



wa council of  
social service

# Cost of Living 2019

**About WACOSS**

The Western Australian Council of Social Service (WACOSS) is the peak body for the community services sector and works to create an inclusive, just and equitable society. WACOSS represents more than 300 member organisations and individuals, and more than 500 organisations involved in the provision of community services to the people of Western Australia.

Our mission is to 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 one of nine peak councils of social service, collaborating across Australia to bolster the united strength and weight of the work of each peak body.

Tackling difficult issues, systems, behaviours, and attitudes that contribute to inequality and exclusion, WACOSS develops 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 is and always will be Aboriginal land.

**Authorised Use**

© Western Australian Council of Social Service, 2019



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/>>.

This report was written by Graham Hansen and Chris Twomey.

Recommended citation:

WACOSS (2019) *Cost of Living 2019*. Western Australian Council of Social Service. Perth. Australia.

WACOSS would like to thank the Financial Counselling Network for providing us with the financial counselling data analysed in this report.

Published by WACOSS  
ABN: 32 201 266 289

Level 2, 3 Loftus Street, West Leederville WA 6007  
P: 08 6381 5300 | [info@wacoss.org.au](mailto:info@wacoss.org.au) | [wacoss.org.au](http://wacoss.org.au)



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



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



[company/western-australian-council-of-social-service-inc](https://www.linkedin.com/company/western-australian-council-of-social-service-inc)

## Contents

Introduction .....	3
Key findings of the 2019 Cost of Living Report .....	4
Methodology .....	6
Our model households .....	7
Determining household income .....	8
Determining household expenditure .....	8
Household Analysis .....	9
Single Parent Family .....	9
Working Family .....	11
Unemployed Single .....	13
Age Pensioners .....	15
The Cost of Living in Regional WA .....	18
Financial Counselling Data .....	22
Households in Poverty .....	23
Income Support Recipient Households .....	24
Wage-only Households .....	25
Household Expenditure Survey Comparison .....	26
Analysis and Discussion .....	27
Income, Wealth and Poverty .....	27
Housing .....	37
Energy .....	40
Water .....	46
Food .....	49
Digital Access .....	52
Recommendations .....	54

## Introduction

How much changes in a year?

Taking just a cursory look at the WACOSS household modelling for the 2018/19 financial year, you could conclude 'not much'. This would miss, however, the impact that nominally small changes can have for low income households. Further, the significant shifts that can be observed beneath the headline numbers are representative of wider changes in the economic circumstances of our community.

Waged households brought in a little more, due principally to the 2018 *State Wage Case* decision, but any growth they saw in their income was quickly spent on covering their living costs, which went up across the board.

Rent. Utilities. Food. Transport. All cost more this year—in some cases, significantly so.

The increase in rent was noticeable, as this was the first time that our model households had experienced a rise in five years. Considering the cyclical tendency of the housing market, it is not unreasonable to predict that rental costs will continue to grow from here, putting more pressure on household budgets.

After a drop last year for the car-owning households, transport costs rose strongly. It was the second largest dollar increase in spending items for the single parent and working family model households, just behind the cost of food and beverages. Food and beverages was the expenditure category which saw the biggest growth for all household models, except the age pensioners.

The unemployed single model continues to make apparent the utter inadequacy of the Newstart Allowance, with the costs of covering the basics of life still outstripping their income. Instead of enabling people to flourish, Australia's social security system has increasingly become one based on conditionality and compliance, tightly controlling the lives of those struggling to survive on paltry support payments. A raise to the rate of Newstart is desperately required.

The age pensioner households were the only ones to not see their expenditure outgrow their income, though that still did not leave them much in terms of emergency money or savings. The difference between owning your home outright and renting on the age pension was once again stark this year, with the renting aged pensioner household left with around a third of what the home owners had after covering their basic expenses.

The financial position of the model households may not have changed dramatically one way or the other this year. But it certainly has not become any better.



## Key findings of the 2019 Cost of Living Report

Growth in expenditure at a higher rate than income growth creates increased financial pressures for the model households. Living costs have increased in every expenditure category, including the first rise in rental costs for our model households since the *2014 Cost of Living Report*. The significant percentage growth in utility costs for each household is notable, as are the increased food costs this year. An upturn in the costs associated with running a car also had an appreciable impact on the relevant households.

### Weekly income and expenditure of our model households

	Income	Expenditure	Net Position
Single Parent Family (Parenting Payment Single)	\$996.34 ▲	\$893.86 ▲	\$102.48 ▼
Working Family	\$1,461.00 ▲	\$1,250.34 ▲	\$210.66 ▲
Unemployed Single	\$310.38 ▲	\$326.81 ▲	-\$16.43 ▼
Age Pensioners (Renters)	\$757.64 ▲	\$704.72 ▲	\$52.92 ▲
Age Pensioners (Home Owners)	\$693.83 ▲	\$540.76 ▲	\$153.07 ▲

- The model *single parent family* has \$102.48 left after meeting their estimated basic living costs. Low wage growth and an increase in living costs, has pushed this household into a more financially precarious position.
- The income of our model *working family* surpasses their estimated basic living costs by \$210.66 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* remains inadequate to meet basic living costs, with a gap of \$16.43 between income support provided and a basic standard of living in line with community expectations.
- The model *renting age pensioners* have a higher level of income than their home owning counterparts due to receiving rent assistance, but they also have dramatically larger expenditure. While the model home-owning age pensioner household comes out \$153.08 ahead, the renting age pensioner household have only \$52.93 after meeting their basic living costs.

The 2018/19 data supplied by the Financial Counselling Network provides an insight into the real-life living cost pressures being faced by households across Western Australia who are experiencing financial hardship and stress.

**Fortnightly mean income and expenditure of households who accessed financial counselling**

	Income	General Expenditure	Debt Payments	Surplus/Deficit	Debt to Income Ratio
Average	\$1,777.84	\$1,749.64	\$352.67	-\$324.47	19.8%
Households in Poverty	\$720.84	\$1,044.28	\$208.19	-\$531.63	28.9%
Income Support Recipient	\$1,273.97	\$1,473.26	\$166.28	-\$199.28	13.1%
Wage-Only	\$2,009.85	\$1,846.34	\$373.91	-\$207.39	18.5%

- Housing is on average the most significant cost for all households who received financial counselling in 2018/19, comprising 45.5 per cent of their general expenditure. Food is the next largest expenditure share at 18.1 per cent, followed by transport at 11.5 per cent.
- The households in poverty are spending, on average, 72.3 per cent of their income to cover their housing costs. As a result, these households have significantly lower expenditure on education, health and recreation, spending an average of only \$3.77 on recreation compared to the \$14.91 of all households.
- Households in receipt of some form of income support had education and health expenditure shares notably lower than the mean of all households, with a larger expenditure share being spent on food and communications.
- Households accessing financial counselling assistance whose income principally consisted of wages were earning on average \$1,825.37 per fortnight. This was \$371.57 higher than the WA minimum wage in 2018/19.

## 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 *2019 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 2018/19 financial year in comparison to the two preceding financial years (2016/17 and 2017/18). 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.

However, 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.

The report also includes analysis of 395 household budgets collated by financial counsellors across Western Australia during 2018/19. The analysis of this data includes breakdowns examining clients in metropolitan and regional areas, as well as those living below the poverty line.

---

<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	Working Family	Unemployed Single	Age Pensioners
Household members	Single mother with two dependent children.	Working family 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 (minimum wage + 33%); the other casual (16 hours per week at minimum wage with casual loading). Eligible for government payments.	Newstart Allowance 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	Owns 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 three 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 *2018 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 *2019 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.

All estimates of cost and consumption are intentionally conservative and, as a result, likely understate the cost impacts on vulnerable households. 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> The car used in this report is a late model Mitsubishi Mirage manual hatchback.
- **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 (2019) [Online Estimators](#)

<sup>3</sup> Department of Social Services (2019) [Guide to Social Security Law](#)

<sup>4</sup> WA Industrial Relations Commission (2018) [State Wage Order Pursuant To Section 50a of the Act](#)

<sup>5</sup> Australian Tax Office (2019) [Income Tax Estimator](#)

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

<sup>7</sup> REIWA (2019) [Market Update September 2019](#)

<sup>8</sup> Government of Western Australia (2019) *State Budget 2019/20*, [Budget Paper No. 3](#)

<sup>9</sup> RAC WA (2019) [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 already 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.

Our single parent remains eligible to receive *Parenting Payment Single* (rather than being shifted to the much lower *Newstart Allowance*) due 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>

Single parent family (Parenting Payment Single) - WEEKLY INCOME					
	2016/17	2017/18	2018/19	% increase 2017/18 to 2018/19	\$ increase 2017/18 to 2018/19
Wage (gross)	\$410.25	\$419.81	\$430.31	2.5%	\$10.50
Parenting payment	\$247.57	\$250.92	\$253.57	1.05%	\$2.65
Other regular Government Benefits	\$319.27	\$320.81	\$317.71	-0.96%	-\$3.10
Government supplements (one off payments, converted to weekly amount)	\$46.00	\$38.24	\$38.94	1.8%	\$0.70
Tax paid	\$50.13	\$52.58	\$50.19	-4.5%	-\$2.39
<b>Total household income/week</b>	<b>\$978.96</b>	<b>\$983.20</b>	<b>\$996.34</b>	<b>1.3%</b>	<b>\$13.14</b>

The income of the single parent household has increased by 1.3 per cent (\$13.14) over the last 12 months. The parent's wages have increased by \$10.50, the parenting payment by \$2.65 and other government payments (including regular and one-off supplements) by just \$0.70.

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. Increases in the unemployment and underemployment rate put them at further risk. Unpredictable pay can also

<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](#).

result in difficulties in reporting income to Centrelink, particularly when income moves above and below key thresholds, as well as making weekly budgeting more challenging.

Single parent family - WEEKLY EXPENDITURE					
	2016/17	2017/18	2018/19	% increase 2017/18 to 2018/19	\$ increase 2017/18 to 2018/19
Rent	\$289	\$274.83	\$279.13	1.93%	\$5.31
Food and beverage	\$204.52	\$203.82	\$208.69	2.4%	\$4.86
Utilities	\$34.58	\$36.53	\$39.27	7.5%	\$2.74
Transport	\$108.10	\$102.73	\$107.24	4.4%	\$4.51
Other - household and living costs	\$256.50	\$258.09	\$259.23	0.4%	\$1.13
<b>Total household expenditure/week</b>	<b>\$892.70</b>	<b>\$876.01</b>	<b>\$893.86</b>	<b>2.12%</b>	<b>\$18.56</b>

Expenditure as a whole has increased for the single parent family by \$18.56 (2.12 per cent), with a rise seen in each of the expenditure categories. The level of rent for the model household has increased for the first time since the *2014 Cost of Living Report*, up from 2017/18 by \$5.31 per week or 1.03 per cent.

Utilities had the largest percentage increase at 7.5 per cent, followed by transport at 4.4 per cent. As this model household does not use public transport, this increase is the result of higher costs associated with running a small car. Other household and living costs grew by 0.4 per cent or \$1.13 per week, driven principally by increased costs for health and education.

Single parent family (Parenting Payment Single) - WEEKLY DIFFERENCE			
	2016/17	2017/18	2018/19
Total weekly income	\$978.96	\$983.20	\$996.34
Total expenditure	\$892.70	\$876.01	\$893.86
<b>Difference</b>	<b>\$86.26</b>	<b>\$107.19</b>	<b>\$102.48</b>

In 2018/19, the single parent family's weekly income surpassed their basic living costs by \$102.48. 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 (such as if the fridge or car breaks down). It also assumes they are able to secure sufficient part-time 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.

## Working Family

The working 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.

Working family - WEEKLY INCOME					
	2016/17	2017/18	2018/19	% increase 2017/18 to 2018/19	\$ increase 2017/18 to 2018/19
Combined wages (gross)	\$1,271.42	\$1,301.32	\$1,334.03	2.5%	\$32.71
Regular government benefits	\$262.99	\$259.40	\$237.16	-1.11%	-\$2.66
Government supplements (one off payments, converted to weekly figures)	\$47.02	\$35.15	\$35.85	1.19%	\$0.70
Tax paid	\$131.40	\$139.35	\$146.04	4.8%	\$6.70
<b>Total household income/week</b>	<b>\$1,433.03</b>	<b>\$1,436.04</b>	<b>\$1,461.00</b>	<b>1.67%</b>	<b>\$24.06</b>

The wages of the working family have increased by \$32.17 or 2.5 per cent in 2018/19. Reductions in regular government payments and an increase in tax paid has resulted in very low growth for the weekly total household income at just 1.67 per cent.

Working family - WEEKLY EXPENDITURE					
	2016/17	2017/18	2018/19	% increase 2017/18 to 2018/19	\$ increase 2017/18 to 2018/19
Rent	\$316.63	\$300.69	\$306.00	1.77%	\$5.31
Food and beverage	\$295.07	\$294.34	\$301.19	2.34%	\$6.85
Utilities	\$53.30	\$57.37	\$60.52	5.5%	\$3.15
Transport	\$141.76	\$139.27	\$144.32	3.6%	\$5.05
Other - household and living costs	\$431.80	\$435.03	\$438.31	0.75%	\$3.28
<b>Total household expenditure/week</b>	<b>\$1,238.55</b>	<b>\$1,226.71</b>	<b>\$1,250.34</b>	<b>1.93%</b>	<b>\$23.64</b>

The model working family's weekly expenditure on basic living costs has increased by 1.93 per cent or \$23.64 per week over the last 12 months. As with the single parent, the largest percentage increase is in the cost of utilities. In dollar terms, the growth in food and beverages

costs has had the most significant impact on raising their level of expenditure, followed by rent and transport.

Working family - WEEKLY DIFFERENCE			
	2016/17	2017/18	2018/19
Total weekly income	\$1,433.03	\$1,436.94	\$1,461.00
Total expenditure	\$1,238.55	\$1,226.71	\$1,260.34
<b>Difference</b>	<b>\$194.48</b>	<b>\$210.24</b>	<b>\$210.66</b>

Low wage growth and higher costs has meant that the difference between the working family's income and expenditure has increased by only by just 42 cents since 2017/18. With their income surpassing their living costs by \$210.66 per week, the model household may have some small allowance to save, or be able to draw on some money to cover minor unexpected or non-essential expenditure. It should be noted, however, that if either of the couple had lost their job or had their hours reduced during this period, their financial position would be significantly 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					
	2016/17	2017/18	2018/19	% increase 2017/18 to 2018/19	\$ increase 2017/18 to 2018/19
Newstart Allowance	\$265.21	\$270.03	\$275.39	1.98%	\$5.36
Rent assistance	\$35.37	\$30.68	\$30.60	-0.24%	-\$0.07
Energy supplement	\$4.39	\$4.39	\$4.39	0%	\$0
Tax paid	\$0	\$0	\$0	0%	\$0
<b>Total household income/week</b>	<b>\$304.97</b>	<b>\$305.10</b>	<b>\$310.38</b>	<b>1.73%</b>	<b>\$5.28</b>

The weekly income of the unemployed single increased by just 1.73 per cent in 2018/19. In real terms, this means they only have an additional \$5.28 per week to try to make ends meet. They also saw a slight decrease in the amount of Commonwealth Rent Assistance that they received.

In 2018/19, the model unemployed single was receiving government payments totalling around 43 per cent of the WA State Minimum Wage while searching for work.<sup>11</sup> As the calculations below show, unemployment payments do not meet a basic standard of living and may present significant barriers to a job-seeker's ability to find work.

Unemployed single - WEEKLY EXPENDITURE					
	2016/17	2017/18	2018/19	% increase 2017/18 to 2018/19	\$ increase 2017/18 to 2018/19
Rent	\$105.54	\$100.58	\$102.00	1.7%	\$1.77
Food and beverage	\$90.55	\$90.52	\$92.51	2.2%	\$1.98
Utilities	\$16.27	\$17.21	\$18.26	6.1%	\$1.05
Transport	\$13.80	\$14.94	\$15.48	3.6%	\$0.54
Other - household and living costs	\$98	\$98.28	\$98.57	0.29%	\$0.29
<b>Total household expenditure/week</b>	<b>\$324.16</b>	<b>\$321.53</b>	<b>\$321.53</b>	<b>1.75%</b>	<b>\$5.63</b>

<sup>11</sup> The 2018/19 [WA State Minimum Wage](#) fulltime weekly adult rate was \$708.90



The unemployed person's weekly expenditure on basic living costs has increased by 1.75 per cent (or \$5.63 per week) over the last 12 months. As with the other households, this is driven largely by increases in rental costs, as well as utilities, and food and beverages. The cost of utilities for this model household increased by 6.1 per cent. 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.

