



wa council of  
social service

# Cost of Living 2021



## About WACOSS

The Western Australian Council of Social Service is the peak body for the community services sector and works to create an inclusive, just and equitable society. We drive social change with communities, through collective action and policy formulation, strengthening community services and influencing decision makers to ensure justice and equity.

With WACOSS members and the broader sector, we advocate with and on behalf of those who are the furthest from levers of power and influence, to amplify their concerns and seek justice, to create a society that genuinely works for the benefit of all and not just the few.

Tackling difficult issues, systems, behaviours, and attitudes that contribute to inequality and exclusion, WACOSS develops evidence-based social policy and research to inform and influence government policy to change the lives of those facing adversity.

## Acknowledgment of Country

WACOSS respectfully acknowledges the Traditional Owners of Country throughout Western Australia and recognises their continuing connection to land, waters and community. We pay our respects to them and their cultures, and to Elders both past and present. We acknowledge that the land on which we live and work always was and always will be Aboriginal land.

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Recommended citation:

G Hansen and E Perroni (2021) *Cost of Living 2021*. Western Australian Council of Social Service.

Published by WACOSS

ABN: 32 201 266 289

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## Introduction

Liveable income support. Free electricity. A ban on kicking tenants out of their homes and disconnecting people from the essential services they need to survive. And all it took was a global pandemic.

For the second year in a row, our Cost of Living Report is able to demonstrate what is possible when people are provided enough income so they can not only meet their basic needs, but potentially be in a position where they are able to thrive.

Not everyone, however, received these much needed supports. People relying on payments like the Disability Support Pension were excluded from receiving the Coronavirus Supplement, for example, while many temporary migrants were provided with little to no support.

Now we are in a situation where those supports are no longer available for anyone, with many not only back to the position they were in before the pandemic began, but now facing new challenges and levels of hardship.

Though Western Australia's state economy is in a globally enviable position, performing more strongly now on many metrics than it had prior to the onset of the pandemic, the benefits of this strong economy are not shared equally, and many in the community face significant hardship despite the state's wealth.

This report also reveals the staggering costs facing many in our community now that much of that COVID-related support has been removed. The runaway rental prices being faced by households since the end of the moratoria are a manifestation of the failure of a housing system that is geared to meet the interests of private investors and speculation rather than to provide roofs over people's heads. High rental returns in turn fuel the concentration of property in the hands of investors, pushing up the cost of owning a home, which both limits discretionary spending within the domestic economy and exposes it to the vagaries of the boom-and-bust cycle of property speculation.

Unless there is a drastic change in the Federal Government's policy and approach towards those out of work or earning low wages, we have no expectation that we will see the kind of results seen over the last two years in the future. In last year's report we said that the lesson of 2020 was that poverty has always been a choice that governments make. That it was clear that it has *always* been possible for our governments to ensure people have sufficient income to meet their material needs, are able to keep a roof over their head, food on the table and the power connected.

The lesson then of 2021 is that our gains can never be taken for granted. A step forward can very easily be followed by a large leap backwards. As we look towards 2022, many households in Western Australia are facing a challenging year ahead, as they grapple with higher costs on a number of fronts. And so we continue the struggle to ensure a more just, fair and equitable future for everyone.



## Key findings of the 2021 Cost of Living Report

This report marks the second time since WACOSS began the household modelling for its Cost of Living reports that the income of the unemployed single model household has exceeded their basic living costs. Entirely as a result of the extra income support provided as part of the response to the COVID-19 pandemic, the unemployed single model household is able to cover what it needs to spend on the essentials in line with community expectations.

Rental costs have risen dramatically for the model households for the third year in a row, while wage growth remained low during the financial year. Without the coronavirus supplements and economic support payments, the rental cost increases would have left these households in a highly precarious position.

### Weekly income and expenditure of our model households

	Income	Expenditure	Net Position
Single Parent Family	\$1,132.61 ▲	\$983.73 ▲	\$148.89 ▲
Two Parent Family	\$1,546.28 ▲	\$1,359.41 ▲	\$186.87 ▼
Unemployed Single	\$434.55 ▲	\$347.56 ▲	\$86.99 ▲
Age Pensioners (Renters)	\$806.15 ▲	\$748.25 ▲	\$57.89 ▼
Age Pensioners (Home Owners)	\$740.18 ▲	\$597.25 ▼	\$142.93 ▲

*Note: All estimates of cost and consumption are intentionally conservative and, as a result, likely understate the cost impacts on households in hardship. The arrows indicate growth or reduction in values from the previous financial year.*

- The model *single parent family* has \$148.89 left after meeting their estimated basic living costs.
- The income of our model *two parent family* surpasses their estimated basic living costs by \$186.87 per week. With their access to two sources of wages, they remain in the best position of the model households.
- The weekly income of our model *unemployed single* has exceeded their basic living costs by \$86.99, enabling them to meet a basic standard of living in line with community expectations.
- The model *home-owning age pensioners* have \$142.93 after meeting their basic living costs, while their renting equivalents have \$57.89 less once they have covered their expenses.

## Methodology

WACOSS has produced its Cost of Living Report annually since 2007. The first reports simply investigated the changes in basic living expenses such as housing, transport, fuel, food and other essentials in WA over the preceding year. In 2009 we developed a model comparing the adequacy of income against the costs of living for a low-income family in Western Australia, which was subsequently picked up by other states. In 2012 we revised and expanded our Cost of Living Report, to model two families and a single unemployed person, representing different at-risk household types on low incomes. The 2017 report introduced two age pensioner models, with one couple homeowners and the other couple renters.

The *2021 Cost of Living Report* uses the same methodology as our 2012 and subsequent reports.<sup>1</sup> It models the income and expenditure of five household types during the 2020/21 financial year in comparison to the two preceding financial years (2018/19 and 2019/20). Doing so allows us to analyse relative changes in living costs and understand their likely impacts on current and future levels of relative comfort, deprivation and need. Every household and family in WA is different, and so it would be unrealistic to expect these models to be a precise reflection of all living costs or household expenditures.

Changes in the method for calculating the costs of running a car in 2020 for single parent, two parent family and home-owning age pensioners has made comparisons of the difference between the income and expenditure of these households to 2018/19 not possible. The more accurate representation of car running costs does enable a more robust comparison now between the 2019/20 and 2020/21 financial years.

WACOSS is confident that the conservative assumptions underpinning each model (clearly considered and referenced in Appendix 1 of the 2012 report) ensure the conclusions drawn reflect the real-life experiences of low-income households in WA. They provide a window into the pressures of changing living costs on their everyday lives that can guide policy and decision-making.

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<sup>1</sup> The [2012 Cost of Living Report](#) provides a more detailed account of the methodology.

## Our model households

The key assumptions for our households' income and expenditure are described below:

	Single Parent Family	Two Parent Family	Unemployed Single	Age Pensioners
Household members	Single mother with two dependent children.	Two parents with two school aged children.	Single, unemployed female.	Couple, retired.
Age	34 years old, with two children aged 7 and 8.	Two adults aged 40 and 38 years, with two children aged 11 and 13.	44 years old.	Two adults aged 67 and 69 years.
Income source	Mother – works 18 hours a week for 39 weeks a year at minimum wage + casual loading. Eligible for government payments.	One works full-time (minimum wage + 33%); the other casual (16 hours per week at minimum wage with casual loading). Eligible for government payments.	JobSeeker Payment only.	Age Pension and supplements only.
Housing	Rents a unit (85% median unit rental).	Rents a house (85% median house rental).	Shares a house with two other adults (paying one third of 85% median house rental).	<i>Renters:</i> Rent a unit (85% median unit rental).  <i>Owners:</i> Own a house.
Education	Both children attend a public primary school.	Both children attend a public primary school.	N/A	N/A
Transport	Owens a small car.	Own a small car and uses public transport for five round trips per week.	Public transport is only mode of transport (five round-trips per week).	<i>Renters:</i> Public transport is only mode of transport (five round-trips per week, on and off peak).  <i>Owners:</i> Own a small car.
Health	No private health insurance.	Has basic private health insurance.	No private health insurance.	No private health insurance.

## Determining household income

Each of our five households' income has been estimated by using:

- Department of Human Services' Payment and Service Finder;<sup>2</sup>
- The Department of Social Services' *Guide to Social Security Law*;<sup>3</sup>
- The WA Industrial Relations Commission's *2020 State Wage Case* decision;<sup>4</sup> and
- The Australian Taxation Office's online tax calculator.<sup>5</sup>

## Determining household expenditure

Household expenditure in the *2021 Cost of Living Report* has been calculated using up-to-date and publicly available sources that reflect the average price and usage of products and services by Perth residents wherever possible. Where such figures are not readily available, we have modelled costs based on the Australian Bureau of Statistics' (ABS) *2015/16 Household Expenditure Survey*<sup>6</sup> with relevant CPI applied, consistent with the way the model has been applied in previous years.

Further detail on each of the essential costs in the household expenditure model is provided below:

- **Housing** — Expenditure is based on quarterly *Market Update* statistics of average house and unit rental prices advertised in the Perth metropolitan region published by the Real Estate Institute of Western Australia (REIWA).<sup>7</sup> The models assume that our households have been able to acquire rental accommodation at 85 per cent of the median market rate.
- **Utilities** — Our households' consumption of electricity, gas and water are based on State Government estimates of average usage.<sup>8</sup> Prices were obtained directly from the utility providers for Perth residential households.
- **Food and beverages** — Food and beverage costs are based on the second quintile figures published in the ABS *Household Expenditure Survey 2015/16* (with CPI applied), and vary depending on household size.
- **Transport** — Two of our households are assumed to own and use a small inexpensive car, travelling 12,000 km per year. The costs are based on the RAC WA annual *Car Running Costs* guide.<sup>9</sup> As in the previous year, we have used the Suzuki Baleno auto hatchback for modelling purposes.
- **Other household and living costs** — Other essential household costs, such as education, communication, and household services have been calculated based on the ABS *Household Expenditure Survey 2015/16* with CPI applied.

<sup>2</sup> Department of Human Services (2021) [Online Estimators](#)

<sup>3</sup> Department of Social Services (2021) [Guide to Social Security Law](#)

<sup>4</sup> WA Industrial Relations Commission (2020) [State Wage Order Pursuant To Section 50a of the Act](#)

<sup>5</sup> Australian Tax Office (2021) [Income Tax Estimator](#)

<sup>6</sup> ABS (2017) Cat. 6530.0 - [Household Expenditure Survey, Australia: Summary of Results, 2015-16](#)

<sup>7</sup> REIWA (2021) [The WA Market](#)

<sup>8</sup> Government of Western Australia (2020) *State Budget 2020/21*, [Budget Paper No. 3](#)

<sup>9</sup> RAC WA (2021) [Vehicle Running Costs Guide](#)



## Household Analysis

### Single Parent Family

Our single parent family is comprised of a single parent with two primary school aged children. The parent works part-time, rents a unit, and owns a small car. The parent in this household is assumed to be working 18 hours per week for 39 weeks of the year while their children attend school. Our calculations assume that she or he is unable to work during school holidays when they must care for the children. In reality, this kind of work pattern is difficult to maintain, which is why single parents have one of the highest rates of movement in and out of part-time work.

