

Poverty and inequality in the ACT

The ACT has the highest average weekly earnings in Australia, but when we look beyond the average, we see that the cost of living in Canberra means many households cannot afford the fundamentals of a healthy life such as housing, food, transport, health services and energy. Closer analysis reveals that a sizeable number of people in the ACT do experience poverty.

The most recent estimates for the ACT indicate that:

- The withdrawal of JobKeeper and the Coronavirus Supplement saw the poverty rate in the ACT increase to approximately 9.0%, representing an estimated 38,300 Canberrans – including approximately 9,000 children.¹
- ACT has an estimated shortfall of 3,100 social housing properties, with 8,500 additional social housing dwellings needed by 2036 to meet the ACT's current and projected need.²
- At the 2016 Census, there were almost 1,600 people experiencing homelessness in the ACT.³

The following groups face an elevated risk of experiencing poverty and/or socioeconomic disadvantage in the ACT: Aboriginal and/or Torres Strait Islander people, people from culturally and linguistically diverse backgrounds, people with disability, people aged 65 years and older and women.⁴

1 ACTCOSS, *Factsheet: Poverty and COVID-19 in the ACT*, ACTCOSS, Canberra, October 2021, accessed 2 May 2022.

2 J Lawson, H Pawson, L Troy, R van den Nouwelant and C Hamilton, *Social housing as infrastructure: an investment pathway*, AHURI Final Report 306, Australian Housing and Urban Research Institute Limited, 2018, p 63, accessed 22 June 2021.

3 ABS, *Census of Population and Housing: Estimating Homelessness*, ABS, Canberra, 2018, 'Table 2.9 - Homeless operational groups and other marginal housing, Australian Capital Territory, by selected characteristics, 2016', accessed 5 May 2022.

4 ABS, op. cit.; E Davidson, *Hidden disadvantage among women in the ACT*, Women's Centre for Health Matters, Canberra, June 2018, <<http://www.wchm.org.au/wp-content/uploads/2018/06/Hidden-disadvantage-among-women-in-the-ACT-final.pdf>>.

Quote us ► “With over 38,000 Canberrans living below the poverty line, including 9,000 children it is beyond evident that the high cost of living in Canberra is unsustainable for those on low incomes.

“Our 2022 ACT Cost of Living Report found that over the past five years changes in the cost of living have hit Canberra’s low-income households the hardest. Over the last five years, costs of essential goods and services in the ACT have skyrocketed including, increase to cost of automotive fuel by 34.9%, electricity by 28.1% and gas by 24%, medical and hospital services by 21.4%, housing by 19% and education by 17%.

“The ACT has the highest average weekly earnings in Australia, and yet around one in 10 Canberrans - or 38,000 - live in poverty.

“We see that the cost-of-living crisis combined with pressures of rising inflation means many Canberra households cannot afford the fundamentals of a healthy life such as housing, food, transport, health services, and energy.

“We hear stories of parents going without [food] so that they can feed their children or older people going without medical care so that they can keep their house warm.

“An effective economic and community recovery necessitates urgent action and investment from the ACT and federal governments to address cost of living, increase income support and address our housing affordability crisis.”

Dr Emma Campbell, CEO, ACTCOSS

Cost of Living

Over the last five years, Canberrans have seen some of the largest increases in the prices of essential goods and services in over two decades. Canberra has experienced increases above the overall CPI for Canberra and nationally, including:

- automotive fuel (34.9%) and transport (19.2%)
- electricity (28.1%) and gas (24.0%)
- medical and hospital services (21.4%)
- housing (19.0%) and rents (13.1%)
- education (17.0%)
- meat and seafoods (15.8%).

Everyone should be able to keep a roof over their head and cover their basic expenses. But right now, the punishingly low rate of income support is forcing people to make heartbreaking decisions between paying their rent or buying food and medicine. These decisions are being made even harder as the prices of such essential goods and services have increased significantly.

Example budgets for people on low-incomes

Care Financial Counselling Service and Advocacy For Inclusion have prepared example budgets for a person on Disability Support Pension (DSP) living in different situations and for a low-income family. Care Financial presents Budgets for a person on DSP in public housing (Table 1), and for a low-income family (Table 3). Likewise, in their White Paper on Income Support, Advocacy for Inclusion has presented an example budget (Table 2) for a person on Disability Support Pension (DSP) living in a private rental with substantial barriers accessing transport and a cost of disability premium. All of these budgets are drawn from data and the lived experience of consumers.