Unemployed single - WEEKLY DIFFERENCE			
	2016/17	2017/18	2018/19
Total weekly income	\$304.92	\$305.10	\$310.38
Total expenditure	\$324.16	\$321.17	\$326.81
<b>Difference</b>	<b>-\$19.24</b>	<b>-\$16.08</b>	<b>-\$16.43</b>

The gap between the unemployed person'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 ongoing, negative difference between income and expenditure is a clear indication that this person is struggling to meet a basic standard of living in WA and 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 white goods, to pay for training to increase their employment options, or to spend on any non-essential items or service debt. It is entirely reasonable to assume that they would need to go into 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					
	2016/17	2017/18	2018/19	% increase 2017/18 to 2018/19	\$ increase 2017/18 to 2018/19
Age Pension	\$603.16	\$615.23	\$629.57	2.3%	\$14.34
Rent assistance	\$61.70	\$62.84	\$63.81	1.55%	\$0.97
Energy supplement	\$10.57	\$10.57	\$10.57	0%	\$0
Pension supplement	\$49.25	\$50.13	\$51.15	2.03%	\$1.02
Cost of Living Rebate	\$2.45	\$2.50	\$2.54	1.58%	\$0.04
<b>Total household income/week</b>	<b>\$727.14</b>	<b>\$741.27</b>	<b>\$757.64</b>	<b>2.2%</b>	<b>\$16.38</b>

The weekly income of the renting Age Pensioners increased by 2.2 per cent or \$16.38 in 2018/19. The Age Pension is their largest source of income, followed by the Pension Supplement and Rent Assistance.

Age Pensioners (Renters) – WEEKLY EXPENDITURE					
	2016/17	2017/18	2018/19	% increase 2017/18 to 2018/19	\$ increase 2017/18 to 2018/19
Rent	\$289	\$274.83	\$279.44	1.94%	\$5.31
Food and beverage	\$181.10	\$181.04	\$185.01	2.19%	\$3.97
Utilities	\$37.92	\$40.39	\$42.90	6.22%	\$2.51
Transport	\$6.90	\$7.47	\$7.74	3.61%	\$0.27
Other - household and living costs	\$188.40	\$189.15	\$189.63	0.25%	\$0.48
<b>Total household expenditure/week</b>	<b>\$703.32</b>	<b>\$692.17</b>	<b>\$704.72</b>	<b>1.81%</b>	<b>\$12.54</b>

The largest increase in living costs for the renting Age Pensioner model household is in their rent, at \$5.31 per week. Like the unemployed single, they are much more exposed to volatility in the rental market. Increases in the costs of utilities, food and beverages, have also had a significant impact on the household's expenditure.

Age Pensioners (Renters) – WEEKLY DIFFERENCE			
	2016/17	2017/18	2018/19
Total weekly income	\$727.14	\$741.27	\$757.65
Total expenditure	\$703.32	\$692.17	\$704.72
<b>Difference</b>	<b>\$23.82</b>	<b>\$49.10</b>	<b>\$52.93</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					
	2016/17	2017/18	2018/19	% increase 2017/18 to 2018/19	\$ increase 2017/18 to 2018/19
Age Pension	\$603.16	\$615.23	\$629.57	2.3%	\$14.34
Energy supplement	\$10.57	\$10.57	\$10.57	0%	\$0
Pension supplement	\$49.25	\$50.13	\$51.15	2.03%	\$1.02
Cost of Living Rebate	\$2.45	\$2.50	\$2.54	1.58%	\$0.04
<b>Total household income/week</b>	<b>\$665.44</b>	<b>\$678.43</b>	<b>\$693.83</b>	<b>2.27%</b>	<b>\$15.40</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 nearly 37 per cent of their income to covering their rental costs alone. In comparison, the home owners only need to dedicate 4.1 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					
	2016/17	2017/18	2018/19	% increase 2017/18 to 2018/19	\$ increase 2017/18 to 2018/19
Rates and Charges	\$25.51	\$27.01	\$28.54	5.6%	\$1.52
Food and beverage	\$181.10	\$181.04	\$185.01	2.2%	\$3.97
Utilities	\$39.78	\$42.29	\$44.84	6.03%	\$2.55
Transport	\$91.36	\$88.27	\$92.74	5.1%	\$4.47
Other - household and living costs	\$188.40	\$189.15	\$189.63	0.25%	\$0.48
<b>Total household expenditure/week</b>	<b>\$526.24</b>	<b>\$527.76</b>	<b>\$540.76</b>	<b>2.46%</b>	<b>\$12.98</b>

Unlike the other age pensioner model, as home owners this model household has not had to increase their weekly expenditure as a result of increases in rental costs. They have, however, experienced a much more sizeable increase in their transport costs due to running a car. At \$4.47 or 5.1 per cent, this is their largest increase in dollar terms.

Age Pensioners (Home Owners) – WEEKLY DIFFERENCE			
	2016/17	2017/18	2018/19
Total weekly income	\$714.69	\$728.56	\$693.83
Total expenditure	\$526.24	\$527.76	\$540.76
<b>Difference</b>	<b>\$139.20</b>	<b>\$150.66</b>	<b>\$153.07</b>

The home owners have \$100.15 per week more than the renters after expenses. While they have also experienced an increase in costs, this expenditure gap has provided them with more ability to absorb these rises. 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 age 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	\$279.44	\$177.01	\$250.75	\$249.26	\$312.38	\$162.56	\$239.70	\$332.14	\$244.38	\$193.52
Working family	\$306.00	\$268.39	\$300.26	\$296.01	\$470.69	\$243.53	\$270.51	\$460.70	\$278.38	\$241.83
Unemployed person	\$102.00	\$89.46	\$100.09	\$98.67	\$156.90	\$81.18	\$90.17	\$153.57	\$92.79	\$80.61

Source: Calculations based on REIWA market data

The Mid West is the most affordable region to rent in for the single parent and age pensioner model households, with rental costs lower by \$116.88 per week for those household types than in Perth. The Wheatbelt is slightly more affordable than the Mid West 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 \$52.70 more each week than their equivalents in Perth. For the working family and unemployed single models, the Kimberley is the most expensive region in which to rent, closely followed by the Pilbara.

Examining the changes from 2017/18 in the regions shows a very different rental experience for the model households compared to the Perth metropolitan area.

Weekly Difference from 2017/18 across the Regions - RENT										
	Perth	Gascoyne	Goldfields Esperance	Great Southern	Kimberley	Mid West	Peel	Pilbara	South West	Wheat -belt
Single parent & Age pensioners	\$5.31 1.94%	-\$14.24 -7.44%	\$15.94 6.79%	-\$1.49 -0.59%	-\$11.69 -3.61%	\$3.14 2.00%	\$14.87 6.61%	\$75.01 29.17%	-\$6.38 -2.54%	\$1.63 0.85%
Working family	\$5.31 1.77%	\$7.01 2.68%	-\$0.43 -0.14%	-\$2.77 -0.93%	\$8.93 1.93%	\$0.64 0.26%	\$2.76 1.03%	\$65.87 16.68%	-\$3.29 -1.13%	\$1.69 0.71%
Unemployed person	\$1.77 1.77%	\$2.33 2.68%	-\$0.14 -0.14%	-\$0.92 -0.92%	\$2.98 1.93%	\$0.22 0.26%	\$0.92 1.03%	\$21.97 16.68%	-\$1.06 -1.13%	\$0.57 0.71%

Source: Calculations based on REIWA market data

The rental market in the regions appears much more volatile than Perth, with significantly larger swings in either direction, in large part because the number of residential rental arrangements being entered into are much fewer than in Perth. What can be observed is a dramatic increase in rents for the Pilbara, with noticeable increases in the Goldfields/Esperance and the Peel regions as well. The significant increases for the Pilbara are the result of particularly high advertised rents during December 2018.

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	\$208.69	\$226.43	\$226.84	\$208.48	\$234.56	\$222.04	\$207.64	\$230.18	\$210.57	\$217.66
Working family	\$301.19	\$326.79	\$327.40	\$300.89	\$338.54	\$320.47	\$299.69	\$332.22	\$303.90	\$314.14
Unemployed person	\$92.51	\$100.37	\$100.55	\$92.41	\$103.98	\$98.43	\$92.04	\$102.03	\$93.34	\$96.48
Age pensioners	\$185.01	\$200.74	\$201.11	\$184.83	\$207.95	\$196.85	\$184.90	\$204.07	\$186.68	\$192.97

Source: Calculations based on ABS 2015/16 HES, 2019 CPI and 2017 RPI data

The cost of food and beverages is the highest in the Kimberley, followed closely by the Pilbara. Food prices in Peel, the Southwest and Great Southern regions are all comparable to Perth



metropolitan prices. Food prices in the Mid West and Gascoyne are slightly higher, but still lower than in the Kimberley and Pilbara.

Weekly Expenditure across Network Areas - ELECTRICITY					
	SWIS	Gascoyne/ Mid West	Goldfields Esperance	Kimberley	Pilbara
Single parent	\$17.75	\$15.27	\$10.74	\$29.62	\$34.83
Working family	\$35.35	\$32.44	\$27.11	\$49.32	\$55.45
Unemployed person	\$9.87	\$8.89	\$7.12	\$14.52	\$16.56
Age pensioners	\$25.36	\$22.88	\$18.36	\$37.32	\$42.44

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 less 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	\$7.59	\$9.05	\$8.28	\$5.14	\$13.08	\$7.90	\$6.85	\$12.81	\$7.62	\$6.27
Working family	\$9.23	\$10.65	\$5.12	\$5.12	\$16.10	\$9.59	\$8.36	\$15.78	\$9.27	\$7.68
Unemployed person	\$3.08	\$3.55	\$1.71	\$1.71	\$5.37	\$3.20	\$2.79	\$5.26	\$3.09	\$2.56
Age pensioners	\$3.79	\$4.53	\$4.14	\$2.57	\$6.54	\$3.95	\$3.42	\$6.41	\$3.81	\$3.13

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.

Kimberley households are spending the most on water. For example, our working family are paying on average 57% more per week or an extra \$6.87 per week. In 2017/18, Pilbara households were spending the most on average, but a drop in water usage has relegated them to second highest spot this year.

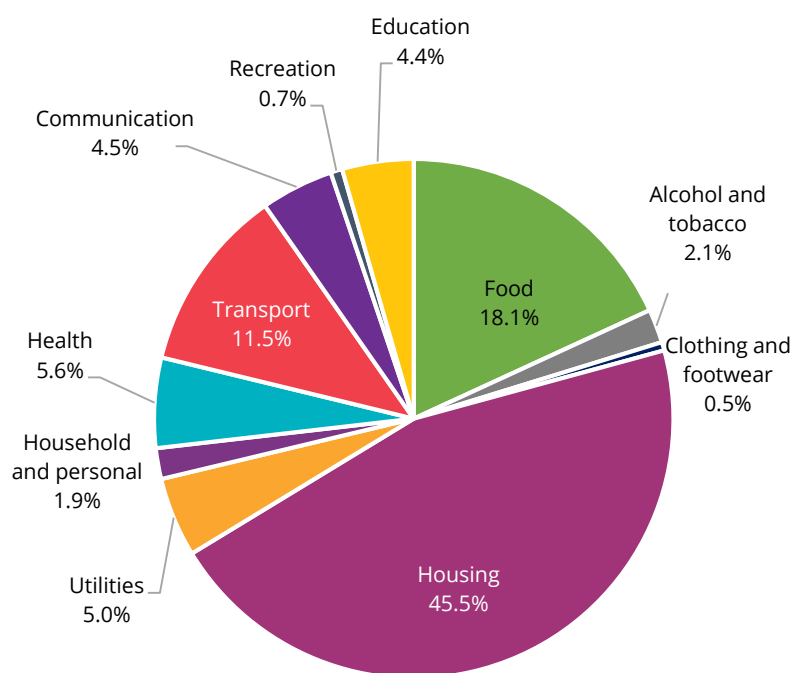
Average water use has in fact declined in every region except for the Kimberley and the Goldfields. This may suggest that more action is needed to address water efficiency in those regions, or that their particular climatic circumstances are resulting in more water being consumed. It may also be the case that a smaller number of households with especially high water consumption (e.g. uncovered backyard pools) is resulting in higher averages in those areas.

## 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, producing a weekly budget.

WACOSS has compiled income and expenditure data provided by financial counselling agencies of 395 households who accessed their services during 2018/19 to reveal the real-life living cost pressures being faced by households across Western Australia who are experiencing financial hardship and stress.<sup>12</sup>

**Average general expenditure shares of all households**

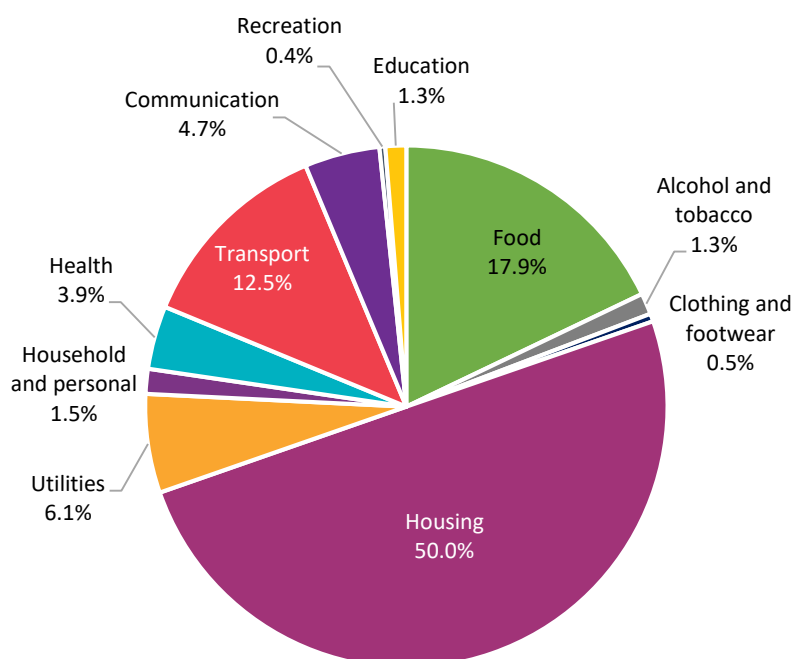


Fortnightly income and expenditure		
Income	\$/fortnight	%
Wages	1,057.53	59.5
Family Tax Benefit	138.50	7.8
Newstart Allowance	56.20	3.2
Other Centrelink Payments	403.42	25.1
Other	122.20	7.6
<b>Total</b>	<b>1,777.84</b>	<b>100</b>
General Expenditure	\$/fortnight	%
Housing	795.87	45.5
Food	317.01	18.1
Transport	200.99	11.5
Utilities	86.62	5.0
Communication	79.14	4.5
Health	98.05	5.6
Household and personal	33.51	1.9
Education	77.73	4.4
Alcohol/tobacco	36.66	2.1
Recreation	14.91	0.9
Clothing	9.15	0.5
<b>Total</b>	<b>1,749.64</b>	<b>100</b>
Debt Payments	\$/fortnight	%
Centrelink advance	11.58	3.3
Credit card	78.85	22.1
Personal loan	70.46	20.2
Other	190.43	54.0
<b>Total</b>	<b>352.67</b>	<b>100</b>
Debt to income	\$/fortnight	%
Ratio		19.8
Surplus/deficit	\$/fortnight	
<b>Total</b>	<b>-324.47</b>	

<sup>12</sup> This includes 204 full household income, expenditure and debt budgets compiled during financial counselling sessions, and 191 shorter household budgets undertaken as part of an assessment for the Hardship Utility Grants Scheme by the HUGS Service Centre.

## Households in Poverty

### Average general expenditure shares of households in poverty



These households are those in the dataset below the poverty line (50 per cent of the national median equivalised household income). Higher rates of median income for WA may mean that this is an underestimate of rates of poverty for WA households relative to local living costs and community standards, meaning some households may not be included who would be under a state-specific poverty line.

The households in poverty have a noticeably greater average housing expenditure share than the mean of all the financial counselling clients (50 per cent vs 45.5 per cent), and spend a greater percentage of their expenditure covering utility costs (6.1% vs 5%). On average, 72.3 per cent of their income was needed to cover their housing and associated costs,<sup>13</sup> compared to 45 per cent for all of the households.

Their average education and health expenditure share is significantly lower than the mean of all households, suggesting the households in poverty are having to sacrifice their longer-term wellbeing in order to make ends meet. These households are spending an average of only \$3.77 on recreation compared to the \$14.91 of all households.

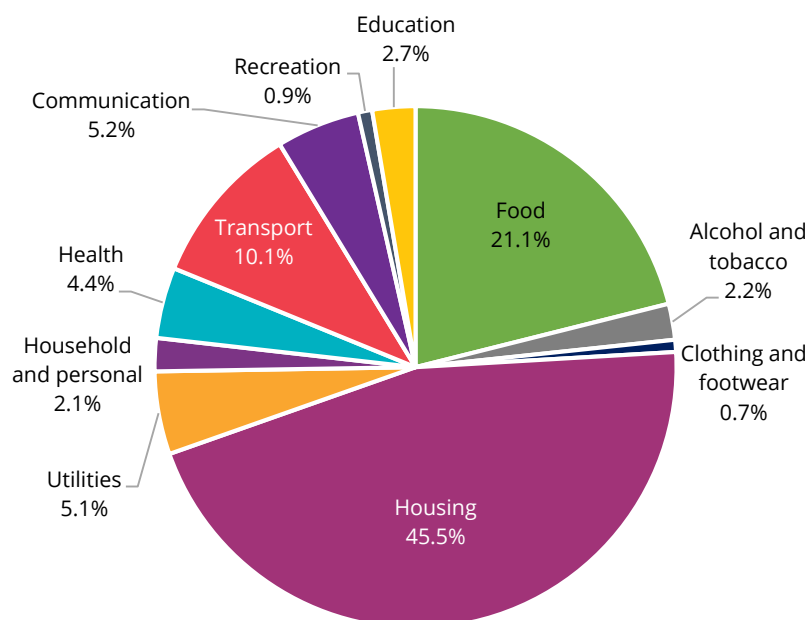
<sup>13</sup> This includes any mortgage and rent payments, council rates, water rates and bills, and home and contents insurance.