Single parent family - WEEKLY INCOME					
	2018/19	2019/20	2020/21	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Wage (gross)	\$430.31	\$442.31	\$446.16	0.87%	\$3.84
Parenting payment	\$253.57	\$255.77	\$260.22	1.74%	\$4.45
Coronavirus Supplement		\$49.00	\$115.60	135.86%	\$66.60
Other regular Government Benefits	\$317.71	\$328.02	\$332.58	1.39%	\$4.60
Government supplements (one off payments, converted to weekly amount)	\$38.94	\$54.03	\$40.34	-25.33%	-\$13.70
Tax paid	\$50.19	\$65.01	\$68.24	4.97%	\$3.20
<b>Total household income/week</b>	<b>\$996.34</b>	<b>\$1,070.11</b>	<b>\$1,132.61</b>	<b>5.84%</b>	<b>\$62.50</b>

Our single parent remains eligible to receive *Parenting Payment Single* to one of the children being below the age of eight years. This makes a dramatic difference to their weekly income, as demonstrated in our *2013 Cost of Living Report*.<sup>10</sup>

<sup>10</sup> In the *2013 Cost of Living Report* we undertook a comparison of the income of a single parent eligible for *Parenting Payment Single*, and a parent only eligible for *Newstart Allowance*. The single parent family's income was reduced considerably (-\$77.12 per week) as a result of being shifted to *Newstart* when the youngest child reached 8 years of age. For more information refer to: WACOSS (2013) [2013 Cost of Living Report](#).

The income of the single parent household has increased by 5.84 per cent (\$62.50 per week) over the last 12 months. The parent's weekly wages have increased by \$3.84 per week, the parenting payment by \$4.45, while other government payments (including regular and one-off supplements) have decreased by \$9.12. The increase in their total income is primarily driven by their eligibility for the Coronavirus Supplement over the 2020/21 financial year. The decrease in government supplements that the model household received was a result of not receiving second and third Economic Support Payments.

Wage growth for the single parent household is particularly low during the 2020/21 financial year as the annual increase to the state minimum wage was deferred due to the uncertainty resulting from the COVID pandemic until the first pay period after 1 January 2021, at which time it increased by 1.75 per cent.<sup>11</sup>

As described in more detail in our *2013 Cost of Living Report*, a casual employee (like our single parent) typically does not have sick leave or annual leave entitlements. This puts them in a precarious financial situation, especially when either they or their children become sick (requiring time off work), or during times when business may be slow.

Single parent family - WEEKLY EXPENDITURE					
	2018/19	2019/20	2020/21	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Rent	\$279.13	\$283.68	\$320.88	13.11%	\$37.19
Food and beverage	\$208.69	\$216.50	\$220.59	1.89%	\$4.09
Utilities	\$36.85	\$36.82	\$26.00	-29.39%	-\$10.82
Transport		\$166.32	\$152.58	-8.26%	-\$13.74
Other - household and living costs	\$259.23	\$255.54	\$263.69	3.19%	\$8.15
<b>Total household expenditure/week</b>		<b>\$958.86</b>	<b>\$983.73</b>	<b>2.59%</b>	<b>\$24.87</b>

As discussed in the *methodology* section, changes in the method of calculating the costs of running a car meant we were unable to include that cost for 2018/19. As a result, we are only able to demonstrate the changes in total household expenditure between 2019/20 and 2020/21. What is clear, however, is the continued increase across the three years for the single parent family in rent, and food and beverage costs, with other household and living costs (including internet, clothing and household contents) rising once again after a small decline in 2019/20.

<sup>11</sup> WA Industrial Relations Commission (2020) [State Wage Order Pursuant To Section 50a of the Act](#)

The 2019 report saw the first increase in rental costs since the *2014 Cost of Living Report*, making 2021 the third year running that these have risen, with the increase particularly substantial during the last financial year. Weekly rents for the model family increased by 13.11 per cent or \$37.19 per week in dollar terms.

The action by the McGowan Government to provide all households a one-off \$600 credit on their residential electricity bill, funded from the Bell Group settlement, as well as not increasing electricity and water prices for 2020/21 as part of its COVID-19 recovery measures, assisted in providing some buffer for the model household from those other cost increases.

The household also saw a notable decrease in its transport costs, which for the single parent model household consists of running a small car. With the petrol prices substantially increasing in second half of 2021, we anticipate the situation may be quite different for the household in the next report.<sup>12</sup>

Single parent family - WEEKLY DIFFERENCE		
	2019/20	2020/21
Total weekly income	\$1,070.11	\$1,132.61
Total expenditure	\$958.86	\$983.73
<b>Difference</b>	<b>\$111.25</b>	<b>\$148.89</b>

In 2020/21, the single parent family's weekly income surpassed their basic living costs by \$148.99. The improvement in their financial position, driven substantially by the Coronavirus Supplement, provides some allowance for the family to save, for the single parent to undertake training in order to improve their employment prospects, or to enable the family to be able to respond to an unexpected cost or crisis (if the fridge or car breaks down). Without the Coronavirus Supplement in place, however, the gap between the income and expenditure of the single parent household would have only been \$33.33.

It is also important to recognise that this modelling assumes the single parent is able to secure sufficient work during the school term (and/or affordable care arrangements during holidays), but the casual nature of their work means they may be at increased financial risk.

<sup>12</sup> Gareth Hutchens (2021) ['Petrol prices are at record highs and a decision in the 1970s begins the story'](#), ABC News

## Two Parent Family

The two parent family consists of one parent working full-time, one in part-time casual employment and two school-aged children. They rent a house, own a small car and use public transport for five round trips a week.

Two parent family - WEEKLY INCOME					
	2018/19	2019/20	2020/21	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Combined wages (gross)	\$1,334.03	\$1,371.06	\$1,375.21	0.30%	\$4.15
Regular government benefits	\$237.16	\$237.86	\$245.89	3.68%	\$8.73
Government supplements (one off & temporary payments, converted to weekly figures)	\$35.85	\$50.94	\$61.23	20.2%	\$10.29
Tax paid	\$146.04	\$135.81	\$136.06	0.18%	\$0.24
<b>Total household income/week</b>	<b>\$1,461.00</b>	<b>\$1524.04</b>	<b>\$1546.28</b>	<b>1.51%</b>	<b>\$22.93</b>

The wages of the two parent family have increased by \$4.15 or 0.3 per cent in 2020/21. Like the single parent household, their low wage growth has resulted from the delayed increase to the state minimum wage in that financial year.

The Economic Support Payment, which the household was eligible for as recipients of the Family Tax Benefit, has increased the government supplements they receive for the second year and provides the largest increase of any component of the household's income at 20.2 per cent or \$10.29 per week. This is followed by an \$8.73 per week increase in regular government benefits, with the model two parent family also seeing a low increase in the amount of tax paid. The particularly low growth in wages however results in their total household income increasing by just 1.51 per cent.

Two parent family - WEEKLY EXPENDITURE					
	2018/19	2019/20	2020/21	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Rent	\$306.00	\$313.44	\$357.00	13.9%	\$43.56
Food and beverage	\$301.19	\$312.28	\$318.24	1.91%	\$5.96
Utilities	\$57.68	\$58.83	\$47.18	-19.79%	-\$11.64
Transport		\$204.30	\$190.56	-6.73%	-\$13.74
Other - household and living costs	\$438.31	\$433.91	\$446.42	2.88%	\$12.51
<b>Total household expenditure/week</b>		<b>\$1,322.75</b>	<b>\$1,359.41</b>	<b>2.77%</b>	<b>\$36.65</b>

The model two parent family's weekly expenditure on basic living costs, excluding transport, has increased by 2.77 per cent or \$36.65 per week over the last 12 months. This increase is predominantly the result of the substantial rise in the model household's weekly rent, with increases also observed in the areas of food and beverages, and other household and living costs.

Like the single parent household, the two parent household saw a reduction in the utility costs as a result of the \$600 one-off electricity payment and a smaller decrease in their transport costs, due to lower costs associated with running a car and the freeze on public transport prices in 2020/21.

Two parent family - WEEKLY DIFFERENCE		
	2019/20	2020/21
Total weekly income	\$1,523.35	\$1,546.28
Total expenditure	\$1,322.75	\$1,359.41
<b>Difference</b>	<b>\$200.60</b>	<b>\$186.87</b>

In 2020/21, the family's weekly income surpassed their basic living costs by \$186.87 per week (down from \$200.60 in 2019/20). The significant increase in their rental costs at a time the household saw very low wage growth meant that their expenditure grew by a greater amount than the household's total income. This reduction in their position reduces the ability for the family to save, or to have money in reserve to cover unexpected or non-essential expenditure. It should be noted that if either of the couple had lost their job or had their hours reduced during this period, their financial position would be even more precarious.



## Unemployed Single

The unemployed single person's only income comes from government allowances and benefits. They are currently looking for work, live in shared accommodation, and rely on public transport to get to appointments (e.g. with Centrelink, job interviews, doctor), to visit friends or family, and to reach the supermarket or local library (to access the internet).

Unemployed single – WEEKLY INCOME					
	2018/19	2019/20	2020/21	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Newstart/JobSeeker Payment	\$275.39	\$280.08	\$283.58	3.50%	\$1.25
Rent assistance	\$30.60	\$30.53	\$31.03	1.65%	\$0.51
Energy supplement	\$4.39	\$4.39	\$4.39	0%	\$0
Coronavirus Supplement		\$48.99	\$115.55	135.86%	\$66.56
Economic Support Payment		\$14.38	\$0	-100%	-\$14.38
<b>Total household income/week</b>	<b>\$310.38</b>	<b>\$378.37</b>	<b>\$434.55</b>	<b>14.85%</b>	<b>\$56.18</b>

The weekly income of the unemployed single increased by 14.85 per cent or \$56.18. This increase is quite clearly the result of the fortnightly Coronavirus Supplement, represented in the table as a weekly value. Despite the significant increase, the payments received by the model unemployed single while searching for work only totalled around 23 per cent of average weekly ordinary time earnings in Western Australia.<sup>13</sup>

Unemployed single - WEEKLY EXPENDITURE					
	2018/19	2019/20	2020/21	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Rent (Share)	\$102.00	\$104.48	\$119.00	13.9%	\$14.52
Food and beverage	\$92.51	\$95.78	\$97.66	1.96%	\$1.87
Utilities	\$17.31	\$17.38	\$13.78	-20.75%	-\$3.61
Transport	\$15.48	\$16.38	\$16.38	0%	\$0
Other - household and living costs	\$98.57	\$96.49	\$100.74	4.4%	\$4.25
<b>Total household expenditure/week</b>	<b>\$325.86</b>	<b>\$330.52</b>	<b>\$347.56</b>	<b>5.15%</b>	<b>\$17.04</b>

The unemployed person's weekly expenditure on basic living costs has increased by 5.15 per cent (or \$17.04 per week) over the last 12 months. As with the other households, this is driven largely by increases in rental costs. It should also be noted that the housing calculations assume that our

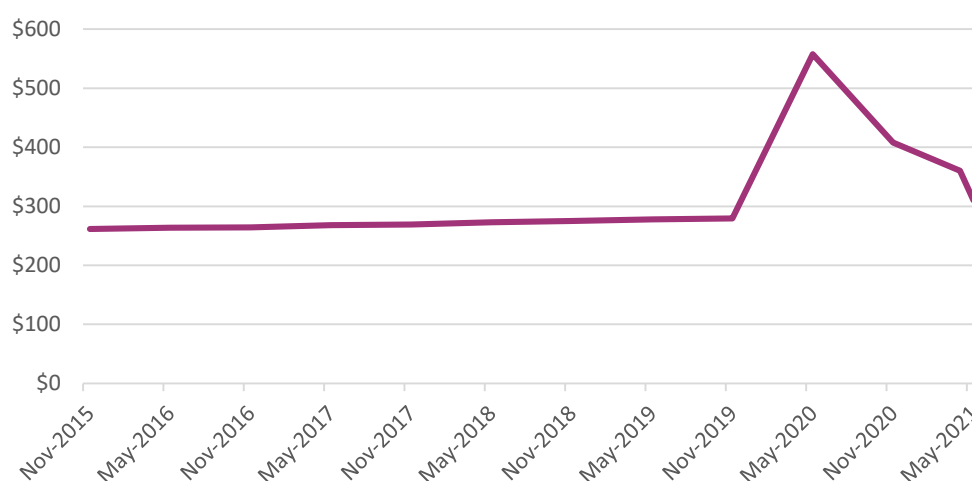
<sup>13</sup> As of May 2021, average weekly ordinary time earnings (seasonally adjusted) in Western Australia was \$1,879.70. ([Australian Bureau of Statistics, Average Weekly Earnings, Australia, August 2021](#)).

unemployed person can find shared accommodation where they pay one-third rent of a house at 85 per cent of the Perth median house price. Like the other model household, utility costs have decreased as a result of the State Government's \$600 payment.

