



2021 ACT Cost of Living Report

Tracking changes in the cost of living for low-income households in the Australian Capital Territory

August 2021

About ACTCOSS

ACTCOSS acknowledges Canberra has been built on the land of the Ngunnawal people. We pay respects to their Elders and recognise the strength and resilience of Aboriginal and/or Torres Strait Islander peoples. We celebrate Aboriginal and/or Torres Strait Islander cultures and ongoing contributions to the ACT community.

The ACT Council of Social Service Inc. (ACTCOSS) advocates for social justice in the ACT and represents not-for-profit community organisations.

ACTCOSS is a member of the nationwide COSS Network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS's vision is for Canberra to be a just, safe and sustainable community in which everyone has the opportunity for self-determination and a fair share of resources and services.

The membership of the Council includes the majority of community-based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

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Acronyms

ABS	Australian Bureau of Statistics
ACOSS	Australian Council of Social Service
ACT	Australian Capital Territory
ACTCOSS	ACT Council of Social Service Inc.
AER	Australian Energy Regulator
AHURI	Australian Housing and Urban Research Institute
CPI	Consumer Price Index
GDP	Gross Domestic Product
ICRC	Independent Competition and Regulatory Commission
IGPA	Institute for Governance and Policy Analysis
LCI	Living Cost Index
NATSEM	National Centre for Social and Economic Modelling
SACOSS	South Australian Council of Social Service
SLCI	Selected Living Cost Indexes

Introduction

Over 18 months, the COVID-19 health and economic crisis has had a significant impact on low-income households in the ACT and their ability to make ends meet. Employment, incomes, and the prices of essential goods and services have fluctuated over the course of the pandemic. However, governments, both federal and territory, have provided some critical financial supports and legal protections that have helped reduce the impact of this crisis for many of the most vulnerable in our community.

Some key support measures such as the Coronavirus Supplement and JobKeeper have now been phased out. Meanwhile, the COVID-19 crisis is clearly not yet over, our community and economic recovery is ongoing, and more Canberra households are experiencing poverty now than before the pandemic. Far from having built back better, there are now more households with low incomes struggling to meet the rising cost of essential goods and services in our community.

Before the COVID-19 pandemic, it was estimated that 8.6% of the ACT population were living below the poverty line.¹ The poverty rate for children aged 0-14 years in the ACT was estimated to be even higher, at 11.2%.² Unemployment and household reliance on income support payments are the major drivers of income poverty in Australia.³ During the first six months of the COVID-19 pandemic the number of people in the ACT receiving income support while looking for work more than doubled over just two months from 7,135 in March 2020 to 14,858 in May 2020, remaining above 14,000 through to September 2020.⁴ By June 2021, this figure had fallen to 9,341 – 30% higher than the pre-COVID level.⁵

During the period from 27 April 2020 to 24 September 2020 the Australian Government introduced the Coronavirus Supplement at a rate of \$550 per fortnight. This effectively doubled the rate of the JobSeeker payment, lifting it above the poverty line. It was estimated that alongside JobKeeper, the \$550 per fortnight Coronavirus Supplement saw the ACT's poverty rate drop to 5.2% in June 2020 – well below the pre-COVID poverty rate.⁶

1 Australian Council of Social Service (ACOSS) and UNSW Sydney, '[Rate of poverty by state/territory of residence](#)', *Research and insights into poverty and inequality in Australia*, n.d., accessed 29 June 2021.

2 R Miranti, L Brown, J Li, R Tanton, Y Vidyattama, S Tuli and P Rowe, [Child social exclusion, poverty and disadvantage in Australia](#), Report commissioned by UnitingCare Australia, NATSEM, Institute for Governance and Policy Analysis (IGPA), University of Canberra, 2018, p 32, accessed 29 June 2021.

3 P Davidson, B Bradbury and M Wong, [Poverty in Australia 2020: Part 2, Who is affected?](#) ACOSS/UNSW Poverty and Inequality Partnership Report No. 4, ACOSS, Sydney, 2020, accessed 29 June 2021.

4 Department of Social Services, [JobSeeker Payment and Youth Allowance recipients – monthly profile \[data set\]](#), data.gov.au, 2020-21, accessed 13 July 2021.

5 Department of Social Services, [JobSeeker Payment and Youth Allowance recipients](#).

6 B Phillips, unpublished data [email], ANU Centre for Social Research and Methods, Canberra, 13 October 2020.

By October 2020, JobSeeker had returned to below the poverty line as the Coronavirus Supplement was reduced to \$250 per fortnight. It was estimated that the poverty rate in the ACT subsequently increased to approximately 9.0%, representing an estimated 38,300 Canberrans.⁷ The phasing out of the Coronavirus Supplement has seen the JobSeeker payment return to well below the poverty line, even with an increase to the base rate of \$50 per fortnight from 1 April 2021.

The ongoing \$50 per fortnight increase to the base rate saw the JobSeeker payment increase in real terms for the first time in over 25 years. But this long-overdue increase falls well short of what is needed to address both the poverty and cost-of-living gaps that have widened for over a quarter of a century. Over this time, the cost of essential goods and services has increased at a higher rate than for non-essential items. This has had a disproportionate impact on living costs for low-income households who spend a greater proportion of their income on essentials such as housing, food, health, education, and energy.

Over the last five years Canberrans have seen the prices of several essential goods and services increase significantly and at rates above the overall CPI for Canberra and nationally. These include:

- electricity (27.7% increase)
- gas (26.2% increase)
- health (18.6% increase)
- education (18.0% increase)
- housing (15.7% increase)
- meat and seafood (13.4% increase)
- fruit and vegetables (11.6% increase).

Housing is the most significant expense for low-income households in the ACT. This report highlights housing affordability as a fundamental cost of living and social justice issue in the ACT. A chronic lack of affordable housing has led to a housing crisis in Canberra, with the ACT having the highest rents and the highest rate of rental stress among lower income private rental households. 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.

The following section of this report provides an update on changes in the prices of essential goods and services in Canberra and nationally over the past 12 months and five years. The report then puts a spotlight on the ACT's housing affordability crisis before examining changes in income support payments for

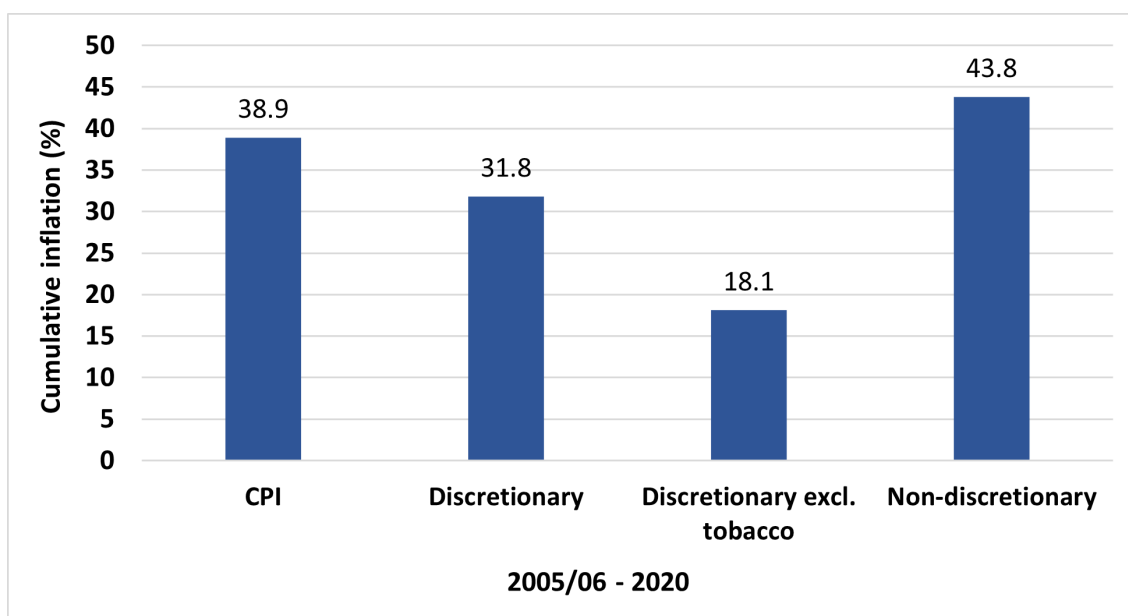
⁷ Phillips, unpublished data.

job seekers over the past 12 months in comparison to the poverty line and changes in the cost of living.

Tracking changes in the price of key goods and services: Consumer Price Index

When tracking changes in the cost of living it is important to note that low-income households spend a greater proportion of their income on essential goods and services compared to middle- and high-income households.⁸ A recent analysis by the Australian Bureau of Statistics (ABS) found that between 2005 and 2020, the prices of non-discretionary (or essential) goods and services increased at a significantly higher rate than for discretionary (or non-essential) goods and services – 43.8% compared to 31.8% (see Figures 1 and 2). This higher rate of increase in the prices of essential goods and services has had a disproportionate impact on low-income households.

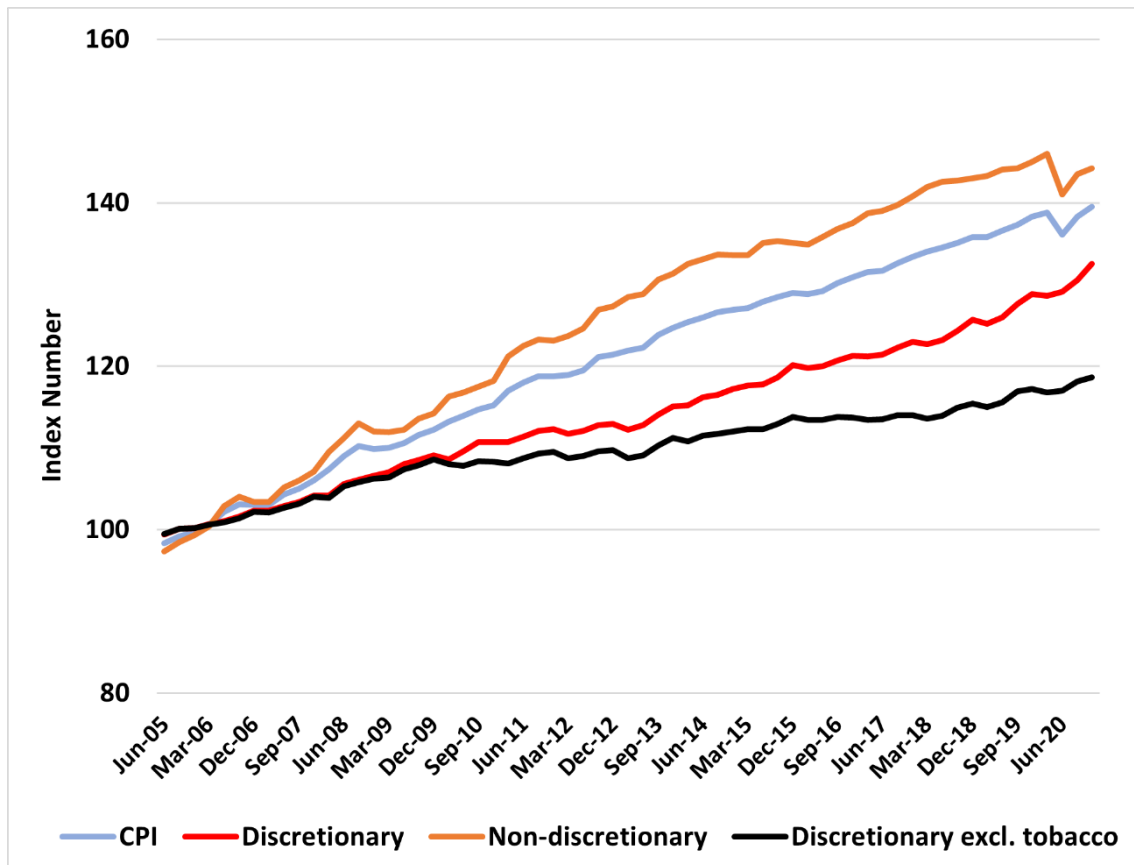
Figure 1 Cumulative Inflation 2005/06 to December 2020 quarter



Source: ABS, [Measuring Non-discretionary and Discretionary Inflation](#), Australian Bureau of Statistics website, 2021, accessed 7 July 2021.