Table 1 – Example Budget for Person on DSP in public housing (prepared by Care Inc Financial Counselling Service)

1/10/2022	INCOME	Person 1	
Single person household	Gross	936.80	
	Tax		
	Nett	936.80	Total
	Supplement	75.60	Household
Fortnightly DSP \$1026.50	Energy Supp	14.10	Income
Annual Income \$30,635.80	TOTAL	1,026.50	1,026.50
EXPENDITURE - Fortnight		<i>(Per Annum)</i>	
HOUSING	\$		
Rent	234.20		
Rent arrears \$430 paying \$30 p/fn	30.00		
Rates - General / Water & Sewerage			
Insurance- Contents	15.00		
Electricity	55.00		
Gas			
Internet	40.00		
Telephone - mobile prepaid \$40 p/m	20.00		
Maintenance/Replace Goods	5.00		
Other (specify)	10.00		<i>lawnmowing/garden help</i>
Sub-Total	409.20		
PERSONAL			
Superannuation/Life Insurance/Union fees			
Medical/chemist/gap payments	103.00		<i>ongoing chronic health conditions and scripts</i>
Optical/dental	40.00		<i>needs new dentures/glasses</i>
Education/Child Pocket Money			
Food/Supermarket	205.00		<i>allergies- needs special foods</i>
Milk/bread	10.00		
Lunches, Take-aways			
Smokes			
Clothes/Dry Cleaning	5.00		<i>needs orthotics</i>
Sport/Hobbies/Lotto			
Newspapers/subscriptions/memberships			
Entertainment/Recreation			

Gifts, Christmas	20.00	<i>family</i>
Child Care/Child Support Payments		
Haircuts/Personal items/Holidays	5.00	
Pets/Vets	10.00	<i>dog food/tworm tablets</i>
Sub-Total	398.00	
TRANSPORT		
Registration -Car/Trailer/Van	22.00	
NRMA Membership	4.00	
Petrol/oil	70.00	
Repairs/service	40.00	
Public Transport/Taxis/Parking	5.00	
Licence		<i>free with pension card</i>
Car Insurance	25.00	
Other (specify)		
Sub-Total	166.00	
TOTAL LIVING EXPENSES	973.20	
REGULAR REPAYMENTS		
Centrelink advance - new tyres	40.00	<i>\$400 o/s</i>
BNPL - winter clothes and shoes	27.00	<i>\$88 o/s</i>
Vet bill - operation	20.00	<i>\$227 o/s</i>
TOTAL REPAYMENTS	87.00	
TOTAL EXPENDITURE	1,060.20	
SURPLUS/DEFICIT		-33.70

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Table 2 – Example Budget for Person on DSP with transport barriers and disability costs in private rental (prepared by Advocacy for Inclusion)

AFI have prepared an estimated model household Budget for a fortnight in Canberra (assumes person in rented accommodation, single, unable to drive with additional cost of disability needs for food prep, transport, heating)

Expenses	Amount (\$)
Rent	1300
Basic utilities (electricity, gas, water)	97.38
Mobile phone and home internet	13.85 + 34.62
Taxi's	246.00
Groceries + cost of disability loading	246.00 + 8.61
Personal care and pharma + cost of disability loading	54.25 + 1.90
<i>Healthcare/pharma/dental/unanticipated event</i>	<i>240.00</i>
Total Due (not incl. unanticipated event)	2002.61
Total Income (DSP + CRA + Supplements)	1178.1
Total Left Over	-\$824.51

Commentary on sources and some assumptions

Rent: \$650 per week corresponds to [SQM Research Weekly Rents Index](#) which represents the combined median weekly rent for all houses and all units in Canberra for the week 28 September 2022

Basic utilities: figure taken from Canberra.com.au – the [available cost of living material](#) is distributed by the Australian Capital Territory Government as a general reference source. The figures also correspond with prices in Finder's Consumer Sentiment Tracker.

Phone and internet: the [average phone bill estimate](#) represents a mid-point of \$30 p/m (\$28 for prepaid and \$33 for post-paid) (Canstar Blue, 2022). Finder (2022) states [the average broad band user](#) spends \$75 p/m on their internet plan

Taxi's: 13% of DSP recipients live in postcode 2615. The estimated fare from this postcode to Canberra Hospital is \$70 one way, to the closest supermarket is \$15 one way, and to the city centre \$55 one way. Assuming 2 x return supermarket trips, 1 x return hospital and 2 x return city centre trips per fortnight (and taking [ACT Taxi Subsidy Scheme](#) into account). This estimate is also conservative as it does not take into account extra costs associated with Wheelchair Accessible Vehicles. For a similar estimate, see ACTCOSS's (2016) [ACT Cost of Living Report: Transport](#), p. 56.

Groceries + cost of disability loading: [Canstar Blue research](#) found that \$123 represents the average weekly grocery bill for a low-income household, as of July 2022. The disability loading represents the extra, hidden costs of disability. Comparing different survey responses, Frisch (2001) states that it is reasonable to anticipate additional costs between 2 and 5 percent for groceries. A conservative mid-point estimate (3.5%) was used here.