Unemployed single - WEEKLY DIFFERENCE			
	2018/19	2019/20	2020/21
Total weekly income	\$310.38	\$378.37	\$434.55
Total expenditure	\$325.86	\$330.52	\$347.56
<b>Difference</b>	<b>-\$15.48</b>	<b>\$47.85</b>	<b>\$86.99</b>

Last year saw the introduction of the Coronavirus Supplement for those who received JobSeeker payments. Coming into effect on April 27, 2020, this increased payment meant that for the first time since WACOSS began the household modelling for its Cost of Living reports that the income of the unemployed single model household exceeded their basic living costs.

**JobSeeker Payment/Newstart Allowance (including Coronavirus Supplement) per week**



Source: Australian Department of Human Services

The swift reduction in the value and eventual termination of the Coronavirus Supplement as of 31 March 2021, means that the benefits of a liveable income support payment were brief. While it lasted, it enabled people who were reliant on JobSeeker to get on top of their bills and rent, eat more balanced and regular meals, and afford the essentials in life.<sup>14</sup> Without the Coronavirus Supplement being in place, the model unemployed single household's expenditure would have exceeded their income by \$28.56.

<sup>14</sup> Z Callis, A Seivwright, C Orr and P Flatau (2020) [The Impact of COVID-19 on Families in Hardship in Western Australia](#), 100 Families WA

## Age Pensioners

The model Age Pensioner households are composed of retired couples aged 67 and 69. As retirees, the couple's only income is from the Age Pension and supplements. Two housing scenarios are provided: one where the couple rents a unit (at 85 per cent of the median unit rental cost) and the other where the couple owns a house.

The assumptions around their expenditure are very conservative, with the renters choosing a unit rather than a house, neither household having private health insurance, and the renters travelling exclusively by public transport.

Age Pensioners (Renters) – WEEKLY INCOME					
	2018/19	2019/20	2020/21	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Age Pension	\$629.57	\$642.04	\$650.36	1.3%	\$8.32
Rent assistance	\$63.81	\$65.14	\$65.97	1.28%	\$0.83
Energy supplement	\$10.57	\$10.57	\$10.57	0%	\$0
Pension supplement	\$51.15	\$52.00	\$52.64	1.23%	\$0.64
Cost of Living Rebate	\$2.54	\$2.58	\$2.63	2.01%	\$0.05
Economic Support Payment		\$14.38	\$23.97	66.67%	\$9.59
<b>Total household income/week</b>	<b>\$757.64</b>	<b>\$786.72</b>	<b>\$806.15</b>	<b>2.47%</b>	<b>\$19.43</b>

The weekly income of the renting Age Pensioners increased by 2.47 per cent or \$19.43 in 2020/21. The Age Pension is their largest source of income, followed by the Pension Supplement and Rent Assistance. The addition of the Economic Support payment has bolstered their income as well.

Age Pensioners (Renters) – WEEKLY EXPENDITURE					
	2018/19	2019/20	2020/21	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Rent	\$279.44	\$283.69	\$320.88	13.11%	\$37.19
Food and beverage	\$185.01	\$191.56	\$195.31	1.96%	\$3.75
Utilities	\$40.67	\$40.66	\$29.86	-26.57%	-\$10.80
Transport	\$7.74	\$8.19	\$8.19	0%	\$0
Other - household and living costs	\$189.63	\$185.50	\$194.02	4.59%	\$8.52
<b>Total household expenditure/week</b>	<b>\$702.49</b>	<b>\$709.60</b>	<b>\$748.25</b>	<b>5.45%</b>	<b>\$38.65</b>

The largest increase in living costs for the renting Age Pensioner model household is in rent at \$37.19 per week. Food costs have also increased for the model household, with their transport costs holding steady as a result of the freeze on public transport fare prices. The \$600 one-off electricity payment has seen their utility costs decrease by \$10.80 per week.

Age Pensioners (Renters) – WEEKLY DIFFERENCE			
	2018/19	2019/20	2020/21
Total weekly income	\$757.65	\$786.72	\$806.15
Total expenditure	\$704.72	\$711.87	\$748.25
<b>Difference</b>	<b>\$52.93</b>	<b>\$74.84</b>	<b>\$57.89</b>

While their total weekly income comes out ahead of their expenditure, these calculations do not provide much allowance should the couple face a medical emergency or need to replace a household appliance. The couple does not have private health insurance, life insurance or funeral cover, and could potentially face expensive medical costs should an adverse life event occur.

Age Pensioners (Home Owners) – WEEKLY INCOME					
	2018/19	2019/20	2020/21	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Age Pension	\$629.57	\$642.04	\$650.36	1.3%	\$8.32
Energy supplement	\$10.57	\$10.57	\$10.57	0%	\$0
Pension supplement	\$51.15	\$52.00	\$52.64	1.23%	\$0.64
Cost of Living Rebate	\$2.54	\$2.58	\$2.63	2.01%	\$0.05
Economic Support Package		\$14.38	\$23.97	66.67%	\$9.59
<b>Total household income/week</b>	<b>\$693.83</b>	<b>\$721.58</b>	<b>\$740.18</b>	<b>2.58%</b>	<b>\$18.60</b>

The income of the home owner couple is lower than the renters, as they are not receiving Rent Assistance. The renting couple, however, are dedicating almost 40 per cent of their income to covering their rental costs alone. In comparison, the home owners only need to dedicate 4 per cent of their income to pay the council rates and other charges they are liable for as a result of owning their home. The home owners do not have a mortgage and so do not have any other ongoing costs associated with home ownership.

Age Pensioners (Home Owners) – WEEKLY EXPENDITURE					
	2018/19	2019/20	2020/21	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Rates and Charges	\$28.54	\$30.16	\$30.16	0%	\$0
Food and beverage	\$185.01	\$191.56	\$195.31	1.96%	\$3.75
Utilities	\$42.61	\$42.63	31.82	-25.36%	-\$10.81
Transport		\$159.89	\$145.94	-8.6%	-\$13.74
Other - household and living costs	\$189.63	\$191.56	\$194.02	4.59%	\$8.52
<b>Total household expenditure/week</b>		<b>\$609.74</b>	<b>\$597.25</b>	<b>-2.01%</b>	<b>-\$12.28</b>

The largest expenditure increase for the home owning age pensioners, were in the other household and living costs category (including internet, clothing and household contents), followed by food and beverages. With rates and charges increases frozen in 2020/21, and a substantial decline in their transport and utility costs, this household total expenditure decreased by 2.01 per cent or \$12.28 per week.

Age Pensioners (Home Owners) – WEEKLY DIFFERENCE		
	2019/20	2020/21
Total weekly income	\$721.58	\$740.18
Total expenditure	\$609.74	\$597.25
<b>Difference</b>	<b>\$112.05</b>	<b>\$142.93</b>

The home owners have \$85.04 per week more than the renters after expenses. The increases that the home owners did see in their expenditure were more than offset by the decreases elsewhere, and the growth in their income driven by the Economic Support Payments. This suggests that home ownership is critical to the financial resilience of retirees, particularly those reliant on the age pension. With an ongoing trend of fewer households owning their home on retirement, we are likely to see an increased risk of poverty and financial hardship in older households over time.



## The Cost of Living in Regional WA

Limitations of the data on detailed household expenditure patterns in the *ABS Household Expenditure Survey* mean there is insufficient detail to confidently extend the WACOSS household models to individual regions within WA. The data below accurately reflects the differences in costs of essential items, but we recognise that low income households living in these regions will change their actual expenditure patterns to compensate so they can balance their weekly budget.

Analysis of rental costs for the four model households based on *REIWA market data* is included in the table below. It is important to note that availability can become an even more critical factor in regional areas with smaller housing markets and a more limited range of choice. While our analysis reflects the costs for the type of appropriate housing assumed in the four models, real households may not be able to secure appropriate housing in some regional centres, and so would be forced to compromise on either the appropriate dwelling size for their household composition, or on its affordability.

Weekly Expenditure across the Regions - RENT										
	Perth	Gascoyne	Goldfields Esperance	Great Southern	Kimberley	Mid West	Peel	Pilbara	South West	Wheat -belt
Single parent & Age pensioners	\$320.88	\$191.25	\$279.44	\$270.94	\$328.95	\$208.46	\$266.26	\$395.35	\$272	\$213.35
Two parent family	\$357	\$287.94	\$331.50	\$319.39	\$472.39	\$260.31	\$312.80	\$562.06	\$318.75	\$250.75
Unemployed person (1/3 <sup>rd</sup> share)	\$119	\$95.98	\$110.50	\$106.46	\$157.46	\$86.77	\$104.27	\$187.35	\$106.25	\$83.58

Source: Calculations based on REIWA market data

The Gascoyne is the most affordable region to rent in for the single parent and age pensioner model households, with rental costs lower by \$129.63 per week for those household types than in Perth. The Wheatbelt is slightly more affordable for the working family and unemployed person, as a result of slightly lower median rental costs for houses in the region, but higher costs for renting units.

The Pilbara is the most expensive region for the single parent and age pensioner model households, spending \$74.47 more each week than their equivalents in Perth. For the working family and unemployed single models, the Pilbara is also the most expensive region in which to rent, followed by the Kimberley.

Weekly Difference from 2019/20 across the Regions - RENT										
	Perth	Gascoyne	Goldfields Esperance	Great Southern	Kimberley	Mid West	Peel	Pilbara	South West	Wheat -belt
Single parent & Age pensioners	\$37.20 13.11%	\$27.62 16.88%	\$27.63 10.97%	\$22.74 9.16%	\$20.19 6.54%	\$44.20 26.91%	\$35.70 15.49%	\$64.81 19.6%	\$21.25 8.47%	-\$15.30 -6.69%
Working family	\$43.56 13.9%	\$37.19 14.83%	\$20.19 6.49%	\$20.19 6.75%	-\$3.19 -0.67%	\$12.11 4.88%	\$42.71 15.81%	\$46.11 8.74%	\$26.56 9.09%	\$17.42 7.47%
Unemployed person	\$14.52 13.9%	\$12.40 14.84%	\$6.73 6.49%	\$6.73 6.75%	-\$1.07 -0.67%	\$12.11 4.88%	\$14.24 15.81%	\$15.37 8.74%	\$8.85 9.09%	\$5.80 7.46%

Source: Calculations based on REIWA market data

The cost of renting for both houses and units in the Pilbara rose significantly during 2020/21. Conversely, advertised rents for units in the Wheatbelt dropped, with small decreases also seen for houses in the Kimberley. The Mid West saw significant increases in the costs of renting a unit, with the increases for renting a house slightly more subdued.