⁸ A Beech, R Dollman, R Finlay and G La Cava, '[The distribution of household spending in Australia](#)', *Bulletin*, Reserve Bank of Australia, March Quarter, 2014, accessed 7 July 2021.

Figure 2 Non-discretionary vs Discretionary inflation (2005/06 = 100.0)



Source: ABS, [Measuring Non-discretionary and Discretionary Inflation](#), Australian Bureau of Statistics website, 2021, accessed 7 July 2021.

The overall (or All Groups) Consumer Price Index (CPI) figure covers many goods and services. The CPI basket is made up of 11 major categories with over 100 individual goods and services. There can be wide variations in the CPI for specific goods and services, which may impact different households differently. The overall CPI figure can be separated into its component parts, allowing us to track changes in the price of key basic goods and services in Canberra and nationally. Table 1 shows changes in prices across the 11 CPI categories and selected sub-categories of goods and services in Canberra and nationally over 12 months from December 2019 to December 2020, and over five years from December 2015 to December 2020.

Table 1 CPI changes for key household expenditure areas, Canberra and Australia, December 2019 – December 2020 & December 2015 – December 2020

Cost of Living area	Canberra CPI Change - 1yr Dec19-Dec20 (%)	Australia CPI Change - 1yr Dec19-Dec20 (%)	Canberra CPI change - 5yrs Dec15-Dec20 (%)	Australia CPI Change - 5yrs Dec15-Dec20 (%)
Food & Non-Alcoholic Beverages	1.8	2.3	8.5	8.0
• Bread and cereal products	1.2	1.0	2.3	3.1
• Meat and seafoods	3.7	3.9	13.4	14.5
• Dairy & related products	1.9	1.8	5.2	6.4
• Fruit and vegetables	2.7	3.3	11.6	12.6
• Food products n.e.c.	2.1	2.3	1.4	1.8
• Non-alcoholic beverages	2.4	3.2	6.3	3.7
• Meals out and takeaway foods	0.8	1.7	11.1	9.8
Alcohol & Tobacco	7.5	9.3	36.3	41.6
• Alcohol	1.9	2.1	10.0	8.7
• Tobacco	19.8	19.9	106.1	104.6
Clothing & Footwear	0.5	-1.3	-2.6	-4.2
Housing	0.5	-0.9	15.7	6.1
• Rents	1.4	-1.3	10.1	1.0
• New dwelling purchase	0.7	1.7	12.1	8.9
• Property rates & charges	-1.1	1.3	34.6	13.3
• Utilities	-0.9	-6.6	21.6	5.6
• <i>Water & sewerage</i>	-0.1	-3.3	5.2	2.2
• <i>Electricity</i>	-2.6	-9.2	27.7	4.8
• <i>Gas</i>	1.0	-2.6	26.2	11.9
Furnishings, household equipment/ services	3.5	3.6	4.6	3.7
Childcare	3.8	2.4	7.9	15.6
Health	2.0	2.6	18.6	18.2
Transport	-4.2	-4.6	4.2	3.9

Cost of Living area	Canberra CPI Change - 1yr Dec19-Dec20 (%)	Australia CPI Change - 1yr Dec19-Dec20 (%)	Canberra CPI change - 5yrs Dec15-Dec20 (%)	Australia CPI Change - 5yrs Dec15-Dec20 (%)
• Automotive Fuel	-15.8	-16.7	-0.5	0.5
• Public Transport	-0.1	-0.7	6.4	7.1
Communication	-2.5	-2.7	-18.3	-18.7
• Telecommunication Equipment & Services	-2.7	-2.7	-19.8	-19.9
Recreation & culture	1.6	0.0	7.1	3.1
• Audio, visual and computing equipment	0.6	-0.4	-24.6	-28.2
• Audio, visual and computing media & services	-1.2	-0.8	3.9	4.4
Education	3.3	2.1	18.0	15.1
Insurance & financial services	1.0	1.2	-1.9	7.6
• Insurance	1.5	2.7	9.6	18.7
CPI All Groups	1.1	0.9	9.7	7.9

Source: 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 2020, ABS, 2021, accessed 8 July 2021.

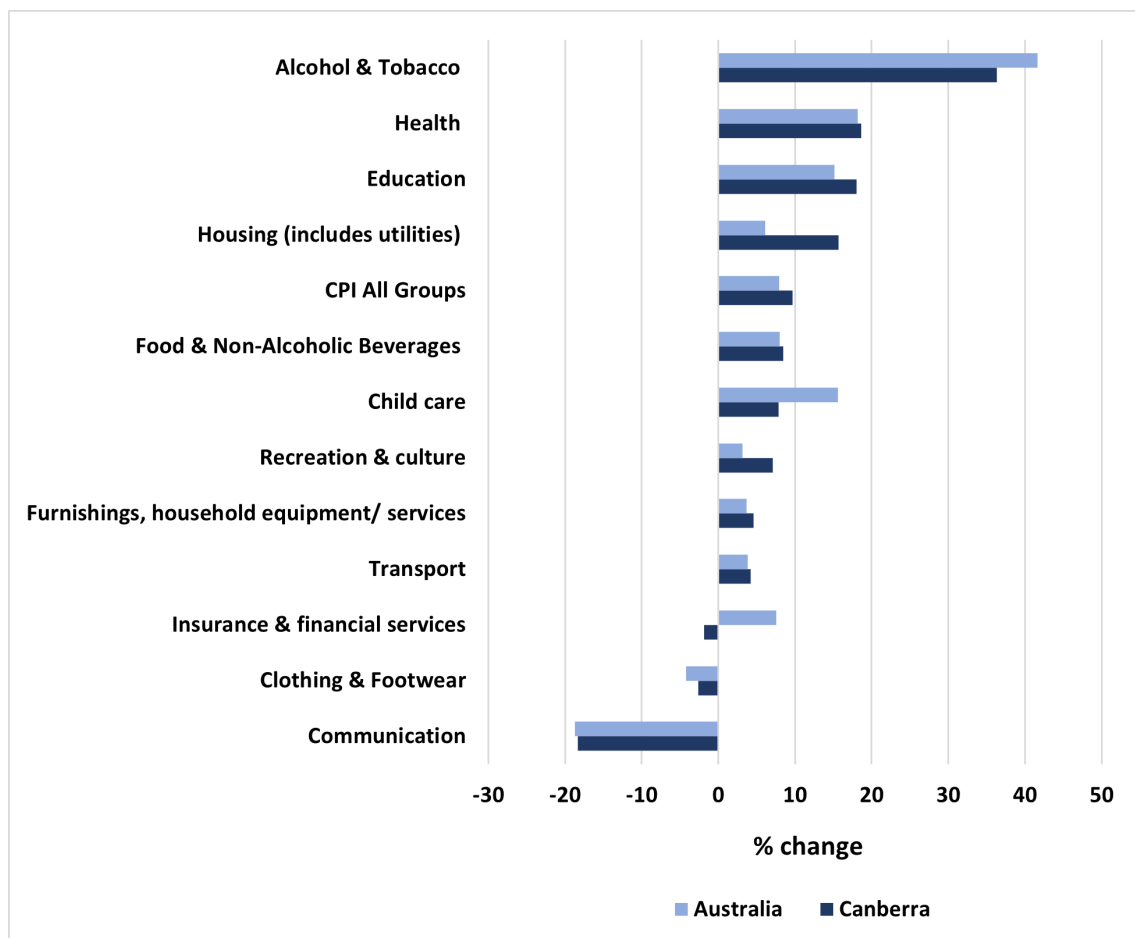
Over the past 12 months and the last five years, the overall CPI has risen at a higher rate in Canberra than nationally. Figure 3 shows that over the past five years, prices for health, education, and housing (including utilities) in Canberra have increased at a rate above the overall CPI. Further, Canberra has seen higher price increases for these essential goods and services compared to those seen nationally. Over the last five years Canberrans have seen prices increase by 18.6% for health, 18.0% for education, and 15.7% for housing. Figure 4 shows that prices for non-discretionary food items such as meat and seafood (13.4%) and fruit and vegetables (11.6%) also rose at rates above the overall CPI.

ACT households have seen even larger price increases for electricity (27.7%) and gas (26.2%) which have risen well above the national rates. Over the past 20 years, electricity prices in Canberra have increased by almost 60%, while gas prices have doubled (see Figure 5).⁹ While electricity prices in Canberra dropped by 2.6% in the last 12 months, they will increase yet again in 2021-22 due to ActewAGL's regulated standing offers increasing by almost 12%,

⁹ Australian Energy Regulator (AER), 'Figure 6.10: Energy retail price indices (inflation adjusted)', [State of the Energy Market Report 2021](#), Australian Energy Regulator, 2021, accessed 12 July 2021.

resulting in an annual bill increase of \$3.76 per week or \$195 over the year for an average residential standing offer customer consuming 6,500kWh.¹⁰ ACT electricity prices are forecast to rise by a further 4% in 2022-23, while they are forecast to decline in most other jurisdictions.¹¹ A key driver of the increase in ACT electricity prices over the coming year is the ACT Government’s Large-scale Feed-in Tariff Scheme which is the key contributor to achieving the ACT’s 100% renewable electricity target.¹² As the ACT transitions to net zero greenhouse gas emissions by 2045, it will be critical to ensure that Canberra’s low-income households are not left worse off and are not disproportionately impacted by any increases in energy prices in the short, medium, and long term.

