



2022 ACT Cost of Living Report

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

May 2022

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.

ACTCOSS advises that this document may be publicly distributed, including by placing a copy on our website.

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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.
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AHURI	Australian Housing and Urban Research Institute
CPI	Consumer Price Index
CRA	Commonwealth Rent Assistance
GDP	Gross Domestic Product
GST	goods and services tax
ICRC	Independent Competition and Regulatory Commission
IGPA	Institute for Governance and Policy Analysis
LCI	Living Cost Index
LFiT	Large-scale Feed-in Tariff
NATSEM	National Centre for Social and Economic Modelling
PBLCI	Pensioner and beneficiary Living Cost Index
SACOSS	South Australian Council of Social Service
SLCI	Selected Living Cost Indexes

Introduction

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. Since March 2020, the COVID-19 pandemic has had a significant impact on low-income households in the ACT. Employment, incomes, and the prices of essential goods and services have fluctuated over the course of the pandemic. More recently, the war in Ukraine has had a significant impact on the global economy, especially in relation to fuel prices. In March 2022 we saw the largest quarterly and annual increases in the Consumer Price Index since the introduction of the goods and services tax (GST) on 1 July 2000.¹ The Reserve Bank of Australia expects inflation to rise even further in 2022.²

Over the course of the COVID-19 pandemic we saw poverty and inequality reduce in a time of recession and rise during the period of economic recovery.³ As we observed in our *2021 ACT Cost of Living Report*, despite the deepest recession in a century and record high unemployment, income inequality and poverty declined during the first wave of the pandemic due to robust income supports in the form of the JobKeeper Payment and the Coronavirus Supplement.⁴

In the ACT this meant that while the number of people receiving JobSeeker and Youth Allowance (other) more than doubled, our poverty rate dropped from a pre-COVID estimate of 8.6% to 5.2% by October 2020. 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.⁵

This report tracks changes in income and the cost of living for low-income households in the ACT from December 2020 to December 2021. During this period the Coronavirus Supplement was phased out and despite a permanent increase to JobSeeker of \$50 per fortnight from 1 April 2021, the payment returned to well below the poverty line.⁶ By December 2021, a single person without children on JobSeeker had an income that was \$138 below the poverty line of \$457 per week – for a single person on Youth Allowance (other) their

1 ABS, [CPI rose 2.1% in the March 2022 quarter](#) [media release], ABS, Canberra, 27 April 2022, accessed 28 April 2022.

2 Reserve Bank of Australia, [Statement by Philip Lowe, Governor: Monetary Policy Decision](#) [media release], RBA, 3 May 2022, accessed 4 May 2022.

3 ACOSS/UNSW Poverty and Inequality Partnership, [COVID, inequality and poverty in 2020 & 2021: how poverty & inequality were reduced in the COVID recession and increased during the recovery \[PDF\]](#), Build back fairer series, report no. 3, ACOSS, Sydney, March 2022, accessed 28 April 2022.

4 ACTCOSS, [2021 ACT Cost of Living Report](#), ACTCOSS, Canberra, August 2021, accessed 28 April 2022.

5 ACTCOSS, [Factsheet: Poverty and COVID-19 in the ACT](#), ACTCOSS, Canberra, October 2021, accessed 2 May 2022.

6 The poverty lines used in this report follow the 50% of median income (before housing costs) poverty lines by family type from: P Davidson, B Bradbury, T Hill & M Wong, [Poverty in Australia 2020: Part 1, Overview \[PDF\]](#), ACOSS/UNSW Poverty and Inequality Partnership Report No. 3, ACOSS, Sydney, 2020, accessed 2 May 2022.

income dropped to \$197 below the poverty line per week. For a single parent with two children, the JobSeeker payment dropped to \$108 below the poverty line of \$731 per week.

Over the same period, we saw some of the largest increases in the prices of essential goods and services in over two decades. Over the last five years, Canberra has experienced significant increases in prices for the following essential goods and services:

- 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%).

Such significant increases in the cost of essential goods and services hits low-income households hardest. Over the past 12 months, this impact has been even greater as many households saw their income drop to well below the poverty line with the phasing out of the temporary COVID-19 Supplement and Disaster payments.

ACT community service providers observed the impacts of rising living costs and declining income support all too clearly over the past year. The 2021 Australian Community Sector Survey found that over two thirds (67%) of ACT community sector staff, including CEOs and managers, reported that levels of poverty and disadvantage have increased among the groups they support.⁷ Almost four in five ACT respondents (78%) reported that levels of demand for their main service increased. The ACT community sector reported that housing affordability and homelessness (76%), cost of living pressures (65%), and a lack of COVID-19 financial support and inadequate Centrelink payments (42%) were among some of the main challenges affecting the people and communities they support.

This report highlights the key areas where the cost of living for low-income households increased over the past 12 months and five years. It examines how changes in these costs have tracked with changes in income over the past year. In doing so, this report aims to identify key areas where greater and more targeted support is needed from both the ACT and federal governments to reduce poverty and inequality in our community, and to ease the cost of living pressures experienced by low-income households.

⁷ ACTCOSS, [2021 ACT community sector demand snapshot](#), ACTCOSS, 2021, accessed 2 May 2022.

Recommendations

The ACT and federal governments have a shared responsibility to reduce poverty and inequality and alleviate cost of living pressures faced by low-income households.

Recommendations to ACT Government

In the lead up to the 2022-23 ACT Budget, ACTCOSS is calling on the ACT Government to take action across a range of cost of living issues, including:

Housing

- Increase investment in social and affordable housing to address the current and projected shortfall (in partnership with the Australian Government)

Concessions, fines, fees and charges

- Ensure concessions are adequate and targeted to need based on the ACT Government's commitment to review and update the Targeted Assistance Strategy
- Introduce an income-based approach to ACT Government fines, fees and other charges

Transport

- Trial free public transport and analyse its costs, benefits and distributional impact
- Align the discount on license fees for Health Care Card holders (currently 50% of costs) with Pension Card Holders (100%).
- Provide targeted support to low-income households to purchase a zero emissions vehicle and/or access charging infrastructure (privately or publicly)

Health

- Invest in integrative health services that prioritise access for people on low incomes, including early intervention and mental health and support for carers

Energy and water

- Ensure the Utilities Concession is adjusted in line with increases in costs of electricity, gas, water and sewerage services for low-income households
- Consider expanding the Utilities Hardship Fund to Icon Water to address customer hardship
- Provide additional funding under the Home Energy Support Program to enable low-income (including private rental and social housing) households to access rooftop solar and energy efficient heating, cooling, cooking and hot water.⁸

Recommendations to the Australian Government

In the lead up to the 2022 Federal Election, ACTCOSS is calling on the next Australian Government to deliver:

- A 25,000 dwelling per year social and affordable housing package to reduce homelessness and kick-start housing construction and growth in jobs and incomes
- A new affordable rental investment incentive scheme
- A national First Nations housing strategy to boost the stock of community housing and new remote housing agreement
- Establish a minimum income floor in our income support system by lifting all base rates of payment to at least \$70 a day (the same level as the pension and pension supplement) and indexing them to wages as well as prices
- Ensure supplementary payments meet specific needs, including lifting Commonwealth Rent Assistance by 50%, providing a Disability and Illness Supplement of at least \$50 a week, as well as a Single Parent Supplement that recognises the costs of single parenthood
- Abolish mandatory cashless debit and income management and put in place an independent Social Security Commission to advise the Parliament on income support payment settings ongoing.⁹

8 ACTCOSS, *ACTCOSS ACT Budget Priorities 2022-23*, ACTCOSS, Canberra, forthcoming.

9 ACTCOSS, [ACTCOSS Federal Election Priorities 2022](#), ACTCOSS, Canberra, 2022, accessed 2 May 2022; ACOSS, [Federal Election 2022 – Forging a resilient and brighter future](#), ACOSS website, n.d., accessed 2 May 2022.