Weekly Expenditure across the Regions – FOOD AND BEVERAGES										
	Perth	Gascoyne	Goldfields Esperance	Great Southern	Kimberley	Mid West	Peel	Pilbara	South West	Wheat- belt
Single parent	\$220.59	\$231.39	\$231.84	\$213.97	\$247.28	\$230.95	\$223.01	\$234.04	\$221.91	\$219.48
Two parent family	\$318.24	\$333.84	\$334.47	\$308.69	\$356.75	\$333.20	\$321.74	\$337.65	\$320.15	\$316.65
Unemployed person	\$97.66	\$102.44	\$102.64	\$94.73	\$109.47	\$102.25	\$98.73	\$103.61	\$98.24	\$97.17
Age pensioners	\$195.31	\$204.88	\$205.27	\$189.45	\$218.94	\$204.49	\$197.46	\$207.23	\$196.48	\$194.34

Source: Calculations based on ABS 2015/16 HES, 2021 CPI and 2019 RPI data

The cost of food and beverages is the highest in the Kimberley, followed by the Pilbara. Food prices in Peel, the Wheatbelt, the Southwest and Great Southern regions are all comparable to Perth metropolitan prices. Food prices in the Mid West and Gascoyne are also higher, being just slightly lower than in the Pilbara.

Weekly Expenditure across Network Areas - ELECTRICITY					
	SWIS	Gascoyne/ Mid West	Goldfields Esperance	Kimberley	Pilbara
Single parent	\$4.48	\$7.07	\$1.57	\$23.99	\$26.22
Working family	\$22.03	\$25.08	\$18.61	\$44.99	\$47.60
Unemployed person	\$5.39	\$6.41	\$4.25	\$13.05	\$13.92
Age pensioners	\$12.23	\$14.82	\$9.32	\$31.74	\$33.96

Source: Calculations based on usage data supplied by Horizon Power.

All model households are paying substantially more for electricity in the Pilbara and the Kimberley than those in the Southwest Interconnected System (Perth, Peel, Southwest and Great Southern). Model households in the Gascoyne/Mid West are spending slightly more than those in the SWIS, with the electricity expenditure of model Goldfields/Esperance households noticeably lower.

As the Uniform Tariff Policy means that Horizon Power customers are charged for electricity at the same rate as Synergy customers, these divergences are the result of different levels of energy consumption. Climatic conditions outside of the SWIS have a significant impact on the amount of energy required to maintain temperatures in homes at a liveable and comfortable level.

The high level of energy consumption and the resultant size of the bills, combined with their seasonal and intermittent nature, mean that low-income households in regional areas can be at substantial risk of bill shock, with the likelihood of falling into utility debt even higher during the peak summer period.

Weekly Expenditure across the Regions – WATER										
	Perth	Gascoyne	Goldfields Esperance	Great Southern	Kimberley	Mid West	Peel	Pilbara	South West	Wheat- belt
Single parent	\$7.78	\$9.55	\$8.34	\$5.19	\$12.97	\$8.49	\$7.31	\$13.64	\$7.74	\$7.39
Working family	\$9.46	\$11.23	\$10.11	\$6.38	\$15.97	\$10.30	\$8.90	\$16.76	\$9.41	\$8.99
Unemployed person	\$3.15	\$3.74	\$3.37	\$2.13	\$5.32	\$3.43	\$2.97	\$5.59	\$3.14	\$3.00
Age pensioners	\$3.89	\$4.77	\$4.17	\$2.60	\$7.98	\$4.25	\$3.65	\$6.82	\$3.87	\$3.69

Source: Calculations based on average regional residential usage data supplied by the Water Corporation.

Households in the Great Southern Region are on average spending the least on water, followed by those in the Peel and Wheatbelt regions. Tariff cap policies mean that up to the first 300kL in 'country south' and 500kL in 'country north', residential water consumption charges are no more than metropolitan charges, after which the charges reflect the cost of providing services in the different country schemes. The lower water expenditure in those regions is thus a direct result of lower consumption.

Pilbara households are spending the most on water across all model household types. For example, our working family are paying on average 43.6 per cent more per week or an extra \$7.30 per week. The Pilbara is followed closely by the Kimberley, which would indicate that the climatic conditions in those regions result in a much higher level of water consumption by households.

## Financial Counselling Data

Financial counselling is a free and independent service to assist people who are experiencing financial difficulty. A qualified financial counsellor will work through a person's weekly household income and expenditure with them to provide expert advice on how to tackle their financial challenges.

WACOSS has analysed data provided by the Financial Counselling Network<sup>15</sup> of 1,884 clients who accessed their services from January to November 2021 to reveal the real-life living cost pressures being faced by households across the Perth metropolitan region who are experiencing financial hardship and stress.

Financial Position of Clients – Average per Fortnight								
Regions	Household Income (After Tax)	Housing Costs	Cost of Groceries	Cost of Essential Utilities	Medical Costs	Debt Repayments	Deficit *	No of Clients
North Metro	\$1,610.69	\$516.94	\$252.84	\$90.81	\$35.63	\$476.80	-\$138.99	791
East Metro	\$1,462.70	\$540.48	\$265.27	\$111.62	\$30.44	\$456.87	-\$81.05	722
South Metro	\$1,529.07	\$611.04	\$326.16	\$96.75	\$38.57	\$955.39	-\$86.69	371
Overall	\$1,537.90	\$544.49	\$272	\$99.95	\$34.22	\$563	-\$106.49	1,884



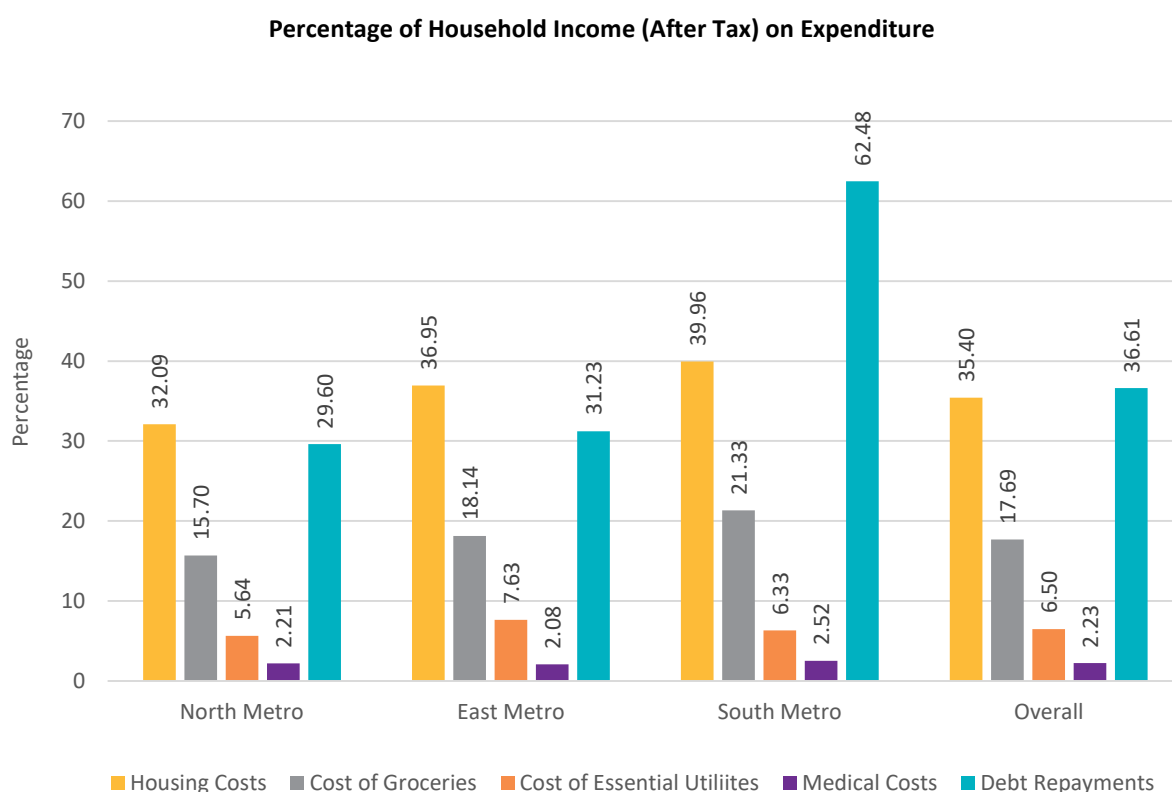
Source: Calculations based on data supplied by the Financial Counselling Network.

\* Note: 'Deficit' is the average amount that the expenditure of each financial client exceeded or was below their income.

<sup>15</sup> The Financial Counselling Network is a partnership of not-for-profit community service organisations and local government across the Perth metropolitan region who provide advice, assistance and education to people experiencing financial hardship. <https://www.financialcounsellingnetwork.org.au/>.



As many people seek assistance from financial counsellors in relation to debts they are struggling with, it is not surprising that these clients have substantial debt repayments each fortnight. When it is considered how much of their income is required in order to service these debts, the burden that these debts have on these households is readily apparent. With the average proportion of income needed to cover their debt repayments in the North and East metropolitan regions of Perth nearing the average proportion of income needed to keep a roof over their head, while in the South metropolitan region far exceeding it, this data makes clear the stark reality of high debts in the community.



Source: Calculations based on data supplied by the Financial Counselling Network.

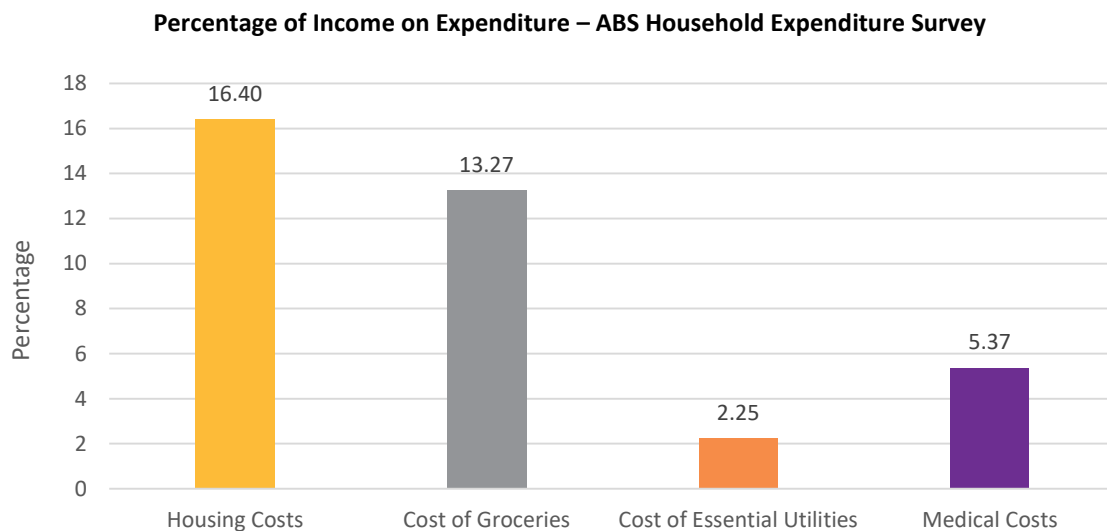
Financial counsellors may be able to contact their clients' creditors to halt or defer debt-recovery proceedings, negotiate debt waivers or reductions, and put in place a payment plan. They may also be able to provide access to emergency relief in the form of charitable donations or food parcels to help them through an immediate crisis.