Figure 3 Change in CPI Groups and CPI All Groups, Canberra and Australia, December 2015 – December 2020



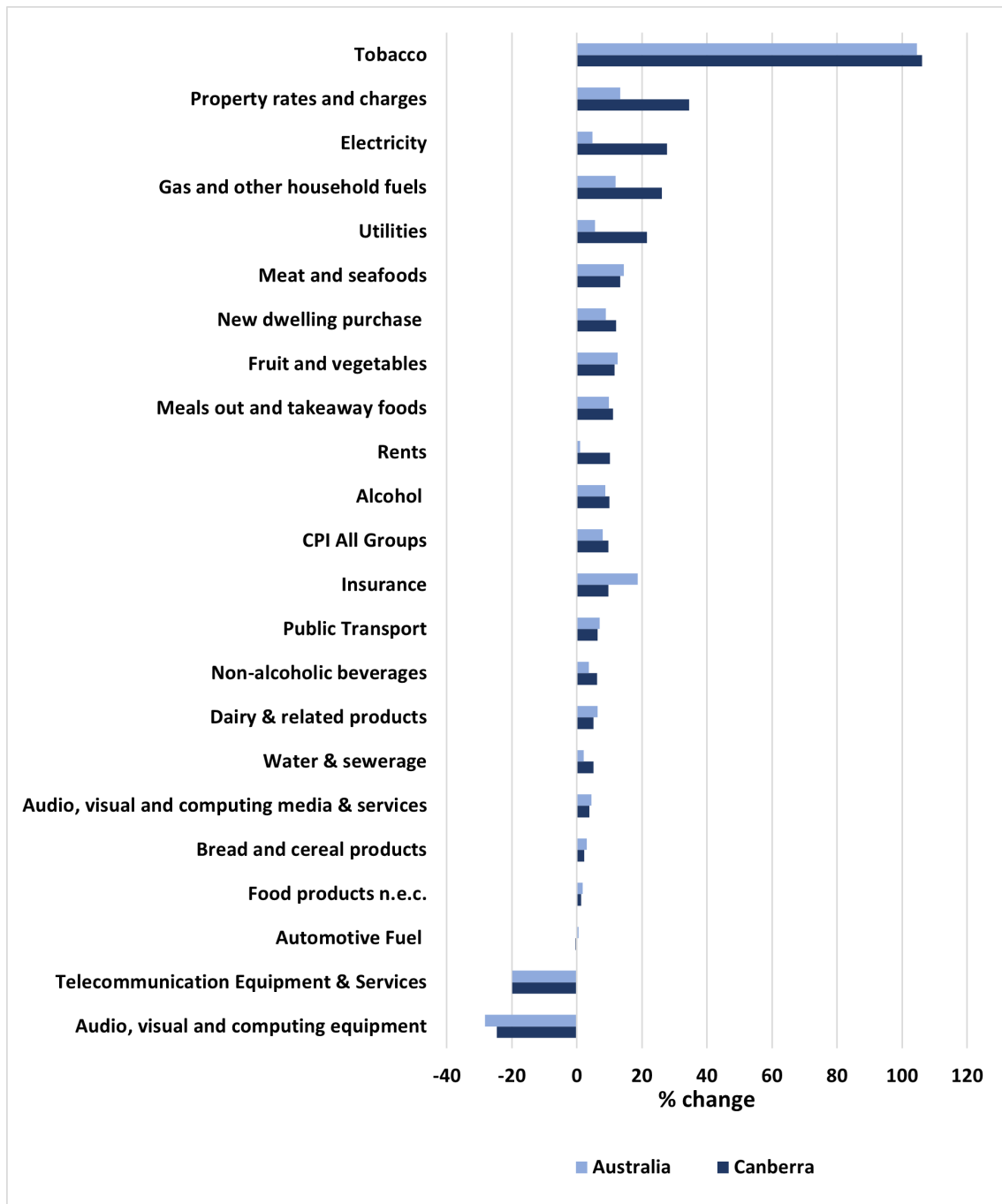
Source: ABS, ‘Table 11. CPI: Group, Sub-group and Expenditure Class, Percentage change from previous quarter by Capital City’ [time series spreadsheets], [Consumer Price Index, Australia](#), Reference period December 2020, ABS, 2021, accessed 8 July 2021.

10 Independent Competition and Regulatory Commission (ICRC), [Retail electricity price recalibration 2021–22: standing offer prices for the supply of electricity to small customers](#), Report 11 of 2021, ICRC, 2021, accessed 12 July 2021.

11 AER, [State of the Energy Market 2021](#), AER, Canberra, 2021, p 270, accessed 12 July 2021.

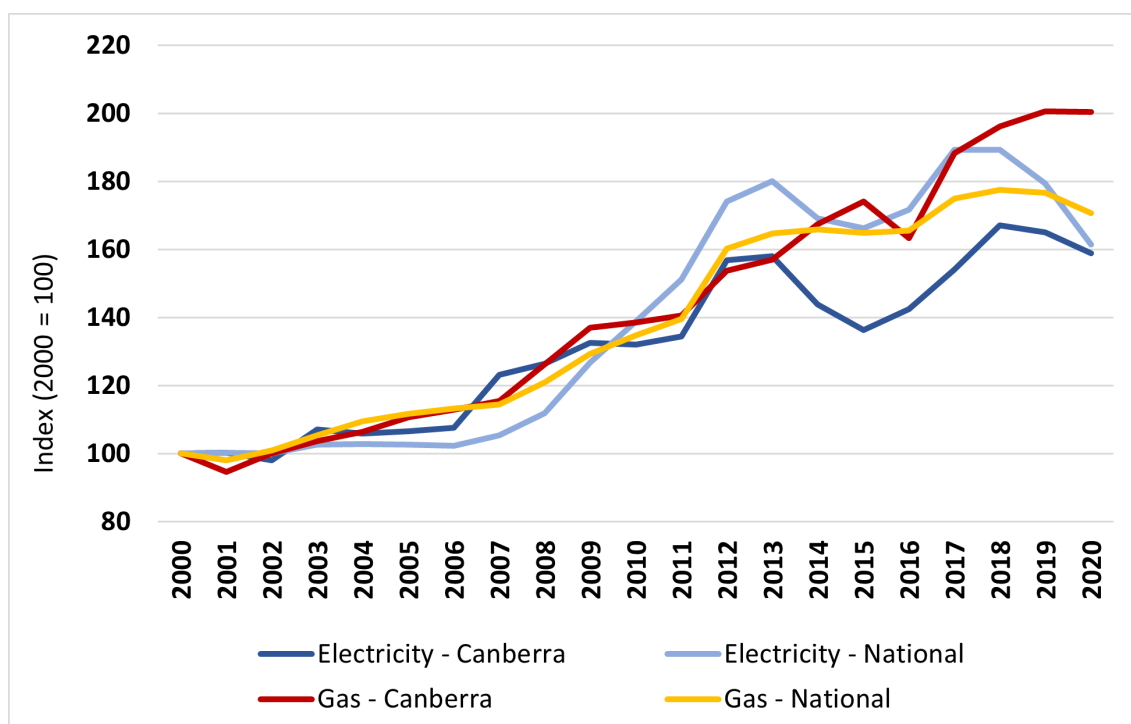
12 ICRC, [Retail electricity price recalibration 2021–22](#), pp 7-8.

Figure 4 Change in CPI sub-groups and expenditure classes and CPI All Groups, Canberra and Australia, December 2015 – December 2020



Source: ABS, '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 2020, ABS, 2021, accessed 8 July 2021.

Figure 5 Energy retail price indices (inflation adjusted), Canberra and Australia, 2000-2020



Source: Adapted from: AER, 'Figure 6.10: Energy retail price indices (inflation adjusted)', [State of the Energy Market Report 2021](#), Australian Energy Regulator, 2021, accessed 12 July 2021.

Table 2 highlights how increases in the prices of essential goods and services such as housing, food, energy, and health disproportionately impact low-income households. For ACT households in the lowest income quintile, these items make up just over half (51.1%) of household expenditure, compared to a bit over one third (36.0%) for those in the highest income quintile.

Table 2 Proportion of household expenditure on selected essential goods and services by equivalised disposable household income quintiles, ACT, 2015-16 (%)

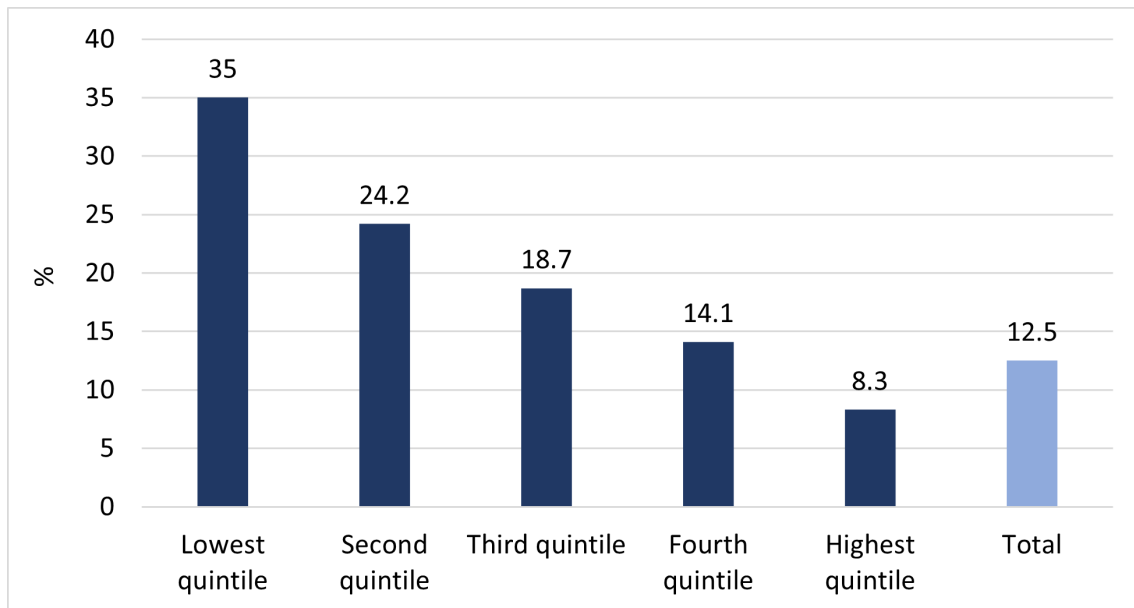
Goods and services	Q1 - low	Q2	Q3	Q4	Q5 - high	All
Current housing costs (selected dwelling)	23.2	18.4	22.3	13.6	14.0	17.7
Food and non-alcoholic beverages	20.5	17.1	17.2	15.1	14.2	16.1
Domestic fuel and power	4.0	4.4	3.0	2.2	2.4	2.8
Medical care and health expenses	3.4	5.7	4.5	7.1	5.4	5.5
Total	51.1	45.6	47.0	38.0	36.0	42.1

Source: ABS, 'Table 21.1 Household Expenditure, Broad expenditure groups, Equivalised disposable household income quintiles, ACT', [Household Expenditure Survey, Australia: Summary of Results, 2015-16 financial year](#), ABS, 2017, accessed 8 July 2021.