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

Low-income households spend a greater proportion of their income on essential goods and services compared to middle- and high-income households. As a result, changes in the prices of essential or non-discretionary goods and services have a disproportionate impact on low-income households. In tracking changes in the cost of living it is also important to consider the proportion of household income typically spent on different goods and services by low-income households.¹⁰ Table 1 below shows how expenditure across different groups of goods and services varies depending on household income. This highlights that housing, food, and transport are the top three areas of expenditure, accounting for over half (55.1%) of expenditure for ACT households in the lowest income quintile.

Our analysis of changes in the cost of living in the ACT examines changes in the Australian Bureau of Statistics' (ABS) Consumer Price Index (CPI) across the 11 categories and selected sub-categories. This analysis explores changes in the CPI in Canberra and nationally over the 12 months from December 2020 to December 2021 and over the five years from December 2016 to December 2021 (see Table 2 and Figures 1 & 2). This is aimed at identifying areas of household expenditure that are likely to have had a significant impact on low-income households in the ACT. This can then assist in identifying where targeted support is needed.

Over the year from December 2020 to December 2021, Canberra's CPI rose 4.0%, this was above the national CPI increase of 3.5%. Over the past five years, Canberra's CPI has also increased at a rate above the national CPI – 12.1% compared to 10.2%. Between December 2016 and December 2021, Canberra has experienced significant increases in prices for transport (19.2%), housing (19.0%), education (17.0%), and health (16.5%) which all rose at a rate above the overall CPI. Looking in finer detail at the CPI sub-groups reveals automotive fuel (34.9%), electricity (28.1%), gas (24.0%), medical and hospital services (21.4%), meat and seafoods (15.8%), and rents (13.1%) as key essential goods and services where price increases will have had a disproportionate impact on low-income households in the ACT (see Figure 3).

The ABS releases updated CPI figures every three months. Since December 2021 the prices of most of these essential goods and services have risen even higher. The March 2022 CPI saw the highest quarterly and annual price rises in over 20 years. Canberra's overall CPI rose by a further 2.2% between December 2021 and March 2022, and by 5.4% over the 12 months from March 2021 to March 2022. The ABS notes that fuel, housing, and energy prices were the main contributors to this further increase in Canberra prices between December 2021 and March 2022:

- Automotive fuel (8.8%)

¹⁰ Low-income households are generally defined as those in the first- and second-income quintiles, or the bottom 40% of the income distribution.

- Electricity (6.9%) rose due to electricity costs returning to normal levels following the removal of a one-off \$200 rebate for concession customers introduced in the previous quarter
- New dwelling purchase by owner occupiers (2.6%)
- Rents (2.2%) rose due to historically low vacancy rates resulting in price rises.¹¹

Table 1 Proportion of household expenditure on 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
Transport	11.4	12.4	12.7	16.5	14.4	13.4
Recreation	9.5	10.7	12.9	13.8	22.1	14.4
Household furnishings and equipment	9.0	3.3	5.2	3.9	3.4	4.5
Domestic fuel and power	4.0	4.4	3.0	2.2	2.4	2.8
Miscellaneous goods and services	3.9	4.2	9.2	7.9	12.4	8.5
Communication	3.8	3.1	2.9	2.8	2.4	2.8
Medical care and health expenses	3.4	5.7	4.5	7.1	5.4	5.5
Clothing and footwear	3.3	3.0	4.6	3.6	2.5	3.2
Household services and operation	2.6	5.2	3.5	3.7	2.4	3.1
Alcoholic beverages	1.6	2.3	2.2	2.1	1.6	1.8
Education	1.6	6.3	3.4	3.2	4.6	3.6
Personal care	1.3	2.7	2.0	1.6	1.5	1.7
Tobacco products	0.3	1.1	0.8	0.2	0.1	0.4

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.

¹¹ ABS, [Consumer Price Index, Australia](#), March 2022, Capital cities comparison, Canberra, ABS website, 27 April 2022, accessed 2 May 2022.

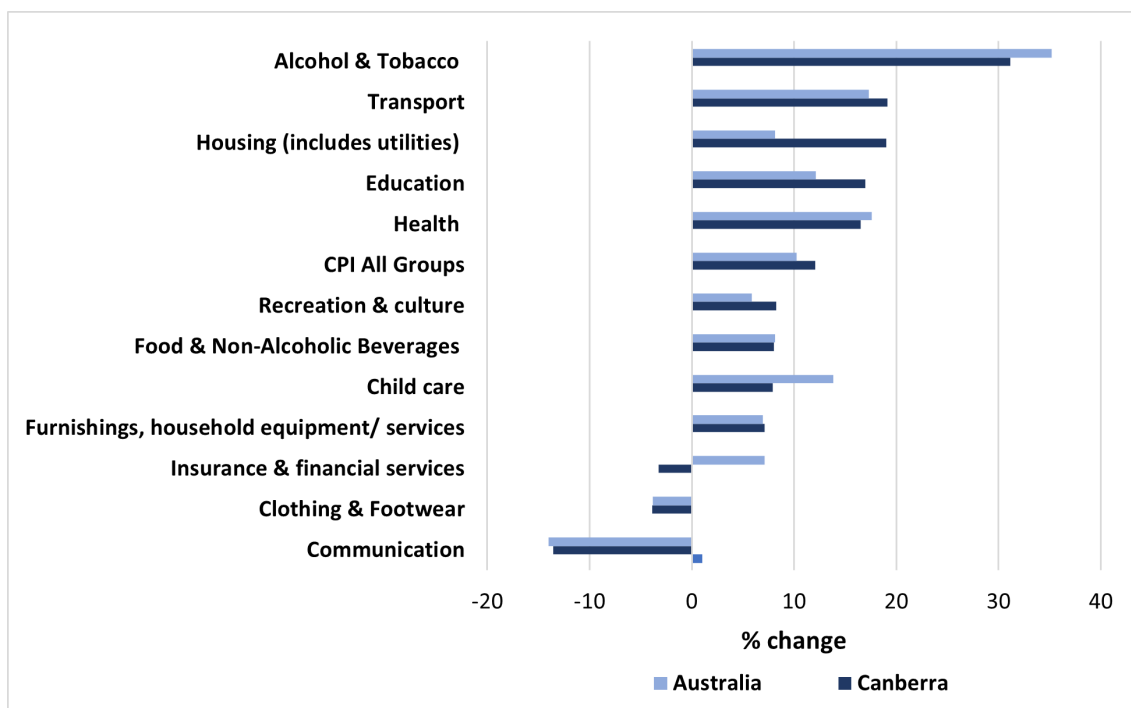
Table 2 CPI changes for key household expenditure areas, Canberra and Australia, Dec 2020 – Dec 2021 and Dec 2016 – Dec 2021

