



wa council of
social service

Cost of Living 2022

About WACOSS

The Western Australian Council of Social Service is the peak body for the community services sector in Western Australia and works to create an inclusive, just and equitable society. We advocate for social and economic change to improve the wellbeing of Western Australians, and to strengthen the community services sector that supports them. WACOSS is part of a network consisting of National, State and Territory Councils of Social Service, who advance the interests of people on low incomes and those made vulnerable by the systems that have been put in place.

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, their cultures, and to elders both past and present. We acknowledge the land on which we live and work is, and always will be, Aboriginal land. Sovereignty was never ceded.

Authorised Use

© Western Australian Council of Social Service, 2022



With the exception of the cover design, artwork, photographs, all logos, and other material where copyright is owned by a third party, all material presented in this document is provided under a Creative Commons Attribution 4.0 Australia <<http://creativecommons.org/licenses/by-nd/4.0/>>.

Recommended citation:

Graham Hansen, *Cost of Living 2022*, Western Australian Council of Social Service (Report, 2022).

WACOSS would like to thank the Financial Counselling Network for providing us with the financial counselling data analysed in this report, and the Water Corporation and Horizon Power for providing regional consumption data.

Published by WACOSS

ABN: 32 201 266 289

Whadjuk Boodja, Level 2, 3 Loftus Street, Boorloo (West Leederville) WA 6007

P: 08 6381 5300 | info@wacoss.org.au | wacoss.org.au

 [WACouncilofSocialService](https://www.facebook.com/WACouncilofSocialService)

 [WACOSS](https://twitter.com/WACOSS)

 [WACouncilofSocialService](https://www.linkedin.com/company/WACouncilofSocialService)

 [Western Australian Council of Social Service](https://www.instagram.com/WesternAustralianCouncilofSocialService)

Contents

Introduction	1
Key findings of the 2022 Cost of Living Report	2
Methodology.....	3
Our model households.....	4
Determining household income	5
Determining household expenditure.....	5
Household Analysis	6
Single Parent Family.....	6
Two Parent Family	9
Unemployed Single	11
Age Pensioners.....	13
The Cost of Living in Regional WA	16
Financial Counselling Data	20
Analysis and Discussion.....	23
Income, Poverty and Wealth	23
Housing	27
Transport.....	31
Energy and Water	32
Food	35
Recommendations	36

Introduction

There is no question that 2022 has been a difficult year for many. The past two WACOSS *Cost of Living* reports demonstrated what was possible when people were provided enough income so they could not only meet their basic needs, but potentially be in a position where they were able to thrive. 2022, however, presents a very different picture.

Though the COVID pandemic continues, the supports that had been provided by the Commonwealth and State governments have ceased. The lack of available rental properties across Western Australia has seen rents continue to skyrocket, with outdated tenancy legislation leaving renters disempowered and subject to the whims of landlords and real estate agents. In May 2022, the Reserve Bank of Australia increased interest rates for the first time in eleven years and they have continued to rise since. War in Ukraine resulted in ballooning petrol prices domestically, which hit many car-dependent households hard. This, combined with floods in the Eastern States, and corporate profiteering, also meant that the costs of food and groceries, as well as many other household items, soared.

The WACOSS household modelling for the 2021/22 financial year reveals the pressures that these factors are having on low income households in our state. Each of the modelled household types saw a deterioration in their financial position, with the single parent family and renting age pensioner pushed to the edge, and the unemployed single past the point where their income is sufficient to cover their basic living costs.

Despite Western Australia's strong economic position and high performing job market, the combination of minimal or stagnant wage growth and persistently insufficient Commonwealth income support, has meant that many households are struggling to cover the cost of basic necessities. It is hoped that the recently passed amendments to the *Fair Work Act* that make critical improvements to the bargaining power of workers will result in wages increasing, but there are no current commitments to meaningfully increase the rate of JobSeeker and associated payments.

The WA Government has taken necessary actions to keep the household fees and charges set by government at or below CPI. With indexation at such high levels, however, and many of the most substantial costs borne by households not set directly by government, more support will be needed for Western Australian households to be able to meet their living costs at this time.

Key findings of the 2022 Cost of Living Report

Substantial growth in expenditure, particularly for rental and transport costs, has significantly increased financial pressure on the model households. Living costs have increased in every category, while the cessation of the Coronavirus Supplement and Economic Support Payments has resulted in the income of the model households seeing little growth or declining. The gap between income and expenditure has narrowed for each of the model households.

Weekly income and expenditure of our model households

	Income	Expenditure	Net Position
Single Parent Family	\$1,090.44 ▼	\$1,081.29 ▲	\$9.15 ▼
Two Parent Family	\$1,563.73 ▲	\$1,478.94 ▲	\$84.79 ▼
Unemployed Single	\$361.58 ▼	\$374.82 ▲	-\$13.24 ▼
Age Pensioners (Renters)	\$816.86 ▲	\$810.30 ▲	\$6.56 ▼
Age Pensioners (Home Owners)	\$748.16 ▲	\$664.68 ▲	\$83.49 ▼

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 just \$9.15 left after meeting their estimated basic living costs.
- The income of our model *two parent family* surpasses their estimated basic living costs by \$84.79 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* is inadequate to meet their basic living costs, with a gap of \$13.24 between the income support they receive and a basic standard of living in line with community expectations.
- The model *home-owning age pensioners* have \$83.49 after meeting their basic living costs, while the *renting age pensioners* have only \$6.56.

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 *2022 Cost of Living Report* uses the same methodology as our 2012 and subsequent reports.¹ It models the income and expenditure of five household types during the 2021/22 financial year in comparison to the two preceding financial years (2019/20 and 2020/21). 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.

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.

¹ 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:

- Services Australia Payment and Service Finder;²
- The Department of Social Services' *Guide to Social Security Law*;³
- The WA Industrial Relations Commission's *2021 State Wage Case* decision;⁴ and
- The Australian Taxation Office's online tax calculator.⁵

Determining household expenditure

Household expenditure in the *2022 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*⁶ 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).⁷ 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.⁸ 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.⁹ 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.

² Services Australia [Online Estimators](#) (2022).

³ Department of Social Services [Guide to Social Security Law](#) (2022).

⁴ WA Industrial Relations Commission [State Wage Order Pursuant To Section 50a of the Act](#) (2021).

⁵ Australian Tax Office [Income Tax Estimator](#) (2022).

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

⁷ REIWA, [The WA Market](#) (2022).

⁸ Government of Western Australia, [Budget Paper No. 3, State Budget 2021/22](#) (2021).

⁹ RAC WA, [Vehicle Running Costs Guide](#) (2022).

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					
	2019/20	2020/21	2021/22	% increase 2020/21 to 2021/22	\$ increase 2020/21 to 2021/22
Wage (gross)	\$442.31	\$446.16	\$459.38	2.96%	\$13.22
Parenting payment	\$255.77	\$260.22	\$259.22	13.45%	\$35.00
Coronavirus Supplement	\$49.00	\$115.60	\$0.00	-100%	-\$115.60
Other regular Government Benefits	\$328.02	\$332.58	\$338.24	1.70%	\$5.66
Government supplements (one off payments, converted to weekly amount)	\$54.03	\$40.34	\$40.68	0.85%	\$0.34
Tax paid	\$65.01	\$68.24	\$49.08	-28.08%	-\$19.16
Total household income/week	\$1,070.11	\$1,132.61	\$1,090.44	-3.72%	-\$42.17

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*.¹⁰

¹⁰ 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 decreased by 3.72 per cent (\$42.17 per week) over the last 12 months. The parent's weekly wages have increased by 2.96 per cent, the parenting payment by 13.45 per cent, other regular government payments by 1.7 per cent and one-off payments by 0.85 per cent. The decrease in the model household's total income is the result of the cessation of the Coronavirus Supplements that they had received in the preceding financial year.

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 unwell (requiring time off work), or during times when business may be slow.