The ACT's housing affordability crisis

Based on the most recent ABS housing and occupancy data, as a proportion of household income, housing is a much greater expense for low- and middle-income households in the ACT (see Figure 6). Accessible, affordable, safe, and secure housing provides the necessary foundation from which people can actively meet their social, physical, and emotional needs. We need to ensure that everyone has access to healthy and affordable housing in the ACT. The lack of affordable rental properties for low-income households in the ACT is a critical issue that needs to be addressed urgently.

Figure 6 Housing costs as a proportion of gross household income, ACT, 2017-18



Source: 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, accessed 8 July 2021.

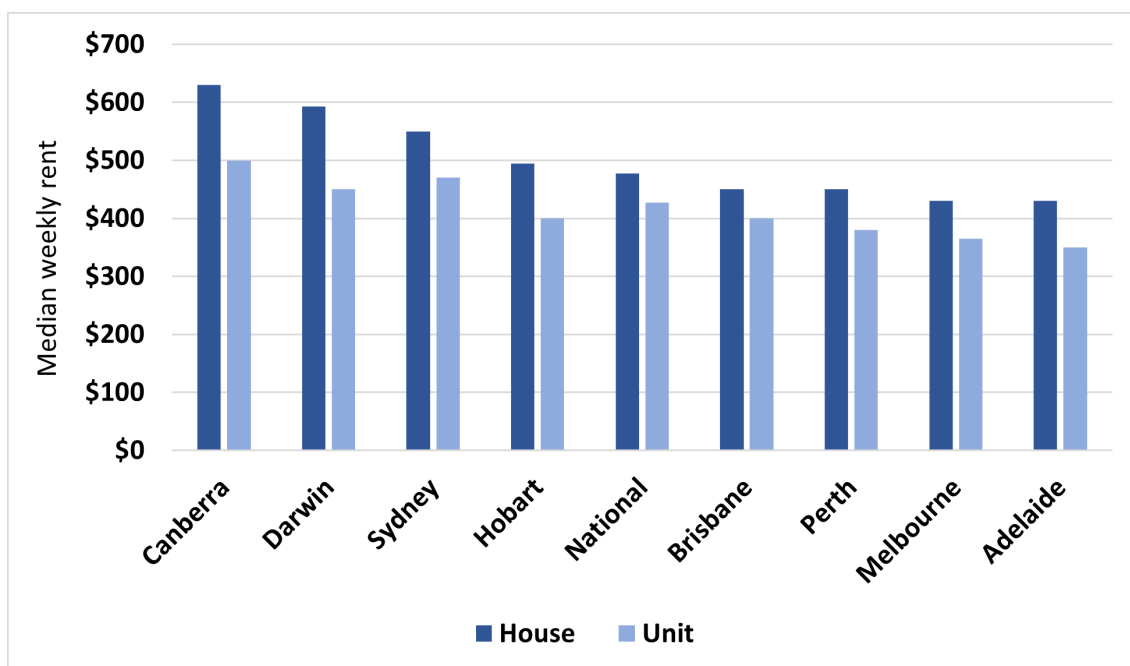
Housing stress is defined as a household in the two lowest income quintiles spending more than 30% of gross household income on housing. In Australia, the ACT has the highest rate of rental stress among lower income private rental households at 73%.¹³ Over the past five years the CPI for rents in Canberra has increased by 10.1%, which is well above the national rate of 1.0% over the same period (see Table 1). Canberra is currently the most expensive capital city in which to rent (see Figure 7).¹⁴ The Domain Rental Report for June 2021 found that the median weekly rent in Canberra is \$630 for houses and \$500 for units compared to national median weekly rents of \$477 for houses and \$427

¹³ 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.

¹⁴ Domain, [June 2021 Rental Report](#), Domain website, n.d., accessed 8 July 2021.

for units.¹⁵ At the same time, the vacancy rate for rental properties in Canberra is just 0.8%, leaving prospective tenants with little choice or market power.¹⁶

Figure 7 Median house and unit rents by capital city, Domain Rental Report June 2021



Source: Domain, [June 2021 Rental Report](#), Domain website, n.d., accessed 8 July 2021.

Anglicare Australia’s annual Rental Affordability Snapshot has consistently found a severe shortage of affordable and appropriate private rental properties on the market for low-income households in Canberra (see Table 3).¹⁷ In March 2021, out of 1,002 private rental properties advertised in Canberra none were affordable for households on working age social security payments such as JobSeeker, Youth Allowance, and the Disability Support Pension. An extremely small proportion were affordable for households receiving the age pension or on the minimum wage.

¹⁵ Domain, *June 2021 Rental Report*.

¹⁶ N Powell and H Yu, [Rental vacancy rates: June 2021](#), Domain website, 1 July 2021, accessed 8 July 2021.

¹⁷ Anglicare NSW South, NSW West and ACT, [Anglicare Research: Rental Affordability forcing more Canberrans into financial hardship](#) [media release], Anglicare NSW South, NSW West and ACT, 29 April 2021, accessed 22 June 2021.

Table 3 Rental Affordability in Canberra, analysed by household type and percentage, 2016-2021

Household Type	Payment Type	2016	2017	2018	2019	2020	2021
Couple, two children (one aged less than 5, one aged less than 10)	Jobseeker Payment (both adults)	0	0	0	0	0	0
Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	0	0	0	0	0	0
Couple, no children	Age Pension	3	3	5	1	1	25
Single, one child (aged less than 5)	Parenting Payment Single	0	0	0	0	0	0
Single, one child (aged over 8)	Jobseeker Payment (formerly Newstart)	0	0	0	0	0	0
Single	Age Pension	23	20	17	15	4	18
Single aged over 21	Disability Support Pension	2	1	0	0	0	0
Single	Jobseeker Payment (formerly Newstart)	0	0	0	0	0	0
Single aged over 18	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)	81	26	20	16	1	10

Household Type	Payment Type	2016	2017	2018	2019	2020	2021
Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	0	0	0	0	0	6
Single	Minimum Wage	91	41	47	56	46	42
Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	0	0	0	0	0	1
Total properties found		1,323	1,164	1,078	1,195	1,166	1,002

Source: Anglicare NSW South, NSW West and ACT, [Anglicare Research: Rental Affordability forcing more Canberrans into financial hardship](#) [media release], Anglicare NSW South, NSW West and ACT, 29 April 2021, accessed 22 June 2021.

In addition to this chronic shortage of affordable private rental properties, it has been estimated that the ACT has a shortfall of 3,100 social housing properties, with 8,500 additional social housing dwellings needed by 2036 to meet the ACT's current unmet and projected need.¹⁸ The ACT Government's Growing and Renewing Public Housing Program currently falls far short of addressing this need, committing to add at least 400 more homes to the public housing portfolio by 2025.¹⁹

Much more federal and territory government investment will be needed to address our worsening social housing shortage and growing social housing waiting list. As at 30 June 2020, social housing households made up 6.7% of all ACT households.²⁰ This proportion – or social share – of households has been declining since 2014 when it was 7.6% (see Figure 8).²¹ Table 4 shows that as

18 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.

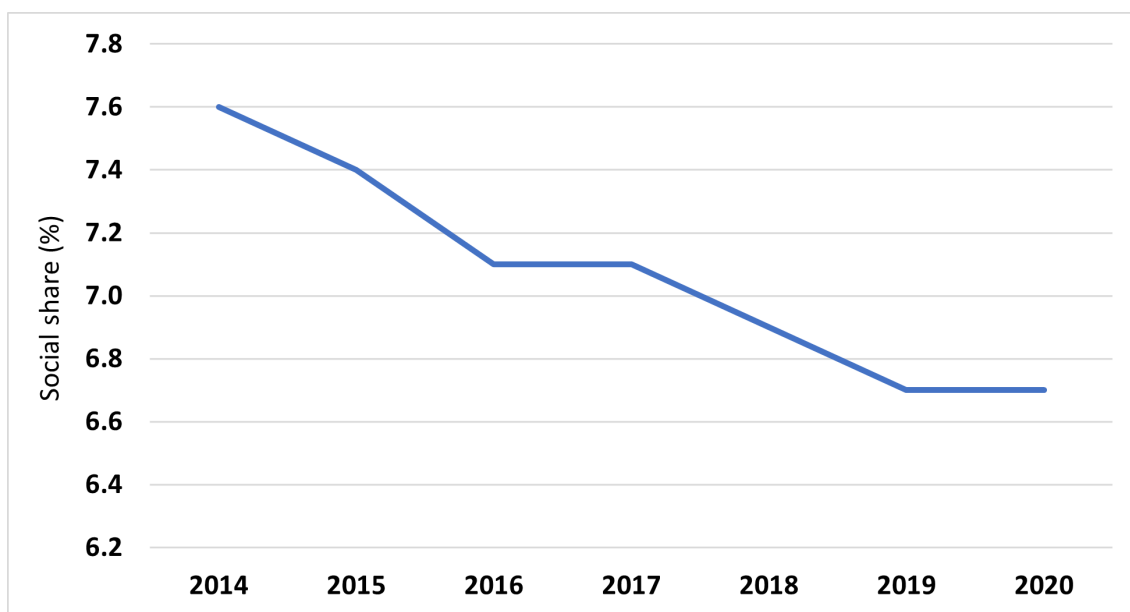
19 ACT Government Community Services Directorate, [ACT Housing Strategy Growing and Renewing Public Housing](#), Community Services Directorate website, 25 May 2021, accessed 8 July 2021.

20 AIHW, 'Table SOCIAL SHARE.1: Social housing households and all Australian households, by states and territories, at 30 June 2010 to 2020' [data tables], [Housing Assistance in Australia](#), 2021, accessed 8 July 2021.

21 AIHW, 'Table SOCIAL SHARE.1'.

at 5 July 2021, there were 2,878 applications for social housing in the ACT, with the average waiting time for standard housing being 1,404 days or 3.8 years.²²

Figure 8 Social housing households and all Australian households, by states and territories, ACT, at 30 June 2014 to 2020



Source: AIHW, 'Table SOCIAL SHARE.1: Social housing households and all Australian households, by states and territories, at 30 June 2010 to 2020' [data tables], [Housing Assistance in Australia](#), 2021, accessed 8 July 2021.

Table 4 Housing ACT social housing waiting list and times, 5 July 2021

Application Category	Number of Applications	Average Waiting Time (days)
Priority Housing	187	317
High Needs Housing	1,733	898
Standard Housing	958	1,404
Total applications	2,878	n/a

Source: ACT Government Community Services Directorate, [Social Housing Waiting List](#), ACT Government Community Services Directorate, 5 July 2021, accessed 8 July 2021.