Cost of Living area	Canberra CPI Change - 1yr Dec20-Dec21 (%)	Australia CPI Change - 1yr Dec20-Dec21 (%)	Canberra CPI change - 5yrs Dec16-Dec21 (%)	Australia CPI Change - 5yrs Dec16-Dec21 (%)
Food & Non-Alcoholic Beverages	1.9	1.9	8.0	8.2
• Bread and cereal products	0.9	1.2	4.3	5.6
• Meat and seafoods	2.1	2.5	15.8	15.7
• Dairy & related products	1.9	1.8	8.6	9.7
• Fruit and vegetables	0.1	0.2	0.9	2.6
• Food products n.e.c.	1.5	1.6	3.0	3.4
• Non-alcoholic beverages	1.6	2.0	9.5	8.1
• Meals out and takeaway foods	2.7	2.4	11.1	10.5
Alcohol & Tobacco	1.1	1.1	31.2	35.2
• Alcohol	1.3	1.1	11.5	9.1
• Tobacco	0.9	1.1	82.1	82.9
Clothing & Footwear	-1.6	-0.3	-3.8	-3.8
Housing	5.1	4.0	19.0	8.2
• Rents	3.0	0.4	13.1	0.7
• New dwelling purchase	8.0	7.5	18.0	14.7
• Property rates & charges	10.1	3.3	36.9	12.6
• Utilities	0.9	2.3	21.0	5.2
• <i>Water & sewerage</i>	1.5	0.3	6.0	4.5
• <i>Electricity</i>	6.6	3.0	28.1	3.0
• <i>Gas</i>	-6.2	2.6	24.0	12.7
Furnishings, household equipment/ services	5.0	3.6	7.1	7.0
Childcare	8.8	6.5	7.9	13.8
Health	2.3	3.3	16.5	17.6
• Pharmaceutical products	-0.6	1.0	4.8	5.1

Cost of Living area	Canberra CPI Change - 1yr Dec20-Dec21 (%)	Australia CPI Change - 1yr Dec20-Dec21 (%)	Canberra CPI change - 5yrs Dec16-Dec21 (%)	Australia CPI Change - 5yrs Dec16-Dec21 (%)
• Therapeutic appliances and equipment	0.0	0.5	3.2	1.0
• Medical and hospital services	3.1	4.3	21.4	23.0
• Dental services	1.9	0.9	6.8	7.4
Transport	14.2	12.5	19.2	17.3
• Automotive Fuel	34.7	32.3	34.9	34.5
• Public Transport	0.1	1.0	5.4	5.7
Communication	-0.4	-0.5	-13.6	-14.0
• Telecommunication Equipment & Services	-0.8	-0.8	-15.3	-15.2
Recreation & culture	1.7	2.1	8.3	5.8
• Audio, visual and computing equipment	0.0	0.4	-18.3	-19.9
• Audio, visual and computing media & services	3.5	3.2	9.9	7.8
Education	2.6	0.6	17.0	12.1
Insurance & financial services	-0.6	2.2	-3.2	7.1
• Insurance	2.6	3.4	8.9	13.8
CPI All Groups	4.0	3.5	12.1	10.2

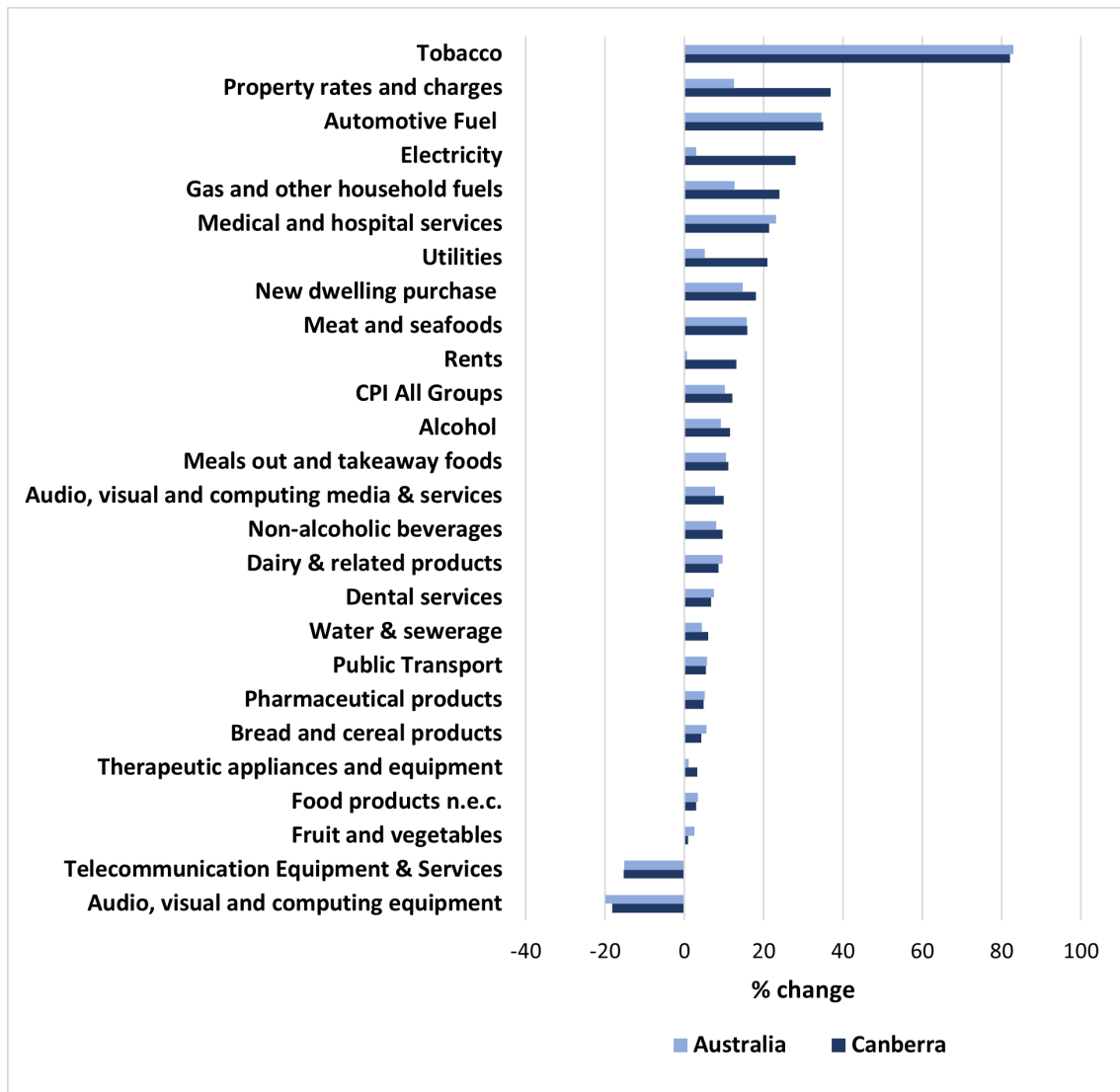
Source: ABS, 'Table 10. CPI: Group, Sub-group and Expenditure Class, Percentage change from corresponding quarter of previous year by Capital City' and 'Table 11. CPI: Group, Sub-group and Expenditure Class, Percentage change from previous quarter by Capital City' [time series spreadsheets], [Consumer Price Index, Australia](#). Reference period December 2021, ABS, 2021, accessed 21 April 2022.