Single parent family - WEEKLY EXPENDITURE					
	2019/20	2020/21	2021/22	% increase 2020/21 to 2021/22	\$ increase 2020/21 to 2021/22
Rent	\$283.68	\$320.88	\$352.75	9.93%	\$31.88
Food and beverage	\$216.50	\$220.59	\$231.93	5.14%	\$11.34
Utilities	\$36.42	\$25.60	\$37.64	47.05%	\$12.04
Transport	\$166.32	\$152.58	\$183.78	20.45%	\$31.20
Other - household and living costs	\$255.54	\$263.69	\$275.19	4.36%	\$11.50
Total household expenditure/week	\$958.46	\$983.33	\$1,081.29	9.96%	\$97.96

Weekly expenditure for the single parent family has risen by \$97.96 per week (9.96 per cent), with an increase seen in each of the expenditure categories. Rental costs have continued to climb, with the single parent family paying an extra \$31.88 per week (an increase of 9.93 per cent). After housing costs, transport had the largest dollar increase at \$31.20 per week (20.45 per cent) due to the single parent family owning a small car.

Expenditure on utilities has significantly increased on 2020/21. This is due, however, to the decrease seen in that year as a result of the one-off \$600 electricity credit provided by the McGowan Government for residential electricity bills, rather than increases in utility prices. This is apparent from the smaller differences between utility costs in 2019/20 and 2021/22. The further one-off \$400 electricity credit for every Western Australian household provided by the State Government from 2 July 2022¹¹ will be reflected in the results for next year's report.

¹¹ Hon Mark McGowan MLA, '[Strong surplus delivers all WA households a \\$400 electricity credit](#)', *Media Statements*, Government of Western Australia (2022).

Single parent family - WEEKLY DIFFERENCE			
	2019/20	2020/21	2021/22
Total weekly income	\$1,070.11	\$1,132.61	\$1,090.44
Total expenditure	\$958.46	\$983.33	\$1,081.29
Difference	\$111.65	\$149.28	\$9.15

In 2021/22, the single parent family's weekly income surpassed their basic living costs by just \$9.15. The removal of the Coronavirus Supplement leaves this household in a significantly more financially precarious position than in the previous year. It is important to note that these calculations make little 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). 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.

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					
	2019/20	2020/21	2021/22	% increase 2020/21 to 2021/22	\$ increase 2020/21 to 2021/22
Combined wages (gross)	\$1,371.06	\$1,375.21	\$1,429.67	3.96%	\$54.46
Regular government benefits	\$237.86	\$245.89	\$238.65	-2.94%	-\$7.24
Government supplements (one off & temporary payments, converted to weekly figures)	\$50.94	\$61.23	\$37.60	-38.59%	-\$23.63
Tax paid	\$135.81	\$136.06	\$142.20	4.51%	\$6.14
Total household income/week	\$1524.04	\$1546.28	\$1,563.73	1.13%	\$17.45

The combined wages of the two parent family have increased by \$54.46 or 3.96 per cent in 2021/22. Reductions in regular government payments, the cessation of the Economic Support Payments provided by the Commonwealth for recipients of the Family Tax Benefit and a modest increase in tax paid have served to moderate their income growth. As such, the total weekly household income of the two parent family has increased by just 1.13 per cent or \$17.45 per week.

Two parent family - WEEKLY EXPENDITURE					
	2019/20	2020/21	2021/22	% increase 2020/21 to 2021/22	\$ increase 2020/21 to 2021/22
Rent	\$313.44	\$357.00	\$398.44	11.61%	\$41.44
Food and beverage	\$312.28	\$318.24	\$334.29	5.04%	\$16.05
Utilities	\$58.36	\$46.72	\$59.15	26.6%	\$12.43
Transport	\$204.30	\$190.56	\$221.76	16.37%	\$31.20
Other - household and living costs	\$433.91	\$446.42	\$465.31	4.23%	\$18.89
Total household expenditure/week	\$1,322.29	\$1,358.94	\$1,478.94	8.83%	\$120.00

The model two parent family's weekly expenditure on basic living costs has increased by 8.83 per cent or \$120 per week over the last 12 months. This increase is predominantly the result of the substantial rise in the model household's weekly rental and transport costs, with increases also observed in the each of the other expenditure categories.

Like the single parent household, the two parent household saw a sizeable increase in utilities expenditure, due to the one-off \$600 electricity credit provided by the McGowan Government for residential electricity bills in 2020/21, rather than increases in utility prices

Two parent family - WEEKLY DIFFERENCE			
	2019/20	2020/21	2021/22
Total weekly income	\$1,523.35	\$1,546.28	\$1,563.73
Total expenditure	\$1,322.29	\$1,358.94	\$1,478.94
Difference	\$201.06	\$187.34	\$84.79

In 2021/22, the two parent family's weekly income surpassed their basic living costs by \$84.79 per week (down from \$187.34 in 2020/21). The significant increases in both their rental and transport costs have outstripped the growth in the family's income. The tightening of the family's financial position substantially 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, medical), to visit friends or family, and to reach the supermarket or local library.

Unemployed single – WEEKLY INCOME					
	2019/20	2020/21	2021/22	% increase 2020/21 to 2021/22	\$ increase 2020/21 to 2021/22
JobSeeker Payment	\$280.08	\$283.58	\$310.02	9.32%	\$26.44
Rent assistance	\$30.53	\$31.03	\$47.18	52.03%	\$16.15
Energy supplement	\$4.39	\$4.39	\$4.39	0%	\$0
Coronavirus Supplement	\$48.99	\$115.55	\$0	-100%	-\$115.55
Economic Support Payment	\$14.38	-	-	-	-
Total household income/week	\$378.37	\$434.55	\$361.58	-16.79%	-\$72.97

The weekly income of the unemployed single decreased by 16.79 per cent or \$72.97 per week. This significant decrease was the result of the cessation of the Coronavirus Supplement. The increases in the JobSeeker Payment and Commonwealth Rent Assistance that this household received were not sufficient to compensate for the loss of that payment. The payments received by the model unemployed single only totalled 18.7 per cent of average weekly ordinary time earnings in Western Australia.¹² As the calculations below show, the income support payments do not meet a basic standard of living and may present significant barriers to a person's ability to find work.

Unemployed single - WEEKLY EXPENDITURE					
	2019/20	2020/21	2021/22	% increase 2020/21 to 2021/22	\$ increase 2020/21 to 2021/22
Rent (Share)	\$104.48	\$119.00	\$132.81	11.61%	\$13.81
Food and beverage	\$95.78	\$97.66	\$102.36	4.82%	\$4.70
Utilities	\$17.23	\$13.62	\$17.73	30.15%	\$4.11
Transport	\$16.38	\$16.38	\$16.38	0%	\$0
Other - household and living costs	\$96.49	\$100.74	\$105.54	4.76%	\$4.80
Total household expenditure/week	\$330.36	\$347.40	\$374.82	7.89%	\$27.42

¹² As of May 2021, average weekly ordinary time earnings (seasonally adjusted) in Western Australia was \$1,937.30. ([Australian Bureau of Statistics, Average Weekly Earnings, Australia, August 2022](#)).

The unemployed single's weekly expenditure on basic living costs has increased by 7.89 per cent (or \$27.41 per week) over the last 12 months. This increase is driven largely by increases in rental costs. It should also be noted that the housing calculations assume that our 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, the increase shown in 2021/22 for utility costs is significantly impacted by the decrease in 2020/21 as a result of the State Government's \$600 payment.

Unemployed single - WEEKLY DIFFERENCE			
	2019/20	2020/21	2021/22
Total weekly income	\$378.37	\$434.55	\$361.58
Total expenditure	\$330.36	\$347.40	\$374.82
Difference	\$48.01	\$87.15	-\$13.24

The gap between the unemployed single's income and expenditure means they will have to make some very tough choices about which basic costs of living are most essential in any week. The negative difference between income and expenditure is a clear indication that this person is unable to meet a basic standard of living in WA and is facing significant financial hardship.

These calculations make no allowance for our unemployed single to be able to save any money, to pay for any unexpected medical expenses, to purchase or contribute towards the cost of new appliances, to pay for training to increase their employment options, or to spend on any non-essential items or service debt. It is reasonable to assume that they would need to take on debt if any of these circumstances were to occur.