Personal care and pharma + cost of disability loading: This figure corresponds to Hughes and Purdey's (1999) Survey results regarding median annual costs for people with disability. It has been updated to reflect 2022 values. The cost of disability loading refers to Frisch's (2001) estimate of 2-5%. A conservative mid-point estimate (3.5%) was used here.

Healthcare/pharma/dental/unanticipated event: [Household whitegood repair estimates](#) start at \$195 in the main suburbs of Canberra. Conservative one-off estimate here equates to an appliance repair which requires additional part (+\$45.00). This cost is difficult to calculate as it could cover a large range. For example, emergency dental such as root canal can [cost up to \\$1100](#); a dental extraction may be up to \$600. Note: Approximately 40% of DSP recipients could not raise \$2000 within a week.

C These estimates prepared by Advocacy for Inclusion Contact Craig Wallace Head of Policy
Craig@advocacyforinclusion.org.

The example budgets for the DSP recipient (Table 1 and 2) demonstrate that is impossible to rent privately on Centrelink payments, and that living in public housing is still unaffordable. In both cases there is no financial flexibility for when things inevitably go wrong (i.e., when a washing machine/car need significant repairs or in the case of illness not covered by Medicare etc). However, comparatively it is still far preferable for people on income support to be housed in government funded public housing (speaking to the urgent need for investment in more fit-for-purpose public housing).

Table 3 – Example Budget for low income family (prepared by Care Inc Financial Counselling Service)

Context of example budget:

- Husband 37yrs and wife 35yrs with two children aged 8 & 12.
- \$550 per week rent
- Husband full-time on approx. median wage \$65,000 (\$1,000 per week net)
- Wife 3 days a week on minimum wage \$21.38/hr or \$513.12 p/w (\$476.12 per week net)
- \$3,500 credit card debt @ 15%. \$5,000 limit \$100 p/m repayment
- \$10K car loan 5yrs @ 8% \$200 per month repayment
- Second car owned outright
- Basic health cover \$250/m
- \$2,000 holiday each year
- \$1,000 Xmas and birthdays
- Average electricity per annum \$1,600 (low estimate): selectra.com.au
- Gas \$150 per quarter: Canstar average gas bills (low estimate)
- Phone/Internet: 2 X mobile @ \$50 per month each & home internet @ \$80 per month
- Average weekly supermarket spend: Canstar Blue: Australian Living Costs

Date: 23 September 2022		INCOME		
Name: Mr Client	Gross Income		2,500.00	Total Household
	minus tax		500.00	
	Net income		2,000.00	
Name: Mrs Client	Gross Income		1,026.24	Income
	minus tax		74.00	
	Net income		952.24	
Weekly	Centrelink Income			
Fortnightly	Family Payments - FTB A		243.74	
Monthly	Renet Assistance		74.48	
	TOTAL		318.22	3,270.46
EXPENDITURE	Fortnightly amount			
HOUSING	\$			
Rent/Mortgage	1,100.00			
Land Rates				
Water and Sewerage	9.62 \$250 p.a estimate and if lease			
Electricity	61.54 \$400 per quarter			
Gas	23.08 \$150 per quarter			
Telephone - landline	Included in home internet			
Telephone - mobile	46.15 \$100 per month			
Building/Contents Insurance	13.46 \$350 per year			
Internet	36.92 \$80 per month			
Pay TV/Stan Netflix	13.85 Various at \$30 per month			
Garden/Home maintenance				
Maintenance/Replace Goods				
Sub-Total	1304.62			
PERSONAL				

Insurance: Funeral/Life/Income Protection		Included in superannuation
Union/Super Contributions		No personal cont.
Health Insurance	115.38	Basic family cover @ \$250 per month
Food/Supermarket	500.00	
Milk, bread, top ups	100.00	
Medication/Doctor/Dentist/Optical	26.93	\$50 per month chemist and est. \$100 per yr co-payments
Lunches, take-aways	100.00	
Smokes/alcohol		non-smoking/non-drinking
Clothes/Shoes	76.92	\$2,000 per year for family of 4
Sport, hobbies, lotto	43.85	\$15 per week lotto \$30 per month Gym
Bank fees		
Childrens sports	15.38	Soccer & Football \$400 per year
Entertainment/Recreation	200.00	
School fees	19.23	\$500 per year for excursions/camps
Education/books/uniforms	19.23	\$500 per year
Pocket money	40.00	
Gifts, Christmas, Birthdays	38.47	\$1,000 per year
Hair care, cosmetics, make up		Included in grocery and chemist
Pets/Vets	19.23	\$500per year
Holidays	76.92	\$2,000 family holiday each year
Sub-Total	1391.54	
TRANSPORT		
Car X 2	42.31	\$1,100 per year for 2 cars
Fuel/oil	200.00	\$50 per week for each car
Insurance	46.15	\$100 per month for 2 cars
Road Service	3.85	\$100 per year
Repairs/services	38.46	\$1,000 per year
Public transport/taxis,	43.08	\$10 per week MyWay and \$50 per month Uber/Taxi
licence	3.23	2 X \$210.50 for a 5 year licence
Sub-Total	377.08	
TOTAL LIVING EXPENSES	3073.24	
REGULAR REPAYMENTS/DEBTS		
Credit card	46.15	\$100 per month on \$3,500 balance with a \$5,000 credit limit
Personal loan car	92.31	\$200 per month
Afterpay average payment	40.00	
TOTAL REPAYMENTS	178.46	
TOTAL EXPENDITURE	3251.70	
SURPLUS/DEFICIT		18.76