Figure 1 Change in CPI Groups and CPI All Groups, Canberra and Australia, December 2016 – December 2021



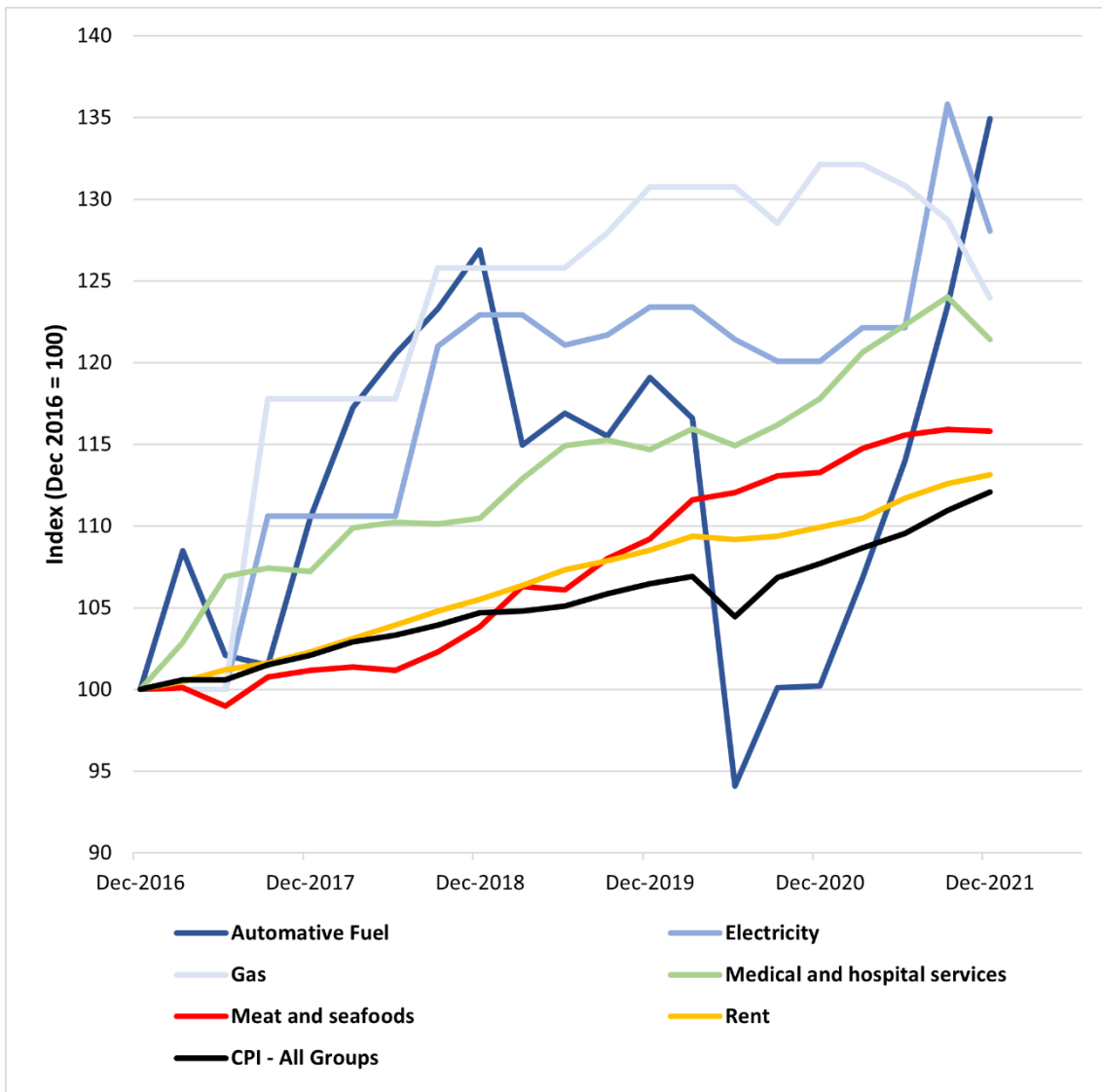
Source: ABS, 'Table 10. CPI: Group, Sub-group and Expenditure Class, Percentage change from corresponding quarter of previous year by Capital City' and 'Table 11. CPI: Group, Sub-group and Expenditure Class, Percentage change from previous quarter by Capital City' [time series spreadsheets], [Consumer Price Index, Australia](#). Reference period December 2021, ABS, 2021, accessed 21 April 2022.

Figure 2 Change in CPI sub-groups and expenditure classes and CPI All Groups, Canberra and Australia, December 2016 – December 2021



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 2021, ABS, 2021, accessed 21 April 2022.

Figure 3 Changes in CPI for key items with high rates of increase and All Groups CPI, Canberra, December 2016 – December 2021



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 2021, ABS, 2021, accessed 21 April 2022.

Fuel and energy price rises highlight need for targeted support and a just transition

We need a fast, fair and inclusive transition to net zero greenhouse gas emissions in the ACT. Transport and energy are the two most significant contributors to ACT emissions.¹² Transport and energy are also among the main contributors to increasing cost of living pressures for low-income households in the ACT. To achieve a just transition in the ACT it will be critical to prioritise supports and safeguards for low-income and other vulnerable households (e.g., rental households) most at risk of being left behind as our transport and household energy shift to renewable sources. These supports and safeguards need to ensure that all ACT households can access affordable, clean and reliable transport and energy.

Transport

Transport is the third largest area of expenditure for low-income households (see Table 1). Transport prices in Canberra have increased by 14.2% between December 2020 and December 2021, and by 19.2% over the past five years (see Table 2). This has been driven largely by recent sharp rises in the price of automotive fuel which increased by 34.7% in Canberra over the last year.

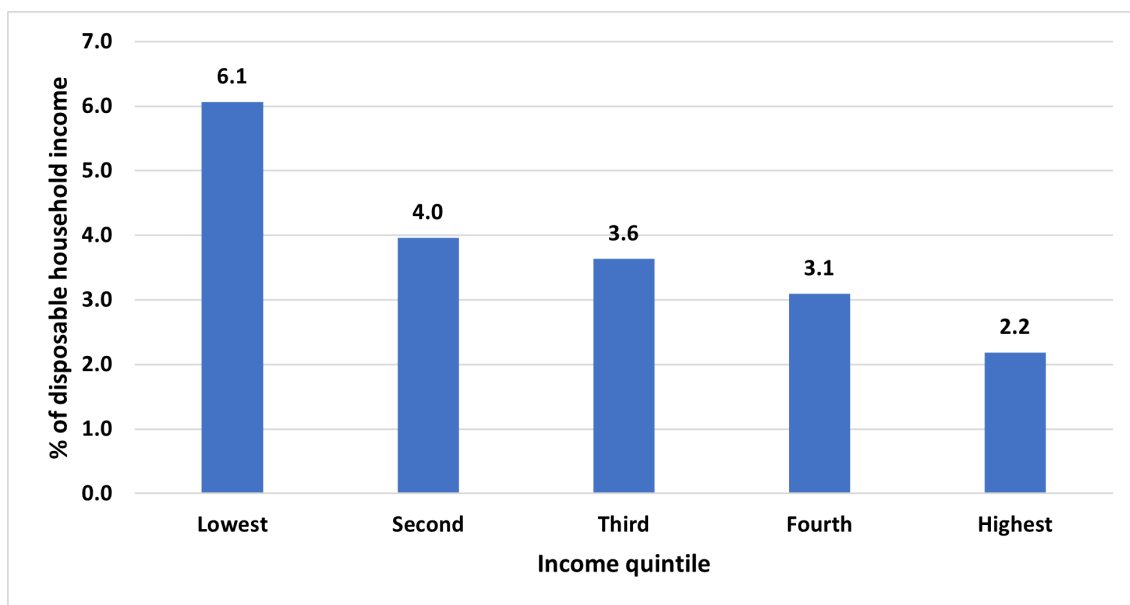
High fuel prices hit Canberra's low-income households hardest. For households in the bottom 40% of the income distribution, fuel costs account for a similar proportion of income (4.0% to 6.1%) as that spent on other essentials such as energy and telecommunications (see Figure 4). Price fluctuations present a budgeting challenge for people living on low incomes who may be on fixed incomes and may not have adequate income and/or savings to cover sudden and substantial price increases. ACTCOSS's detailed analysis of transport as part of our *2016 ACT Cost of Living Report* noted that 'people on Newstart [now JobSeeker] and Youth Allowance would be particularly impacted by future price rises'.¹³ Households receiving these payments were found to spend more on fuel than other low-income households both in absolute terms and as a proportion of their total expenditure.¹⁴