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					
	2019/20	2020/21	2021/22	% increase 2020/21 to 2021/22	\$ increase 2020/21 to 2021/22
Age Pension	\$642.04	\$650.36	\$679.00	4.4%	\$28.64
Rent assistance	\$65.14	\$65.97	\$68.70	4.14%	\$2.73
Energy supplement	\$10.57	\$10.60	\$10.60	0%	\$0
Pension supplement	\$52.00	\$52.64	\$55.89	6.16%	\$3.24
Cost of Living Rebate	\$2.58	\$2.63	\$2.68	1.76%	\$0.05
Economic Support Payment	\$14.38	\$23.97	\$0	-100%	-\$23.97
Total household income/week	\$786.72	\$806.18	\$816.86	1.33%	\$10.69

The weekly income of the renting Age Pensioners increased by 1.33 per cent or \$10.69 in 2021/22. The Age Pension is their largest source of income, followed by the Pension Supplement and Rent Assistance. The removal of the Economic Support payment has resulted in their low income growth.

Age Pensioners (Renters) – WEEKLY EXPENDITURE					
	2019/20	2020/21	2021/22	% increase 2020/21 to 2021/22	\$ increase 2020/21 to 2021/22
Rent	\$283.69	\$320.88	\$352.75	9.93%	\$31.88
Food and beverage	\$191.56	\$195.31	\$204.72	4.82%	\$9.41
Utilities	\$40.46	\$29.66	\$41.79	40.92%	\$12.14
Transport	\$8.19	\$8.19	\$8.19	0%	\$0
Other - household and living costs	\$185.50	\$194.02	\$202.85	4.55%	\$8.82
Total household expenditure/week	\$709.40	\$748.06	\$801.80	8.32%	\$62.24

The largest increase in living costs for the renting Age Pensioner model household is in rent at \$31.88 per week. Food costs have also increased for the model household, with their transport costs holding steady as a result of the public transport fare prices being held steady.

Age Pensioners (Renters) – WEEKLY DIFFERENCE			
	2019/20	2020/21	2021/22
Total weekly income	\$786.72	\$806.15	\$816.86
Total expenditure	\$709.40	\$748.06	\$810.300
Difference	\$77.31	\$58.12	\$6.56

The renting Age Pensioner household experienced a substantial tightening of their financial position in 2021/22. 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					
	2019/20	2020/21	2021/22	% increase 2020/21 to 2021/22	\$ increase 2020/21 to 2021/22
Age Pension	\$642.04	\$650.36	\$679.00	4.4%	\$28.64
Energy supplement	\$10.57	\$10.60	\$10.60	0%	\$0
Pension supplement	\$52.00	\$52.64	\$55.89	6.16%	\$3.24
Cost of Living Rebate	\$2.58	\$2.63	\$2.68	1.76%	\$0.05
Economic Support Package	\$14.38	\$23.97	\$0	-100%	-\$23.97
Total household income/week	\$721.58	\$740.20	\$748.16	1.08%	\$7.96

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 over 43 per cent of their income to covering their rental costs alone. In comparison, the home owners only need to dedicate less than 5 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					
	2019/20	2020/21	2021/22	% increase 2019/20 to 2020/21	\$ increase 2019/20 to 2020/21
Rates and Charges	\$30.16	\$30.16	\$36.21	21.87%	\$6.51
Food and beverage	\$191.56	\$195.31	\$204.72	4.82%	\$9.41
Utilities	\$42.43	31.62	\$43.78	38.45%	\$12.16
Transport	\$159.89	\$145.94	\$177.05	21.39%	\$31.20
Other - household and living costs	\$191.56	\$194.02	\$202.85	4.55%	\$8.82
Total household expenditure/week	\$609.24	\$596.58	\$664.68	11.42%	\$68.10

As owners of a small car, the largest expenditure increase for the home owning age pensioners was in the transport category at 21.39 per cent or \$31.20 per week. The model household saw increases in every expenditure category, with their total household expenditure increasing by 11.42 per cent or \$68.10 per week.

Age Pensioners (Home Owners) – WEEKLY DIFFERENCE			
	2019/20	2020/21	2021/22
Total weekly income	\$721.58	\$740.20	\$748.16
Total expenditure	\$609.24	\$596.58	\$664.68
Difference	\$112.34	\$143.63	\$83.49

The home owners have \$68.43 per week more than the renters after expenses. 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 reflects the differences in costs of essential items, but we recognise that low income households living in these regions will likely be forced to change their actual expenditure patterns where prices are higher.

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	\$344.25	-	\$324.06	\$289.85	\$371.88	\$256.06	\$301.75	\$415.01	\$303.88	\$244.52
Two parent family	\$382.50	-	\$392.06	\$338.51	\$599.25	\$372.94	\$359.13	\$631.34	\$366.56	\$260.53
Unemployed single (1/3 rd share)	\$127.50	-	\$130.69	\$112.84	\$199.75	\$124.31	\$119.71	\$210.35	\$122.19	\$86.84

Source: Calculations based on REIWA market data

Due to a lack of available rentals in the Gascoyne, it has not been possible to model those costs for 2021/22. The most affordable region to rent in for all household types was the Wheatbelt. This was closely followed by the Mid West for the single parent family and age pensioners, and the Great Southern for the two parent family and unemployed person. The difference in affordability for those household types is due to the differences between median rental costs for houses and for units in those regions.

The Pilbara is the most expensive region for the single parent and age pensioner model households, spending \$70.76 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 2020/21 across the Regions - RENT										
	Perth	Gascoyne	Goldfields Esperance	Great Southern	Kimberley	Mid West	Peel	Pilbara	South West	Wheat-belt
Single parent & Age pensioners	\$23.37 7.28%	-	\$44.62 15.97%	\$18.91 6.98%	\$42.93 13.05%	\$47.60 22.84%	\$35.49 13.33%	\$19.66 4.97%	\$31.88 11.72%	\$31.17 14.61%
Working family	\$25.50 7.14%	-	\$60.56 18.27%	\$19.12 5.99%	\$126.86 26.85%	\$112.63 43.27%	\$46.33 14.81%	\$69.28 12.33%	\$47.81 15.0%	\$9.77 3.90%
Unemployed single	\$8.50 7.14%	-	\$20.19 18.27%	\$6.38 5.99%	\$42.29 26.85%	\$37.54 43.27%	\$15.44 14.81%	\$23.10 12.33%	\$15.94 15.0%	\$3.26 3.90%

Source: Calculations based on REIWA market data

Median rents increased across every region in 2021/22. Particularly substantial increases occurred in the Mid West, with rental costs for the single parent and age pensioner growing by 22.84 per cent and by 43.27 per cent for the working family and unemployed single.

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	\$231.93	\$233.78	\$241.90	\$233.78	\$253.27	\$240.74	\$231.70	\$243.76	\$230.77	\$237.96
Two parent family	\$334.29	\$336.96	\$348.66	\$336.96	\$365.04	\$346.99	\$333.96	\$351.34	\$332.62	\$342.98
Unemployed single	\$102.36	\$103.18	\$106.76	\$103.18	\$111.78	\$106.25	\$102.26	\$107.58	\$101.85	\$105.02
Age pensioners	\$204.72	\$206.36	\$213.52	\$206.36	\$223.56	\$212.50	\$204.52	\$215.16	\$203.70	\$210.04

Source: Calculations based on ABS 2015/16 HES, 2022 CPI and 2021 RPI data

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

Weekly Expenditure across Network Areas - ELECTRICITY					
	SWIS	Gascoyne/ Mid West	Goldfields Esperance	Kimberley	Pilbara
Single parent	\$16.25	\$7.81	\$4.45	\$18.12	\$18.87
Working family	\$34.12	\$24.21	\$20.25	\$36.34	\$37.22
Unemployed single	\$9.39	\$6.09	\$4.76	\$10.13	\$10.42
Age pensioners	\$24.15	\$15.72	\$12.36	\$26.03	\$26.78

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). The electricity expenditure of model Goldfields/Esperance and Gascoyne/Mid West households is 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	\$7.51	\$9.27	\$8.28	\$5.15	\$12.93	\$8.40	\$7.59	\$13.62	\$8.03	\$7.59
Working family	\$9.15	\$10.91	\$10.05	\$6.30	\$15.95	\$10.19	\$9.24	\$16.75	\$9.77	\$9.24
Unemployed single	\$3.05	\$3.64	\$3.35	\$2.10	\$5.32	\$3.40	\$3.08	\$5.58	\$3.26	\$3.08
Age pensioners	\$3.75	\$4.64	\$4.14	\$2.58	\$6.47	\$4.20	\$3.80	\$6.81	\$4.02	\$3.80