More public and community housing is a cost-effective and critical component of addressing chronic homelessness in Canberra and our housing affordability crisis. Direct public investment in social housing is a cost-effective way to boost growth in jobs and incomes while also avoiding significant social costs associated with homelessness and related issues such as domestic and family

²² ACT Government Community Services Directorate, [Social Housing Waiting List](#), ACT Government Community Services Directorate, 5 July 2021, accessed 8 July 2021.

violence.²³ It has been estimated that for every \$1 million of public investment in social housing, gross domestic product (GDP) is boosted by \$1.3m.²⁴ Affordable rents, security of tenure, and other supports available to financially vulnerable people in social housing reduces their risk of homelessness by more than half.²⁵ At the last Census, there were almost 1,600 people experiencing homelessness in the ACT.²⁶

Tracking changes in the cost of living for low-income households: Selected Living Cost Indexes

The ABS Selected Living Cost Indexes (SLCI) measure the cost of various baskets of goods that are specific to a number of different household types – including ‘Age pensioner’ and ‘Other government transfer recipients’ (e.g. JobSeeker and Youth Allowance recipients), ‘Employee’, and ‘Self-funded retiree’ households. An examination of changes in SLCI is important for determining how well Australia’s income support system is doing in terms of helping people to keep up with rising living costs. The SLCI for age pensioner and other government transfer recipient households is more likely to reflect the changes in cost of living for low-income households in the ACT.

Each Living Cost Index (LCI) is measured at the national level. Unlike the CPI, the SLCI are not produced for each capital city, so this analysis is not specific to Canberra or the ACT. As we noted in our 2020 ACT Cost of Living Report, the COVID-19 pandemic has had a significant impact on the CPI and SLCI, but this impact has been experienced differently by different households depending on the source and level of their income.²⁷ Figure 9 shows that over the 12 months from December 2019 to December 2020, prices increased the most for self-funded retiree households and other government transfer recipient households (0.8%), followed by pensioner and beneficiary households (0.7%) and age

23 Equity Economics, [Nowhere to go: the benefits of providing long-term social housing to women that have experienced domestic and family violence](#), Equity Economics, n.d., accessed 13 July 2021.

24 KPMG, [Housing Ministers’ Advisory Committee: Social Housing Initiative Review \[PDF\]](#), prepared by KPMG for the Department of Housing, September 2012, p 2, accessed 22 June 2021.

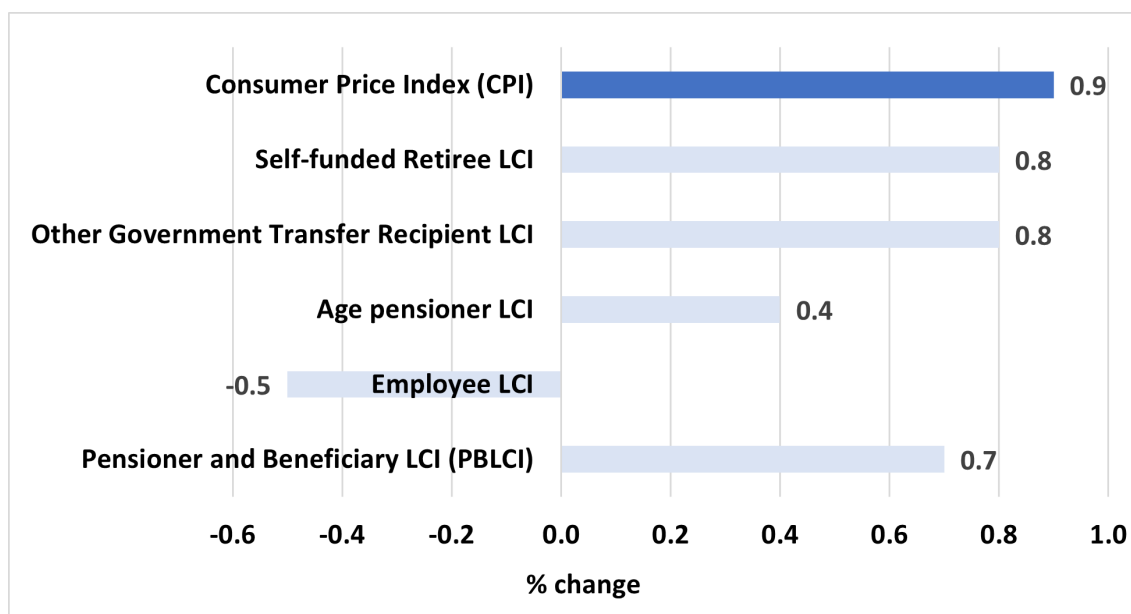
25 D Prentice and R Scutella, [What are the impacts of living in social housing? \[PDF\]](#), Technical Paper No. 1/18, Infrastructure Victoria, Melbourne, 2018, accessed 5 September 2020.

26 Data analysis by Dr Ryan Van Den Nouwelant, Urban and Regional Research Program, University of Western Sydney on [Homelessness and social housing need: Look up your local federal electorate \[interactive heat map\]](#), Everybody’s Home website, 2021, accessed 22 June 2021.

27 ACTCOSS, [ACT cost of living report](#), ACTCOSS, Canberra, September 2020, accessed 10 August 2021.

pensioner households (0.4%).²⁸ The LCI for employee households decreased by -0.5%.²⁹

Figure 9 Percentage change in CPI and Selected Living Cost Indexes, December 2019 – December 2020, Australia



Source: ABS, 'Key statistics' [percentage change in CPI and SLCI, Dec Qtr 2019 to Dec Qtr 2020], [Selected Living Cost Indexes, Australia](#), Reference period December 2020, ABS, 2021, accessed 13 July 2021.

Before the COVID-19 pandemic, it was estimated that 8.6% of the ACT population were living below the poverty line.³⁰ The poverty rate for children aged 0-14 years in the ACT was estimated to be even higher, at 11.2%.³¹ Unemployment and inadequate income support payments are the major drivers of income poverty in Australia.³² During the COVID-19 pandemic the number of people in the ACT receiving income support while looking for work more than doubled from 7,135 in March 2020 to 14,858 in May 2020, remaining above 14,000 through to September 2020 (see Figure 10).³³ During the period from 27 April 2020 to 24 September 2020 the Australian Government introduced the Coronavirus Supplement at a rate of \$550 per fortnight. This effectively doubled the rate of the JobSeeker payment, bringing it above the poverty line of \$457 per week for a single adult and \$731 per week for a single parent with two children. This helped avoid a significant increase in poverty in the ACT.

A survey of over 600 people on JobSeeker or other related income support payments who were receiving the \$550 per fortnight Coronavirus Supplement in

28 ABS, [Selected Living Cost Indexes, Australia](#), Reference period March 2021, ABS website, 2021, accessed 13 July 2021.

29 ABS, [Selected Living Cost Indexes, Australia](#).

30 ACOSS and UNSW Sydney, [Data and figures: Rate of poverty by state/territory of residence](#), Research and insights into poverty and inequality in Australia website, n.d., accessed 29 June 2021.

31 Miranti, *Child social exclusion, poverty and disadvantage in Australia*, p 32.

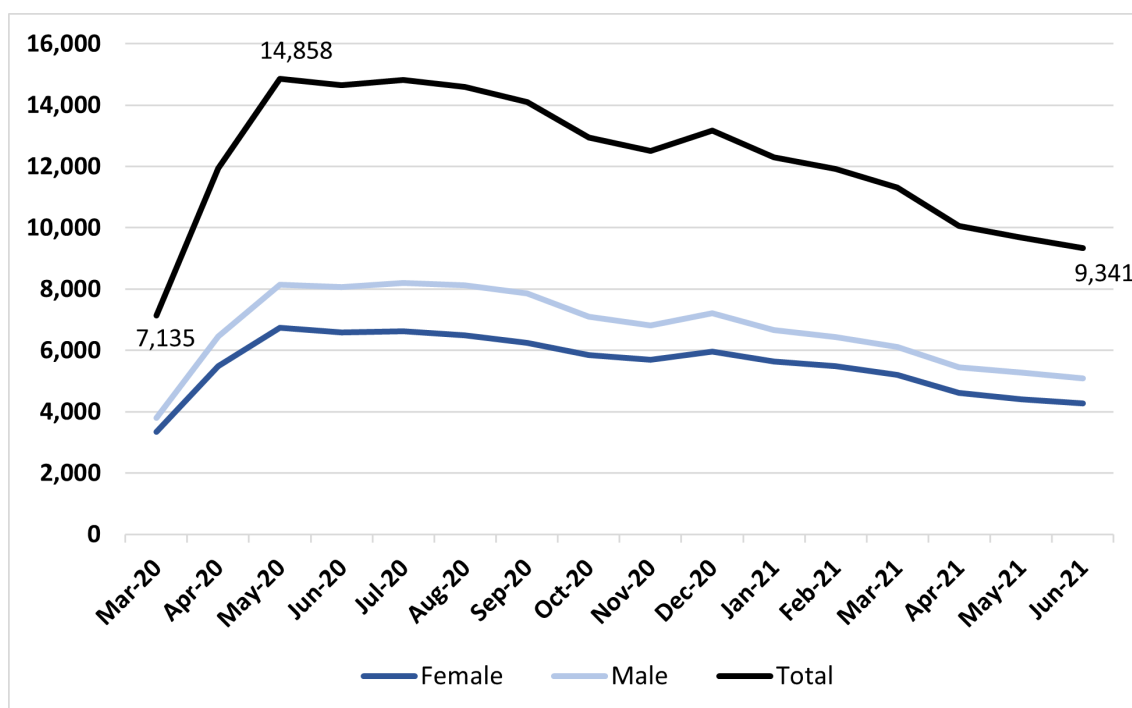
32 Davidson, *Poverty in Australia 2020*.

33 Department of Social Services, *JobSeeker Payment and Youth Allowance recipients*.

August 2020 found that the increase to their income had made it much easier to cover the cost of essential goods and services:

- 80.8% reported that they were eating better and more regularly
- 70.7% reported that they were now able to catch up on bills
- 67.8% reported they were able to pay for medicines/health treatments
- 58.8% reported that they were finding it easier to pay rent/being able to move into better and safer accommodation
- 56.2% were able to pay off debts
- 51.7% were able to save up for emergencies
- 51.6% were able to save up to purchase major household items (i.e. fridges, freezers, tables)
- 26.0% were able to save up to pay for studying/training.³⁴

Figure 10 Total JobSeeker Payment and Youth Allowance (other) recipients by sex, ACT, March 2020 – June 2021



Source: Chart created from Department of Social Services, [JobSeeker Payment and Youth Allowance recipients – monthly profile](#) [data set], data.gov.au, 2020-21, accessed 21 July 2021.