12 ACT Government, [ACT Sustainable Energy Policy 2020-25 Discussion Paper](#), Environment, Planning and Sustainable Development Directorate, Canberra, 2019, accessed 2 May 2022.

13 ACTCOSS, [Full data report: ACT cost of living report: transport](#), ACTCOSS, Canberra, April 2016, p. 48, accessed 28 April 2022.

14 ACTCOSS, [Snapshot: ACT cost of living report: transport](#), ACTCOSS, Canberra, April 2016, pp. 4-5, accessed 28 April 2022.

Figure 4 Fuel expenditure as a proportion of weekly disposable household income, by income quintile, Australia, 2015-16



Source: ACTCOSS analysis derived from ABS, [Household expenditure survey, Australia, Summary of results, 2015-16](#), ABS, Canberra, 2017, Tables 3.2 & 3.3A.

Fuel pricing is one element to be addressed as part of a comprehensive response to transport disadvantage in the ACT. Transport is a social determinant of health and transport disadvantage can exacerbate food insecurity and impede access to health services. We encourage the ACT Government to view the impact of fuel prices within the context of addressing transport disadvantage as a social determinant of health in Canberra.

ACTCOSS has previously called on the ACT Government to invest to address transport disadvantage through several measures, including:

- Fund a transport needs analysis
- Guarantee and adequately fund on-demand transport (like community transport) as well as mass transit (like trams and buses)
- Develop a cost benefit business case to make travel on public transport free and in the meantime extend concessions and lift the cap on the Taxi Subsidy Scheme.¹⁵

We have also called on the ACT Government to improve the fairness and adequacy of transport related concessions. This should include concessions for learner, probationary and restricted driver's licenses and aligning the discount on license fees for Health Care Card holders (currently 50% of costs) with Pension Card Holders (100%).

While some households can avoid the impact of fuel price rises by transitioning to a zero emissions vehicle, low-income households are unlikely to be able to

¹⁵ ACTCOSS, [ACTCOSS ACT Budget Priorities 2021-22](#), ACTCOSS, Canberra, June 2021, p. 35, accessed 28 April 2022.

afford to do this. Recent analysis of the ACT Government's incentives for electric vehicle uptake found that:

... high income households are far more likely to replace their cars within five years and far more likely to switch electric even without incentives – and that for them, the incentives didn't make much difference.

The incentives had their biggest impact, not among the highest earning three-fifths of households, or among the bottom fifth, but in the second-bottom fifth.

...Policies that increase the electric vehicle take-up in lower income households are likely to have the greatest effect, and also likely to benefit these households by freeing them from the need to pay for fuel.¹⁶

As part of ensuring a just transition to net zero greenhouse gas emissions in the ACT by 2045, ACTCOSS recommends that the ACT Government provide targeted support to low-income households to purchase zero emissions vehicles and/or access charging infrastructure (privately or publicly). This will need to be combined with measures to ensure these households are not then faced with unaffordable electricity bills.

Energy

As with transport, low-income households spend a significantly higher proportion of their income on gas and electricity (see Figure 5). Energy costs are often exacerbated for these households by poor home energy efficiency and lack of access to the benefits of rooftop solar panels and household battery storage systems. ABS CPI data shows that over the past five years ACT households have seen the price of electricity increase by 28.1% compared to 3.0% nationally. Over the same period, household gas prices in the ACT have increased by 24.0% compared with 12.7% nationally. Over the past 20 years, electricity prices in Canberra have increased by almost 60%, while gas prices have doubled (see Figure 6).

In 2021-22 ActewAGL's regulated retail electricity standing offers increased by almost 12%, 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.¹⁷ ACT electricity prices are forecast to rise by a further 4% in 2022-23, while they are forecast to decline in most other jurisdictions.¹⁸ It is not yet clear how ACT energy bills will be impacted by the recent surge in wholesale electricity prices reported by the Australian Energy Market Operator (AEMO).¹⁹

16 Y Vidyattama, D Sinclair, J Schirmer & R Tanton, '[What would it take to get Australians to buy electric cars? Canberra provides a guide](#)', *The Conversation*, 8 April 2022, accessed 28 April 2022.

17 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.

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

19 AEMO, '[Electricity prices driven by outages and higher generation costs in volatile March quarter](#)' [media release], AEMO website, 29 April 2022, accessed 2 May 2022.

As the ACT transitions to net zero greenhouse gas emissions, it will be critical to ensure that 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. ACTCOSS has welcomed the ACT Government's temporary and permanent increases to the Utilities Concession over the course of the COVID-19 pandemic, including in response to the significant increase in ACT electricity prices in 2021-22 driven largely by the ACT Government's Large-scale Feed-in Tariff (LFiT) Scheme which underpins its 100% renewable electricity target. ACTCOSS is calling on the ACT Government to ensure the Utilities Concession is adjusted in line with increases in costs of electricity, gas, water and sewerage services for low-income households. It will also be important to closely monitor the impact of the LFiT Scheme to ensure it results in an equitable distribution of the costs and benefits of achieving zero emissions electricity.

Alongside measures that address the impact of changes in energy prices, it is critical to provide energy efficiency supports to enable low-income and other vulnerable households to have lower energy bills and healthier homes. ACTCOSS welcomed the ACT Government's commitment in the Parliamentary and Governing Agreement to establish minimum energy efficiency standards for rental properties.²⁰ The ACT Government's proposed ceiling insulation standard is a bare minimum starting point.²¹ In our response to this proposal, we have called on the ACT Government to develop a clear pathway to a more ambitious minimum standard – for example, including energy efficient heating and cooling requirements.²²

ACTCOSS also welcomed the commitment under the Parliamentary and Governing Agreement to:

Implement a five-year, \$50 million program to improve building efficiency and sustainability for social and public housing, low-income owner-occupiers, and the lowest performing rental properties; this includes upgrades to government housing, and financial incentives to implement minimum energy efficiency standards in rental properties.²³

The ACT Government launched the first stage of this program – the Home Energy Support Program – in March 2022 with rebates for rooftop solar panels low-income owner-occupiers. The program is to be further extended to social housing and the private rental sector in future stages.