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 Perth, and 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 an extra \$7.60 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 Network¹³ of 1,982 clients who accessed their services from January to October 2022 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	\$1,708.00	\$639.00	\$343.84	\$104/68	\$36.28	\$343.08	-\$178.54	646
East Metro	\$1,731.14	\$597.50	\$313.33	\$125.16	\$36.74	\$273.87	-\$149.37	747
South Metro	\$1,502.20	\$531.05	\$282.80	\$104.37	\$34.69	\$297.35	-\$22.39	540
Overall	\$1,660.24	\$596.33	\$313.70	\$122.05	\$36.24	\$311.89	-\$122.46	1,982



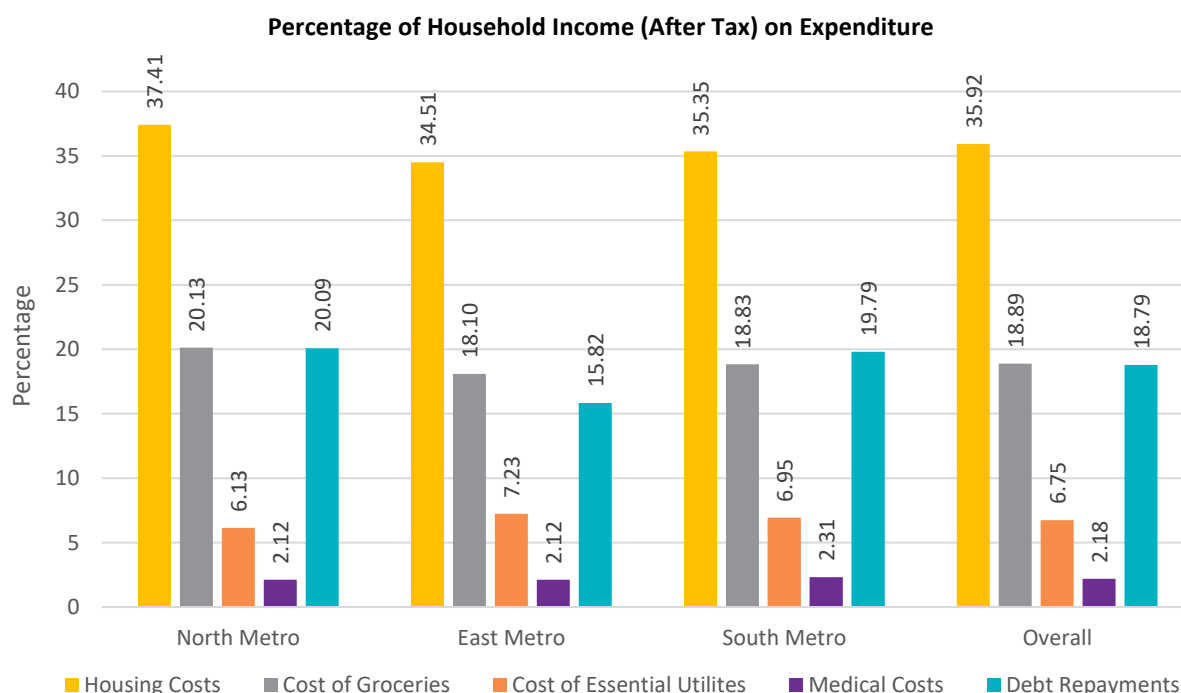
Source: Calculations based on data supplied by the Financial Counselling Network.

* Note: 'Deficit' is the average amount that the expenditure of each financial client was above or below their income and so does not equal the expenditure columns subtracted from 'Household Income (After Tax)'.

¹³ 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/>.

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.¹⁴ With the costs below 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 North metropolitan region dedicating the greatest proportion of their income to their housing costs.

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. In each region, the percentage of their household income that financial counselling clients were on average dedicating to debt repayments was similar to the proportion of income they required to put food on the table each fortnight.



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

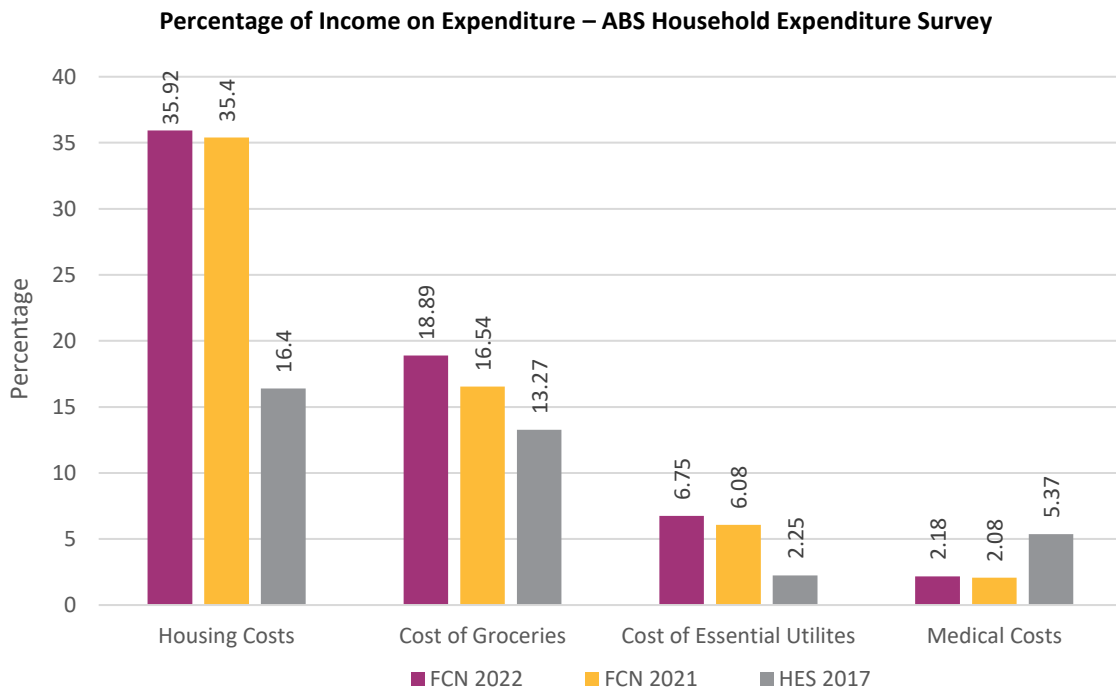
Financial counsellors may be able to contact their clients’ creditors to halt or defer debt-recovery proceedings, negotiate debt waivers or reductions, and put in place a payment plan. They may also be able to provide access to emergency relief in the form of charitable donations or food parcels to help 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. 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.¹⁵

¹⁴ Australian Bureau of Statistics, *4130.0 – Housing Occupancy and Costs, 2015-16* (2017).

¹⁵ [SACOSS Consumer Credit Legal Service Scoping Study](#)

Comparing this data to that collected by the Financial Counselling Network in 2021 and 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 the HES 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.

