doing it tough, they need the support of community services. We know though that services are struggling to keep up with demand. The sector needs fairer and more adequate funding to better support both the workers in the industry and the people they dedicate their lives to assisting,” Louise concluded.

Ends.

Media contact: Louise Giolitto, Chief Executive Officer, 0411 534 911

Fast Facts

- The biggest cost percentage increases from 2017-2018 for 2018-2019 for single parent households were in utilities (7.5 per cent increase) and transport (4.4 per cent).
- Rental costs increased for the first time since 2014.
- Housing is the most significant cost for low-income households accessing financial counselling, on average 45.5 per cent of *expenditure* goes to pay housing costs alone.
- For households below the poverty line who accessed financial counselling, they were spending 72 per cent of their *income* each fortnight on housing.
- Families who are spending a significant portion of their income on housing and are living below the poverty line, are very unlikely to be spending a lot on Christmas presents this year.
- Newstart is not providing an adequate income for a single person living in Perth, with weekly expenditure surpassing income, leaving them more than \$16 in the red after covering just the essentials.
- Regionally, food and beverage costs are highest in the Kimberley, closely followed by the Pilbara.
- Households in the Pilbara and Kimberley pay substantially more for electricity than those in the Southwest Interconnected System.