It is notable that this investment equates to just one third of the ACT Government's \$150 million investment in the Sustainable Household Scheme which was launched in June 2021 and provides zero interest loans to eligible home-owner households to help with the upfront costs of investing in products

20 ACT Government, [Parliamentary and Governing Agreement – 10th Legislative Assembly for the Australian Capital Territory \[PDF\]](#), ACT Government, 2020, accessed 2 May 2022.

21 ACT Government, [Minimum energy efficiency standards for rental homes in the ACT consultation paper](#), Environment, Planning and Sustainable Development Directorate, Canberra, 2021, accessed 2 May 2022.

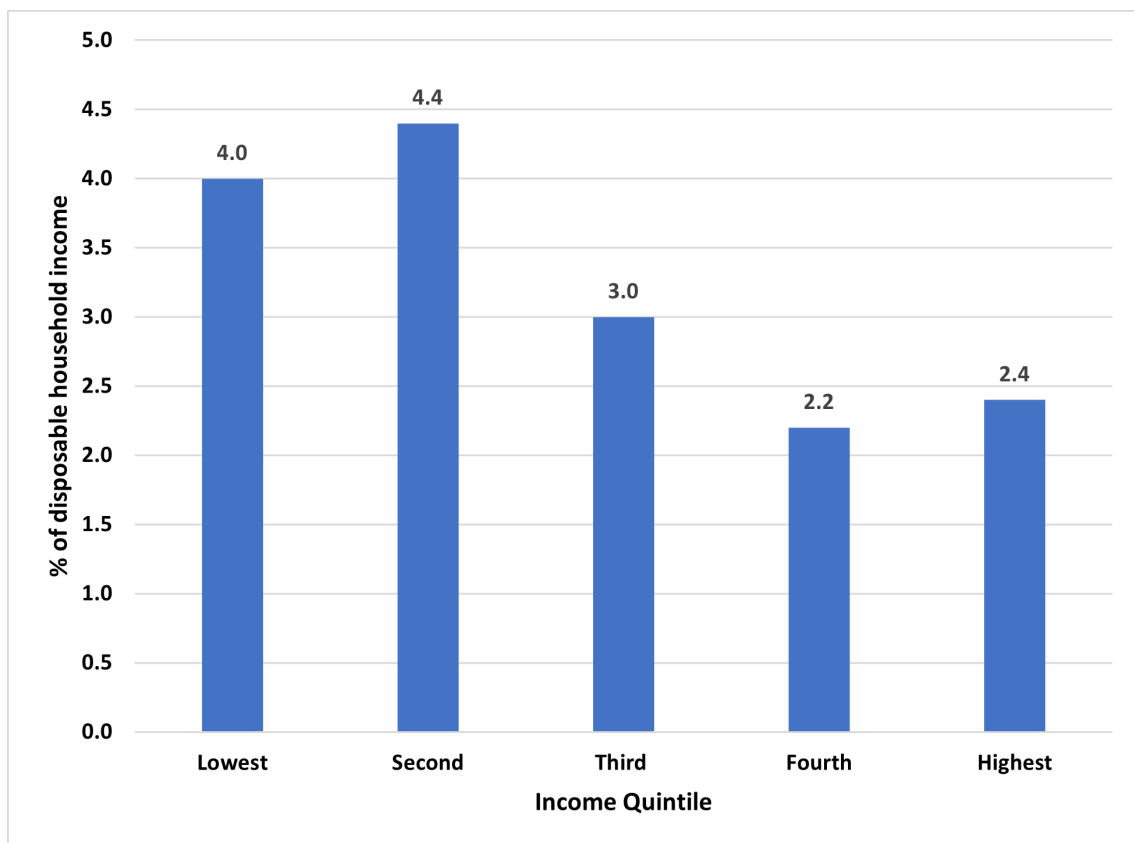
22 ACTCOSS, [Submission: Minimum energy efficiency standards for rental homes in the ACT consultation paper](#), ACTCOSS, Canberra, 2021, accessed 2 May 2022.

23 ACT Government, *Parliamentary and Governing Agreement*, 2020, p. 7 of 25.

and appliances that make their homes more energy efficient. ACTCOSS is calling on the ACT Government to provide additional funding under the Home Energy Support Program to enable low-income and other vulnerable households (including rental households) to upgrade to energy efficient heating, cooling, cooking, and hot water – including transitioning from gas to energy efficient electric appliances and systems. The program should also be expanded to enable these households to access the benefits of renewable energy and distributed energy resources, including rooftop solar panels and household and community battery storage systems.

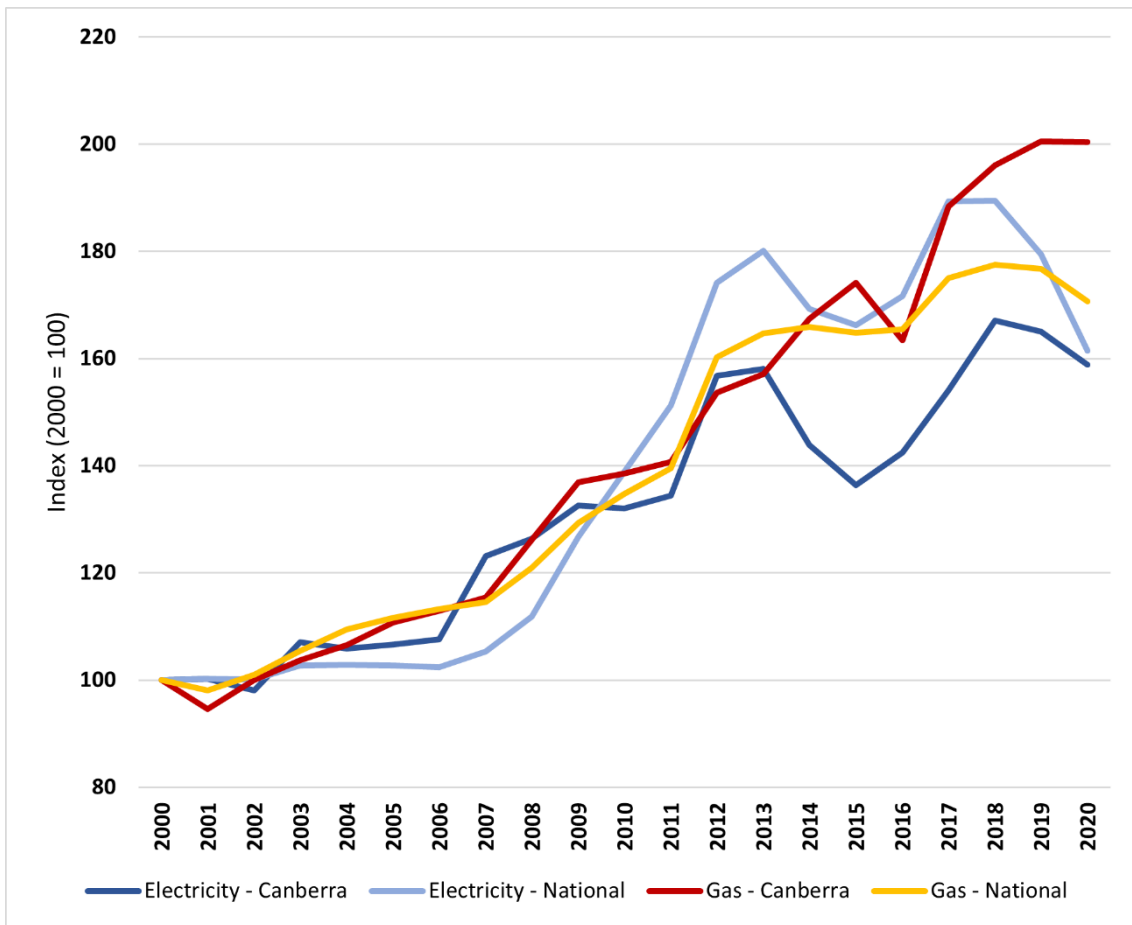
As with the recent analysis of the ACT Government’s incentives for electric vehicle uptake mentioned above, incentives and supports for low-income and other vulnerable households to access the benefits of renewable energy and energy efficiency are likely to deliver greater social and environmental outcomes and benefit these households by reducing their energy bills. Such support that is targeted toward need and which addresses significant financial and structural barriers should be prioritised over incentives that are poorly targeted and represent an effective net wealth transfer to wealthier households.