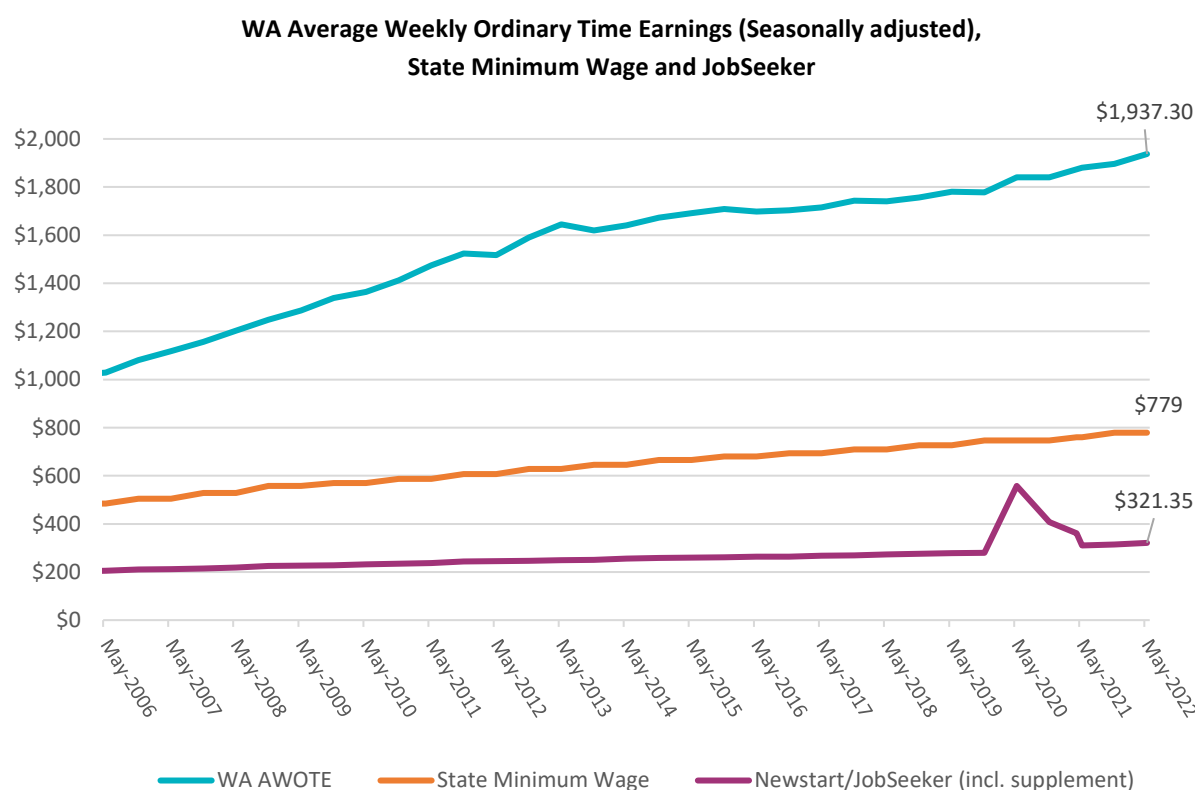
From 2021 to 2022, financial counselling clients can be observed to be on average dedicating a slighter higher percentage of their income to covering their basic costs in each of the expenditure categories in the graph. Notably, financial counselling clients were dedicating an average of 2.35 per cent more of their income to covering the cost of groceries than they were in the previous year.

Analysis and Discussion

Income, Poverty and Wealth

As of June 2022, there were 88,134 people in Western Australia relying on the JobSeeker payment for income, and 23,361 people receiving Youth Allowance.¹⁶ Bankwest Curtin Economics Centre has calculated that as of 2020, 12.8 per cent of Western Australians are living in poverty.¹⁷ This has grown from just 8.7 per cent in 2014.

The substantial gap between JobSeeker, the state minimum wage rates and median pay levels are strong indicators of profound income inequality within our state. JobSeeker now makes up just 16.6 per cent of the full-time average weekly ordinary time earnings in Western Australia. The State Minimum Wage sits at just over 40 per cent of the average weekly earnings.¹⁸



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

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

¹⁶ Department of Social Services (2022) ‘DSS Payment Demographic Data’, data.gov.au

¹⁷ Alan Duncan *Behind the Line: Poverty and disadvantage in Australia 2022*, Bankwest Curtin Economics Centre Focus on the States Series (Report, 2022).

¹⁸ ‘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.

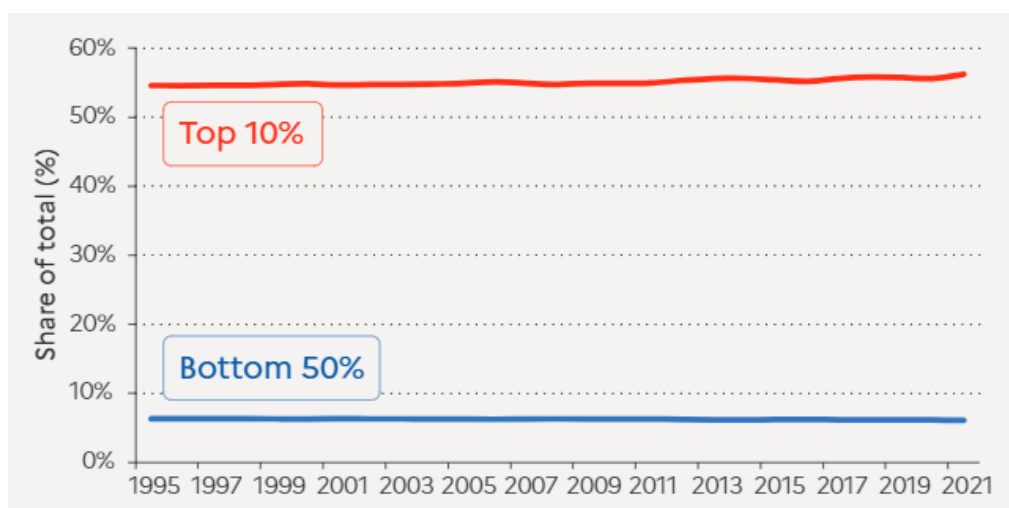
As demonstrated by the Gini coefficient in the most recent ABS Survey of Income and Housing data, Western Australia has the highest rate of income inequality in Australia. The Gini coefficient is a measure of income distribution amongst a population. The numbers range between 0 and 1, with 0 corresponding to perfect income equality and 1 corresponding to perfect income inequality. Examining the Gini coefficient for all Australian states, Western Australia can be seen to have the most unequal distribution of income across Australia and in comparison to the nation as a whole.

Gini Coefficient 2019-20 (National, States and Territories)¹⁹

Gini Coefficient	
WA	0.331
NSW	0.329
Victoria	0.325
Australia	0.324
Queensland	0.317
NT	0.297
SA	0.312
Tasmania	0.301
ACT	0.277

Analysis by the World Inequality Lab found that in 2021, the wealthiest 10 per cent of Australians owned 56 per cent of total household wealth. In comparison, the share of total household wealth owned by those in the bottom 50 per cent of wealth in Australia held just 5 per cent.²⁰

Wealth Distribution in Australia



Source: World Inequality Lab, 2022

¹⁹ ABS, 6523.0 – Household Income and Wealth, Australia, 2019-20 (2022).

²⁰ World Inequality Lab, 'Australia', [World Inequality Database](#) (2022).

Oxfam has calculated that over the past two year, the wealth of Australia’s 47 billionaires doubled to \$255 billion at a rate of more than \$205 million a day. These 47 billionaires hold more wealth than the poorest 30 per cent of Australians, equating to 7.7 million people.²¹

The 2022 *Low Pay Report* by WACOSS and UnionsWA demonstrated that workers on low wages in Western Australia do not consider that their wages are increasing by the same proportion as their living costs, placing them in a state of financial stress or hardship. 66.3 per cent of respondents with an annual household income before tax that was lower than \$52,000 reported that they had \$100 or less a week after meeting their essential costs. 34.3 per cent reported that they had \$50 or less a week after meeting their costs each week, which was the highest response for that income group.

Low-waged workers also reported the highest percentage of respondents falling behind into debt, at 15.4 per cent. Approximately 39 per cent of low-waged respondents identified that their income just met their cost of living. Many workers reported that they had no emergency savings safety net, were accessing savings or superannuation funds to cope with financial hardship or are worried about not having enough to finance retirement. Just 6.9 per cent of respondents in the low-wage category indicated that they were currently coping well.

The report further examined the disposable income and financial stress levels of just those respondents who reported an annual household income lower than \$52,000, against those in that income bracket who were also in full-time employment.

Disposable income after essential costs for households with annual income lower than \$52,000

	All employees	Full-time workers only
Under \$100	66.3%	61.9%
\$100 - \$200	32%	21.4%
\$200 - \$500	21.3%	16.7%
More than \$500	3%	0%
<i>Total no of respondents</i>	<i>169</i>	<i>42</i>

Financial stress levels for households with annual income lower than \$52,000

	All employees	Full-time workers only
I/we are falling behind into debt	15.4%	15.9%
My/our income just meets costs of living	38.9%	40.9%
I/we have a bit of disposable income after meeting costs	28.6%	29.5%
I/we are able to have a decent disposable income and save as well	10.3%	9.1%
I/we are comfortable with few financial concerns	6.9%	4.5%
<i>Total no of respondents</i>	<i>175</i>	<i>44</i>

Source: Eva Perroni and Graham Hansen (2022) *Low Pay Report*

²¹ Oxfam Australia, [‘Australia’s billionaires double fortunes during pandemic as global inequality grows’](#), *Oxfam Australia Media Releases* (2022).