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The example budget for a low-income family (Table 3) provides a very small surplus of just \$18. There is no room in this budget either for any sort of unexpected costs that arise (i.e., medical, educational, transport costs etc). For households in this position, the likelihood of accumulating savings for out-of-pocket costs are miniscule.

The ACT's housing affordability crisis

Housing is the most significant expense for low-income households in the ACT, for whom housing makes up a significantly higher proportion of their income.

A chronic lack of affordable housing has led to a housing crisis in Canberra. Without significant federal and territory government investment in social housing, the ACT's affordable housing crisis will continue to worsen, deepening and entrenching disadvantage and homelessness in our community.

- Canberra has been Australia's most expensive capital city to rent a house since 2018 and to rent a unit since 2020.⁵
- Canberra is the least affordable Australian city to rent in for low-to-moderate income households, people receiving income support, young people and essential workers, including disability support, aged care, early education, hospitality and supermarket workers.⁶
- For ACT households in the lowest two income quintiles housing costs on average account for between 24% and 35% of gross household income.⁷
- Over the past five years housing prices have increased by 19.0% in Canberra compared to 8.2% nationally.⁸
- In Australia, the ACT has the highest rate of rental stress among lower income private rental households at 73%.⁹
- Over the past five years the CPI for rents in Canberra has risen by 13.1% compared to an increase of just 0.7% nationally.

⁵ Domain, March 2022 Rental Report, Domain website, n.d., accessed 21 April 2022.

⁶ Everybody's Home, Rental crisis hits COVID-essential workforce, Everybody's Home website, 2 August 2021, accessed 25 April 2022.

⁷ ABS, 'Table 12.3 Housing Costs as a Proportion of Gross Household Income, Selected household characteristics, States, and territories, 2017–18', *Housing Occupancy and Costs, 2017-18 financial year*, ABS, 2019

⁸ ABS, 'Table 10. CPI: Group, Sub-group and Expenditure Class, Percentage change from corresponding quarter of previous year by Capital City' and 'Table 11. CPI: Group, Sub-group and Expenditure Class, Percentage change from previous quarter by Capital City' [time series spreadsheets], *Consumer Price Index, Australia*, Reference period December 2021, ABS, 2021

⁹ Productivity Commission, 'Table GA.3 Proportion of lower income private rental households paying more than 30 per cent of income on housing costs, by State and Territory' [data tables], *Report on Government Services 2021: G Housing and homelessness*, Productivity Commission, 2021, accessed 22 June 2021.

Solutions to Poverty

- Lift income support payments to at least \$70 a day and index them to wages as well as prices
- Increase investment in social and affordable housing
- Ensure concessions are adequate and targeted to need
- A new affordable rental investment incentive scheme

Raise the Rate for Good campaign

ACOSS is running the **Raise the Rate for Good** campaign which is calling on the Australian Government to permanently and adequately raise the rate of the unemployment and related payments so that they keep people out of poverty.

Raise the Rate website: raisetherate.org.au | #RaiseTheRateForGood

Everybody's Home campaign

The **Everybody's Home** campaign is calling for a better, fairer housing system for everyone.

Everybody's Home website: everybodyshome.com.au

Further reading

ACT Cost of Living Report, 2022

[2022 ACT Cost of Living Report \(actcoss.org.au\)](http://actcoss.org.au)

ACOSS & UNSW Poverty and Inequality in Australia website

<http://povertyandinequality.acoss.org.au>

Connect

ACTCOSS website: www.actcoss.org.au | Twitter: [@ACTCOSS](https://twitter.com/ACTCOSS)

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ACTCOSS is committed to reconciliation, acknowledges the traditional custodians of the land and pays respect to elders past and present.

ACTCOSS advocates for social justice in the ACT and represents not-for-profit community organisations.