Household may, however, turn to payday loans and other fringe financial lending to help resolve short-term financial problems, only to result in increasing levels of longer term financial stress. These households are least able to secure standard lower-interest rate loans and are to some degree 'forced' into borrowing funds from questionable short-term lenders to deal with immediate financial crises, exacerbating their financial hardship. Households pursuing this type of credit to resolve other debts and cover everyday expenses pay a significant premium for access to instant-cash and may be vulnerable to misleading and predatory lending practices that can lead to further spiralling debt.<sup>16</sup>

<sup>16</sup> [SACOSS Consumer Credit Legal Service Scoping Study](#)

Where households in the lower 40 per cent of incomes are spending more than 30 per cent of their gross income on housing costs, they are deemed to be in housing stress.<sup>17</sup> With the costs above represented as percentages of income after tax, it can be observed that financial counselling clients in each metropolitan region of Perth are on average in housing stress, with those in the South metropolitan region dedicating the greatest proportion of their income to their housing costs.

Comparing this data to that of the 2017 *ABS Household Expenditure Survey (HES)* illustrates the significant differences between the expenditure patterns of the average Western Australian household and those experiencing financial hardship.



Source: Calculations based on the ABS (2017) Household Expenditure Survey

While prices and incomes have changed since this survey was undertaken, some very clear differences between the financial counselling clients and the HES participants can be observed. The proportion of income that the financial counselling clients are dedicating to housing is substantially higher than it was for the average WA household in the HES. Similarly, the financial counselling clients have a much greater proportion of their income being spent on covering the costs of their utilities like electricity, gas and water.

The financial counselling clients can also be observed to be spending a much lower percentage of their income on medical costs than the average WA household in the HES. This would suggest that medical costs are an area that the financial counselling clients have been forced to avoid spending on in order to cover their other living costs, which will likely have a negative impact on their quality of life and personal health.

<sup>17</sup> Australian Bureau of Statistics (2017) 4130.0 – *Housing Occupancy and Costs, 2015-16*

## Analysis and Discussion

### Income, Poverty and Wealth

The Coronavirus Supplement provided us the opportunity to examine the outcomes of a more supportive social security system, and demonstrated the far-reaching impact that social security policy change can have on poverty levels and economic activity. With the introduction of the Coronavirus Supplement worth \$550 per fortnight in March 2020, the Federal Government lifted more than 400,000 Australians out of poverty, including 75,000 children.<sup>18</sup> Despite being strongly supported by the Australian community and demonstrably effective in improving living standards and life outcomes of those otherwise living in poverty,<sup>19</sup> this support measure was gradually reduced over the course of 2020 and early 2021, until it was abolished on 1 April, 2021.

Research has demonstrated the wide-ranging impacts that the provision of adequate income support and the temporary suspension of mutual obligations had on individuals and households experiencing financial vulnerability and hardship. An online survey conducted by Swinburne University and the Australian National University, found that:

- Supplement recipients were better able to afford basic needs, as well as afford other strategic expenditures to improve their household's long-term financial security
- The Supplement and suspension of mutual obligations improved recipients physical and mental health and contributed to their overall wellbeing, allowing them to move beyond day-to-day survival and work towards a more economically secure future for themselves and their families
- The Supplement and suspension of mutual obligations increased recipients' engagement in labour market and other economic activities
- The Supplement and suspension of mutual obligations allowed people to better engage in many forms of unpaid productive work, including care work and community support<sup>20</sup>

Several surveys and research reports provide reinforcing evidence that the Coronavirus Supplement was a hugely successful policy measure that aligned with the Government's purported stated social security policy goals: to better allow individuals to engage with meaningful employment. It provided an opportunity for people to live with dignity, eat sufficiently and healthily, pay bills, obtain medical treatment and participate in a range of activities beneficial for both themselves, their families and the broader community. It highlighted the importance of the relational dimension of poverty that is too often overlooked by policymakers.

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<sup>18</sup> Grudnoff M (2020) Poverty in the age of coronavirus: The impact of the JobSeeker coronavirus supplement on poverty, The Australia Institute.

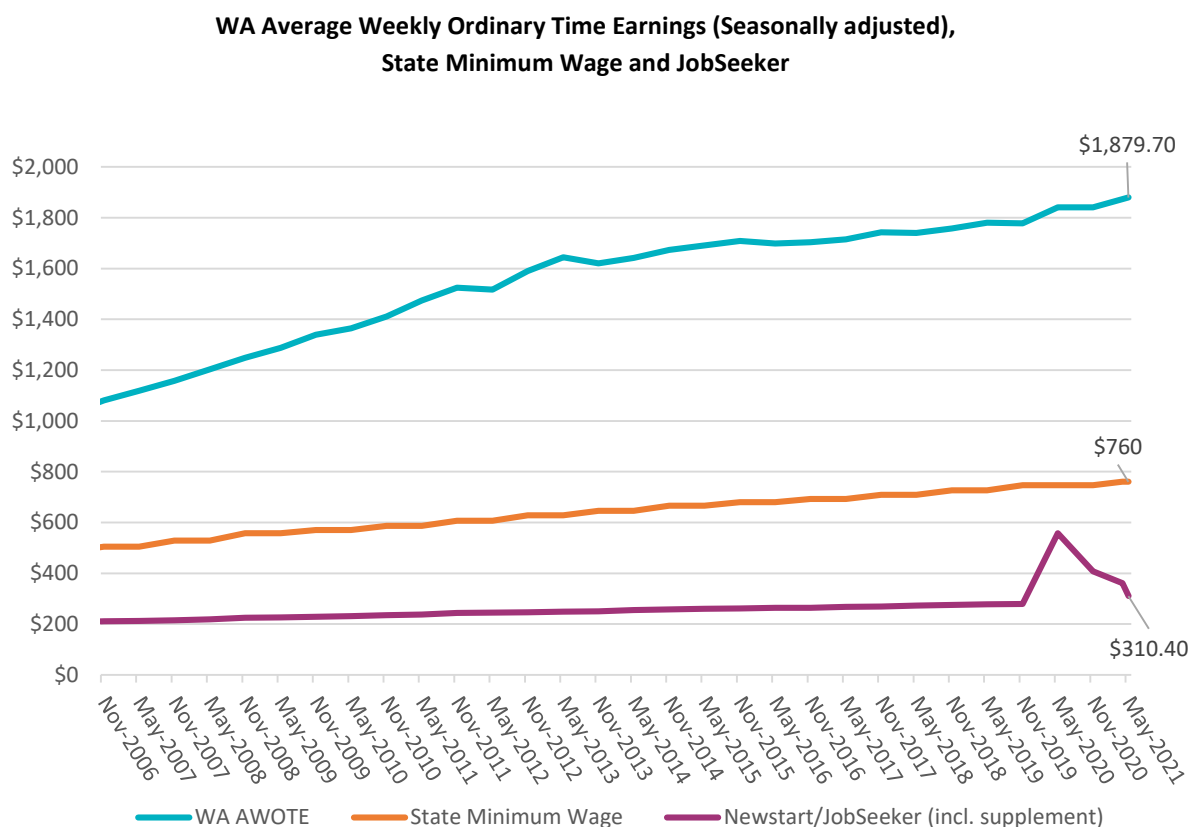
<sup>19</sup> Callis, Z., Seivwright, A., Orr, C. & Flatau, P. (2020). The Impact of COVID-19 on Families in Hardship In Western Australia. The 100 Families WA project (Anglicare, Centrecare, Jacaranda Community Centre, Mercycare, Ruah Community Services, Uniting WA, Wanslea, WACOSS, The University of Western Australia (Centre for Social Impact and the School of Population and Global Health)), Perth, Western Australia. doi: 10.25916/5f3b2a5e4bb42

<sup>20</sup> Klein, E, Cook, K, Maury, M & Bowey, K (2021) [Social security and time use during COVID-19](#), Swinburne University of Technology & Centre for Excellence in Child and Family Welfare, Melbourne.

April 1, 2021 simultaneously marked the end of the Coronavirus Supplement with the first increase in real terms of the base rate of JobSeeker since March 1994. This increase amounted to \$3.57 per day, which is utterly insufficient to lift people out of poverty. This reduction in social security benefits has plunged hundreds of thousands of Australians adults and children back into poverty.

Not only does this single policy choice serve to reverse the progress made in reducing poverty in the previous year, the addition of other punitive policy measures will likely further entrench poverty and disadvantage and create additional barriers for employment and other productive activities. For example, the Social Services Legislation Amendment (Consistent Waiting Periods for New Migrants) Bill 2021 will increase the waiting period for newly arrived residents to access payments, such as family tax benefits or carer benefits, to four years.<sup>21</sup> Imposing stricter waiting periods on the few supports available to newly arrived residents will only serve to deny people in need essential support to raise children and care for loved ones, inflict additional hardship and financial stress upon many migrant families, and likely elevate poverty rates.

Even at its height, when JobSeeker was doubled by the full rate of the Coronavirus Supplement, it was equivalent to just 30 per cent of full-time average weekly ordinary time earnings in Western Australia.<sup>22</sup> The State Minimum Wage at that time sat at just over 40 per cent of the average weekly earnings.