Alongside JobKeeper, the \$550 per fortnight Coronavirus Supplement saw a reduction in poverty in the ACT, ranging between 4.0% and 8.5% across Canberra regions in June 2020 – indicating an overall poverty rate of 5.2% for

³⁴ ACOSS, [‘If it wasn’t for the Supplement, I’ve no idea where I’d be’: survey of more than 600 people receiving the new rate of JobSeeker or related income support](#) [PDF], ACOSS, Sydney, 2020, accessed 14 September 2020.

the ACT (see Table 5).³⁵ The subsequent phasing out of the Coronavirus Supplement between September 2020 and March 2021 has seen the Jobseeker payment return to well below the poverty line, even with an increase to the base rate of \$50 per fortnight from 1 April 2021. Even before the complete withdrawal of the Coronavirus Supplement, it was estimated that by October 2020 poverty rates in the ACT ranged between 7.5% and 11.9%.³⁶ This equates to an estimated 9.0% or 38,300 Canberrans living below the poverty line.³⁷ Based on the pre-COVID child poverty rate of 11.2% we estimate that this included approximately 9,300 children aged 0-14 years living below the poverty line in the ACT.

Table 5 Poverty rates by SA3 region, ACT, March-October 2020

Region	March 2020 Poverty Rate	June 2020 Poverty Rate	October 2020 Poverty Rate
Belconnen	7.5%	5.7%	10.5%
Gungahlin	5.7%	4.7%	9.1%
North Canberra	8.9%	8.5%	11.9%
South Canberra	5.3%	4.4%	7.5%
Tuggeranong	6.4%	5.1%	10.1%
Weston Creek	5.6%	4.2%	8.3%
Woden	5.1%	4.0%	7.6%

Source: B Phillips, unpublished data [email], ANU Centre for Social Research and Methods, Canberra, 13 October 2020.

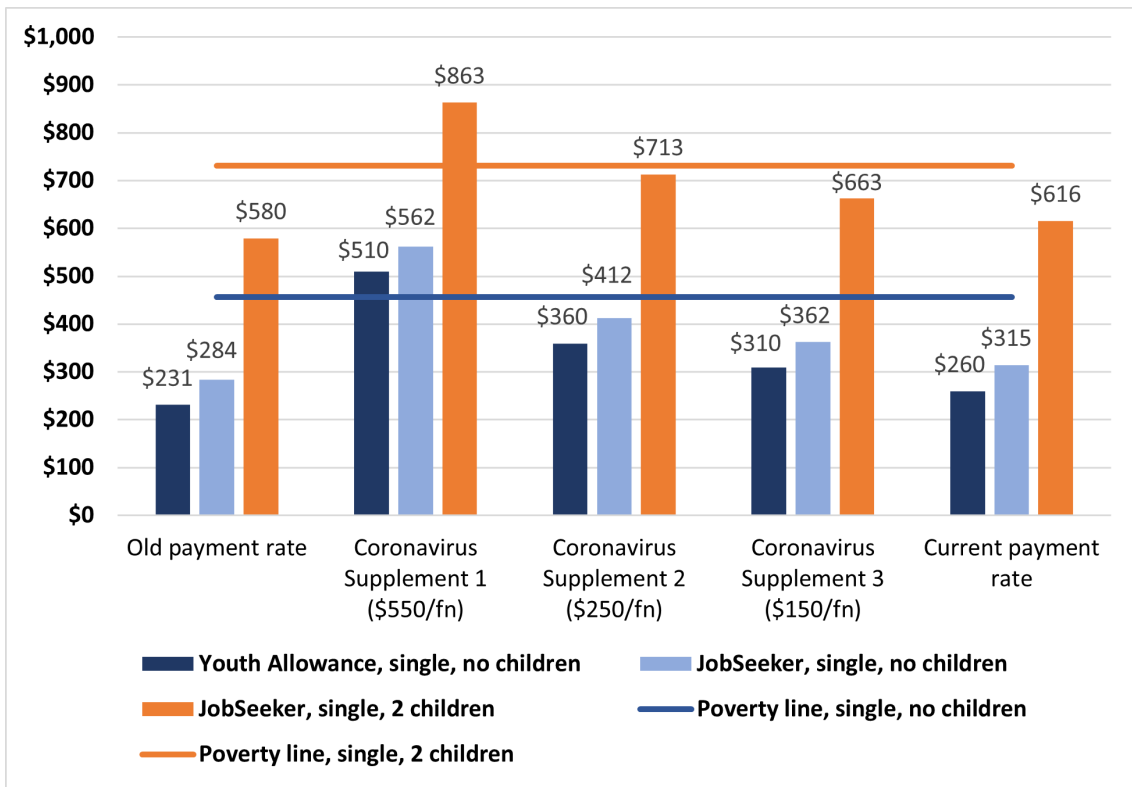
Figure 11 shows the rise and fall of income support payments for job seekers over the period from December 2020 to April 2021. Figure 12 shows the impact of these changes on the poverty gap – i.e. the difference between income and the poverty line. Before the introduction of the Coronavirus Supplement, JobSeeker and Youth Allowance payments were both well below the poverty line. The \$550 per fortnight Coronavirus Supplement erased the poverty gap, temporarily lifting incomes to levels above the poverty line. Gradual reductions in the Coronavirus Supplement saw the poverty gap return and grow. The removal of the Coronavirus Supplement and the \$50 per fortnight increase to the base rate from 1 April 2021 – the first real increase in these payment rates in over 25 years – saw these income support payments return to levels between \$100 to \$200 per week below the poverty line.

³⁵ Phillips, unpublished data.

³⁶ Phillips, unpublished data.

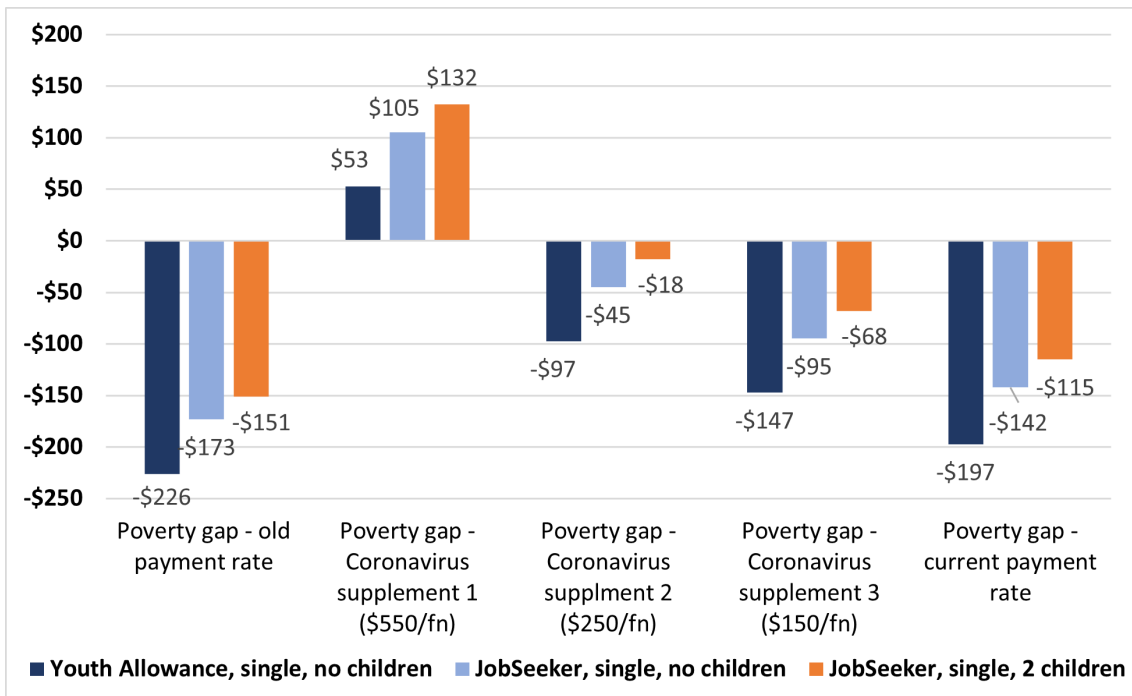
³⁷ Phillips, unpublished data.

Figure 11 Changes in income support payments compared to poverty lines, December 2020 – April 2021



Source: Chart derived from Services Australia, [A guide to Australian Government payments](#). Historical versions from 20 September – 31 December 2019 to 1 April – 30 June 2021, Services Australia, Canberra, 2019-21, accessed 13 July 2021.

Figure 12 Poverty gap for JobSeeker and Youth Allowance recipients, December 2020 – April 2021



Source: Chart derived from Services Australia, [A guide to Australian Government payments](#). Historical versions from 20 September – 31 December 2019 to 1 April – 30 June 2021, Services Australia, Canberra, 2019-21, accessed 13 July 2021.

JobSeeker and Youth Allowance payments are indexed twice a year in line with changes in the CPI. However, as indicated by the ABS's non-discretionary price index and the SLCI, CPI indexation is inadequate to keep up with cost of living for these households. As shown in Figures 13 and 14, the \$50 per fortnight increase from 1 April 2021 has seen payments increase at a rate above the increase in living costs over the past 12 months. However, this 8.9% increase in JobSeeker falls short of addressing the gap between these payments and living costs that has grown significantly for over a quarter of a century. Figure 15 shows that living costs for JobSeeker households have increased 9.8% above that for the general population since the SLCI was introduced in 1998. Analysis by the South Australian Council of Social Service (SACOSS) has found that:

The government's \$25 a week increase in JobSeeker is only a \$14 a week increase in real terms on the rate applying [since the SLCI was introduced] 23 years ago (which itself was grossly inadequate) ... [In] real terms the minimum wage has increased by 15% in the same period. Consequently, even with the latest increase, those who are unemployed are still being left further behind the working population.³⁸

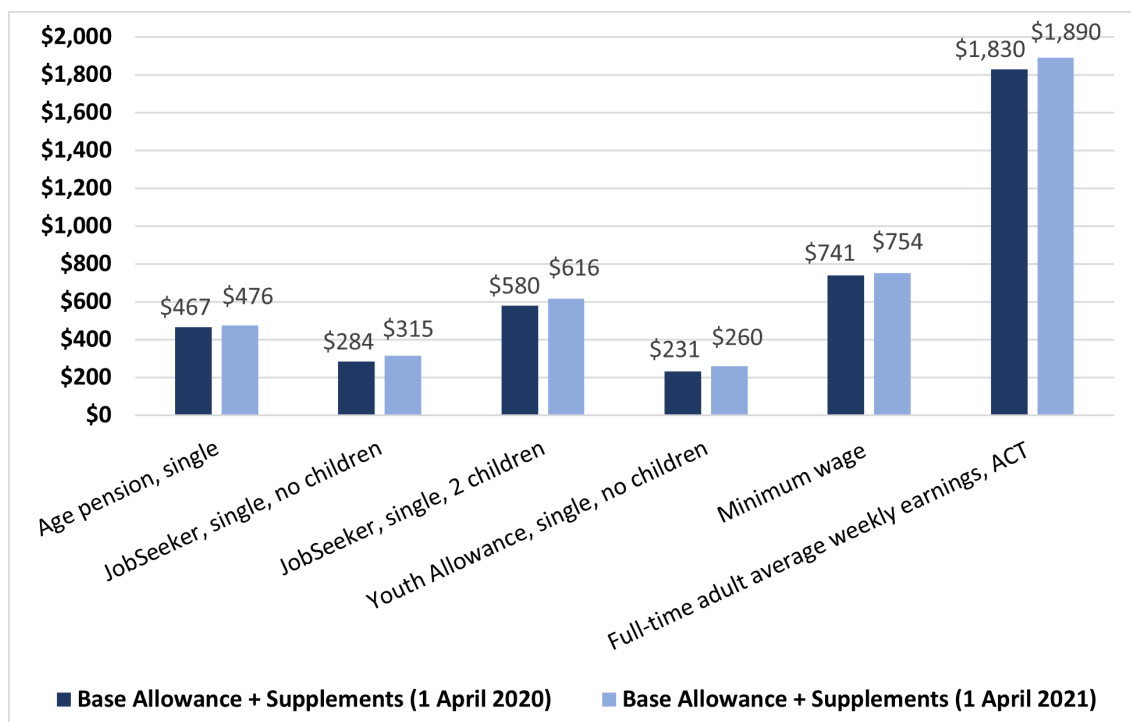
A UNSW Sydney analysis of healthy living budget standards had found that the previous weekly rate of unemployment benefit for a single person fell \$96 short of the income needed to lead a healthy life.³⁹ A \$25 a week increase clearly falls well short of this, leaving people with an income well below what they need 'to achieve levels of consumption (of food, clothing, medications, transportation, personal care, and so on) and participation (in lifestyle, exercise and social activities) that are consistent with healthy living'.⁴⁰

38 South Australian Council of Social Service (SACOSS), [SACOSS Cost of Living Update No. 46. March Quarter 2021](#), SACOSS, Adelaide, May 2021, p 7, accessed 12 July 2021.