### Fortnightly income and expenditure

Income	\$/fortnight	Per cent
Wages	196.47	27.1
Family Tax Benefit	13.68	1.9
Newstart Allowance	132.43	18.4
Other Centrelink Payments	325.21	45.1
Other	54.05	7.5
<b>Total</b>	<b>720.84</b>	<b>100</b>
General Expenditure	\$/fortnight	Per cent
Housing	521.76	50.0
Food	186.96	17.9
Transport	130.08	12.5
Utilities	63.91	6.1
Communication	48.62	4.7
Health	40.90	3.9
Household and personal	16.08	1.5
Education	13.45	1.3
Alcohol/tobacco	13.70	1.3
Recreation	3.77	0.4
Clothing	5.03	0.5
<b>Total</b>	<b>1039.32</b>	<b>100</b>
Debt Payments	\$/fortnight	Per cent
Centrelink advance	8.12	3.9
Credit card	53.76	25.8
Personal loan	30.44	14.6
Other	115.86	55.7
<b>Total</b>	<b>206.05</b>	<b>100</b>
Debt to income	\$/fortnight	Per cent
Ratio		28.9
Surplus/deficit	\$/fortnight	
<b>Total</b>	<b>-531.63</b>	

## Income Support Recipient Households

### Average general expenditure shares of income support recipient households



On average, the households in receipt of some form of income support payment have a lower debt to income ratio than the mean of all the households and a smaller deficit (13.1 per cent vs 19.1 per cent overall). Income support payments other than the Newstart Allowance were far more common,<sup>14</sup> which may reflect the reality that Newstart is so insufficient that there is limited assistance that a financial counsellor will be able to provide.

While only a small number of the households receiving some form of income support payment in the dataset have a household member in receipt of the Newstart Allowance, all the households in the dataset where Newstart was their only source of income are living below the 50 per cent poverty line.

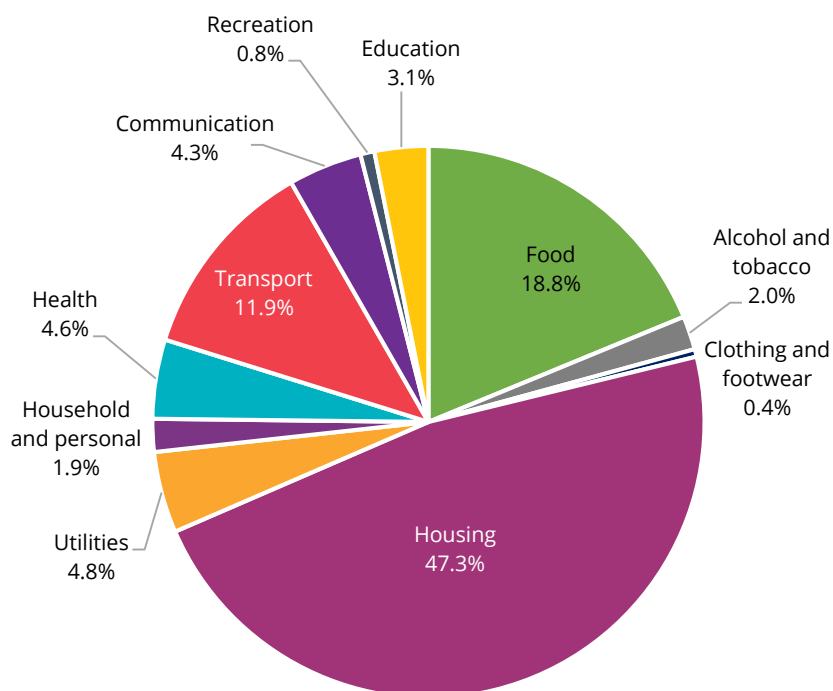
The education and health expenditure shares are lower for the households receiving income support than the mean of all households (2.7 vs 4.4 for education and 4.4 vs 5.6 for health), with a larger expenditure share being spent on food (21 vs 18) and communications (5.2 vs 4.5). The housing expenditure share (45.5) was the same as the overall average.

Fortnightly income and expenditure		
Income	\$/fortnight	%
Wages	277.61	21.8
Family Tax Benefit	92.96	7.3
Newstart Allowance	93.96	7.3
Other Centrelink Payments	729.10	57.3
Other	80.34	6.3
<b>Total</b>	<b>1,273.97</b>	<b>100</b>
General Expenditure	\$/fortnight	%
Housing	596.56	45.5
Food	274.78	21.1
Transport	131.68	10.1
Utilities	66.94	5.1
Communication	68.13	5.2
Health	57.1	4.4
Household and personal	26.73	2.0
Education	34.73	2.6
Alcohol/tobacco	29.07	2.2
Recreation	11.46	0.9
Clothing	9.75	0.8
<b>Total</b>	<b>1,306.98</b>	<b>100</b>
Debt Payments	\$/fortnight	%
Centrelink advance	14.12	8.5
Credit card	32.96	19.8
Personal loan	29.43	17.7
Other	89.79	54.0
<b>Total</b>	<b>166.28</b>	<b>100</b>
Debt to income	\$/fortnight	%
Ratio		13.1
Surplus/deficit	\$/fortnight	
<b>Total</b>	<b>-199.28</b>	

<sup>14</sup> Only 33 of the 192 households being paid some form of income support received Newstart.

## Wage-only Households

### Average general expenditure shares of wage-only households



'Wage only' households are those seeking financial counselling assistance who do not receive any income support payments beyond Family Tax Benefits. On average these households are spending \$371.91 on debt payments each fortnight, principally comprising vehicle and other loans.

While the wage-only households are spending much more on housing than those receiving income support payments, the difference in these costs is likely to be the result of a higher number of the wage-only households paying down mortgages, rather than an indication that there are a range of more affordable rental options open to the income support recipients.

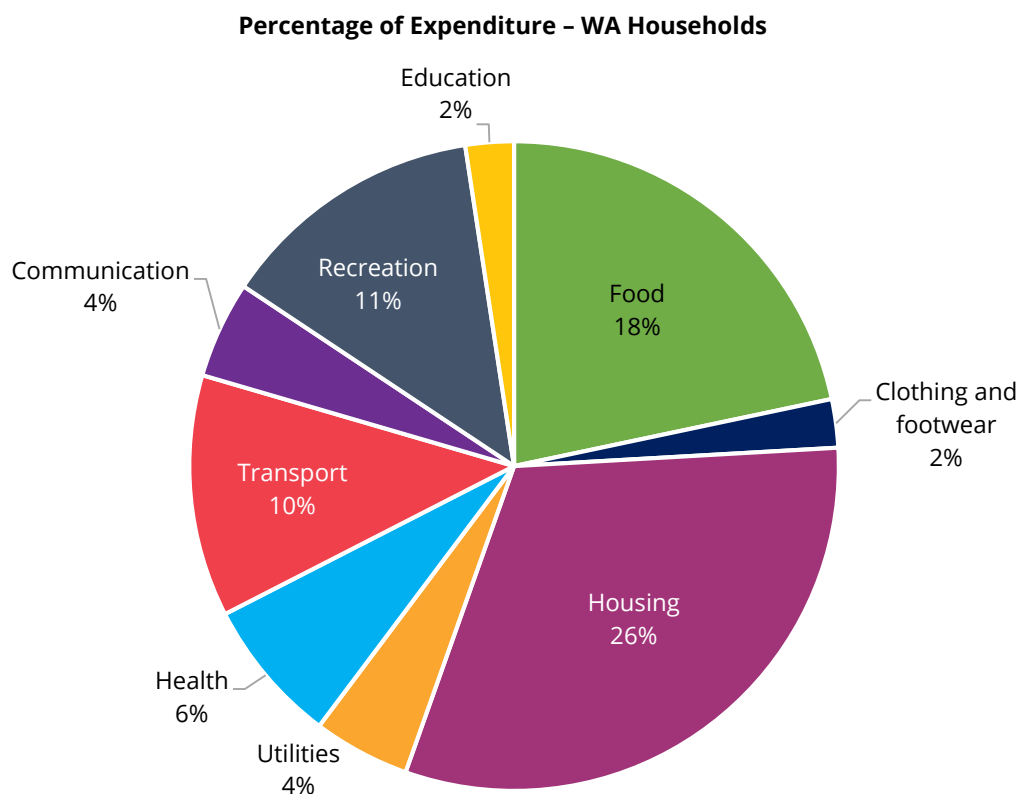
The larger housing expenditure share appears to come at the expense of education and health in particular, which are both smaller than the average expenditure shares for all of the households in the dataset (3.1 vs 4.4 for education and 4.6 vs 5.6 for health).

Fortnightly income and expenditure		
Income	\$/fortnight	%
Wages	1,825.37	68.9
Family Tax Benefit	100.05	3.8
Newstart Allowance	-	-
Other Centrelink Payments	-	-
Other	84.43	3.2
<b>Total</b>	<b>2,009.85</b>	<b>100</b>
General Expenditure	\$/fortnight	%
Housing	872.41	47.3
Food	346.4	18.8
Transport	219.31	11.9
Utilities	87.77	4.8
Communication	80.91	4.4
Health	85.51	4.6
Household and personal	35.53	1.9
Education	57.97	3.1
Alcohol/tobacco	36.32	2.0
Recreation	15.07	0.8
Clothing	8.17	0.4
<b>Total</b>	<b>1,845.34</b>	<b>100</b>
Debt Payments	\$/fortnight	%
Centrelink advance	5.06	1.4
Credit card	65.37	17.6
Personal loan	51.56	13.9
Other	149.36	67.2
<b>Total</b>	<b>371.91</b>	<b>100</b>
Debt to income	\$/fortnight	%
Ratio		14.0
Surplus/deficit	\$/fortnight	
<b>Total</b>	<b>-207.36</b>	



## Household Expenditure Survey Comparison

Comparing this data to that 2016 ABS Household Expenditure Survey reveals the stark reality for household experiencing financial hardship.



Source: ABS (2017) Household Expenditure Survey

Financial counselling data reveals that those who sought assistance for financial hardship have *substantially* higher housing costs as a proportion of their fortnightly expenditure - on average 45.5 per cent of all their spending. In comparison, the 'average' Australian household (as measured in the HES) has just 26 per cent of expenditure dedicated to housing. The percentage of expenditure on utilities is also higher for the households receiving financial counselling (at 5 per cent for the mean and 6.3 for the households in poverty) than those in the HES dataset (only 4 per cent).

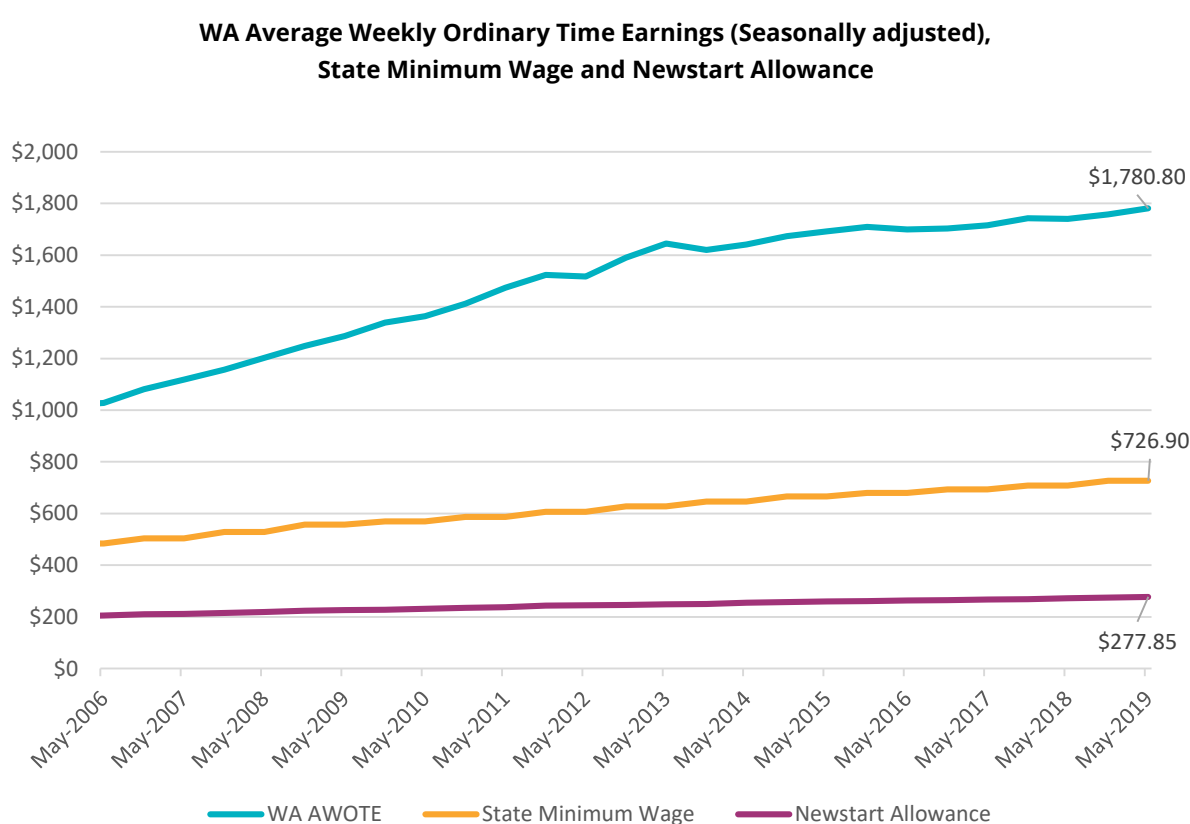
The percentages of expenditure on recreation (0.7 per cent) is *significantly* lower for the households receiving financial counselling than the average household in the HES (11 per cent). Lower expenditure shares are also seen in education and health. This indicates that households experiencing financial hardship are forced to cut back on spending in these areas in order to make ends meet, which will undoubtedly have an impact on their quality of life and personal wellbeing.

## Analysis and Discussion

### Income, Wealth and Poverty

There are over 87,000 people in Western Australia receiving Newstart Allowance, and 22,500 people receiving Youth Allowance. The rate of Newstart, the main income support payment for those who are unemployed has not increased in real terms since 1994.

The growth in the gap between Newstart, the state minimum wage rates and median pay levels are strong indicators of profound income inequality within our state. Newstart now makes up just 15.6 per cent of the full-time average weekly ordinary time earnings in Western Australia.<sup>15</sup> The State Minimum Wage sits at a little over 40 per cent of the average weekly earnings.

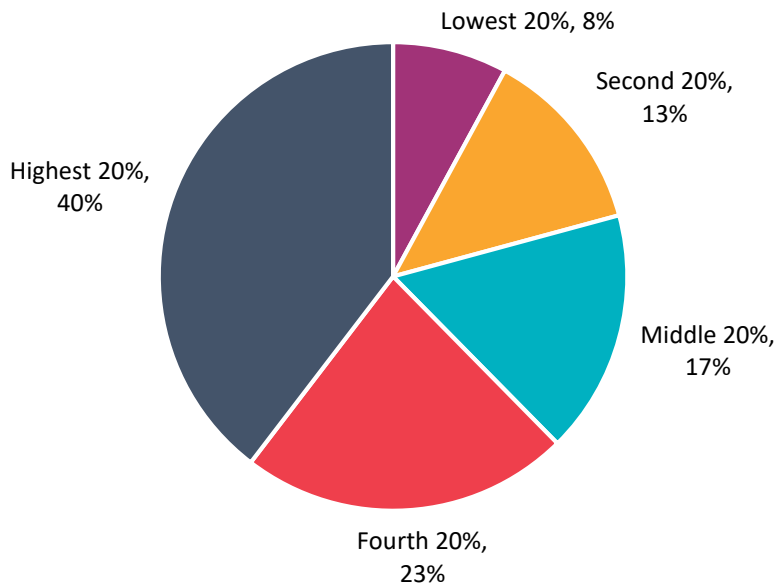


Source: ABS 6302.0, WA Department of Commerce, Australian Department of Human Services

The 2018 *Inequality Report* by the Australian Council of Social Service (ACOSS) and the University of New South Wales (UNSW) found that a person in the highest 20 per cent of income earners in Australia lives in a household with five times as much disposable income (after tax) as someone in the lowest 20 per cent.

<sup>15</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.