What this comparison indicates is that for those workers who are earning a low wage, access to full-time work is not in itself a guarantee that workers will earn enough to cover their basic needs or to avoid financial stress, hardship or debt. The fundamental problem is that the income of these workers is simply too low to meet cost-of-living expenses or to provide some discretionary income.²²

The latest ACOSS and UNSW Sydney Poverty and Inequality Partnership Report revealed the profoundly positive impact that the JobSeeker Coronavirus Supplement had on recipients and the pernicious effect of its termination. Survey respondents, living in poverty, reported that the supplement had enabled them to pay off debts or limit their risk off debt, purchase household and medical items and groceries they had previously been unable to afford, and to be able to respond to emergencies or unplanned situations. Respondents reported that the removal of the supplement was destabilising, with the stresses of surviving on an inadequate income returning. The report stated that respondents described that the effect of the termination of the supplement was one of “closing down a world that had been briefly open to them.”²³

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.²⁴

From January to October 2022, the directory saw 263,000 searches for services, from 46,700 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 16 per cent, which is equivalent to 37,000 more searches for services. The services with the most searches during this period fell within the following categories:

1. Help with food (32 per cent of all searches) – approx. 82,000 searches
2. Help with accommodation (10 per cent of all searches) – approx. 26,000 searches
3. Financial services (8 per cent of all searches) – approx. 21,000 searches

67 per cent of people accessed WACONNECT by looking for assistance through internet search engines or via social media. The remaining 33 per cent accessed WACONNECT directly, without going through a search engine. This 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.

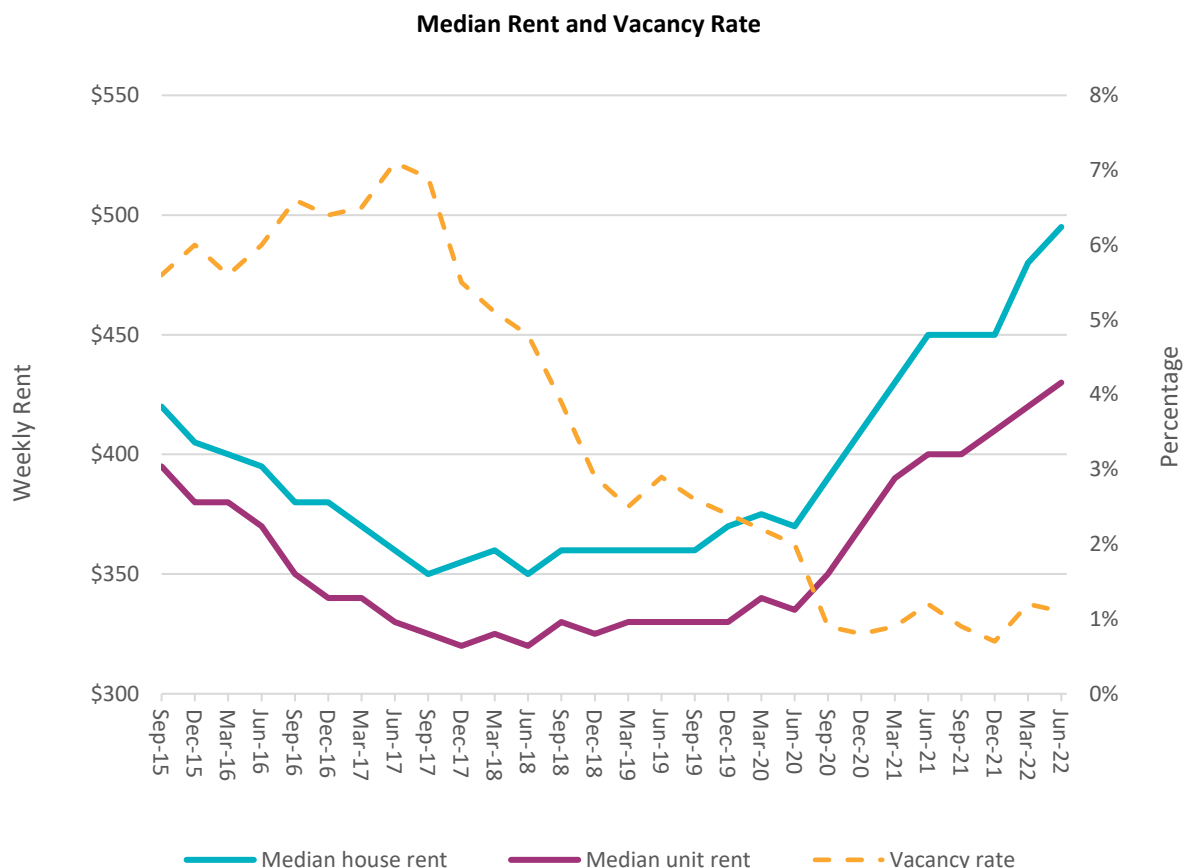
²² Eva Perroni and Graham Hansen, [Low Pay Report 2022](#), Western Australian Council of Social Service and UnionsWA (Report, 2022).

²³ ACOSS/UNSW Poverty and Inequality Partnership, [Australian experience of poverty: risk precarity and uncertainty during COVID-19](#) (Report, 2022).

²⁴ <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.²⁵ With median rents in Perth on the increase since 2018 and drastically rising since 2020, the pressure rental costs place on households has never been more apparent. As of June 2022, median house rents in Perth had increased over the past 12 months by 10 per cent and by 33.8 per cent since June 2020. Median unit rents increased by 7.5 per cent since 2021 and by 28.4 per cent since 2020.²⁶



Source: REIWA data

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.

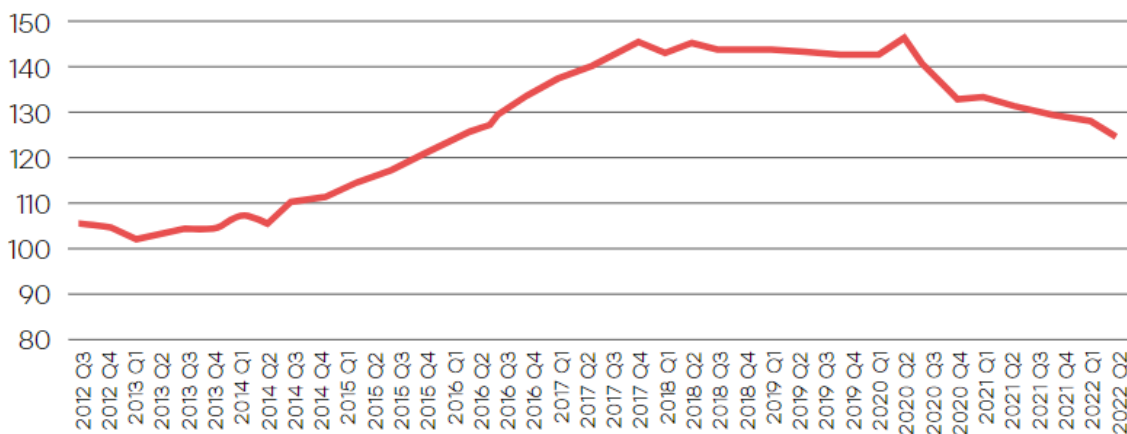
The increasing lack of affordable rental properties in Western Australia is reflected in the latest Rental Affordability Index results. Perth’s rental affordability index score declined to its lowest level since 2016, with a drop of 15 per cent over the past two years. Over the past year, regional WA saw

²⁵ ACOSS/UNSW Poverty and Inequality Partnership, [Poverty, Property and Place: A geographic analysis of poverty after housing costs in Australia](#), City Futures Research Centre & the Social Policy Research Centre (Report, 2020).

²⁶ REIWA, [Perth property market](#) (2021).