39 P Saunders and M Bedford, [New minimum income for healthy living budget standards for low-paid and unemployed Australians – Summary report \[PDF\]](#), UNSW Sydney, Sydney, 2017, p 2, accessed 9 August 2021.

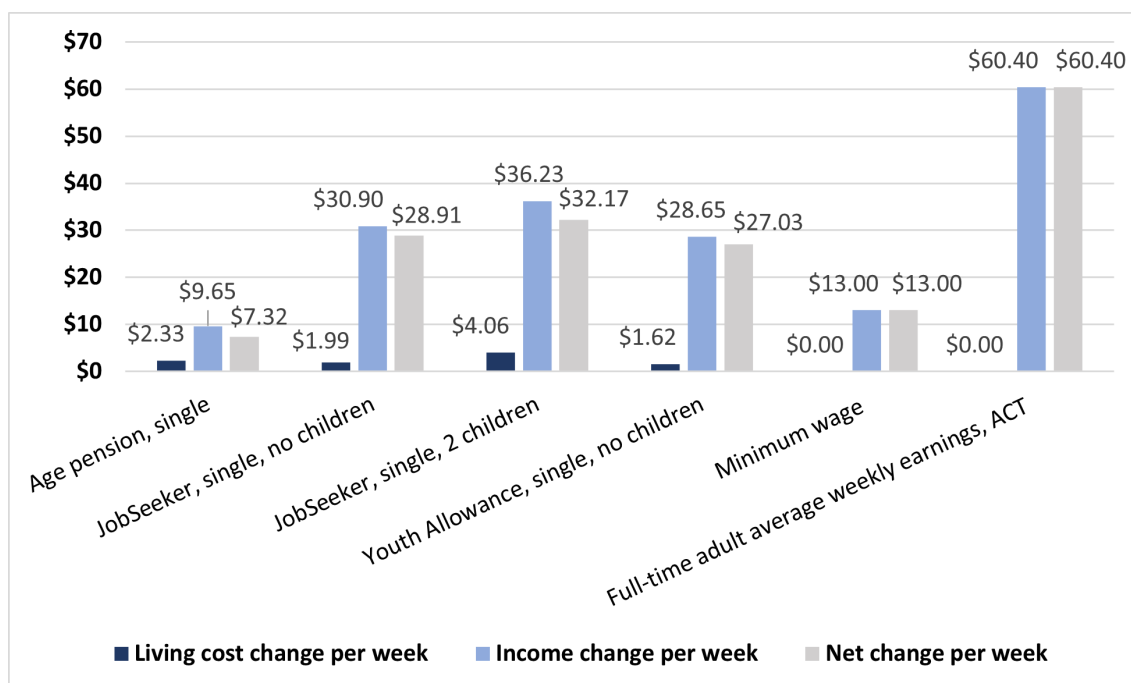
40 Saunders, *New minimum income for healthy living budget standards*, p 4.

Figure 13 Change in weekly income by income source, April 2020 to April 2021



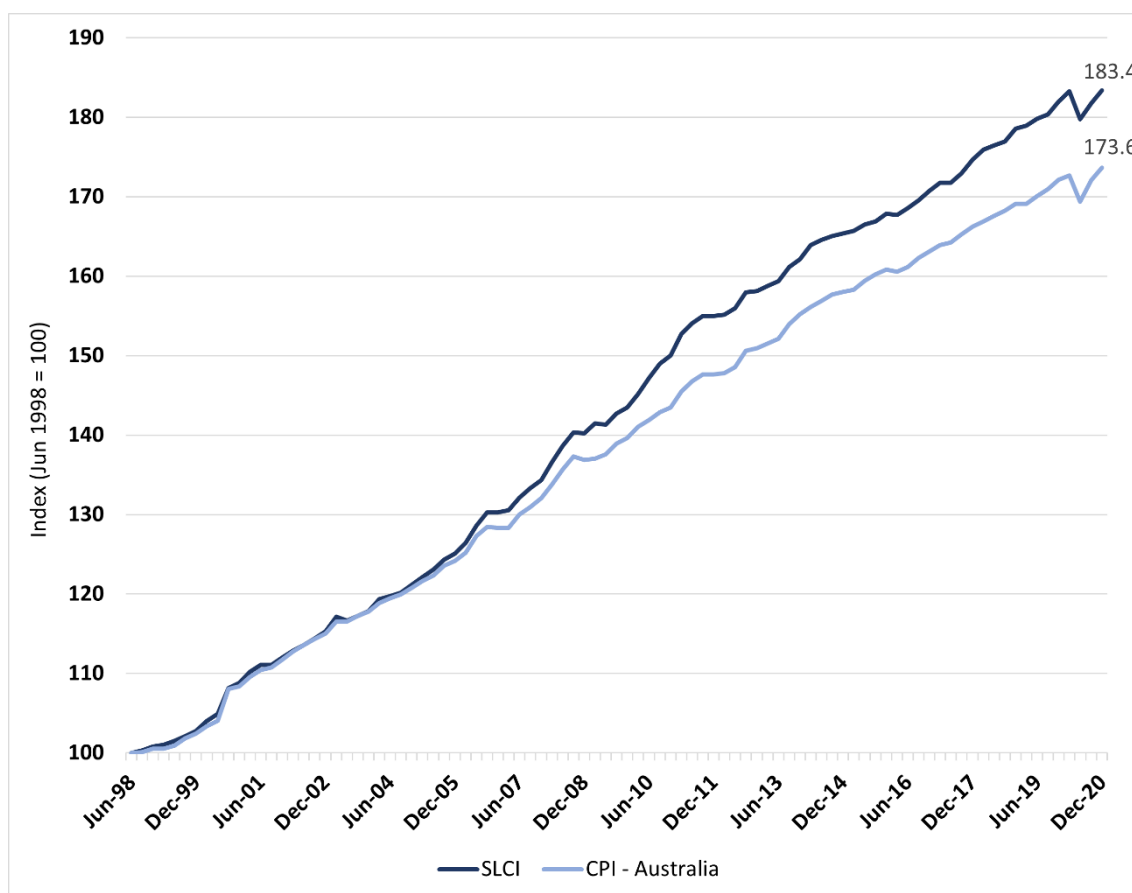
Source: Chart derived from Services Australia, [A guide to Australian Government payments](#), Historical versions from 20 March – 30 June 2020 to 1 April – 30 June 2021, Services Australia, Canberra, 2020-21, accessed 13 July 2021; Fair Work Commission, [National Minimum Wage Order 2019](#), Fair Work Commission, Melbourne, 2019; Fair Work Commission, [National Minimum Wage Order 2020](#), Fair Work Commission, Melbourne, 2020; ABS, [Average Weekly Earnings, Australia](#), Nov 2019 & Nov 2020, ABS, Canberra, 2020-21, accessed 13 July 2021.

Figure 14 Change in weekly income vs change in living cost, April 2020 to April 2021



Source: Chart derived from ABS, [Selected Living Cost Indexes, Australia](#), Reference period March 2021, ABS website, 2021; Services Australia, [A guide to Australian Government payments](#), Historical versions from 20 March – 30 June 2020 to 1 April – 30 June 2021, Services Australia, Canberra, 2020-21, accessed 13 July 2021; Fair Work Commission, [National Minimum Wage Order 2019](#), Fair Work Commission, Melbourne, 2019; Fair Work Commission, [National Minimum Wage Order 2020](#), Fair Work Commission, Melbourne, 2020; ABS, [Average Weekly Earnings, Australia](#), Nov 2019 & Nov 2020, ABS, Canberra, 2020-21, accessed 13 July 2021.

Figure 15 Change in SLCI (Other government transfer recipient households) and CPI, Australia, June 1998 – December 2020



Source: ABS, 'Key statistics' [percentage change in CPI and SLCI, Dec Qtr 2019 to Dec Qtr 2020], [Selected Living Cost Indexes, Australia](#), Reference period December 2020, ABS, 2021, accessed 13 July 2021; ABS, '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 2020, ABS, 2021, accessed 8 July 2021.

A \$50 per fortnight increase is far from sufficient to close either the poverty gap or the cost-of-living gap for income support recipients. ACTCOSS has long supported the Raise the Rate for Good campaign's aim 'to fix our social security safety net for good so that it keeps people out of poverty'.⁴¹ Led by the Australian Council of Social Service (ACOSS), this campaign recommends that the Australian Government:

- increase the base rate of JobSeeker Payment by at least \$25 a day, and ensure everyone receives at least \$65 a day
- index payments in line with wage movements at least twice per year
- establish a Social Security Commission to advise the parliament on the ongoing adequacy of income support payments.

We also support ACOSS's call for the federal parliament to increase Commonwealth Rent Assistance by 50%, introduce a Disability and Illness

41 ACOSS, [About the campaign](#), Raise the Rate for Good website, n.d., accessed 12 July 2021.

Supplement of at least \$50 a week, and establish a Single Parent Supplement to recognise the added costs of single parenthood.⁴²

Further, as the COVID-19 health and economic crisis continues and while lockdowns remain an ongoing threat, the Australian Government must immediately extend COVID Disaster Payments to everyone on income support and people without an income. This must include people seeking asylum and temporary visa holders who are ineligible for support and may be without any income at all because they do not qualify for Centrelink payments.⁴³

Conclusion

Addressing poverty and cost of living for low-income households in the ACT requires significant commitment and coordinated action by the ACT and Australian governments. Ensuring all Canberrans have adequate incomes and affordable housing is fundamental to this. Our economy needs to provide people with secure employment and adequate wages, and when it fails to do so, we need a safety net that ensures people can still afford to live a healthy and dignified life by providing adequate income support, concessions, and emergency financial and material relief.