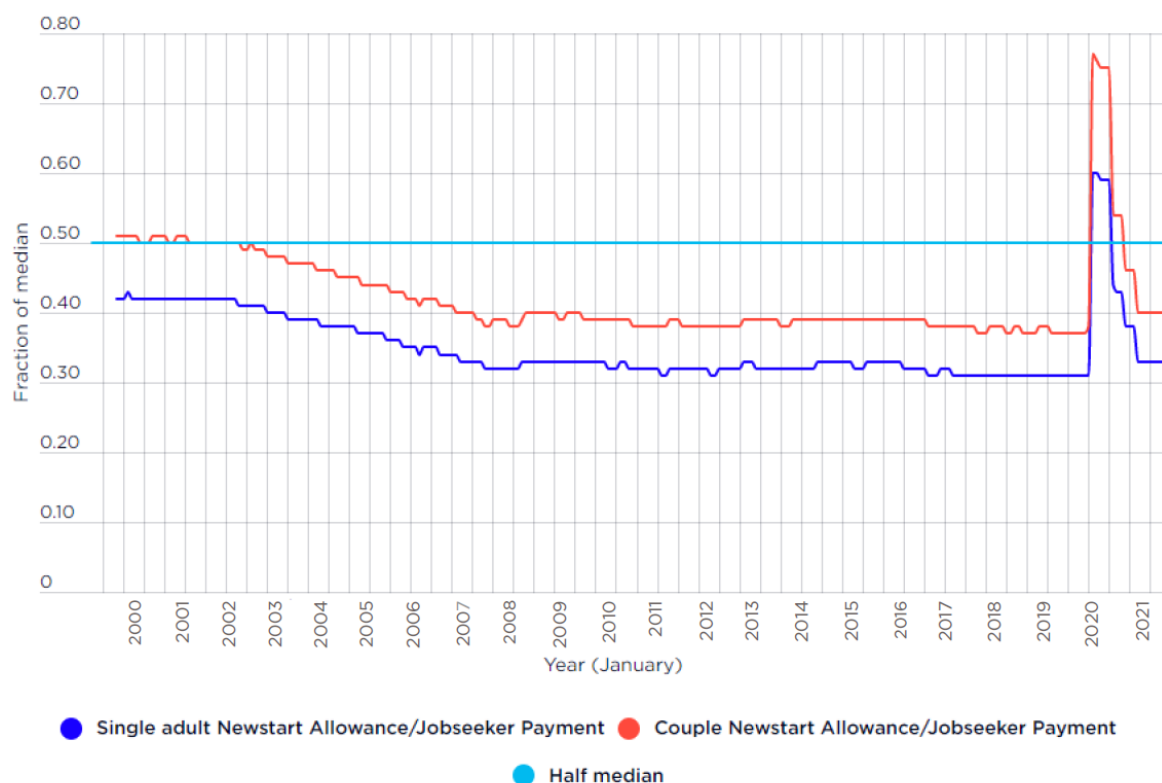
Source: ABS 6302.0, WA Department of Commerce, Australian Department of Human Services

<sup>21</sup> Department of Parliamentary Services (2021) [Social Services Legislation Amendment \(Consistent Waiting Periods for New Migrants\) Bill 2021](#), Bills Digest NO. 17, 2021–22, Parliament of Australia.

<sup>22</sup> 'Weekly ordinary time earnings' refers to one week's earnings of employees for the reference period, attributable to award, standard or agreed hours of work.

The Newstart Allowance and the JobSeeker Payment have failed to meet even half of the national median income since the early 2000s, except for that brief moment when it was joined by the Coronavirus Supplement. The small increase in the base payment introduced in April 2021 still leaves the JobSeeker Payment well below half the national median income.

**Newstart Allowance/JobSeeker Payments relative to median income**



Source: ACOSS/UNSW (2021) *Australian Income Support Since 2020: Those Left Behind*

Low payment rates produce a range of compounding factors that make it very difficult for individuals living on JobSeeker to search for and maintain employment. Current payment rates do not cover basic living costs, let alone the additional costs of looking for work, including internet expenses, or clothing, transport, and child care costs to attend job interviews. Research has shown that inadequate income support payments do not increase labour force participation and, by pushing people into poverty, can act as a barrier to securing employment.<sup>23</sup> The ongoing stress and struggle to pay for essential goods and services such as housing, food, transport, and energy on a very limited income can detract from job search activities and undermine health and wellbeing, further diminishing employment prospects.

In addition, employment across Australia has become less secure, leading to increased underemployment,<sup>24</sup> unpredictable incomes and a rising number of people working more than one job to cover basic living expenses.<sup>25</sup> At the same time, Australia's social safety net has provided less

<sup>23</sup> Mesén Vargas, J, & Van der Linden, B, (2018). Is there always a trade-off between insurance and incentives? The case of unemployment with subsistence constraints

<sup>24</sup> ABS 2021, [Labour force, Australia, detailed](#) (reference period February 2021), Cat. No. 6291.0.55.001, Canberra.

<sup>25</sup> ABS 2020d, [Labour account Australia](#), December 2020 release, ABS, Canberra.



protection for a significant portion of our community, including older Australians, single parents and their children, and people with a disability. These changes in job and income security have weakened people's financial resilience and protection against increasing economic shocks and environmental disasters.

More than 3 million people in Australia live below the poverty line and poverty rates have been steadily increasing over time. The 2020 *Household, Income and Labour Dynamics in Australia* (HILDA) Survey revealed a 10.7 per cent increase in the relative poverty rate between 2016 and 2018. The anchored poverty rate (which maintains the real value of the poverty line at its 2001 level), reveals a rise since 2015, suggesting a decline in living standards over the three years.<sup>26</sup> HILDA finds poverty rates to be consistently higher for older people, particularly singles, and for people living in single parent families. Single parent families saw an increase in the poverty rate from 15 per cent in 2016 to 25 per cent nationally in 2018. Poverty is also more common for children in single parent households, which rose from 16.1 per cent in 2016 to 28.1 per cent in 2018.

Growing rates of child poverty in Western Australia are a significant cause for concern because of their long-term implications for the future health, wellbeing and life prospects of children. Recent research has highlighted a clear link between child poverty, access to early learning and developmental disadvantage. The Bankwest Curtin Economic Centre found that children in the most disadvantaged communities in WA are far less likely to be attending preschool and far more likely to be developmentally vulnerable.<sup>27</sup> The poverty rate for children in single parent households is currently more than nine times the rate of children in households with both parents, with around 1 in 3 children in single parent households living in income poverty. JobSeeker is not and has never been an appropriate mechanism for a single parent to support a young family. The current system forces these single parents into the position where they have to balance caring responsibilities, job-seeking or piecemeal work, and compliance activities, which in no way assists in creating the supportive and caring environments that children need to thrive.

The strong public health measures that have been necessary to reduce the spread of COVID-19 have highlighted the precarious and insecure access many workers have to employment, particularly following the withdrawal of the increased income support provided by the Federal Government.

A lockdown from 31 January to 5 February 2021 was declared for the Perth, Peel and South West regions, affecting approximately 2 million people.<sup>28</sup> The lockdown was lifted on 5 February, but post-lockdown restrictions and transitions continued to apply in the Perth and Peel regions for the weeks that followed. Between April and July, the Perth and Peel regions entered another two lockdowns for a combined total of seven days, again with post-lockdown transition periods with varying restrictions.

Many businesses, including restaurants, bars, beauty and hair services, cinemas, gyms and other retailers, were forced to close during lockdowns and faced significant restrictions on their trade

<sup>26</sup> Roger Wilkins et al (2020) *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 18*, The Melbourne Institute

<sup>27</sup> Cassells R., Dockery M., Duncan A., Kiely D., Kirkness, M., Twomey C., Nguyen T., and Seymour, R., (2020) *The Early Years: Investing in Our Future, Focus on Western Australia Report Series*, No. 13, August 2020.

<sup>28</sup> Carmody, J. (2021). ["NSW orders West Australian arrivals into five-day lockdown to stop spread of virulent UK strain"](#). ABC News. Australian Broadcasting Corporation.

during these transition periods. Other venues such as nightclubs and casinos were forced to remain closed for substantial periods. These lockdowns inevitably resulted in workers being stood down and losing work hours and income. With the JobKeeper Payment ending on 28 March 2021, there was no targeted financial support for workers who lost income during those later lockdowns.

The key assumptions for our households earning an income, the single parent and two parent households, did not consider the potential impacts of these lockdowns on their job and income security.

Research demonstrates that the COVID-19 crisis has left many with a weakened financial capacity to absorb future shocks, especially for those already experiencing hardship.<sup>29</sup> It has been reported that 49 per cent of Australians have drawn on unsustainable or finite resources (such as credit or superannuation) to manage their household expenses as they experienced heightened economic vulnerability during lockdowns.<sup>30</sup>

This heightened economic vulnerability among Western Australian households may be reflected in the number of people seeking emergency relief services. WACOSS operates a free online directory of community service providers for people looking for assistance, called WACONnect. The directory contains real time search results of emergency and community relief providers, including food relief, financial counsellors, emergency accommodation and other services.<sup>31</sup>

From January to October 2021, the directory saw 225,500 searches for services, from 37,250 people. Compared to the same period last year, the number of users increased by 14 per cent, the number of visits to the directory increased by 25 per cent, and the number of searches for services increased by 18 per cent, which is equivalent to 30,000 more searches for services. The services with the most searches during this period fell within the following categories:

1. Help with food (8.2 per cent of all searches) – approx. 18,000 searches
2. Help with accommodation (5 per cent of all searches) – approx. 11,500 searches
3. Financial services (2.22 per cent of all searches) – approx. 5,500 searches

62 per cent of people were directly accessing WACONnect, rather than finding it through internet search engines or via social media. This is a significant increase on previous years and strongly indicates that many of those people who are using the platform are repeat visitors who have had to search for services through it in the past.

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<sup>29</sup> Porter, E. & Banks, D. (2021) Shocks and safety nets Financial wellbeing during the COVID-19 crisis. Brotherhood of St Lawrence, Research and Policy Centre.

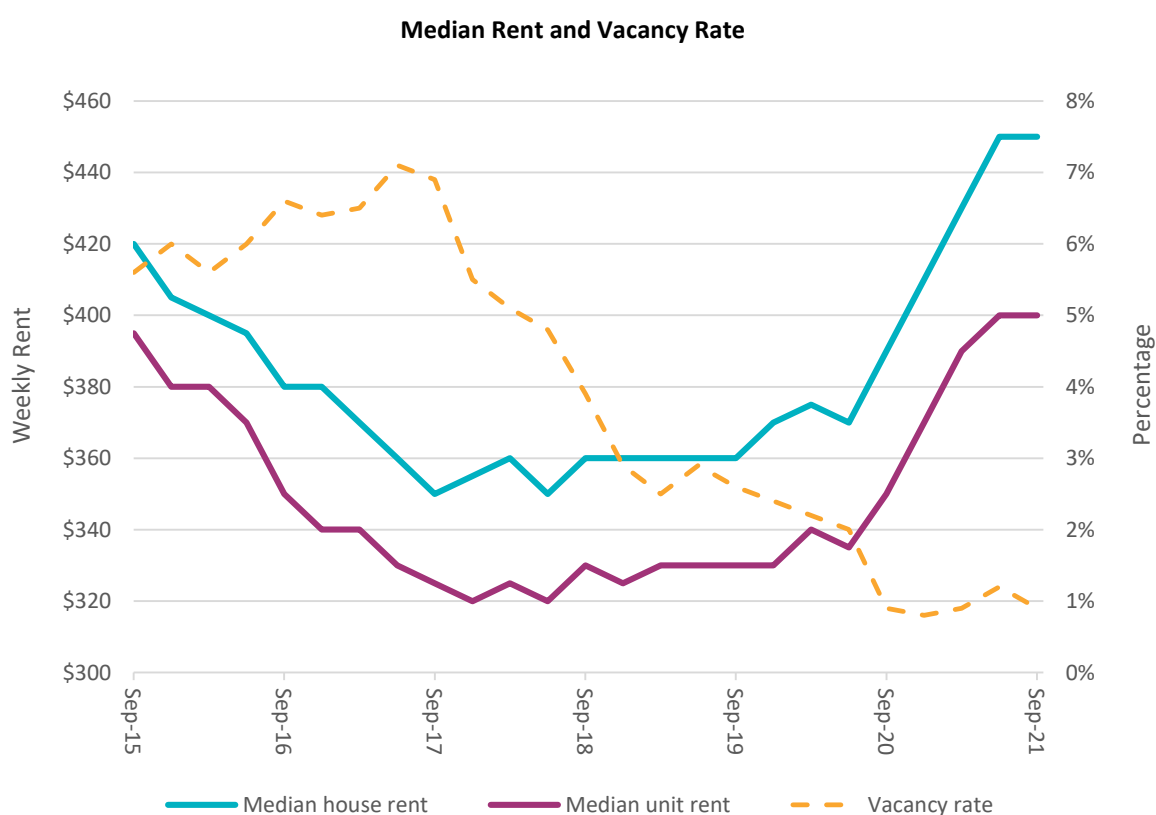
<sup>30</sup> Thomsen, A.; O'Neill, E.; Martin Hobbs, B.; Solomon, L. COVID-19 and Consumers: From Crisis to Recovery; Consumer Policy Research Centre CPRC: Melbourne, Australia, 2020

<sup>31</sup> <https://waconnect.org.au/>

## Housing

Housing remains the single largest cost for households in Western Australia. Housing costs have a disproportionate impact on those living on the lowest incomes.<sup>32</sup> With median rents in Perth on the increase since 2018 and drastically rising during 2020, the pressure this places on households has never been more apparent. As of June 2021, median house rents in Perth had increased over the past 12 months by nearly 22 per cent and median unit rents by over 19 per cent.<sup>33</sup> At the same time, the rental vacancy rate has been in freefall since 2017.