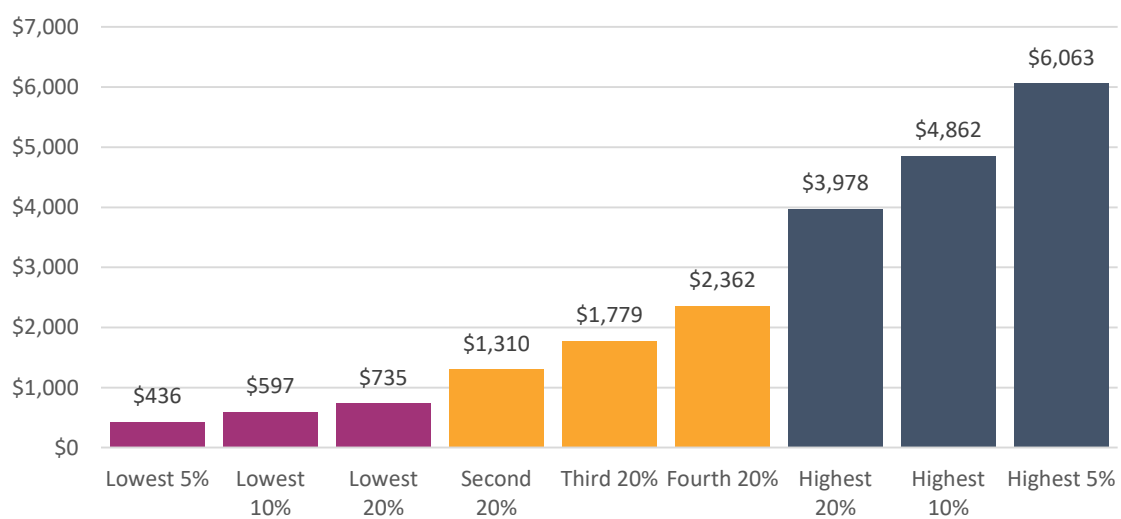
### Shares of national household income



Source: ACOSS, UNSW (2018)

Those in the highest 20 per cent (with average weekly disposable income of \$3,978) collectively receive 40 per cent of all household income, more than the lowest 60 per cent combined. Households that rely on social security payments as their source of income comprise the majority of households (60 per cent) in the lowest 20 per cent of incomes, with Newstart recipients comprising 47 per cent of those in the lowest 5 per cent.<sup>16</sup>

### Average weekly disposable income by household income group in 2015-16



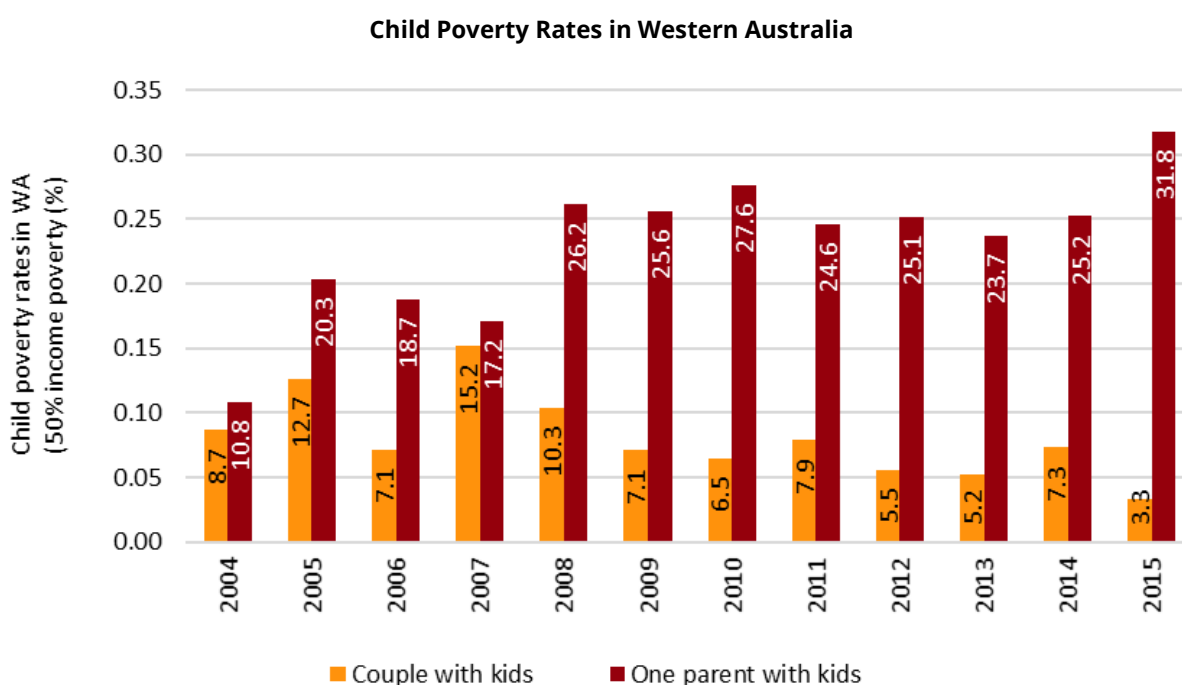
Source: ACOSS, UNSW (2018)

<sup>16</sup> ACOSS and UNSW (2018) *Inequality Report*

People on Newstart Allowance have an elevated risk of poverty, with 54.6 percent of people on Newstart living below the 50 percent of median wages poverty line, and 66.5 percent living below the 60 percent of median income poverty line (compared to the population rate of 13.2 per cent living below 50 percent of median wages, and 21.1 percent below 60 percent).<sup>17</sup>

Being single, either with or without children, significantly increases a person's likelihood of being in poverty, with singles continuously over-represented throughout all poverty depth groups. *Over one in four* single parent households are in poverty, and *one in seven* is experiencing severe poverty.

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 those children. The poverty rate for children in single parent households is currently *more than nine times* the rate of children growing up in households with both parents, with around *one in three* children in single parent households now living in income poverty.



Source: Rebecca Cassells (2018) *Economic and Social Outlook for WA*, Presentation to the WACOSS Emerging Issues Forum, Bankwest Curtin Economics Centre

Trend data on child poverty rates shows the dramatic increase in child poverty rates in single parent households since the introduction of *Welfare to Work* measures.

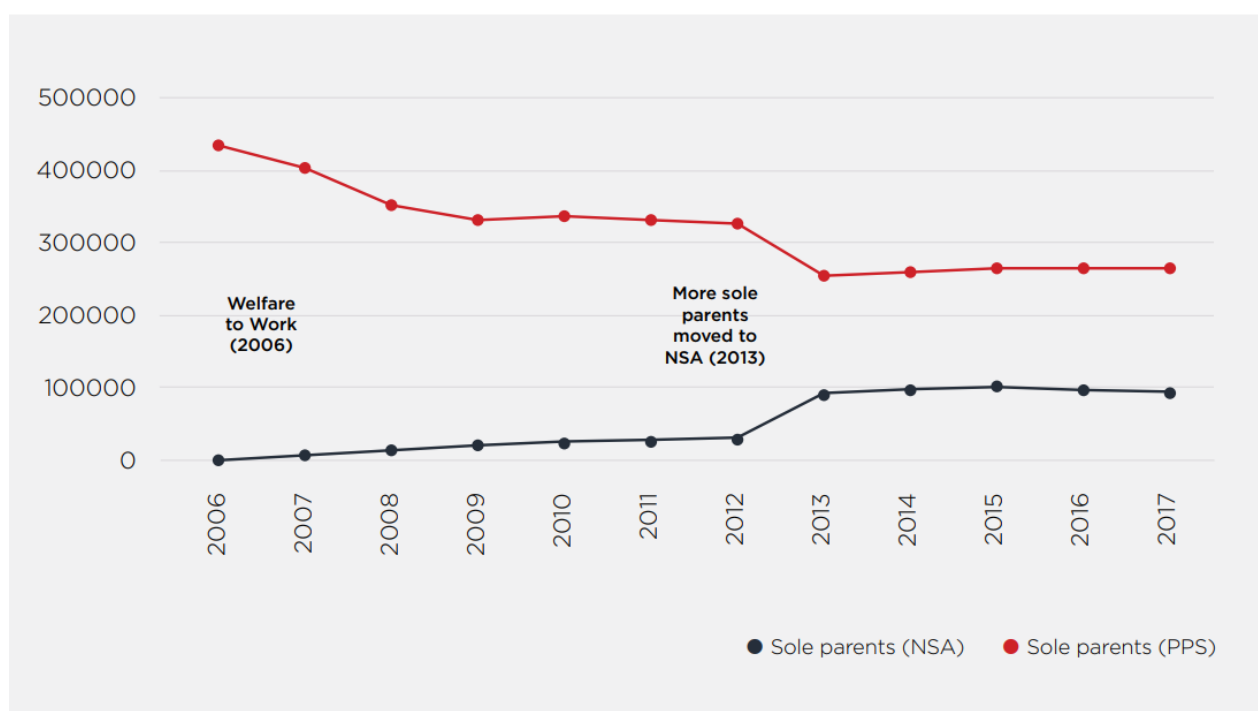
As can be seen in the next graph, since their introduction these measures have resulted in increasing numbers of single parents being shifted onto Newstart Allowance once their youngest child reaches school age.<sup>18</sup> While the increases in poverty for single parent households can be linked to a number of factors, such as stagnating wages, insecure work and childcare costs, it is clear that shifting single parents onto Newstart has been the major contributor to rising levels of

<sup>17</sup> ACOSS/UNSW (2018) *Poverty in Australia 2018*

<sup>18</sup> Note that the increase in 2013 was due to the removal of previous 'grandfathering' arrangements.

child poverty. Newstart 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 them to create the supportive and caring environments that children need to thrive.

### Sole parents on Parenting Payment Single and Newstart Youth/Allowance

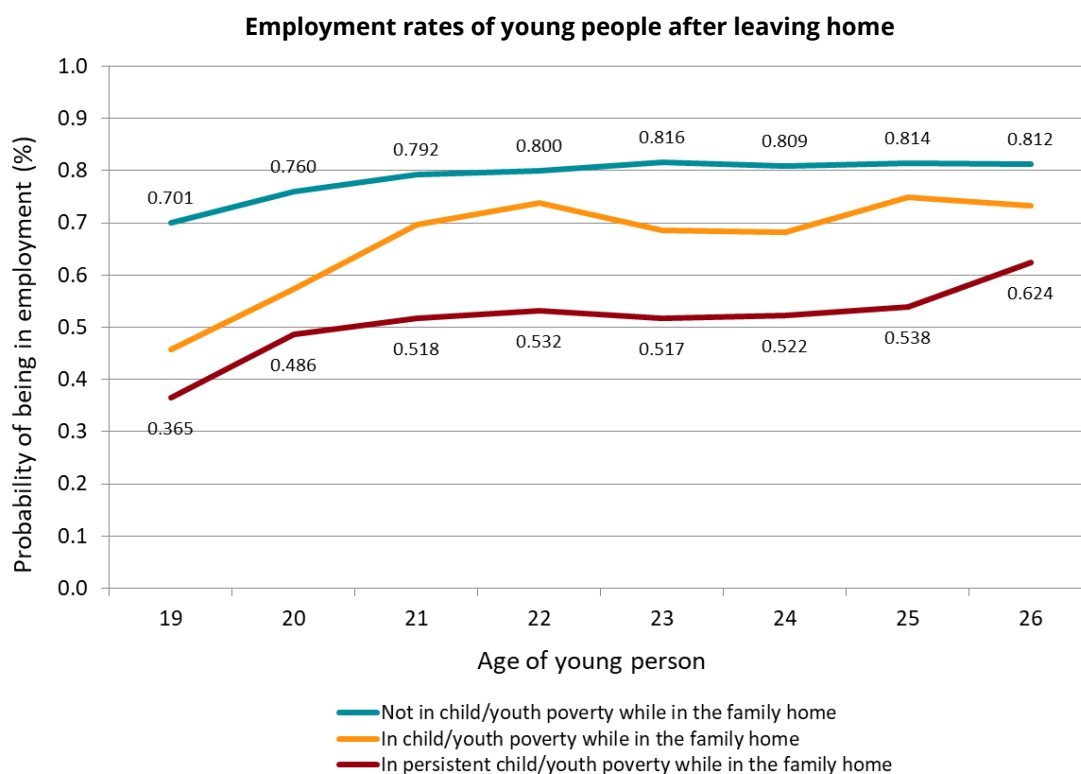


Source: ACOSS/UNSW (2018)

Research by *Bankwest Curtin Economics Centre* has found that young people who experienced poverty in the family home while growing up have much poorer employment outcomes than those that experienced a better standard of living as children, and *continue* to experience much poorer outcomes for many years after becoming independent.

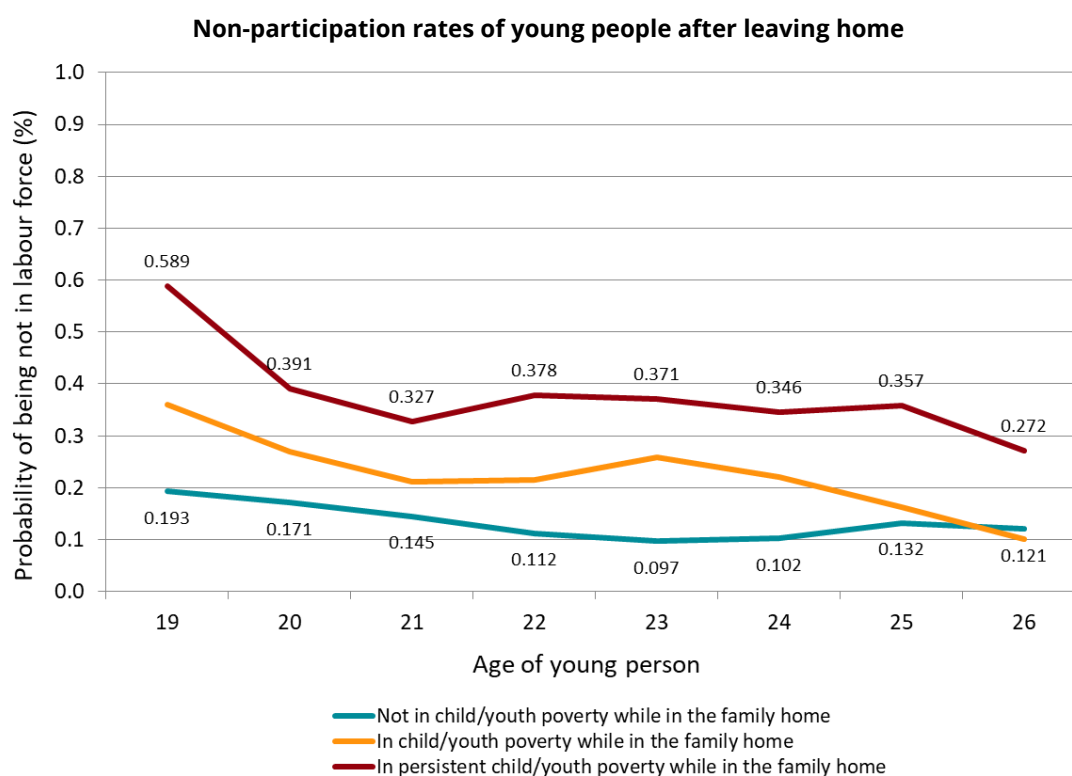
In particular, young people who grew up in persistent poverty while in the family home had much poorer outcomes than all other groups after leaving home, with a 36.5 per cent probability of employment at age 19, compared to 70 per cent probability for those that did not experience any poverty growing up. Seven years later, at the age of 26, they are still 19 per cent less likely to be unemployed than their counterparts.<sup>19</sup>

<sup>19</sup> Rebecca Cassells (2018) *Economic and Social Outlook for WA*, BCEC



Source: Rebecca Cassells (2018) *Economic and Social Outlook for WA*, BCEC

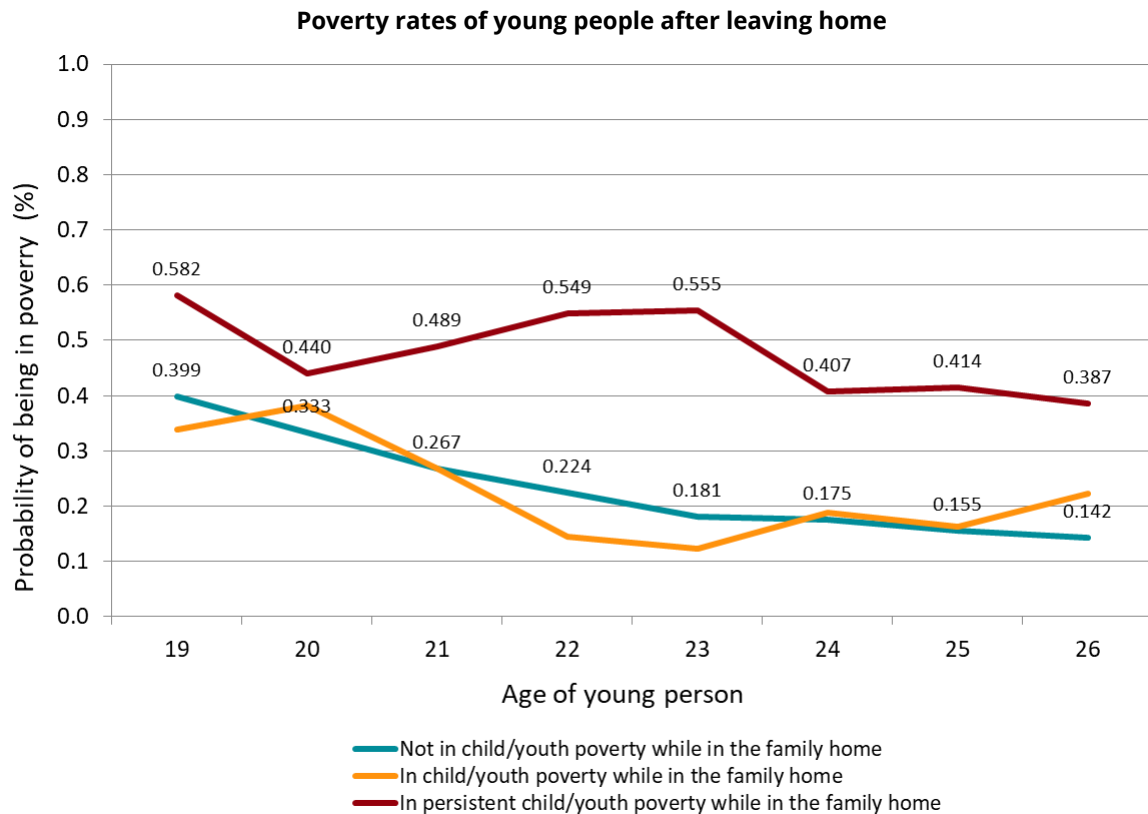
Participation rates for young people who grew up in poverty are also lower after leaving home, with a probability of not being in the labour force of around 60 per cent at age 19, compared to 20 per cent for other households.