This year's ACT Cost of Living Report highlights that the lack of affordable housing remains the biggest challenge confronting people on low incomes in the Canberra community. Accessible, affordable, safe, and secure housing provides the necessary foundation from which people can actively meet their social, physical, and emotional needs. A key means to address Canberra's housing affordability crisis is to invest in social housing. There is currently a shortfall of 3,100 social housing dwellings in the ACT. Federal and territory government investment in social housing is essential to avoid deepening and entrenching rental stress and homelessness in the ACT.

On 1 April 2021, the rate of JobSeeker, Youth Allowance and other related payments increased in real terms for the first time in over 25 years. However, an increase of just \$25 a week is far from adequate to address the poverty gap and cost-of-living gap that has grown over the past quarter of a century. The initial Coronavirus Supplement of \$550 per fortnight raised payments above the poverty line and saw poverty rates in the ACT drop to well below the pre-COVID rate. This increase made it possible for JobSeeker households to cover the cost of essential goods and services. The subsequent reduction and withdrawal of this supplement has seen the number of Canberrans living in poverty increase to an estimated 38,300 people, including approximately 9,300 children – well

42 ACOSS, [Media briefing: Who misses out on COVID Disaster Payments?](#), ACOSS, Sydney, 2 August 2021, accessed 9 August 2021. For further discussion of cost of living and the Disability Support Pension in the ACT refer to ACTCOSS, [Submission: Inquiry into the purpose, intent and adequacy of the Disability Support Pension](#), ACTCOSS, 2021, accessed 9 August 2021.

43 ACOSS, [Media briefing: Who misses out on COVID Disaster Payments?](#).

above the pre-COVID level. ACTCOSS continues to call on the Australian Government to fix our social security system for good so that it keeps people out of poverty. We welcome the ACT Government's support for this as a member of the National Cabinet.

In addition to incomes and housing, there are many other areas where the Australian and ACT governments can take action to address poverty and the increasing cost of living pressures faced by low-income households in Canberra. This includes action to make essential goods and services such as health, education, food, energy, and childcare more affordable. The ACT Budget presents an annual opportunity for the ACT Government to build a fairer and more equitable Canberra. ACTCOSS's submission to the 2021-22 ACT Budget Consultation recommends a wide range of social justice measures aimed at addressing poverty, inequality, and the cost of living in the ACT and improving the wellbeing of thousands of low-income households struggling to make ends meet within our relatively wealthy Canberra community.⁴⁴ These measures are aimed at realising our vision for Canberra as a just, safe, and sustainable community in which everyone has a fair share of resources and services.

⁴⁴ ACTCOSS, [ACTCOSS ACT Budget priorities 2021-22: Investing in housing, health and community services for the ACT economic recovery](#), ACTCOSS, Canberra, 2021, accessed 10 August 2021.

Appendix: Explanatory notes

ACTCOSS uses the cost-of-living methodology developed by SACOSS and the following explanatory notes have been adapted from SACOSS.⁴⁵

Consumer Price Index and Selected Living Cost Indexes

The ABS Selected Living Cost Indexes (SLCI) uses a different methodology to the CPI in that the CPI is based on acquisition (i.e., the price at the time of acquisition of a product), while the living cost index is based on actual expenditure. This is particularly relevant in relation to housing costs where CPI traces changes in house prices, while the SLCI traces changes in the amount expended each week on housing (e.g., mortgage repayments). Further information is available in the Explanatory Notes to the Selected Living Cost Indexes.⁴⁶ In that sense, the Selected Living Cost Indexes are not a simple disaggregation of CPI and the two are not strictly comparable. However, both indexes are used to measure changes in the cost of living over time (although that is not what CPI was designed for) and given the general usage of the CPI measure and its powerful political and economic status, it is useful to compare the two and highlight the differences for different household types.

Limitations of the Selected Living Cost Indexes

The SLCI are more nuanced than the generic CPI in that they measure changes for different household types, but there are still several problems with using those indexes to show cost-of-living changes faced by the most vulnerable and disadvantaged in the ACT. While it is safe to assume that social security recipients are among the most vulnerable and disadvantaged, any household-based data for multi-person households says nothing about distribution of power, money and expenditure within a household and may therefore hide particular (and often gendered) structures of vulnerability and disadvantage. Further, the living cost indexes are not state based, so ACT trends or circumstances may not show up.

At the more technical level, the SLCI are for households whose predominant income is from the described source (e.g. Age Pension or government transfers). However, the expenditures that formed the base data and weighting (from the 2015-16 Household Expenditure Survey) add up to well over the actual social security payments available (even including other government payments like rent assistance, utilities allowance and family tax benefits). Clearly many households in these categories have other sources of income, or more than one social security recipient in the same household. Like the CPI, the

45 SACOSS, [SACOSS Cost of Living Update No. 37, December Qtr 2018 \[PDF\]](#), SACOSS, Adelaide, 2019, viewed 12 April 2019.

46 ABS, [Selected Living Cost Indexes, Australia methodology](#), ABS, Canberra, 2021, viewed 13 July 2021.

Living Cost Index figures reflect broad averages (even if more nuanced), but do not reflect the experience of the poorest in those categories.

Another example of this ‘averaging problem’ is that expenditures on some items, like housing, are too low to reflect the real expenditures and changes for the most vulnerable in the housing market – again, because the worst-case scenarios are ‘averaged out’ by those in the category with other resources. For instance, if one pensioner owned their own home outright, they would generally be in a better financial position than a pensioner who has to pay market rents – but if the market rent were \$300 per week, the average expenditure on rent between the two would be \$150 per week, much less than what the renting pensioner was actually paying.

The weightings in the SLCI are also based on a set point in time (from the ABS Household Expenditure Survey), but over time the price of some necessities may increase rapidly, forcing people to change expenditure patterns to cover the increased cost. There is some adjustment of weightings for this, but these cannot be checked without a new survey. Alternatively, or additionally, expenditure patterns may change for a variety of other reasons. However, the weighting in the indexes does not change and so does not track the expenditure substitutions and the impact that has on cost of living and lifestyle.

Finally, the SLCI household income figures are based on households that are the average size for that household type: 1.51 people for aged pensioners, and 2.46 for other social security recipients.⁴⁷ This makes comparison with allowances difficult. This report focuses on single person households or a single person with two children (to align to the other social security recipient household average of 2.46 persons). However, this is a proxy rather than statistical correlation.

It is inevitable that any summary measure will have limitations, and as noted in the main text, the Selected Living Cost Indexes provide a robust statistical base, a long time series, and quarterly tracking of changes in the cost of living which is somewhat sensitive to low-income earners.

Income support payment calculations – December 2019 to 1 April 2021

Even using the base rate of benefits, the calculation of the relevant weekly incomes is difficult because of the complexity of the income support system which means that payment eligibility and rates change depending on the exact circumstances of the household (e.g. age of children, assets). The calculation is also complex because of changes over time in eligibility and available benefits. However, based on an assumption of a single Age Pensioner and a single Newstart/JobSeeker recipient with two children (aged 10 and 14) – with neither receiving Commonwealth Rent Assistance, the basic income supports payments have been calculated as follows:

⁴⁷ ABS, *Selected Living Cost Indexes, Australia methodology*.

Rates at 31 December 2019

	Base rate	Pension supp	Energy supp	FTB A Child u13	FTB A Child 13-15	FTB B	Pharmaceutical Benefit	Fortnight Total	Week Total
Age pension, single	850.40	68.90	14.10	-	-	-	-	933.40	466.70
Newstart, single, no children	559.00	-	8.80	-	-	-	-	567.80	283.90
Newstart, single, 2 children	604.70	-	9.50	186.20	242.20	110.60	6.20	1159.40	579.70
Youth Allowance, single, no children	455.20	-	7.00	-	-	-	-	462.20	231.10

Source: Centrelink, [A guide to Australian Government payments: 20 September-31 December 2019](#), Centrelink, Canberra, 2019, accessed 13 July 2021.

Coronavirus Supplement for JobSeeker and Youth Allowance recipients:

27 April 2020 – 24 September 2020

- \$550 per fortnight/\$275 per week

25 September 2020 – 31 December 2020

- \$250 per fortnight/\$125 per week

1 January 2021 – 31 March 2021

- \$150 per fortnight/\$75 per week

Rates at 1 April 2021

	Base rate	Pension support	Energy supplement	FTB A Child u13	FTB A Child 13-15	FTB B	Pharmaceutical Benefit	Fortnight Total	Week Total
Age pension, single	868.30	70.30	14.10					952.70	476.35
JobSeeker, single, no children	620.80		8.80					629.60	314.80
JobSeeker, single, 2 children	667.50		9.50	189.56	246.54	112.56	6.20	1,231.86	615.93
Youth Allowance, single, no children	512.50		7.00					519.50	259.75

Source: Services Australia, [A guide to Australian Government payments: 1 April – 30 June 2021](#), Services Australia, Canberra, 2021, accessed 13 July 2021.

How Pension rates are adjusted

The following explanation of pension indexation has been extracted from a guide produced by the Parliamentary Library:

Currently, pensions (including the Age Pension, Service Pension, Disability Support Pension and Carer Payment) are [indexed twice each year](#) by the greater of the movement in the [Consumer Price Index](#) (CPI) or the [Pensioner and Beneficiary Living Cost Index](#) (PBLCI). They are then 'benchmarked' against a percentage of [Male Total Average Weekly Earnings](#) (MTAWE). The combined couple rate is benchmarked to 41.76% of MTAWE; the single rate of pension is set at 66.33% of the combined couple rate (which is equal to around 27.7% of MTAWE). 'Benchmarked' means that after it has been indexed, the combined couple rate is checked to see whether it is equal to or higher than 41.76% of MTAWE. If the rate is lower than this percentage, the rates are increased to the appropriate benchmark level.

The CPI is a measure of changes in the prices paid by households for a fixed basket of goods and services. Indexing pension rates to CPI maintains the real value of pensions over time. The PBLCI measures the effect of changes in prices of the out-of-pocket living expenses experienced by age pensioner and other households whose main source of income is a government payment. The PBLCI is designed to check whether their disposable incomes have kept pace with price changes. The MTAWE benchmark is not intended to maintain the value of the pension relative to costs; it is seen as ensuring pensioners maintain a certain standard of living, relative to the rest of the population.⁴⁸

48 M Klapdor, [Pension indexation: a brief history](#), FlagPost blog, Parliamentary Library, Canberra, 16 April 2014, accessed 13 July 2021. NOTE: Allowance payments, such as JobSeeker and Youth Allowance, are indexed to the CPI only and are adjusted six monthly – every March and September.