Access to safe, secure and affordable shelter is essential for people to be able to fully engage in our community. Stable tenancies are crucial to support positive outcomes in areas like health and wellbeing, education and employment. Conversely, insecurity and instability in housing creates the circumstances for increased hardship and entrenched disadvantage.



Source: REIWA data

The Western Australian Government acted swiftly during the early days of the COVID pandemic to introduce a moratorium on evictions, with limited exemptions, and a prohibition on rent increases. This moratorium was introduced in recognition that the events of the pandemic placed considerable pressure on the ability of tenants to meet their rental payments, increasing the risk of evictions. Further, should tenants be evicted during the crisis, they were much less likely to be able to

<sup>32</sup> ACOSS/UNSW Poverty and Inequality Partnership (2020) [Poverty, Property and Place: A geographic analysis of poverty after housing costs in Australia](#), City Futures Research Centre & the Social Policy Research Centre

<sup>33</sup> REIWA (2021) [Perth property market](#)

undertake the kind of activities necessary to minimise transmission of the virus, particularly if they were forced into homelessness. This moratorium on evictions and rent increases ended on 28 March, 2021.<sup>34</sup>

A targeted survey of service providers who deliver frontline services to people who have been or are facing eviction, or had their rent significantly increase as a result of the rental moratorium lifting, was undertaken in April 2021 by WACOSS and Shelter WA.<sup>35</sup>

The survey was completed by community housing providers, homelessness services, support and outreach services, and tenancy support providers including intensive family support workers, and agencies providing emergency relief. Regions covered included Perth metro, South West, Wheatbelt, the Midwest and Gascoyne and the Peel.

When asked about the impact on their services in the month leading up to the end of the moratorium, 100 percent of those services reported an increase in number of calls for assistance, and 86 per cent reported an increase in the number of people they are unable to assist and have had to turn away.

When asked for the reasons people provided for contacting their services, these were:

- Trouble finding an affordable rental home (100 per cent)
- Facing eviction (71 per cent)
- Increase in rental prices (100 per cent)
- Unable to pay bonds (43 per cent)
- Income not covering the basic necessities (86 per cent)

One service reported a 500 per cent increase in the number of calls for assistance that they receive each day, with another reporting that they now receive 50 calls a day for private tenancy support. A service stated that *“A single mother of five children has had a rent increase from \$350 per week to \$550 per week. The likelihood is that the mother and her five children are expecting to be homeless.”*

The annual *Anglicare Rental Affordability Snapshot* takes a ‘snapshot’ on a given day of the rental market and examines whether the properties being advertised are affordable for a range of different low-income types and whether those properties are appropriate for the composition of their household.

The 2021 Rental Affordability Snapshot took place over 27-28 March 2021, just prior to the end of the moratorium. It found that for a single on JobSeeker there was only one rental property in the entirety of Western Australia that was affordable and appropriate.<sup>36</sup>

For a couple receiving JobSeeker, with two children, only 0.5 per cent of advertised properties in the Perth Metro region were affordable and appropriate, equating to just 16 rental properties. In the South West and Great Southern they were able to find 13 properties or 5.2 per cent of those advertised, while in the North West there were no affordable and appropriate rental properties.

<sup>34</sup> Department of Mines, Industry Regulation and Safety (2020) [COVID-19 residential rent laws extended for six months](#)

<sup>35</sup> <https://www.shelterwa.org.au/data-shows-impact-on-people-and-services-in-the-lead-up-to-rental-moratorium-lifting/>

<sup>36</sup> Anglicare WA (2021) [Rental Affordability Snapshot – Western Australia](#)

**Affordable and Appropriate Properties by Region and Household Type**

Household Type	Payment Type	Perth Metro		South West and Great Southern		North West	
		#	%	#	%	#	%
Couple, two children	JobSeeker Payment (both adults)	16	0.5%	13	5.2%	0	0%
Single, two children	Parenting Payment Single	4	0.1%	4	1.6%	0	0%
Couple	Age Pension	65	2.0%	21	8.4%	0	0%
Single, one child	Parenting Payment Single	12	0.4%	9	3.6%	0	0%
Single, one child	JobSeeker Payment	4	0.1%	1	0.4%	0	0%
Single	Age Pension	29%	0.9%	2	0.8%	0	0%
Single aged over 18	Disability Support Pension	11	0.3%	2	0.8%	0	0%
Single	JobSeeker Payment	1	0%	0	0%	0	0%
Single aged over 18	Youth Allowance	0	0%	0	0%	0	0%
Single in share house	Youth Allowance	0	0%	0	0%	0	0%
Couple, two children	Minimum Wage + FTB A (both adults)	878	27.2%	144	57.8%	19	8.7%
Single, two children	Minimum Wage + FTB A & B	59	1.8%	24	9.6%	0	0%
Single	Minimum Wage	48	1.5%	6	2.4%	0	0%
Couple, two children	Minimum Wage + Parenting payment (partnered) + FTB A & B	235	7.3%	62	24.9%	7	3.2%

Source: Anglicare WA (2021) *Rental Affordability Snapshot*

For a couple with two children in the Perth metropolitan area, where both parents were receiving the minimum wage and Family Tax Benefit Part A, only 27.2 per cent of rental properties being advertised were affordable and appropriate.

A single parent on the minimum wage, with two children, was able to find far fewer, with only 1.5 per cent of rental properties advertised in Perth affordable and appropriate. In the South West and Great Southern this was 2.4 per cent, though that equates to just six properties, while in the North West there were no affordable and appropriate properties.

A single parent with only one child and who is relying on the JobSeeker Payment, was only able to find five affordable and appropriate rental properties across all of Western Australia, with four of those being located in Perth and one in the South West and Great Southern.

A single relying on Youth Allowance, whether they were trying to rent by themselves or in a share house situation, was unable to find an affordable or appropriate property anywhere in the state.

The very low level of accessible properties available to rent for households receiving government payments and for single minimum wage earners, including single parents, strongly indicates the likelihood that many of those households will be living in housing stress or making do with housing that is not appropriate for their circumstances. Fewer appropriate and affordable housing choices often means that low-income households are being forced onto the fringes of the metropolitan region in order to find housing, putting them further away from jobs, schools and services and placing a greater strain on the weekly travel budget.

Across the Perth metropolitan region, higher levels of poverty can be observed around the urban periphery, typically within the middle and fourth poverty rate quintiles. The areas with the highest poverty rates after housing costs, however, are centred in areas like Girrawheen and Mirrabooka, Bentley and Wilson, Beckenham and Kenwick, Armadale and Gosnells, Calista and Parmelia, Cooloongup and Mandurah.<sup>37</sup>

The more of their income that households must dedicate to covering housing costs, the less they will be able to spend on other essentials like food, energy and health. It can also mean that any slight increase in their rent can have a dramatic impact on their ability to stay in a property and maintain the important connections they have established throughout their local community, along with their proximity to jobs and services.

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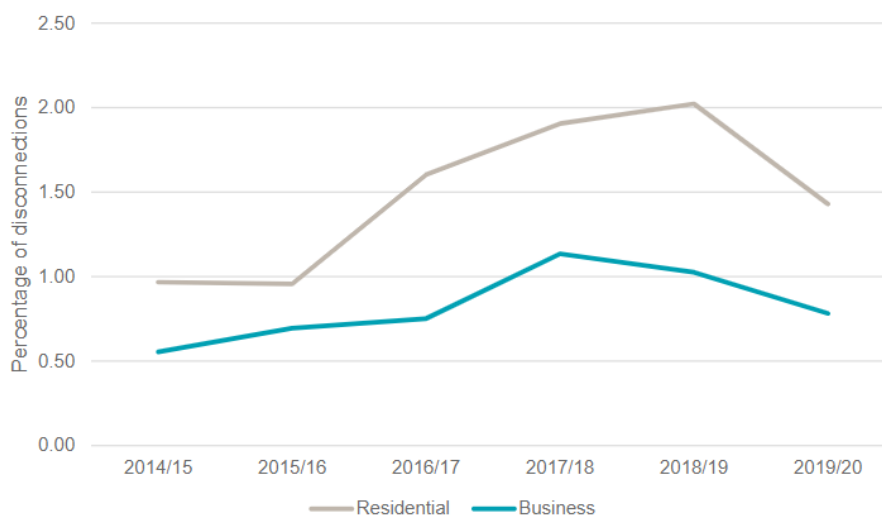
<sup>37</sup> ACOSS/UNSW (2020) *Poverty, Property and Place*

## Energy

With Western Australia's two residential electricity providers wholly-government owned, they provided an ideal mechanism through which the McGowan Government was able to supply economic assistance for households as the scale of the COVID-19 pandemic become apparent. In the 2019/20 financial year, this involved announcing a \$305 boost to the Energy Assistance Payment, effectively doubling its value (to \$600). The payment was also brought forward to the then current financial year, rather than being paid from 1 July 2020. Further, a moratorium on electricity and water disconnections and restrictions for people experiencing financial hardship was introduced. It was also announced that no interest would be charged on deferred bill payments for Synergy and Horizon Power customers.<sup>38</sup>

As a consequence of the moratorium, disconnections for electricity residential customer decreased in 2019/20 for the first time in three years. The disconnection moratorium was subsequently extended until 30 June 2021. However, during the three years prior to the moratorium, the percentage of electricity disconnections has increased, with 2018/19 seeing it exceed 2.0 per cent for the first time since the *Economic Regulation Authority WA* commenced reporting on electricity retailer performance in 2007.<sup>39</sup>

**Residential and business electricity customer disconnections from 30 June 2014 to 2020 (%)**



Source: Economic Regulation Authority WA (2021)

At the same time as the disconnection moratorium was introduced, it was announced that there would no increases on all State Government household fees and charges (including for electricity, water, motor vehicle charges, the emergency services levy and public transport fares) until at least July 1, 2021.<sup>40</sup> This freeze followed a decision made at the previous State Budget to hold increases to household fees and charges at 2 per cent, the lowest increase in 13 years. This freeze ended with the

<sup>38</sup> Hon Mark McGowan MLA, Hon Ben Wyatt MLA (2020) '[\\$1 billion COVID-19 economic and health relief package unveiled](#)', *Media Statements*, Government of Western Australia

<sup>39</sup> Economic Regulation Authority (2021) *Annual Data Report – Energy Retailers 2019/20*

<sup>40</sup> Hon Mark McGowan MLA, Hon Ben Wyatt MLA (2020) '[COVID-19 economic response: Relief for businesses and households](#)', *Media Statements*, Government of Western Australia



2021/22 State Budget, though State Government held the rise in household fees and charges below CPI. Electricity charges increased by 1.75 per cent for the representative household.