Source: Rebecca Cassells (2018) *Economic and Social Outlook for WA*, BCEC



The research also found that young people growing up in persistent poverty are significantly more likely to be living in poverty after leaving home.



Source: Rebecca Cassells (2018) *Economic and Social Outlook for WA*, BCEC

Young people, particularly those from backgrounds of hardship, are also much more likely to be moving in and out of short-term and precarious work. They do not have the opportunity to call on family resources to meet unexpected financial costs or respond to periods of shortage that their peers from non-disadvantaged backgrounds often rely upon, and may themselves be providing ongoing support to parents and younger siblings who are struggling with financial hardship.

For young people, the changing nature of work has seen higher levels of underemployment, more precarious employment and a greater number of transitions in and out of work. Nearly *one in three* young people are unemployed or underemployed, with only half of 25 year-olds in full-time work. The full-time employment rate for 15 to 24-year olds has dropped from 53 per cent in 1980 to 26 per cent today, while their underutilisation rate has from 19 per cent to 30 per cent over the past decade.<sup>20</sup>

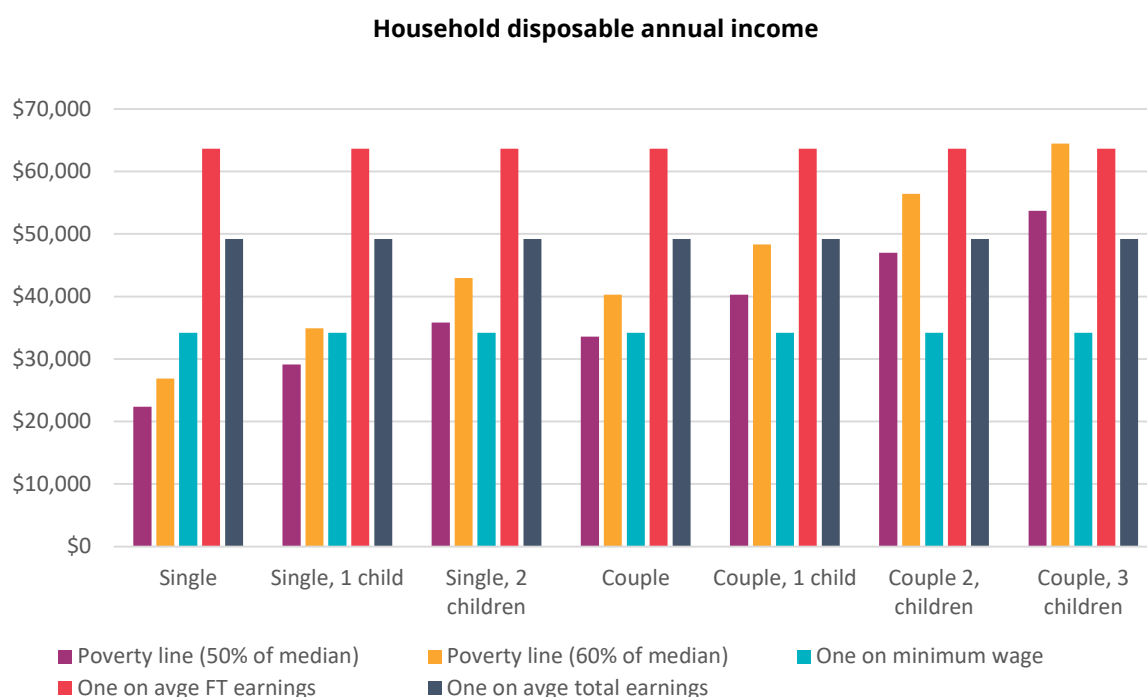
Further, increasing rates of employment where hours are uncertain and subject to change makes it increasingly difficult for workers to estimate and report on hours worked and wages earned under current income support arrangements.

<sup>20</sup> The Foundation for Young Australians (2018) *The New Work Reality*

Although households reliant on income from paid employment have a much lower rate of poverty overall, they still make up 39 per cent of all people below the 50 per cent poverty line (and 41 per cent when using the 60 per cent of median income poverty line).

For households where the reference person is employed full-time, poverty rates are significantly lower. Families relying on a single part-time wage are *more than twice as likely* as those relying on a fulltime wage to be in poverty. Low-paid employment is also more likely to be offered on a part-time rather than a fulltime basis.

Analysis undertaken by Greg Jericho in the Guardian Australia using data from the ACOSS Poverty report, the Grattan Institute and the Australian Bureau of Statistics demonstrates how a minimum wage earners position in relation to the poverty line changes dramatically where they need to stretch that wage to support more than just themselves.<sup>21</sup>



Source: Greg Jericho – Grattan Institute, ABS, derived

This is particularly pertinent, as research conducted for the Fair Work Commission determined that in 2016, 38 per cent of low paid adult workers who were partnered were either the sole or primary earner in the household.<sup>22</sup>

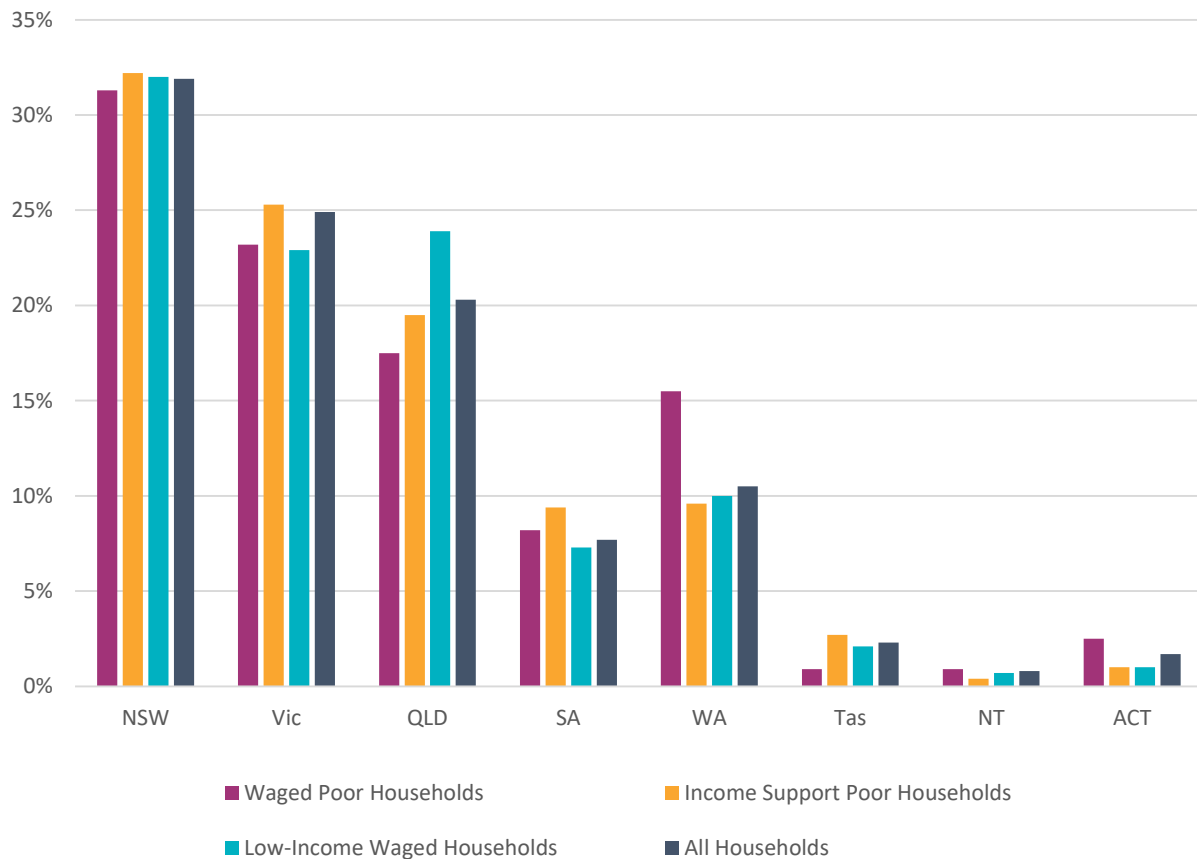
Analysis by the South Australian Council of Social Service (SACOSS) of ABS data revealed an overrepresentation of '*waged poor*' households in Western Australia. Waged poor households are defined as those with the main source of household income as wages and salaries who are

<sup>21</sup> Greg Jericho (2019) 'Australian poverty in graphs: it's a desperate state of affairs', *The Guardian Australia*, <https://www.theguardian.com/australia-news/2019/apr/15/australian-poverty-in-graphs-its-a-desperate-state-of-affairs>

<sup>22</sup> Kelvin Yuen, Grant Ellis and Lucy Nelms (2018) 'Characteristics of workers earning the national minimum wage rate and of the low paid', *Fair Work Commission Research Report 3/2018*

nevertheless living below the poverty line (defined as 50 per cent of the median equivalised household disposable income, after-housing costs).<sup>23</sup>

**State/Territory of residence by different household groups, 2015-16**



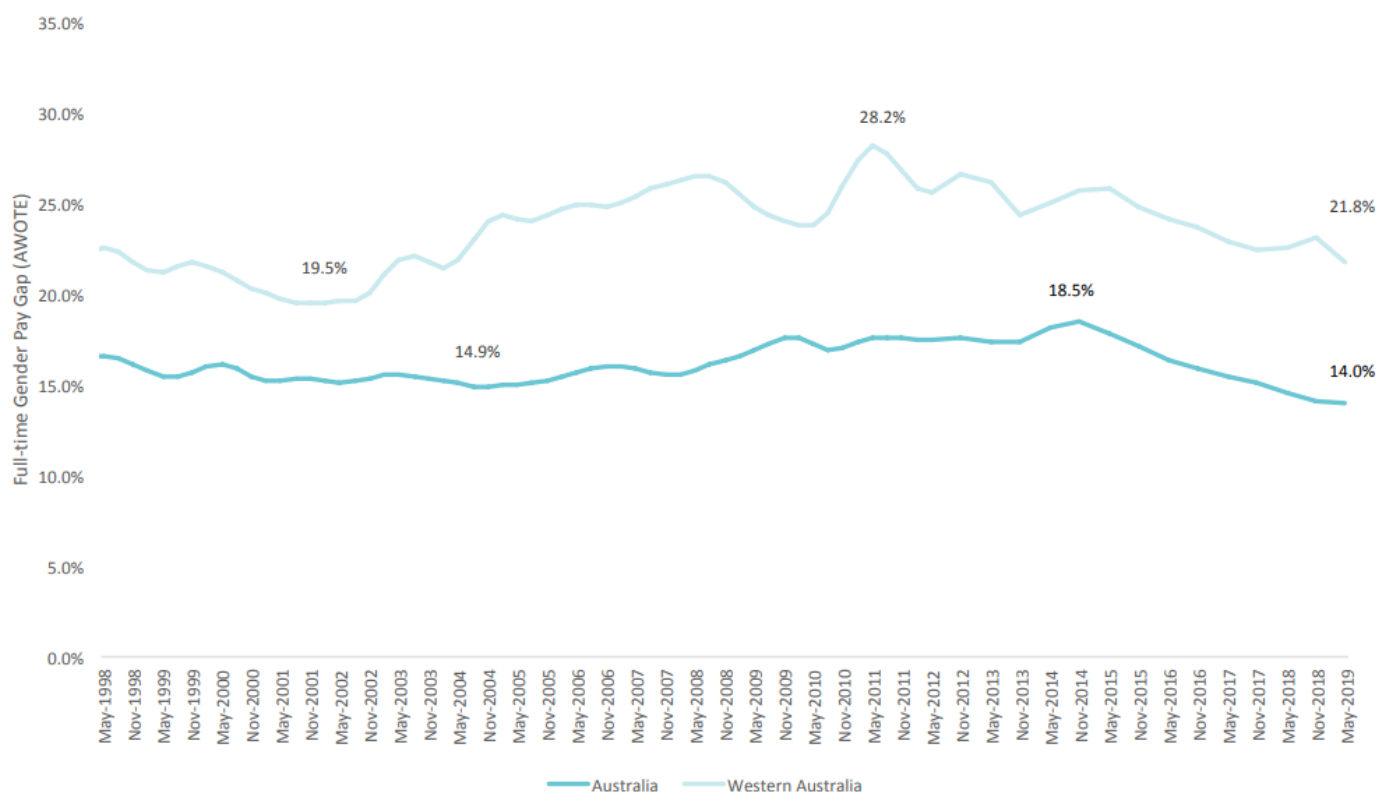
Source: SACOSS (2019) *Working to Make Ends Meet: Low-Income Workers and Energy Bill Stress*

Western Australia continues to have the highest gender wage gap in the country, at 21.8 per cent compared to 14 per cent nationally.<sup>24</sup> Women working full-time in WA can expect on average to earn \$440 less per week than men working full-time.

<sup>23</sup> SACOSS (2019) [Working to Make Ends Meet: Low-Income Workers and Energy Bill Stress](#)

<sup>24</sup> Workplace Gender Equality Agency (2019) [Australia's Gender Pay Gap Statistics](#)

### Gender pay gap, full-time workers, Australia and WA, 1998 to 2019



Source: Department of Communities and BCEC (2019) *Women's Report Card*

37 per cent of women, compared to 24 per cent of men, live with less than \$400 per week. 22 per cent of women had no superannuation as of 2015-16, compared to 11 per cent of men, with the median superannuation balance of women 15 years and older (\$32,272) *almost half* that of men (\$61,895).<sup>25</sup>

Over late 2018 and early 2019, the *100 Families WA* collaborative research project conducted a baseline longitudinal survey with 400 families living in Perth, as part of developing an ongoing evidence base on poverty and social exclusion in Western Australia. The findings of the survey reveal the significant challenges and level of hardship being experienced by these Western Australian families.<sup>26</sup> The inadequacy of their income is demonstrated in the high proportion of financial stressors experienced by the families in the year prior to the survey.

Three quarters (75.3 per cent) of the family members reported that they received no wage or salary based income, with income support payments their source of personal income. 69.5 per cent of the family members had sought assistance from welfare or community organisations and 52.5 per cent had sought financial help from friends or family. Further, 27 per cent currently have the burden of a pay day loan.

<sup>25</sup> Department of Communities and Bankwest Curtin Economics Centre (2019) [Women's Report Card](#)

<sup>26</sup> Ami Seiwright and Paul Flatau (2019) *Insights into hardship and disadvantage in Perth, Western Australia: The 100 Families WA Baseline Report*. The 100 Families WA project.

Nearly 80 per cent of the family members reported that they would not be able to access \$500 in savings in an emergency, and over 45 per cent cannot afford dental treatment when it is needed. Nearly 30 per cent of the family members reported that they are unable to afford to get together with friends or relatives once a month for a meal or a drink.

69.3 per cent of *100 Families WA* family members reported that they had been diagnosed with at least one mental health condition, with anxiety disorders and depression the most common conditions.

Illness and disability was also reported as a barrier to employment for 38.8 per cent of the *100 Families WA* family members, with the other common barrier being child care responsibilities for 25 per cent of family members. 23 per cent of family members reported difficulty accessing flexible work arrangements such as work during school hours or modified workloads. Other barriers to employment reported by the family members included discrimination (20 per cent), lack of jobs (21.5 per cent), misaligned or insufficient educational qualifications (19.8 per cent) and a lack of accessible, affordable transport options (17.0 per cent).

The failure of the Commonwealth Government to increase the rate of Newstart shifts significant costs onto the States and Territories, creating greater need and demand for the essential social housing support systems, emergency relief and the provision of community services and support that your government funds. WA Premier Mark McGowan recently added his voice to the calls to increase the rate of Newstart Allowance.<sup>27</sup> Deloitte Access Economics has calculated that Western Australia would see its economy lifted by \$773 million in the first year alone if the single rate of Newstart and related payments was increased by \$75 per week.<sup>28</sup>

---

<sup>27</sup> Peter de Kruif and Nick Butterly (2019) 'WA Premier Mark McGowan calls for Newstart welfare payment increase', *The West Australian*

<sup>28</sup> Deloitte Access Economics (2018) [Analysis of the impact of raising benefit rates](#), Australian Council of Social Service

## Housing

Housing remains the single largest cost for households in Western Australia. The Department of Communities' *Demand Model* estimated that there was an unmet need for social and affordable housing in Western Australia in 2017 for approximately 61,000 very low, low, and moderate income households—consisting of over 28,000 very low income households and over 33,000 low or moderate income households.<sup>29</sup>

The risk of poverty is more than twice as high for households renting privately than home-owners with or without a mortgage. Poverty is the highest amongst public renters, though this is in part due to the fact that the tight eligibility requirements for public housing means that this group has some of the lowest incomes.<sup>30</sup>

Of the families involved in *100 Families WA*, 17.3 per cent were homeless at the time of survey, 41.5 per cent were living in public or community housing, and 31.8 per cent were living in private rental accommodation.