Figure 5 Energy (domestic fuel and power) expenditure as a proportion of equivalised disposable household income by income quintile, ACT, 2015-16



Source: ABS, 'Table 22.1 Household expenditure: Broad expenditure groups, equivalised disposable household income quintiles, ACT', [Household Expenditure Survey, Australia: Summary of Results, 2015-16](#), ABS, 2017, accessed 2 May 2022.

Figure 6 Energy retail price indices (inflation adjusted), Canberra and Australia, 2000-2020

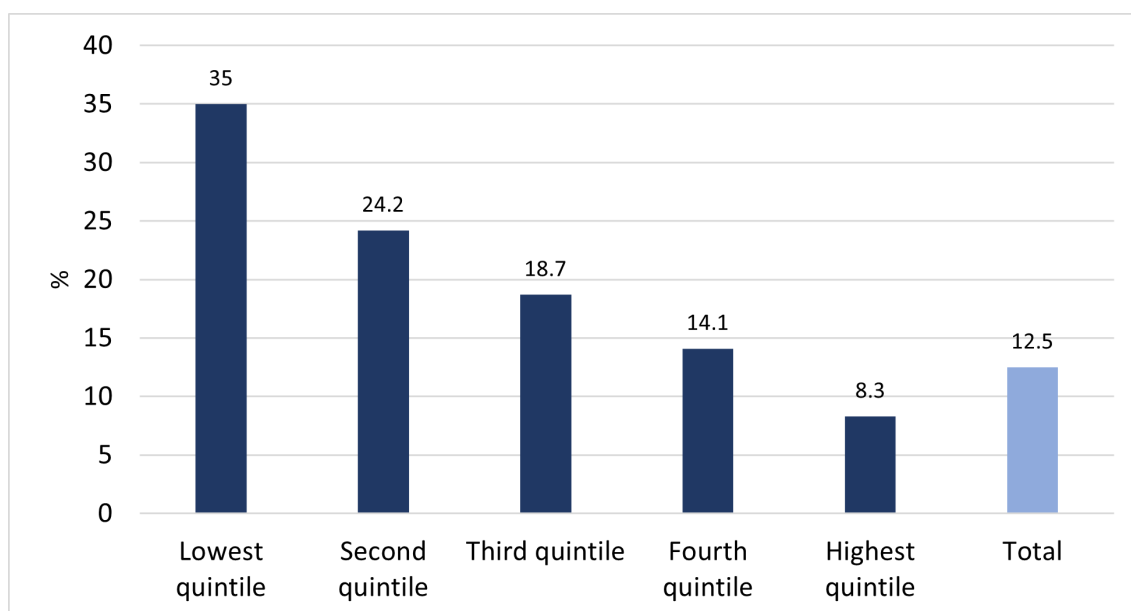


Source: Adapted from: AER, 'Figure 6.10: Energy retail price indices (inflation adjusted)', [State of the Energy Market Report 2021](#), Australian Energy Regulator, 2021, accessed 12 July 2021.

Housing remains ACT's key cost of living issue

While transport costs have risen significantly due to recent sharp increases in the price of petrol, housing remains the biggest cost of living pressure for low-income households in the ACT. For ACT households in the lowest two income quintiles housing costs on average account for between 24% and 35% of gross household income (see Figure 7). Over the past five years housing prices have increased by 19.0% in Canberra compared to 8.2% nationally (see Table 2). The price to purchase a new dwelling increased by 18.0% in Canberra over this period, compared to a 14.7% increase nationally. Canberra is now the second most expensive capital city to purchase a house, behind Sydney.²⁴ For most low-income households, the cost of purchasing a home in Canberra is severely unaffordable. At the same time, Canberra's private rental market is also becoming less and less affordable.

Figure 7 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.

Rental unaffordability in the ACT

In Australia, the ACT has the highest rate of rental stress among lower income private rental households at 73%.²⁵ Housing stress is defined as a household in the two lowest income quintiles spending more than 30% of gross household income on housing. 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. Canberra has

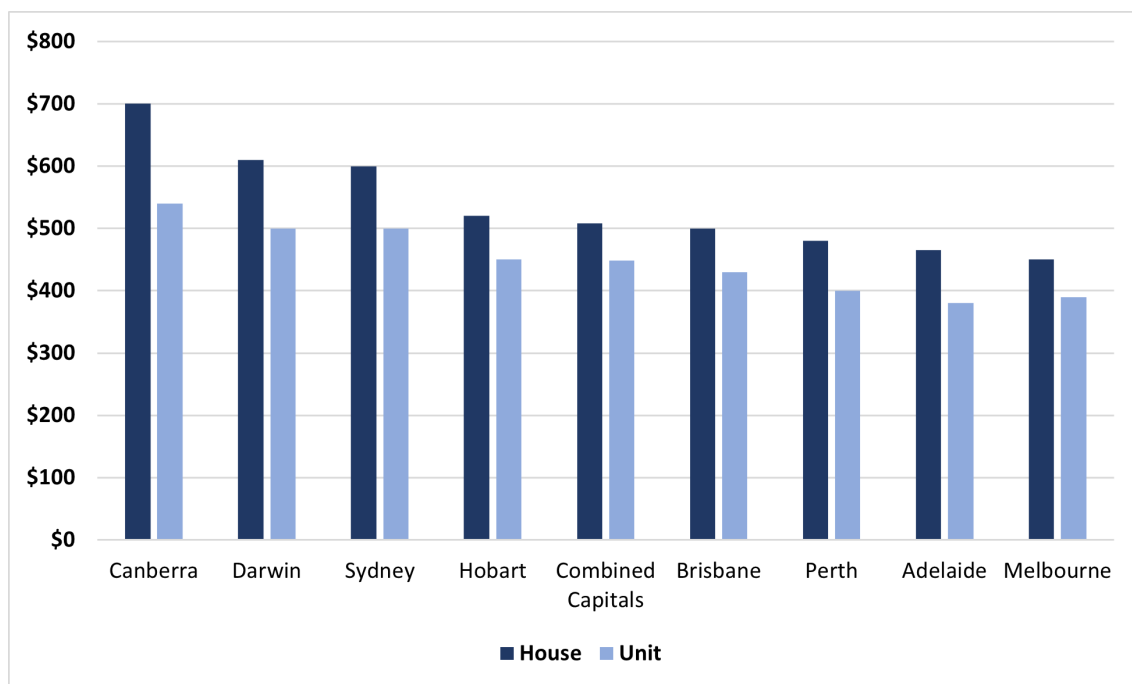
24 Domain, [March 2022 House price report](#), Domain website, n.d., accessed 2 May 2022.