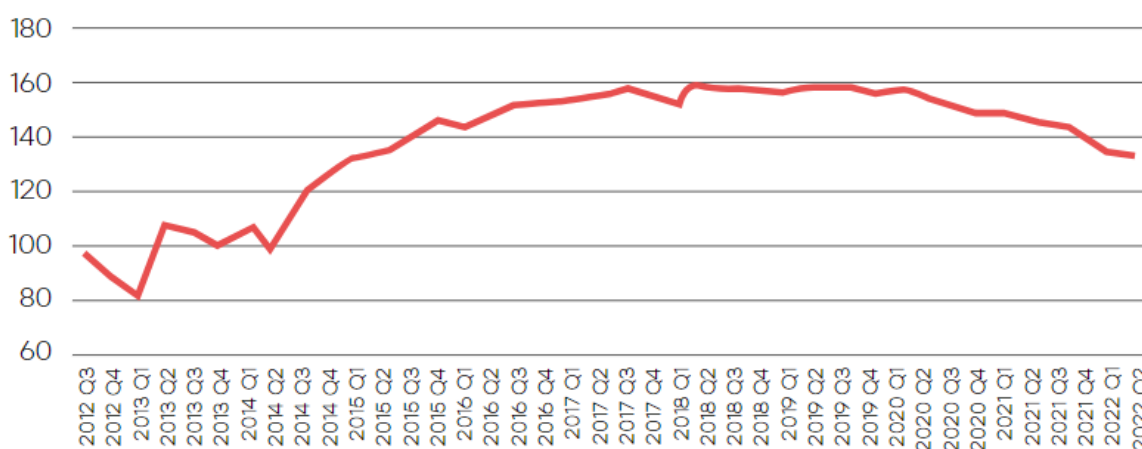
a decline of 8 per cent in its rental affordability index score. Rent as a share of income for a single person on JobSeeker was calculated to be 111 per cent in Greater Perth and 110 per cent in the rest of Western Australia.²⁷

Rental Affordability Index, Greater Perth



Source: SGS Economics and Planning, 2022

Rental Affordability Index, Rest of WA



Source: SGS Economics and Planning, 2022

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 2022 Rental Affordability Snapshot took place over 19-20 March 2022. It found that for a single person on JobSeeker, there was no rental properties in the entirety of Western Australia that were

²⁷ National Shelter, the Brotherhood of St Laurence, and SGS Economics and Planning [Rental Affordability Index](#) (Report, 2022).

affordable and appropriate.²⁸ This was also the case for a single aged over 18 on Youth Allowance, whether they were seeking to rent in a share house or on their own, as well as a single person on JobSeeker with a child.

For a couple receiving JobSeeker, with two children, there were only 7 properties in the Perth metropolitan area that were affordable and appropriate, 6 in the South West and Great Southern, and none in the North West. For a single with two children, relying on the Parenting Payment Single, they would only be able to find two properties that were affordable and appropriate in the Perth metro and the South West and Great Southern, and no properties in the North West.

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)	7	0.2%	6	2%	0	0%
Single, two children	Parenting Payment Single	2	0.1%	2	0.7%	0	0%
Couple	Age Pension	24	0.8%	14	4.6%	2	1%
Single, one child	Parenting Payment Single	3	0.1%	5	1.7%	0	0%
Single, one child	JobSeeker Payment	0	0%	0	0.0%	0	0%
Single	Age Pension	24	0.8%	1	0.3%	2	1%
Single aged over 21	Disability Support Pension	1	0%	1	0.3%	2	1%
Single	JobSeeker Payment	0	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)	651	22.1%	123	40.6%	9	4.3%
Single, two children	Minimum Wage + FTB A & B	13	0.4%	13	4.3%	0	0%
Single	Minimum Wage	42	1.4%	5	1.7%	2	1%
Couple, two children	Minimum Wage + Parenting payment (partnered) + FTB A & B	93	3.2%	38	12.5%	1	0.5%

Source: Anglicare WA (2022) *Rental Affordability Snapshot*

²⁸ Anglicare WA, [Rental Affordability Snapshot – Western Australia](#) (Report, 2022).

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 652 or 22.1 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 13 rental properties advertised in Perth affordable and appropriate. In the South West and Great Southern there were also only 13 affordable and appropriate properties, while in the North West there were none.

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.

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.

Transport

The high price of fuel, inflation and car loan repayment costs have all contributed to transport having a significant negative impact on household budgets across 2021/22. As of September 2022, transport costs were found to take a 13.6 per cent bite out of the typical household income. The annualised cost of transport in Perth was \$19,814. In Bunbury, transport costs were found to make up 14 per cent of a typical household income, positioning it as the fourth most unaffordable regional centre for transport costs in Australia.²⁹

A lack of affordable, accessible transport can contribute to locking people out of the labour force. 17 per cent of the participants in the *100 Families WA* study reported that was a barrier for them to gain employment.³⁰ The McGowan Government has made significant strides in improving the affordability of public transport for households in outer-suburban areas by capping fares at the cost of a two-zone journey and is investing strongly in expanding the metropolitan train network. Households in outer suburban and regional areas where public transport options are limited or not present, however, remain particularly dependent on access to cars as the primary form of transportation.

Car registration costs can contribute to the inaccessibility of transport, creating additional hurdles for those who are unemployed to secure employment in industries that require them to have access to a car. The introduction of a monthly payment option from 27 September 2022 was a welcome step in assisting households manage their finances, but will not reduce the burden that car registration payments place on their limited income.

In 2021, the Salvation Army reported a 90 per cent increase in requests for assistance to pay car registrations.³¹ Uniting WA and Anglicare's Emergency Relief and Food Access Service have also seen a rise in demand for car registration payments. With only a select number of emergency relief providers able to pay for car registration payments, those few that do are often overwhelmed with demand.

²⁹ Australian Automobile Association, [Transport Affordability Index Quarter 3 2022](#) (Report, 2022).

³⁰ Ami Seivwright and Paul Flatau, *Insights into hardship and disadvantage in Perth, Western Australia: The 100 Families WA Baseline Report*. The 100 Families WA project (Report, 2019).

³¹ Josh Zimmerman, 'The Salvation Army pays car registrations for homeless West Australians', *The West Australian* (2021) thewest.com.au/news/social/the-salvation-army-pays-car-registrations-for-homeless-west-australians-ng-b881889193z

Energy and Water

The 2022 *Understanding Utility Hardship* report by WACOSS and Bankwest Curtin Economics Centre provides rich insights into the causes and experiences of utility and financial hardship for Western Australians. The report utilised a mixed methods approach that included qualitative focus group and interview data of financial counsellors, quantitative survey data of Water Corporation customers, and quantitative data sets provided by the Financial Counsellors Network.

Unsurprisingly, income was found to be the largest contributing factor to utility hardship. The lower the income, the higher the probability of being unable to pay water or electricity bills. Having dependent children also increases the probability of having unpaid bills, and this probability is higher for electricity bills than water (9.7 per cent vs 2.4 per cent). Aboriginal and Torres Strait Islander status, as well as having a mortgage, are significant contributors to utilities hardship (averaging 9 per cent).

Natural disasters, losing a job or having a decline in income, and serious illness were the most significant life events that contributed to utility hardship for many respondents. A significant correlation was observable between defaulting on different bill payments. Not being able to pay for electricity was the best predictor of people's ability to pay their water bills, with the best predictor for electricity being unable to pay for water and gas. Being unable to make mortgage repayments was also found to be a strong predictor of utility hardship. Households that cannot access from their savings or raise \$4,000 in a week for an emergency are on average 50 per cent more likely to be unable to pay their electricity or water bills than households that could.

Reducing spending on food and groceries was the most common strategy utilised by respondents in order to cope with being unable to pay their utility bills, with 76 per cent of those who were unable to pay their electricity bills and water bills, and 79 per cent of those unable to pay gas bills indicating that this was a strategy they would likely use. This was closely followed by reducing spending on leisure activities. While 60-66 per cent of respondents indicated that they would likely discuss their bill and what options might be available with the utility retailer, between 58-67 per cent of respondents indicated that they would reduce their usage of water, electricity or gas, which may contribute to hidden hardship or impact upon people's health and wellbeing.

While there is a broad range of people accessing financial counselling services, people in entrenched disadvantage due to persistent low-income, low-waged workers and households, people experiencing an adverse life event, or people with multiple large loans were identified as four key demographic cohorts in financial hardship.