31.3 per cent of these families reported that they could not pay their rent or mortgage on time in the past year. 18.5 per cent said they did not have and could not afford a decent and secure home. 16.3 per cent could not afford a home with doors and windows that are secure, and 5.9 per cent could not afford a separate bed for each child.<sup>31</sup>

The critical link between housing affordability and financial hardship is also highlighted by the analysis of the financial counselling data in this report where those houses seeking assistance are dedicating a substantially larger amount of their expenditure towards covering housing costs than the average Australian household (45 per cent vs 26 per cent).

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 2019 Rental Affordability Snapshot found that a single on the Newstart Allowance would be unable to find *any* affordable and appropriate rental properties anywhere in Western Australia.<sup>32</sup> A single on Newstart with one child, was able to find just 2, with neither of those in the Perth metropolitan area. A couple with two children, where both adults are receiving Newstart Allowance were able to find more affordable and appropriate properties, though these still only amounted to just one per cent of advertised rentals in the Perth metro area and the North West, and 5 per cent in the South West and Great Southern.

---

<sup>29</sup> Julie Considine and Sarah Mewett (2017) *Estimating unmet housing demand and priority areas for public and affordable housing at the Local Government Area level – a housing practitioner's approach*, WA Department of Communities. Noting 'affordable' is defined as spending up to 30% of income for those in the bottom 40% of incomes (40/30 rule).

<sup>30</sup> ACOSS (2018) [Poverty in Australia](#)

<sup>31</sup> Ami Seiwright and Paul Flatau (2019) [The 100 Families WA Baseline Report](#)

<sup>32</sup> Anglicare WA (2019) [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	Newstart Allowance (both adults)	93	1%	41	5%	8	1%
Single, one child	Newstart Allowance	0	0%	1	0%	1	0%
Single	Newstart Allowance	0	0%	0	0%	0	0%
Single aged over 21	Disability Support Pension	11	0%	6	1%	3	1%
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 (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	3716	47%	574	68%	145	27%
Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	1766	22%	278	33%	69	13%
Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	779	10%	131	15%	21	4%
Single	Minimum Wage	145	2%	39	5%	10	2%
Single	Age Pension	63	1%	6	1%	5	1%
Couple	Age Pension	330	4%	87	10%	16	3%
Total No of Properties		9,238					

Source: Anglicare (2019) *Rental Affordability Snapshot*

A couple with two children in the Perth metropolitan area, where both parents were receiving the minimum wage and Family Tax Benefit Part A, were able to find 3,716 affordable and appropriate rental properties, which accounted to 47 per cent of those being advertised.

That number more than halves as soon as only one of the parents has access to the minimum wage, down to only 1,766 affordable and appropriate properties or only 22 per cent of those advertised.

For a minimum wage-earning single parent of two children, who is in receipt Family Tax Benefit Part A and B, their options are even fewer, with only 779 properties affordable and appropriate or *only 10 per cent* of those advertised. A single minimum wage earner would only be able to find 145 or *just 2 per cent* of rental properties advertised that were affordable and appropriate, which included boarding houses or renting a room in a share house.

In the South West and Great Southern, the minimum wage-earning single parent of two is only able to find 131 affordable and appropriate properties to rent, which equates to around 15 per cent of those advertised. A single on the minimum wage is able to find just 39 or 5 per cent of rental properties that are affordable and appropriate.

In the northwest of the state, a single on the minimum wage would only be able to find a total of 10 rental properties that would be both affordable and appropriate, which was just 2 per cent of properties advertised in that region. A minimum-wage earning single parent of two in the North West is able to find just 21 properties or just 4 per cent of what was advertised that would be affordable and appropriate for their household composition.

While the couples in the North West where both adults are on the minimum wage, or where one is on the minimum wage and they are in receipt of a parenting payment, are in a better position than the single person and the single parent, they are still only able to find a significantly lower proportion of affordable and appropriate properties than similar household types in Perth Metro and in the South West and Great Southern.

A couple on the age pension were able to find 330 properties that were affordable and appropriate for them in the Perth Metro (around 4 per cent). 87 of the properties (10 per cent) in the South West and Great Southern were affordable and appropriate, while just 16 (3 per cent) were in the North West. A single person on the age pension was only able to find *just 1 per cent* of all advertised properties in each region that were affordable and appropriate.

The 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 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 these 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 increases 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.



## Energy

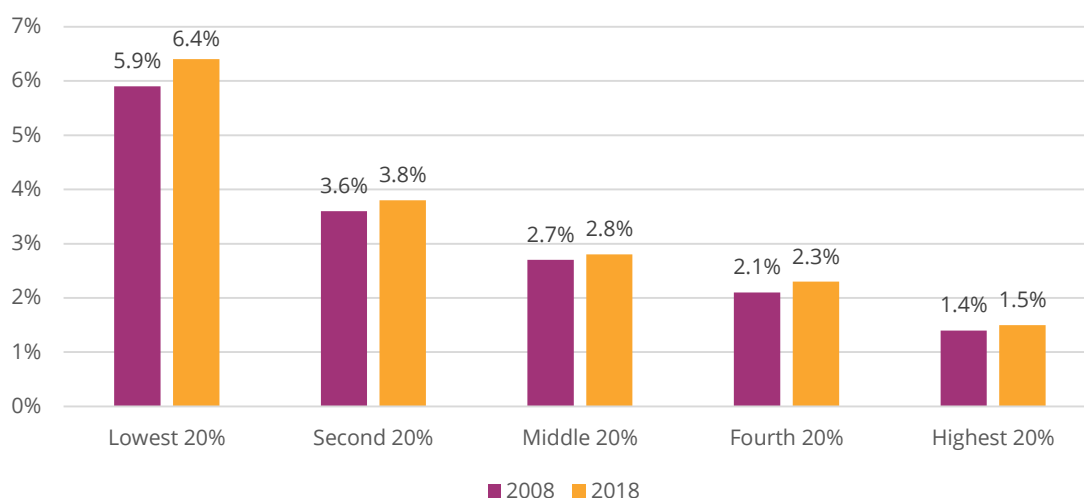
Mounting unpaid bills and utility disconnections can have a significant impact on people's wellbeing. Impacts include feelings of shame, the stress of trying to stretch their income as far as possible, and the difficult decisions they have to make as to what to prioritise, such as not eating or not cooling their homes during the heights of summer. These debts can also affect their ability to access affordable credit in future.

The *2019/20 State Budget* increased household fees and charges by 2 per cent, which equates to \$127.77 per year for the representative household. While this was the lowest increase in household fees and charges in 13 years, it follows very significant increases in the previous two budgets. In 2017/18, the representative household saw an increase of 7.74 per cent (equating to around \$438.39/year) and a further 4.8 per cent in the 2018/19 Budget (around \$292.07/year). Cumulatively, this is an increase of \$858.23/year for the representative household or a 13 percent increase on 2016/17 levels.

The *2019/20 State Budget* saw an increase of 1.75 per cent to the residential A1/A2 electricity tariff or \$30.81/year for the representative tariff. This followed an increase of 7 per cent in the 2018/19 State Budget – equivalent to \$120.57/year for the representative household. The State Government also increased the residential *fixed* charge paid by all households for electricity supply by 10.9 per cent at the beginning of the 2017/18 financial year, which was equivalent to a \$169/year increase to every household electricity bill. As the 2017 increase was to the fixed charge, households were unable to avoid it or mitigate its impact by reducing their electricity consumption.

The increasing cost of energy disproportionately impacts households on the lowest incomes, as they spend a much higher percentage of their disposable income on energy bills and have little if any capacity to absorb additional costs (as shown below).

**Electricity and gas expenditure as a percentage share of income  
by disposable income quintiles (Australia-wide)**



Source: ACOSS and the Brotherhood of St Laurence (2018)

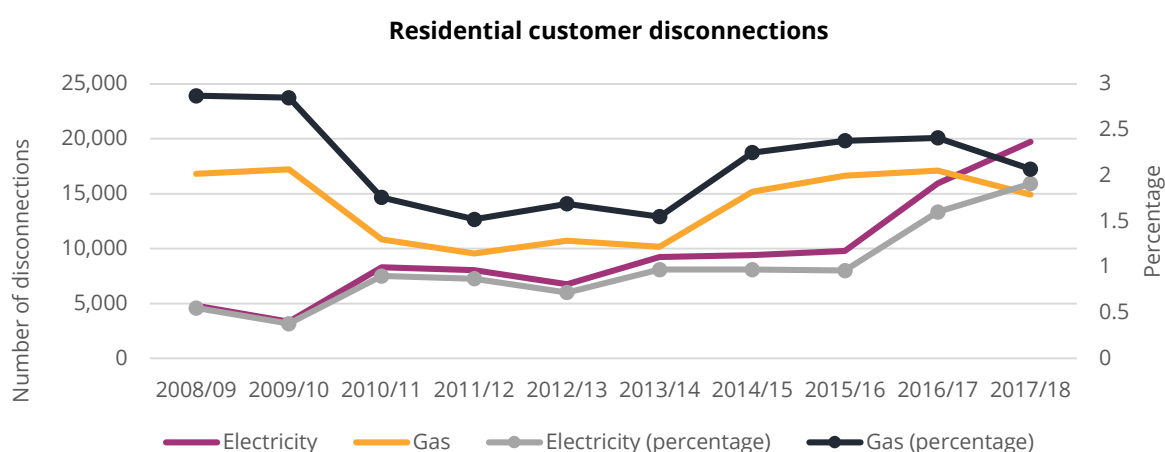
The analysis of the financial counselling data in this report reveals that those houses seeking assistance are dedicating more of their expenditure towards covering utility costs than the average Australian household (5 per cent vs 4 per cent). Households receiving financial counselling that are below the poverty line are dedicating 6.1 per cent of their expenditure on utilities.

More than two-thirds of the *100 Families WA Project* family members (67.8 per cent) reported that they could not pay their utility bills on time on at least one occasion during the year, while 23.3 per cent had been unable to heat their homes. 15 per cent they could not afford to keep at least one room of their house adequately warm when it is cold.<sup>33</sup>

Research into the expenditure of WA households on utilities has shown that the rate of growth of energy poverty for certain cohorts such as single parents, and older single men and women has been significant. It has also revealed that the energy share of total household spending grows substantially as incomes decline, as well as showing sizeable increases over time for single parent families.<sup>34</sup>

The pressure that rising utility costs are having on households is clear. In 2017/18, residential electricity disconnections increased to 19,743, up from 15,935 in 2016/17. Over the past two years, Synergy's disconnection rate *increased by 118 per cent*. In 2017/18, Synergy alone disconnected 17,800 residential customers. Western Australia now has *the highest* disconnection rate of the three jurisdictions (New South Wales, Victoria and South Australia) with which a comparison can be drawn. The number of residential electricity customers on hardship programs also significantly increased, from 21,948 in 2016/17 to 31,552 in 2017/18.<sup>35</sup>

While the percentage of residential gas disconnections as a whole were down from 2.41 per cent in 2016/17 to 2.07, this was the result of a decrease in Kleenheat's disconnection percentage. Western Australia still had *the highest* gas residential disconnection rate of the four jurisdictions for the fifth consecutive year.



Source: Economic Regulation Authority (2019)

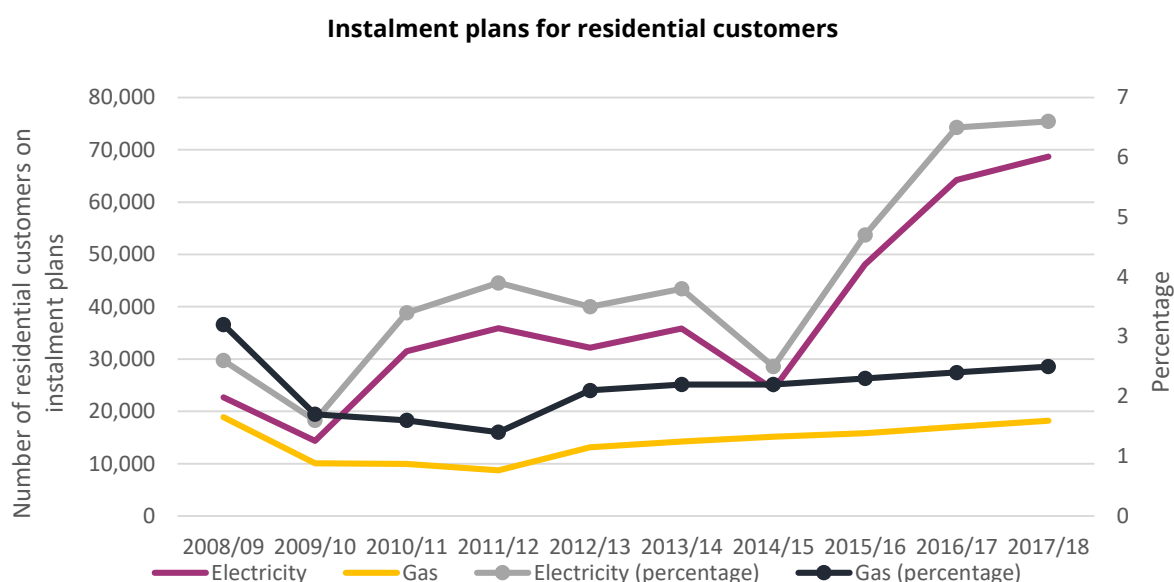
<sup>33</sup> Ami Seivwright and Paul Flatau (2019) [The 100 Families WA Baseline Report](#)

<sup>34</sup> Rebecca Cassells, Alan Duncan and Yashar Tarverdi (2017) [Power to the People: WA's Energy Future](#), Bankwest Curtin Economics Centre

<sup>35</sup> Economic Regulation Authority (2019) [Annual Performance Report – Energy Retailers 2017/18](#)

75.2 per cent of disconnections were customers previously on an instalment plan, up from 59.1 per cent in 2016-17; and 30.6 per cent were customers who had previously been disconnected within the past 24 months, up from 18.9 per cent in 2016-17. Alinta Energy attributed the increase in disconnections for those who had been disconnected at the same supply address within the past 24 months to customers finding it harder to pay outstanding debts to avoid being disconnected. Kleenheat's explanation for the increase in disconnections of customers previously on an instalment plan was that they were providing more payment plan arrangements for residential customers, with many of those customers not meeting their commitments under the payments plan. Both of these explanations suggest much more needs to be done to support customers in hardship and ensure that payment plans truly reflect a customer's ongoing capacity to pay.

As can be seen from the figure below, there has been a marked increase in customers needing to go on instalment plans due to difficulties in paying their energy bills. The percentage of residential electricity customers on instalment plans was at a 10-year high in 2017/18.



Source: Economic Regulation Authority (2019)

The 2019/20 State Budget saw an increase to water, sewerage and drainage fees by 2.5 per cent, which is around \$40.39 per year for the representative household. This followed a 5.5 per cent increase in the 2018/19 Budget (\$91.04/year for the representative household) and 6 per cent (\$96.92/year) in 2017/18.<sup>36</sup>

The decision by the WA Government to limit increases to household fees and charges in the 2019/20 State Budget was a clear admission that recent rises had a significant impact on cost of living pressures and hence rates of financial hardship, debt and disconnection within WA, particularly for households on low and fixed incomes. Limiting cost increases to around CPI may reduce the rate of increase in financial hardship for those on average incomes, but it does little

<sup>36</sup> WA State Budget 2019/20, Budget Paper 3

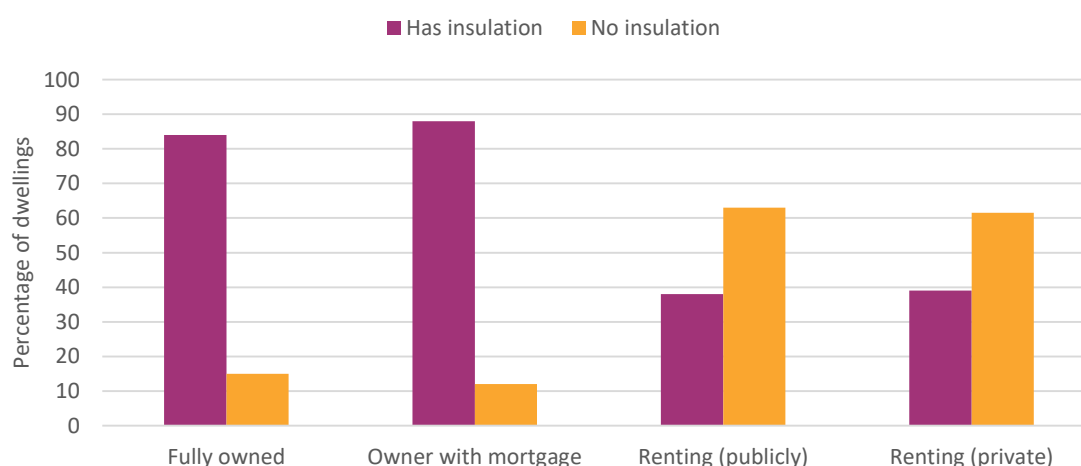
to help those already experiencing hardship whose incomes remain insufficient to match previous price increases.