From 1 November 2020, all households received a one-off \$600 credit on their residential electricity bill, funded from the Bell Group settlement.<sup>41</sup> The impact of this credit on the electricity bills of households is readily apparent for the model households in this year's report, effectively providing them with a period of free electricity until they had worked through that credit. This payment served to wipe electricity debts for many customers whose debt levels were below \$600, while contributing to the reduction of debt levels for those with debts higher than that.

Although many of these supports for households have now concluded, the State Government announced a number of new initiatives to provide ongoing support to reduce electricity bills for households as part of its COVID Recovery Package. The WA Smart Energy for Social Housing package will see solar panels fitted on 500 social housing properties throughout Western Australia. It is anticipated that the tenants of those properties will save up to 20 per cent of their electricity bill.<sup>42</sup> The first 10 properties, located in Clarkson, Gosnells, Balga, Ellenbrook, Rockingham and Girrawheen, had solar installed in December 2020, and have since reported savings of between \$30 and \$200 each. As of September 2021, 80 houses have had systems installed as part of the program.<sup>43</sup>

In December 2020, the State Government launched the new Household Energy Efficiency Scheme, to assist 10,000 households experiencing hardship reduce their energy costs. Delivered through a partnership model between the electricity retailers and the non-government sector, the scheme will assist households address some of the underlying causes of energy costs.<sup>44</sup> Western Australia had previously introduced one of the first hardship efficiency programs in the nation in 2008, which had assisted thousands of WA families before it was cut by former Energy Minister Mike Nahan in 2012.

Going forward, a critical reform would be for Western Australia to shift to *percentage-based* concessions for energy, as used in Victoria, to substantially improve their adequacy and equity, particularly for larger households and those in poor quality public and rental housing. Percentage-based concessions are calculated in proportion to usage, so they ensure eligible households with higher energy needs receive more assistance. Such an approach is more effective in meeting the principle of vertical equity than flat concessions.<sup>45</sup> This approach also better supports individual households to cope with fluctuations in their energy consumption over time due to changing health needs and seasonal variation.

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<sup>41</sup> Hon Mark McGowan MLA, Hon Ben Wyatt MLA, Hon Bill Johnston MLA (2020) '[Every WA household to receive a \\$600 electricity bill credit](#)', *Media Statements*, Government of Western Australia

<sup>42</sup> Hon Bill Johnston MLA, Hon Peter Tinley MLA (2020) '[WA-first \\$6 million worth of solar panels installed on public housing](#)', *Media Statements*, Government of Western Australia

<sup>43</sup> Hon Bill Johnston MLA, Hon John Carey MLA (2021) '[Public housing solar trial save tenants hundreds](#)', *Media Statements*, Government of Western Australia

<sup>44</sup> Hon Bill Johnston MLA (2021) 'McGowan Government launches \$13 million energy scheme,' *Media Statements*, Government of Western Australia

<sup>45</sup> Queensland Council of Social Service (2014) [Energising concessions policy in Australia](#)

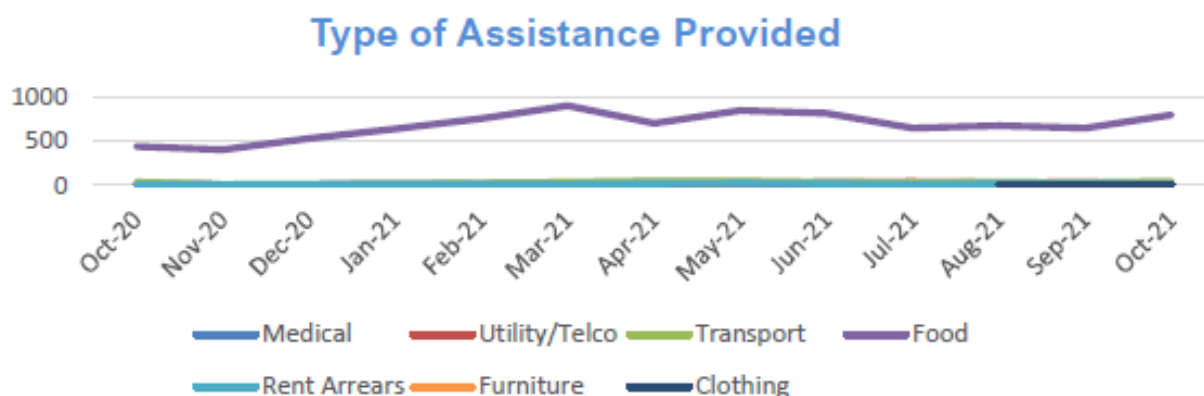
## Food

Low income is the strongest and most consistent predictor of food insecurity. Food insecurity is the state of being without regular access to a sufficient quantity of safe, nutritious food to meet an individual or household's nutritional needs. It often corresponds with lower access to other basic needs, such as safe and affordable housing and secure employment as well as increased use of healthcare.

Low income and competing living expenses act as compounding barriers to food security for many individuals and households. The household food budget is considered to be more flexible compared to other fixed household and health expenses, such as rent, utility and medical bills. As a result, a household receiving a low disposable income that experiences a sudden additional expense is most likely to lower their food budget, or skip meals, to compensate.<sup>46</sup>

Research by Kent et al. (2020) analysing socio-demographic predictors of food insecurity in Tasmania found household income above AU\$80,000/year to be seemingly protective against food insecurity, and income below AU\$40,000 per year to be associated with a two-fold increase in the odds of food insecurity.<sup>47</sup> In addition, respondents who reported that the COVID-19 pandemic had resulted in a change in their employment had a 75 per cent increase in the odds of experiencing food insecurity in comparison to those not affected.

The Emergency Relief and Food Access Service (ERFAS) reports that emergency food relief needs in Western Australia have been steadily increasing over the past 12 months. ERFAS was launched late April 2020 for individuals and families experiencing financial difficulty as a result of COVID-19. The Service is designed to provide an easy access point between individuals seeking emergency relief to a local ER provider. To date 11,234 clients with 6,453 children have been provided with 14,177 emergency relief pathways worth \$681,594.



Source: Emergency Relief and Food Access Service Dashboard

<sup>46</sup> Booth S, Smith A. Food security and poverty in Australia -- challenges for dietitians. *Australian Journal of Nutrition & Dietetics*. 2001;58(3):150–6.

<sup>47</sup> Kent K, Murray S, Penrose B, Auckland S, Visentin D, Godrich S, Lester E. (2020) Prevalence and Socio-Demographic Predictors of Food Insecurity in Australia during the COVID-19 Pandemic. *Nutrients*.; 12(9):2682. <https://doi.org/10.3390/nu12092682>

Foodbank WA reports that they have seen an eight per cent increase in people accessing food assistance since the COVID-19 pandemic started.<sup>48</sup> Foodbank WA is helping approximately 8,000 Western Australians each month, providing approximately 490,000 meals to people who need food relief.

While low income is a strong predictor for insecurity, COVID-19-induced loss of employment and income has seen a dramatic rise in numbers of 'newly food insecure groups'. The Foodbank Hunger Report 2021 provides a demographic breakdown of ten key 'Hunger Segments,' including, but not limited to:

- Low-income urban families and single parents who are regularly reliant on government assistance
- Young urban families with blue collar or low-income jobs coping with the increasing costs
- Retirees and Empty Nesters living in cities or regional communities struggling to manage increasing costs on fixed incomes
- Couples and young families with higher education and above average incomes contending with short-term financial shocks and cash flow issues
- Well educated home leavers at the beginning of their careers struggling with the high cost of independent living on entry level incomes
- Established families with higher asset wealth, contending with financial shocks and cash flow issues.<sup>49</sup>

What is clear, is that the combination of increasing costs, such as rent, childcare, medical expenses and utility bills, with increasing financial shocks is affecting a broad spectrum of Australians from diverse backgrounds when it comes to food insecurity.

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<sup>48</sup> Foodbank WA (2021) *Hunger Report 2021 Briefing Note*.

<sup>49</sup> Foodbank (2021). [Foodbank Hunger Report 2021](#).

## Recommendations

The issues facing low-income households trying to balance their finances are complex and are impacted by numerous factors at the personal, local, state and national level. This report highlights the need for multiple responses to address the key drivers of financial hardship. Effectively tackling cost of living pressures requires collaboration across sectors, including the different levels of government, industry, unions, and community organisations in areas such as secure and affordable housing, income and job security, climate justice and gender equity, to name a few.

Increasing the rate of JobSeeker and associated payments is essential for ensuring that those who are unemployed are able to cover the costs of meeting a standard of living in line with community expectations. Actions by the Federal Government to address the affordability of housing, through tax reform (such as abolishing negative gearing) and providing financial support to the states to build more social housing, are crucial. The lack of investment and policy action on these issues by the Federal Government impacts directly on demand for state services and supports, and so state governments have a key role to play in advocating for more efficient and effective economic and social policy at the national level.

The [WACOSS State Budget Submission 2022-2023](#) provides a suite of detailed recommendations to the State Government to help reduce levels of poverty and disadvantage, improve the living and working conditions of people on low incomes, and build a more equitable and inclusive Western Australia. The following list restates and builds upon these recommendations to address the disproportionate impact of cost of living pressures on low-income households.

### Recommendations

1) Ensure income support is sufficient to maintain an adequate standard of living by advocating that the Commonwealth Government:

- Increase and index social support payments above the poverty line
- Increase Commonwealth Rent Assistance by 50 per cent

2) Ensure access to secure and affordable housing by:

- Implementing inclusionary zoning with social and affordable housing targets
- Partnering with local councils and community housing organisations to provide affordable rentals for low-income workers
- Reforming the *Residential Tenancies Act* to improve renter's rights by abolishing no grounds terminations, regulating size and frequency of rental increases, and giving public housing tenants the same rights as private renters
- Establishing a vacant residential property charge
- Better regulating short-term rental accommodation providers
- Advocating to the Commonwealth Government to increase social housing investment

3) Ensure access to jobs, services and opportunities by:

- Providing free public transport for all concession-card holders, including those experiencing unemployment or with refugee status

- Expanding car registration concessions to cover all Health Care Card holders
- Growing quality jobs providing care services to meet current need and future demand
- Developing community and worker owned models of regional economic development
- Using state procurement policies and contracting practices to guarantee services are delivered by people employed in decently paid, unionised and more secure roles

4) Ensure households have access to sustainable and affordable utilities by:

- Shifting to percentage-based energy concessions
- Continuing to ensure household fees and charges for low-income households are affordable
- Continuing the roll-out of the Smart Energy for Social Housing program
- Establishing minimum efficiency standards in private rental properties
- Implementing digital inclusion programs for low-income and marginalised households

5) Ensure access to affordable and nutritious food by:

- Developing and resourcing a nutrition-focused food relief policy
- Continuing to support better coordination of food relief and recovery systems







# WACOSS strives for an inclusive, just and equitable society.

We advocate for social change to improve the wellbeing of Western Australians and to strengthen the community services sector that supports them.

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