Clients of the Financial Counselling Network were found to have higher rates of energy hardship than water hardship, with the prevalence of people citing electricity bills as an issue being twice as much as that of water bills. Alongside financial hardship, mental health and other health issues were found to be the two largest co-occurring issues for financial counselling clients. Employment issues and factors related to domestic violence, parenting and family issues, separation and divorce and child support, were also significant co-occurring issues for financial counselling clients.³²

³² Graham Hansen, Eva Perroni and Dr Silvia Salazar, *Understanding Utility Hardship*, Western Australian Council of Social Service and Bankwest Curtin Economics Centre (Report, 2022).

The cost of energy disproportionately impacts households on the lowest incomes, as they spend a significantly higher percentage of their disposable income on energy bills and have little, if any, capacity to absorb additional costs. People on the lowest incomes spend on average 6.4 per cent of their income on energy, compared to households in the highest income quintile, who pay on average only 1.5 per cent. Further, 25 per cent of the lowest income quintile are spending over 8.8 per cent of their income on energy.³³

The disproportionate impact of electricity bills on low-income households can lead to mounting unpaid bills and a greater risk of disconnection, which in turn can have a significant impact on people’s wellbeing. Reported impacts include feelings of shame at being unable to provide for the family along with personal and relationship stress arising from difficult decisions about spending priorities.

Figures obtained by *The West Australian* newspaper in March 2022, found that around 34,000 Synergy customers had experienced difficulties in paying their accounts over the summer period following the end of the moratorium on disconnections for those with significant electricity debts and subsequent increases in prices. This accounted for nearly 111,000 requests for assistance with their bills, with the average power bill between December 2021 and February 2022 having increased by 25 per cent, or in dollar terms, \$67 to \$329.³⁴

As noted by the Economic Regulation Authority WA, disconnection data is a “valuable indicator of how affordable energy is to customers.”³⁵ This can be observed in the disconnection and Hardship Utility Grant application (HUGS) data that was reported in the Western Australian Legislative Council on 5 April 2022.

Synergy Disconnections between 1 August 2021 and 31 March 2022

	Residential non-payment disconnection notices issues	Residential non-payment disconnection completed	Reconnections after residential non-payment disconnections	HUGS payment-count
Aug 21	721	373	309	420
Sep 21	1121	681	528	451
Oct 21	1074	740	584	531
Nov 21	1266	858	663	836
Dec 21	486	484	420	868
Jan 22	814	327	192	840
Feb 22	1945	992	748	767
Mar 22	1588	1166	957	798

³³ ACOSS and the Brotherhood of St Laurence, *Energy Stressed in Australia* (Report, 2018).

³⁴ Joe Spagnolo, *‘Thousands of WA families unable to pay power bills as cost of living soars’*, *The West Australian* (2022).

³⁵ Economic Regulation Authority, *Annual Data Report – Energy Retailers 2018/19* (Report, 2020).

Horizon Power Disconnections between 1 August 2021 and 31 March 2022

	Residential non-payment disconnection notices issues	Residential non-payment disconnection completed	Reconnections after residential non-payment disconnections	HUGS payment-amount
Aug 21	1029	265	51	\$41,326
Sep 21	1188	190	32	\$27,418
Oct 21	819	172	24	\$19,271
Nov 21	1497	248	37	\$32,391
Dec 21	200	105	21	\$18,463
Jan 22	959	20	16	\$12,087
Feb 22	1104	203	29	\$25,309
Mar 22	1505	300	28	\$13,796

Source: [WA Parliament Hansard](#)

Note: [Horizon Power does not record the number of distinct HUGS payments made; this data is held by the Department of Communities](#)

Though these figures fluctuate due to seasonal variations and the typical hold on disconnections over the Christmas period, they clearly demonstrate that disconnections and the need for assistance have seen a significant uptick since the end of the disconnection moratorium and the one-off \$600 payment introduced by the McGowan Government during the COVID emergency period. A further one-off \$400 electricity credit for every Western Australian household was provided by the State Government from 2 July 2022.³⁶

³⁶ Hon Mark McGowan MLA [‘Strong surplus delivers all WA households a \\$400 electricity credit’](#), *Media Statements*, Government of Western Australia (2022).

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.

Increases in food prices have had a significant impact on household budgets. According to the UBS Evidence Lab Grocery Study, Woolworths prices increased by 4.3 per cent in the first quarter of 2022, while Coles' prices have gone up 3.2 per cent.³⁷

Food manufacturer SPC raised the prices of 100 Australian staple food items, such as baked beans and spaghetti, canned tomatoes and fruits, by as much as 20 per cent.³⁸ *The West Australian* examined a broad range of grocery items commonly purchased by consumers and found the total cost had jumped from \$90.26 in 2019 to \$141.68 in 2022, equating to an increase of 57 per cent.³⁹

Foodbank reported in 2022 that over the past 12 months, 280,000 households in Western Australia had gone hungry as a result of insufficient income, including skipping meals or not eating at any point throughout the day. Further, over 116,000 children were living in severely food insecure households in WA.⁴⁰

WACOSS member organisations providing food relief reported that there has been a significant recent increase in people requesting emergency food relief across the state.

"Vinnies are witnessing unprecedented demand for food relief and has seen a significant increase in requests for food support over the last few years. From 30,000 people in 2017-18 to 45,000 in 2019/20 to an estimated 60,000 plus people in 2021/22. Our capacity is limited to 55,000 people for food relief based on existing resources. In real terms and referrals, our actual need is around 110,000 across the state.

At the moment Vinnies is doing around \$100,000 a month in Food Cards and around \$100,000 worth of food in donated hampers. An increasing area of concern is people who are homeless, living in caravan parks or crashing with other families, which is tied up in the ongoing and increasing cost of housing."⁴¹

These anecdotes are corroborated by the findings of Foodbank's 2022 Hunger Report, with 23 per cent of those surveyed nationally reporting they were unable to afford food more often than in the previous year. Increased food and grocery costs was cited by 49 per cent of survey respondents as a contributor to their food insecurity, followed by increased energy costs, including fuel, by 42 per cent and housing costs by 33 per cent.⁴²

³⁷ Holly Hales, '[Reason for hike in Australian grocery prices revealed](#)', *The West Australian* (2022).

³⁸ Ronald Mizen, '[Baked beans, spaghetti up 10-20pc as inflation bites](#)', *Australian Financial Review* (2022).

³⁹ Cheyanne Enciso, '[Cost of living: The shock increase in total cost of a grocery shop since 2019 revealed](#).' *The West Australian* (2022).

⁴⁰ Foodbank, [Hunger in Australia – The Facts](#) (Web Page, 2022).

⁴¹ WACOSS/St Vincent de Paul Society (WA), email correspondence, 22 April 2022.

⁴² Foodbank WA, [Hunger Report](#) (Report, 2022).

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. 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 2023-2024](#) 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 WA. The following list restates and builds upon these recommendations for the WA Government to address the disproportionate impact of cost of living pressures on low-income households.

Recommendations

- Re-introduce a residential rent relief grant scheme.
- Replace the Energy Assistance Payment with a percentage-based primary energy concession.
- Expand eligibility for water concessions to include people who hold a Health Care Card.
- Expand car registration concessions to cover all Health Care Card holders.
- Expand eligibility for the free travel periods on public transport to all concession card holders.
- Implement inclusionary zoning with social and affordable housing targets.
- Reform the *Residential Tenancies Act* to improve renter's rights by abolishing no grounds terminations, regulating size and frequency of rental increases.
- Establish a \$1 billion Affordable Housing Future Fund.
- Introduce a vacant residential property charge levied at a rate of 1 per cent of the property's capital improved value.
- Make the HUGS 90-day payment arrangement requirement permanent, increase the maximum grant limits and expand the eligibility.
- Develop a household gas transition roadmap and institute a moratorium on all new household connections to the existing gas network.
- Develop community and worker owned models of economic development.
- Use state procurement policies and contracting practices to guarantee services are delivered by people employed in decently paid, unionised and more secure roles.

Western Australian Council of Social Service

Whadjuk Boodja

Level 2

3 Loftus Street

Boorloo (West Leederville) 6007

Western Australia

P: 08 6381 5300

E: info@wacoss.org.au

www.wacoss.org.au