Households living in poor quality housing with inefficient appliances have limited capacity to reduce their exposure to extreme heat, and older households often underestimate their vulnerability to adverse health outcomes. Many aged pensioners put their health and life at risk in an effort to keep energy bills down, leading to poorer wellbeing outcomes and rising health care costs.

Common features of poor quality housing include lack of insulation; energy inefficient or faulty heating, cooling and hot water systems; and structural issues exposing the dwelling to the weather.<sup>37</sup>

The 2016 Bankwest Curtin Economics Centre *Energy Poverty in Western Australia* survey found that rental households were dramatically less likely to be insulated, meaning that those on low incomes were more likely to be using more power to regulate the temperature in their dwelling.<sup>38</sup>

**Percentage of dwellings with insulation in Perth 2009/10 (per cent)**



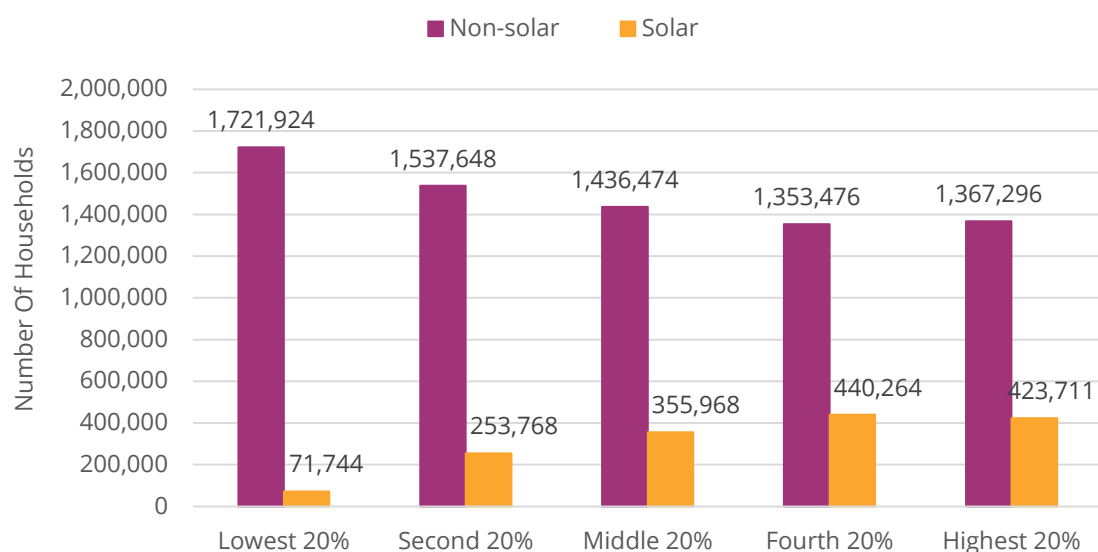
Source: ABS. Cat. No. 4656-5, BCEC (2016) *Energy Poverty in Western Australia*

While the uptake of residential rooftop solar photovoltaics (PV) in Western Australia has been significant, the ability of different households to access this technology is not equal. Those on lower-incomes or in rental housing have few opportunities to benefit from reduced consumption cost, despite the longer-term cost benefit. As a result, increases in utility costs have disproportionately impacted on these households. Providing mechanisms for everyone to benefit from this technology is essential.<sup>39</sup>

<sup>37</sup> Make Renting Fair WA (2019) [Minimum Standards](#)

<sup>38</sup> Bankwest Curtin Economics Centre. (2016). [Energy Poverty in Western Australia: A Comparative Analysis of Drivers and Effects](#) (Research Report no. 2/16).

<sup>39</sup> Bankwest Curtin Economic Centre (2017). [Power to the People: WAs Energy Future](#)

**Solar panel households by wealth quintile Australia-wide<sup>40</sup>**

Source: ACOSS and the Brotherhood of St Laurence (2018) *Energy Stressed in Australia*

Providing these households with the resources to become more energy efficient, through home audits and appliance upgrades can have a significant impact. There are many programs in the Eastern States that improve household energy efficiency for those on low incomes. These include the Tasmanian Energy Efficiency Loan Scheme, the Victorian Energy Upgrades program and the Healthy Homes program, and the NSW Climate Change Fund. Western Australia has not had a similar scheme in place since the axing of the *Hardship Efficiency Program* (HEP) in 2012. A revamped HEP should be introduced to support low income households to access energy efficiency measures based on the evidence of best practice.

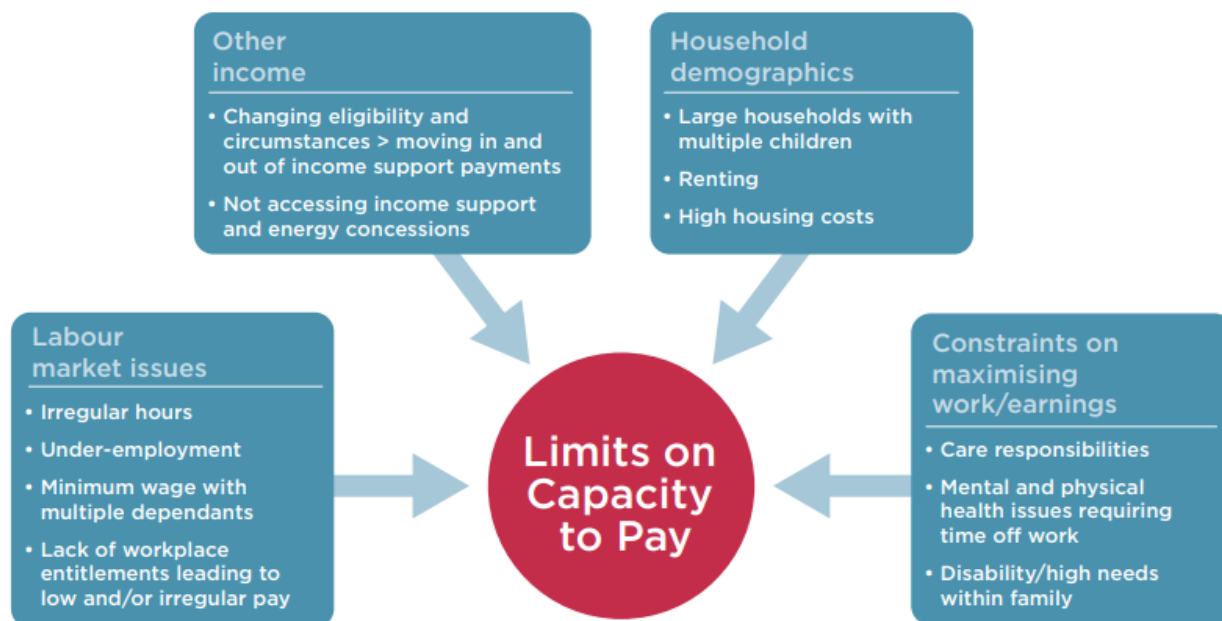
WA also needs to shift to *percentage-based* concessions for energy and water, as used in Victoria, to substantially improve their adequacy and equity, particularly for larger households and those in poor public and rental housing. Percentage-based concessions are calculated in proportion to usage so 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>41</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.

Based on quantitative data analysis and a series of interviews, SACOSS identified a series of unique challenges experienced by *waged poor* and *low-income waged* households in relation to their energy bills.

<sup>40</sup> ACOSS & Brotherhood of St Laurence. (2018) [Energy stressed in Australia](#)

<sup>41</sup> Queensland Council of Social Service (2014) [Energising concessions policy in Australia](#)

## Indicators for identifying wages poor customers in energy bill stress



Source: SACOSS (2019)

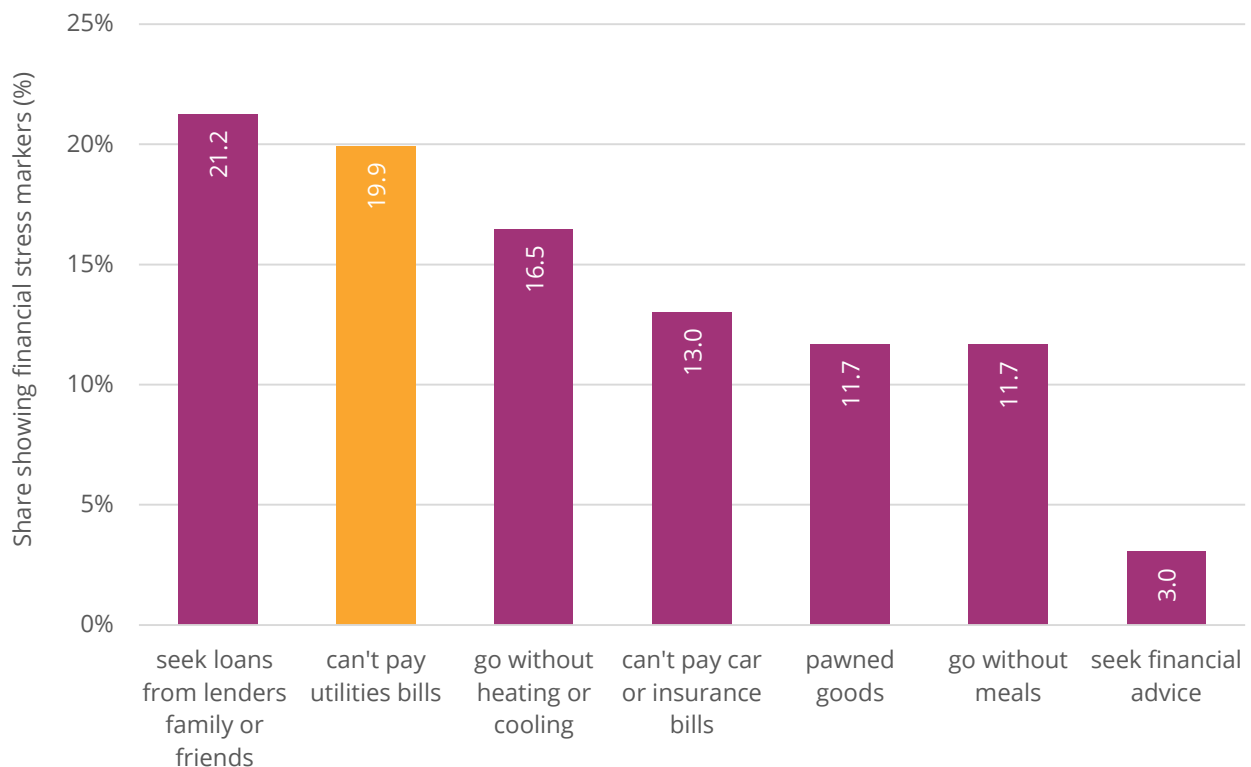
*Waged poor* households were found to be *ten times* less likely to seek assistance from community organisations compared to other households in poverty. At the same time, the significant variation and unreliability of work hours made budgeting week to week difficult, with job requirements, such as needing petrol for work, leaving less money to cover energy costs.<sup>42</sup>

<sup>42</sup> SACOSS (2019) *Working to Make Ends Meet: Low-Income Workers and Energy Bill Stress*

## Water

Analysis undertaken by the Bankwest Curtin Economics Centre of customer survey data collected by the Water Corporation during 2018 provides a valuable insight into the financial stresses experienced by people unable to pay their water bills.<sup>43</sup>

**Prevalence of financial stress markers among survey respondents**  
(showing shares who exhibit specific markers of financial distress)



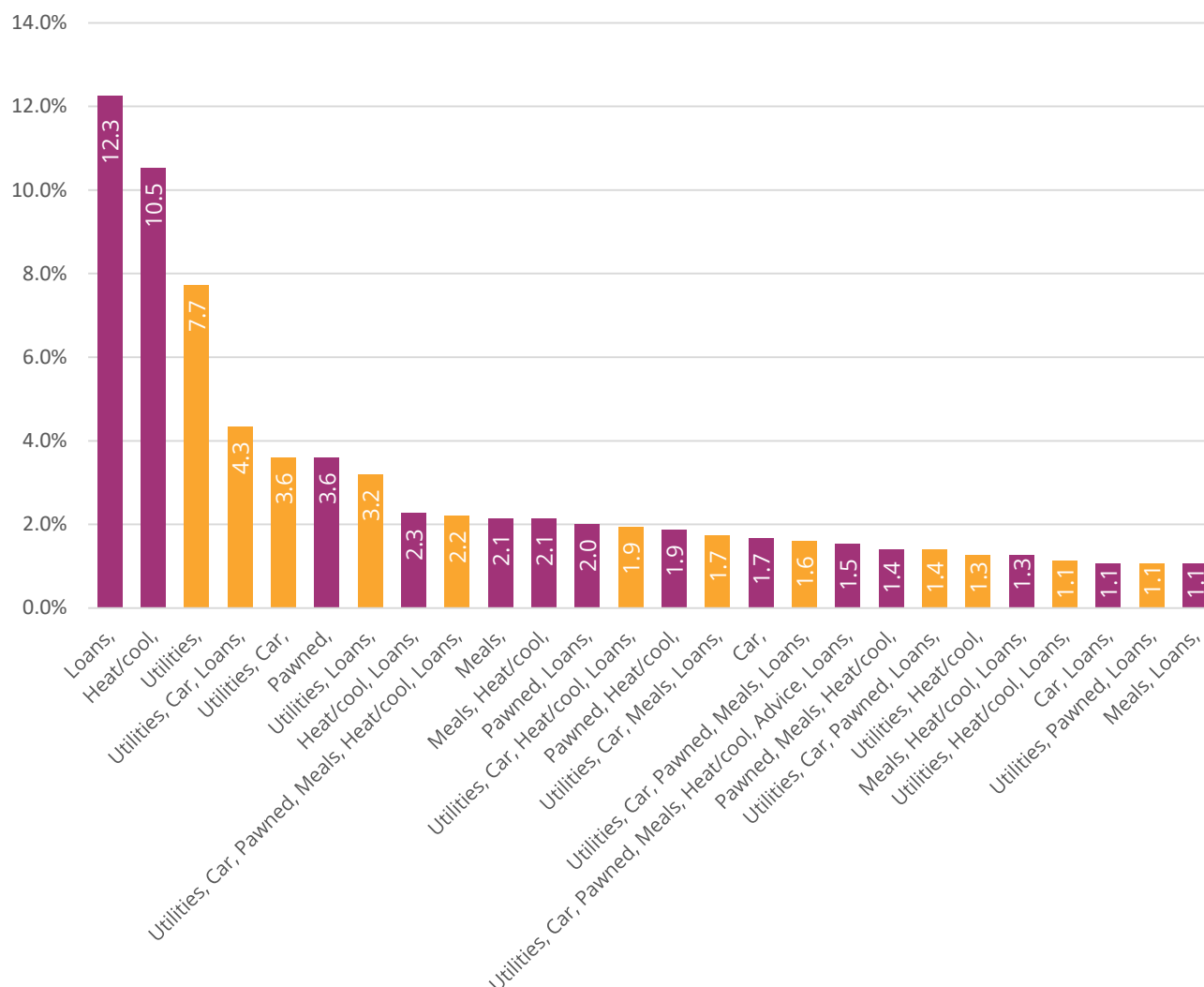
Source: Bankwest Curtin Economics Centre (2019) *Understanding Water Hardship in WA*

The most likely response to financial stress among those surveyed was to seek a line of credit, with over one in five seeking loans from a lender, friends or family. Being unable to pay utility bills was the second most common indicator of financial stress, followed by going without heating or cooling.

It is important to note that an individual may in fact experience several indicators of financial stress or choose to undertake multiple strategies to manage it. By considering combinations of financial stress markers among survey respondents it is possible to better understand *when* and *why* Water Corporation customers struggle to pay their water bills.

<sup>43</sup> Bankwest Curtin Economics Centre (2019) *Understanding Water Hardship in WA*

### Prevalence of combinations of financial stress markers among survey respondents



Source: Bankwest Curtin Economics Centre (2019)

The three most common *single* deprivation measures were seeking a loan from lenders, friends or family (12 per cent), choosing not to heat or cool your home (10 per cent) and being unable to pay an energy or water bill (8 per cent).

The single most frequent *combination* of stress indicators was being unable to pay utility bills together with seeking a loan and being unable to pay the car loan, with being unable to pay utility bills and being unable to pay the car loan the second most frequent combination. In fact, this analysis determined that being unable to pay a car loan and being unable to pay the utility bill are highly correlated, and a problem with a car loan is a very strong predictor of being unable to pay the water bill.

This finding of the relationship between car loan defaults and water hardship could have important ramifications for policy in WA. It raises the question of the link between urban sprawl, car culture, and transport costs. Urban development policy in WA has historically tended to



favour a comparatively high degree of urban sprawl, with low to middle income households often forced to the fringes of the metropolitan area to find affordable housing. Living on the fringe in Perth often means that a car is a necessity, for access to work, school and services.

Having young children also emerges as a predictor of financial hardship in the BCEC analysis. Those households where the youngest child was pre-school age (0-4 years old) were also 5 per cent more likely to be unable to pay utilities compared to households where children are over 15 years of age. Similarly, those where the youngest is in primary school (5-9 years old) were 13 per cent more likely to be unable to pay, and those where the youngest is in high-school (10-14 years old) were 9.5 per cent more likely than those with older children.

