
Persistent and widening gap between income and cost of living for people on low income in ACT

Cost of living research commissioned by the ACT Council of Social Service (ACTCOSS) over the past three years has revealed a persistent and widening gap between income and living costs for individuals and households living on low incomes in the ACT.

ACTCOSS Director, Susan Helyar said, 'The people in Canberra who do not have steady, secure work or income include younger people, older workers, people living with disabilities, people with less education qualifications, people moving back into work from caring roles, Aboriginal and/or Torres Strait Islander peoples and people from culturally and linguistically diverse backgrounds.

'For three consecutive years ACTCOSS analysis has shown that the cost of living in the ACT has increased disproportionately for those households that can least afford it, particularly those receiving a government transfer payment such as Newstart or Youth Allowance, as well as the Age and Disability Support Pensions. Some working age payment rates continue to fall well below the 50 percent poverty line and payment increases have fallen behind increases in recipient's living costs over the past year.

'It is critical that the Commonwealth Parliament addresses the significant and longstanding gap between base payments and the increased cost of living.

'Drawing on ABS data, our analysis shows the general cost of living in the ACT increased above the national rate last year while the living costs for low income households rose at an even higher level again. Those households already struggling to make ends meet in terms of essential costs such as housing, health, energy and telecommunications, have a heightened risk of experiencing financial and housing stress. They also miss out on the opportunities and pleasures people in Canberra with disposable incomes and financial security take for granted.

'We are keen to see action by the ACT Government in the 2017-18 ACT Budget on our recommendations for improving the concessions scheme offered by the ACT Government, including concessions for licences and registration for low income households, expanded access according to need, not age or source of income and better promotion of eligibility.

'It is critical that the ACT Government takes what action it can to ensure that Canberra is a liveable place for all,' Ms Helyar said. 'In our analysis of this year's ACT Budget, ACTCOSS will be looking closely to see what, if any, measures have been put in place to hold back growth of inequality, improve standards of living, reduce costs of living, increase supply of vital community services and improve amenity for people living on low incomes in the ACT.'

**For more information or comment please contact
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2017 Cost of Living report: key facts and figures

- Although poverty rates in the ACT are lower than the national average, the suburb with the highest poverty rate, at 25.9 per cent, is similar to the maximum poverty rate in other states. Despite high average incomes in the ACT, there are nevertheless households that experience high poverty, housing stress, and financial stress.ⁱ
- 12.6 per cent (28,639) of all ACT residents are in the most disadvantaged 20 per cent of Australians.ⁱⁱ However, figures that measure disadvantage at area level conceal the disadvantage of many of these people, who accordingly do not live in disadvantaged areas.ⁱⁱⁱ Area-level studies mask the true extent of disadvantage in the ACT, as the territory has one of the highest levels of diverse suburbs, occupied by both the most and least disadvantaged.^{iv}
- Cost of living pressures for those on low income in the ACT rose over the past year. The consumer price index (CPI) rose 1.8 per cent – higher than the national average of 1.5 per cent;^v the selected living cost index (SLCI) for other government transfer recipient (1.8%) and age pensioner (1.6%) households was also above the national CPI; while the SLCI for both employee (1.0%) and self-funded retiree (1.4%) households was below the national CPI figure.^{vi} In sum, the general cost of living in the ACT increased above the national rate while the cost of living for low income households rose at a higher level than other households.
- Small increases over the past year in the base rates for key income support payments have not kept up with rising living costs over the same period. Newstart and Youth Allowance remain particularly inadequate, with payments reaching 25.7 per cent and 18.9 per cent of the poverty line, respectively.^{vii} 55 per cent of people on the Newstart Allowance and 51 per cent of people on Youth Allowance live in poverty.^{viii} 2017 data shows that of 1280 private rentals advertised in the ACT and Queanbeyan, none were affordable to a single person living on Newstart or Youth Allowance.^{ix}

ⁱ R Tanton, Y Vidyattama, Y & I Mohanty, *Disadvantage in the ACT: report for ACT Anti-Poverty Week*, NATSEM, Canberra, 2013, p.3.

ⁱⁱ *ibid.*, p.iii.

ⁱⁱⁱ *Ibid.*, p.14.

^{iv} ACT Government, *Detecting disadvantage in the ACT: report on the comparative analysis of the SEIFI and SEIFA Indexes of relative socio-economic disadvantage in the Australian Capital Territory*, Data and Research Unit, Community Services Directorate, Canberra, p.3.

^v ABS, *Consumer Price Index, Australia, December 2016*, cat. no. 6401.0, ABS, Canberra, 2016, Table 11, CPI: Group, Sub-group and Expenditure Class, Percentage change from previous quarter by Capital City, ABS, Canberra, Data 5 & 6.

^{vi} ABS, *Selected Living Cost Indexes, Australia, Dec 2016*, ABS, Canberra, 2016.

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^{viii} *ibid.*, p.13.

^{ix} Anglicare Australia, *Anglicare Australia Rental Affordability Snapshot*, Anglicare Australia, Canberra, April 2017, p.4.