People in a de-facto relationship were found to be 6 per cent more likely to be unable to pay the utilities bill compared to a married couple. Losing a job increases the likelihood of being unable to pay a utility bill by over 20 per cent. This is the largest single predictor of utility hardship of all the household characteristics and becoming unemployed is clearly the most significant life event for causing financial hardship.

Experiencing a significant illness is likewise the second biggest predictor of being unable to pay a utility bill at 9 per cent. Those in the lowest two income brackets were also significantly more likely to be unable to pay their utilities bills than those on an income of up to \$1500 per week.<sup>44</sup>

It is important to note that the responsibility for domestic water services and hence water billing is linked to *property ownership* in WA. The relationship between the Water Corporation and a tenant in a rental property is mediated by the landlord – who can choose to charge the tenant for water services as part of their rental agreement, or choose to have the tenant registered on the account and receive water use charges directly from the Water Corporation. The owner remains responsible for all charges, and accounts are only issued to tenants by the Water Corporation as a courtesy to the owner.

---

<sup>44</sup> Bankwest Curtin Economics Centre (2019) *Understanding Water Hardship in WA*

## Food

Inadequate income plays a significant role in food insecurity. According to research undertaken by Foodbank Australia, 49 per cent of people experiencing food insecurity said they had been unable to buy food due to an unexpected expense or large bill, and 35 per cent as a result of having to pay rent or make a mortgage repayment. 43 per cent said they are unable to buy food because they were living on a low income or pension.<sup>45</sup>

As of 2018, more than 4 million Australians had experienced food insecurity at least once in the preceding 12 months. One in four of these people go an entire day without eating at least once a week. In Western Australia there was an increase of 39 per cent since 2017 in the proportion of charities reporting more people are seeking food relief, with more than 508,000 meals provided each month.

Using data from the 2016 ABS Household Expenditure Survey, researchers from the University of Melbourne, Flinders University and Curtin University were able to examine variations in food insecurity by receipt of different types of income support payments.

Their analysis of the HES data revealed that people receiving Newstart Allowance (11 per cent), Austudy or Abstudy (14 per cent), the Disability Support Pension (12 per cent), the Carer Payment (11 per cent) and the Parenting Payment (9 per cent) were at significantly higher risk of food insecurity compared to those in receipt of the Age Pension (<1 per cent) or no payment at all (1.3 per cent). They also found that food-insecure households who were receiving income support payments were also experiencing high rates financial stress, with a large proportion co-currently experiencing fuel or energy poverty.<sup>46</sup>

The need for food relief is no longer being experienced as a short term emergency, and has become for some a day-to-day reality over an extended period of time, sometimes decades, that is unequivocally associated with financial hardship.<sup>47</sup>

Analysing data from the Department of Health's *WA Health & Wellbeing Surveillance System*, researchers have determined that those in Western Australia with money problems, those with low discretionary income, and those with both low annual household income *and* low discretionary incomes are *more than three times* as likely to report 'running out of food' compared with respondents who don't have money problems, have higher incomes and greater discretionary spending power.<sup>48</sup>

---

<sup>45</sup> Foodbank Australia (2018) [Foodbank Hunger Report 2018](#)

<sup>46</sup> Jeromey B Temple, Sue Booth and Christina M Pollard (2019) 'Social Assistance Payments and Food Insecurity in Australia: Evidence from the Household Expenditure Survey,' *International Journal of Environmental Research and Public Health* (16) 455, available at <http://doi:10.3390/ijerph16030455>

<sup>47</sup> WACOSS (2019) *Food Relief Framework Report*, Lotterywest

<sup>48</sup> Alison Daly, Christina Pollard, Deborah Kerr, Colin Binns, Martin Caraher and Michael Phillips (2018) 'Using Cross-Sectional Data to Identify and Quantify the Relative Importance of Factors Associated with and Leading to Food Insecurity', *International Journal of Environmental Research and Public Health*, 15, 2620

A household is deemed to be in *food stress* when it needs to spend more than 25 per cent of disposable income on food. Those households are vulnerable to food insecurity as a result of low and inadequate income.<sup>49</sup>

Analysis of the financial counselling data in this report shows that those houses seeking assistance who are living below the poverty line are spending an average of 26 per cent of their income on food, placing them squarely in food stress.

Developed in 2018, *the Food Stress Index* measures the likelihood that households in a geographic area are vulnerable to food stress. It creates an index score through a weighted combination of variables including food costs, household compositions and household incomes.

Applying the index to Statistical Area 2 (SA2), it can be seen that households in the regional areas of Western Australia (such as in the East Pilbara, Halls Creek and Kununurra) are the most likely to suffer food stress. Within the Perth metropolitan region, outer-suburban areas such as Girrawheen, Armadale and Gosnells are more likely to suffer food stress, due the high proportion of households in the lowest income quintile.<sup>50</sup>

**Food Stress Index for Statistical Areas in Western Australia by quintile,  
ranging from 1 (least likelihood of food stress) to 5 (most likelihood of food stress)**

Food Stress Index Quintile	Western Australia Statistical Areas
1	Applecross—Ardross, Ashburton, Baldivis, Booragoon, Greenwood—Warwick, Innaloo—Doubleview, Karratha, Mount Hawthorn—Leederville, Murdoch—Kardinya, Newman, North Perth, Ocean Reef, Subiaco—Shenton Park, Success—Hammond Park, Wembley—West Leederville—Glendalough, Wembley Downs—Churchlands—Woodlands
2	Australind—Leschenault, Belmont—Ascot—Redcliffe, Bentley—Wilson—St James, Byford, Carramar, Coolbellup, Craigie—Beldon, Eaton—Pelican Point, Esperance Region, Kalgoorlie, Margaret River, Murray, Rivervale—Kewdale—Cloverdale, South Bunbury—Bunbury, Thornlie
3	Albany, Augusta, Busselton, Capel, Denmark, East Bunbury—Glen Iris, Esperance, Geraldton—North, Gingin—Dandaragan, Gnowangerup, Harvey, Maddington—Orange Grove—Martin, Manjimup, Pinjarra, Rockingham
4	Alexander Heights—Koondoola, Beckenham—Kenwick—Langford, Bridgetown—Boyup Brook, Broome, Dowerin, Exmouth, Kambalda—Coolgardie—Norseman, Kulin, Merredin, Moora, Mukinbudin, Narrogin, Northam, Pemberton, Roebourne
5	Armadale—Wungong—Brookdale, Calista, Carnarvon, Cooloongup, Derby—West Kimberley, East Pilbara, Geraldton, Girrawheen, Gosnells, Halls Creek, Kununurra, Leinster—Leonora, Meekatharra, Parmelia—Orelia, Plantagenet, Roebuck

Source: Timothy Landrigan et al (2019) 'Protocol for the Development of a Food Stress Index', *IJERPH*

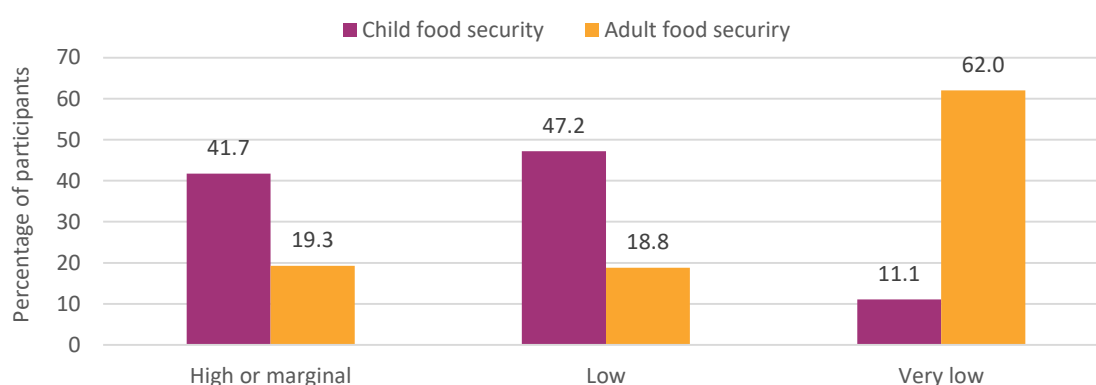
<sup>49</sup> Timothy J. Landrigan, Deborah A. Kerr, Satvinder S. Dhaliwal and Christina M. Pollard (2019) 'Protocol for the Development of a Food Stress Index to Identify Households Most at Risk of Food Insecurity in Western Australia', *International Journal of Environmental Research and Public Health*, 16, 79

<sup>50</sup> Ibid.

In preparation of the 2019/20 WACOSS State Budget Submission,<sup>51</sup> we spoke to people experiencing hardship and often heard stories from people having to find alternative ways of ensuring they can access food. One person spoke of catching public transport daily to buy ice to keep their food fresh as they waited for a donated refrigerator to arrive. There are many stories like this in our state, where people are not only unable to preserve their food, but struggle to afford healthy and nutritious foods in the first place.

Often it is adults and particularly parents bearing the brunt of food insecurity. The *100 Families WA Project* found around 80 per cent of adult individuals reported living with low to very low food security, compared to around 58 per cent of children in the project.<sup>52</sup> This suggests that often parents are placed in impossible situations and have to decide to go without meals to be able to feed or their children.

**Proportion of the 100 Families WA Sample (N=400) in Each Category of Food Security among Children compared to Adults on the USDA Household Food Security Module<sup>53</sup>**



Women are at greater risk of food insecurity and feel its impacts more strongly. *Over one in four women* in Australia (27 per cent) experienced food insecurity in the last 12 months, compared to 18 per cent of men. They are also more likely to have raised children on their own for an extended period (49% compared to 28% males). Single parent households (the vast majority of whom are single women) face *the highest risk* of food insecurity at 47% compared to an overall population rate or 21%.<sup>54</sup>

Regional and remote communities are *a third* more likely to experience food insecurity than those living in capital cities, and children are especially vulnerable.<sup>55</sup> Aboriginal people experience significantly higher levels of food insecurity, across both the metropolitan and regional and remote areas.<sup>56</sup>

<sup>51</sup> Chris Twomey, Graham Hansen, Jennie Gray and Chris Chambers (2019) [A thriving community: Hope, inclusion and trust – Submission for the WA state budget 2020-2021](#)

<sup>52</sup> Ami Seiwright and Paul Flatau (2019). [Insights into hardship and disadvantage in Perth, Western Australia: The 100 families WA baseline report](#)

<sup>53</sup> Ibid.

<sup>54</sup> Foodbank Australia (2019) [Foodbank Hunger Report](#)

<sup>55</sup> Godrich, S., Lo, J., Davies, C., Darby, J. & Devine, A. (2017) 'Prevalence of socio-demographic predictors of food insecurity among regional and remote Western Australian children' Australian and New Zealand Journal of Public Health

<sup>56</sup> Lee, A., Ride, K. (2018). [Review of nutrition among Aboriginal and Torres Strait Islander people](#). Australian Indigenous Health Bulletin, 18(1).

## Digital Access

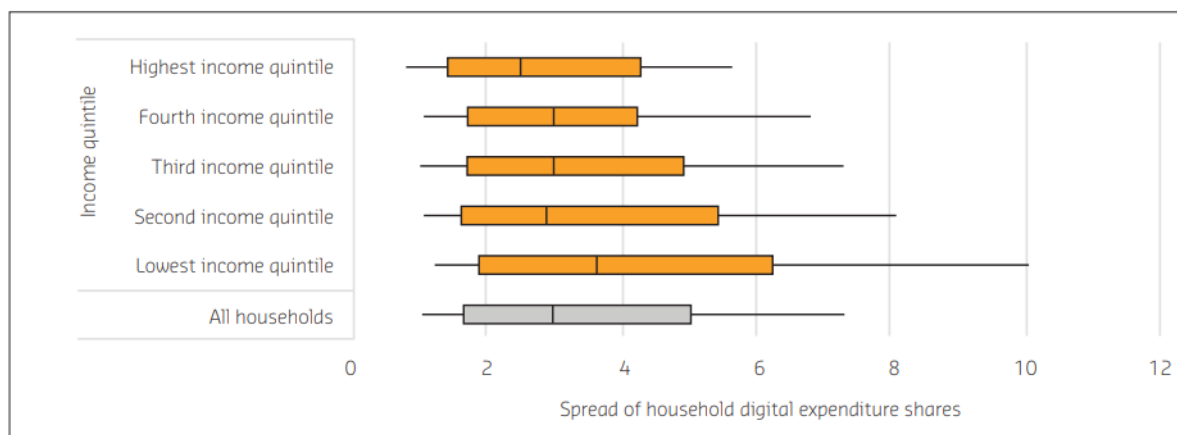
Access to digital technology is increasingly essential for people to access government services and to be able to participate in and contribute to their community.

Digital access is not shared equally, and the cost of connectivity is out of reach for some within our community. *One in four* Western Australian households in the lowest income quintile do not access the internet, compared to almost universal access for the highest quintile.<sup>57</sup> 33.3 per cent of *100 Families WA* family members reported that they did not have and could not afford access to the internet at home.<sup>58</sup>

After housing costs, families in the lowest income quintile are typically committing around 3.7 per cent of their total expenditure to digital goods and services, while the third income quintile is committing around 3 per cent and the highest quintile around 2.5 per cent. Significantly, *one in ten* families in the lowest income quintile, are committing 10 per cent or more of their total expenditure towards digital products and services.<sup>59</sup>

**Variation in WA household digital expenditures shares, by income quintile, 2015-16**

State	Lower	←	Typical	→	Higher
Percentiles	10th	25th	50th	75th	90th
Lowest income quintile	1.2	1.9	3.7	6.3	10.0
Second income quintile	1.0	1.6	2.9	5.4	8.1
Third income quintile	1.0	1.7	3.0	4.9	7.3
Fourth income quintile	1.0	1.7	3.0	4.2	6.8
Highest income quintile	0.8	1.4	2.5	4.3	5.7
All households	1.0	1.6	3.0	5.0	7.3



**Note:** Income quintiles are based on the equivalized income, using the modified OECD scale.

**Source:** Bankwest Curtin Economics Centre | Authors' estimates based on ABS Household Expenditure Survey, 2015-16, and Cat. No. 6401.0.

Bankwest Curtin Economics Centre (BCEC) has developed a measure of digital stress, identifying

<sup>57</sup> Steven Bond-Smith, Alan Duncan, Daniel Kiely, and Silvia Salaza (2018), '[Falling Through the Net: The Digital Divide in Western Australia](#)', Bankwest Curtin Economics Centre, *Focus on Western Australia Report Series*, No. 11

<sup>58</sup> Ami Seivwright and Paul Flatau (2019) *The 100 Families WA Baseline Report*

<sup>59</sup> Ibid.

households in the lowest quarter of income distribution who spend more than 10 per cent of their budget after housing costs on digital services.

Using this measure, they determined that digital stress is most pronounced among single parents and single women, particularly those in rental accommodation. Around 17.4 per cent of single non-elderly female renters are in digital stress, along with 12.3 per cent of elderly single women and 12.2 per cent of single parents in rental housing.<sup>60</sup>

As stated by the BCEC researchers, *"WA's distance from other states, and levels of remoteness within WA make internet access a greater necessity for those living in WA, independent of income level."*<sup>61</sup> The cost of internet connection, however, means that only 74 per cent of those in the lowest income quintile and 78.6 per cent in the second quintile access the internet in WA. This compares to 99.2 per cent in the highest quintile. 91.8 per cent of the third and 93.6 per cent of the fourth quintile in Western Australia access the internet, demonstrating a clear income divide.

State and Federal Government are increasingly moving transactional services online, and access to other essential community services also often requires online applications. Digital access is becoming increasingly important and problematic for job seekers. Community Resource Centres and local public libraries report dedicating increasing amounts of staff and volunteer time to assisting people to access services and entitlements, including Medicare and Centrelink services.

---

<sup>60</sup> Ibid.

<sup>61</sup> Ibid.

## 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.

Increasing the rate of Newstart Allowance 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.

To tackle cost of living pressures and achieve a more equitable society, WACOSS recommends that the State Government:

- Significantly increase the stock of social housing to meet demand
- Mandate 30 per cent affordable housing, including 10 per cent social housing, in every new development
- Reform the *Residential Tenancies Act* to improve security and quality of tenure
- Establish a vacant residential property tax and gradually replace stamp duty with a broad-based progressive land tax
- Shift to percentage-based energy and water concessions, and introduce a revamped Hardship Efficiency Program
- Implement the recommendations of the *WA Food Relief Framework*
- Ensure access to the benefits of renewable energy for low-income households
- Provide free public transport for all concession-card holders, including those experiencing unemployment or with refugee status
- Ensure equitable access to digital systems and online services
- Develop a *WA Youth Employment Strategy* to create more effective opportunities and pathways for young people entering our workforce
- Further research the situation of *waged poor* households in WA and consider policy options to provide more effective support to working families living in poverty.



# WACOSS stands 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.

## Western Australian Council of Social Service

Level 2

3 Loftus Street

West Leederville 6007

Western Australia

P: 08 6381 5300

E: [info@wacoss.org.au](mailto:info@wacoss.org.au)

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

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

[www.wacoss.org.au](http://www.wacoss.org.au)



**wa council of  
social service**