25 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.

been Australia’s most expensive capital city to rent a house since late 2018 and to rent a unit since late 2020.²⁶ The Domain Rental Report for March 2022 found that the median weekly rent in Canberra was \$700 for houses (up by \$100 since March 2021) and \$540 for units (up by \$40 since March 2021) (see Figure 8). At the same time, Domain found that in March 2022 Canberra had reached an all-time low vacancy rate of just 0.5%, leaving prospective tenants with extremely limited choice and market power.²⁷

As a growing proportion of ACT households rent their home and rent it for longer, it is critical to ensure that residential tenancy laws are improved to create a fairer, safer home rental system in Canberra. ACTCOSS has welcomed the ACT Government’s commitment under the Parliamentary and Governing Agreement to amend *Residential Tenancies Act 1997* to end no cause evictions.²⁸ Further, ACTCOSS has called for the prohibition of rent bidding – where a prospective tenant offers or is asked to pay more than the advertised price for a rental property – and the introduction of financial penalties for landlords or agents found to have solicited and/or accepted such a bid.²⁹ Community feedback on the ACT Government’s recent public consultation on improving residential tenancies found that ‘it is a common market practice for tenants to offer more than the advertised price for a rental property’.³⁰

Figure 8 Median house and unit rents by capital city, March 2022



Source: Domain, [March 2022 Rental Report](#), Domain website, n.d., accessed 21 April 2022.

26 Domain, [March 2022 Rental Report](#), Domain website, n.d., accessed 21 April 2022.

27 Domain, [Vacancy rates: March 2022](#), Domain website, n.d., accessed 2 May 2022.

28 ACT Government, *Parliamentary and Governing Agreement*, p. 13 of 25.

29 ACTCOSS, [Submission: Ending no cause evictions and other measures – Proposed reforms to the Residential Tenancies Act 1997](#), ACTCOSS, Canberra, 2021, accessed 2 May 2022.

30 ACT Government, [Listening report – ending no cause evictions](#), YourSay website, ACT Government, Canberra, 2022, accessed 2 May 2022.

The latest Rental Affordability Index found that Canberra is the least affordable Australian city for low-to-moderate income households to rent in (see Table 3).³¹ It shows that ACT rents are extremely unaffordable for a single person on JobSeeker Payment, a single pensioner, and a single part-time worker parent on benefits. ACT rents are severely unaffordable for a pensioner couple and a hospitality worker, and unaffordable for a minimum wage couple and a student sharehouse occupant.

Table 3 Rental Affordability Index, November 2021

Household	RAI score	Rent as share of income	Relative unaffordability
Single person on JobSeeker payment	27	113%	Extremely unaffordable
Single pensioner	44	68%	Extremely unaffordable
Single part-time worker parent on benefits	48	63%	Extremely unaffordable
Pensioner couple	59	51%	Severely unaffordable
Hospitality worker	75	40%	Severely unaffordable
Student sharehouse	81	37%	Unaffordable
Minimum wage couple	91	33%	Unaffordable
Single income couple with children	109	28%	Moderately unaffordable
ACT - Overall	119	25%	Moderately unaffordable
Single full-time working parent	124	24%	Acceptable
Dual income couple with children	218	14%	Affordable

Source: SGS Economics & Planning, [Rental Affordability Index: November 2021 Key Findings](#) [PDF], SGS Economics & Planning, Canberra, 2021, accessed 2 May 2022.

³¹ SGS Economics & Planning, [Rental Affordability Index: November 2021 Key Findings](#) [PDF], SGS Economics & Planning, Canberra, 2021, accessed 2 May 2022.

Analysis by Everybody's Home found that Canberra is the least affordable city to rent in for young people working in retail and hospitality and/or receiving Youth Allowance (see Table 4).³²

Table 4 Rent as a proportion of income for young Australians by capital city

City	Retail worker	Hospitality worker	Youth Allowance
	% of income to rent 1 room in a 2-bedroom unit	% of income to rent 1 room in a 2-bedroom unit	% of income to rent 1 room in a 2-bedroom unit
Canberra	48%	53%	92%
Sydney	44%	48%	83%
Darwin	40%	43%	56%
Hobart	38%	42%	73%
Melbourne	36%	39%	68%
Brisbane	35%	38%	66%
Perth	35%	39%	67%
Adelaide	29%	32%	75%
National	36%	40%	69%

Source: Everybody's Home, [Young Australians crunched by housing crisis](#), Everybody's Home website, 20 April 2022, accessed 21 April 2022.

Previous analysis by Everybody's Home undertaken in 2021 found that Canberra was the least affordable capital city for key COVID-essential workers – i.e., disability support, aged care, childcare, hospitality, and supermarket workers – in terms of hours worked to pay rent.³³ Across the inner south, south, inner north, and north of Canberra it found that 'an essential worker would need to sacrifice more than two thirds of a full working week's income to rent an apartment'.³⁴ In Weston Creek, Belconnen, Tuggeranong, Gungahlin, Woden Valley 'an essential care or service worker would need to spend between one third and two-thirds of normal working week's wages, to rent an apartment'.³⁵

32 Everybody's Home, [Young Australians crunched by housing crisis](#), Everybody's Home website, 20 April 2022, accessed 21 April 2022.

33 Everybody's Home, [Rental crisis hits COVID-essential workforce](#), Everybody's Home website, 2 August 2021, accessed 25 April 2022.

34 Everybody's Home, *Rental crisis hits COVID-essential workforce*, 2021.

35 Everybody's Home, *Rental crisis hits COVID-essential workforce*, 2021.

Anglicare Australia's 2022 Rental Affordability Snapshot found 1,354 private rentals advertised for rent in the ACT and Queanbeyan on 18 March 2022 (see Table 5). Of these it found that:

- Five (0.3%) individual properties were suitable for at least one household type living on income support payments without placing them in housing stress.
- 36 (2.6%) individual properties were suitable for at least one household type living on minimum wage without placing them in housing stress.
- None were affordable and appropriate for a single person or single parent on JobSeeker or a single person on Disability Support Pension or Youth Allowance
- Less than 1% were affordable for a single person or couple on the age pension, a couple with children on JobSeeker, a single parent on Parenting Payment Single, or a single parent or couple with children on the minimum wage plus FTB A and/or B.³⁶

Table 5 Rental affordability in the ACT including Queanbeyan, analysed by household type and percentage, 18 March 2022

Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate
Couple, two children (one aged less than 5, one aged less than 10)	Jobseeker Payment (both adults)	5	0%
Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	5	0%
Couple, no children	Age Pension	6	0%
Single, one child (aged less than 5)	Parenting Payment Single	4	0%
Single, one child (aged over 8)	Jobseeker Payment	0	0%
Single	Age Pension	4	0%
Single aged over 21	Disability Support Pension	0	0%
Single	Jobseeker Payment	0	0%

³⁶ Anglicare Australia, [Rental Affordability Snapshot: Regional Reports](#), Anglicare Australia, Canberra, April 2022, 'ACT and Queanbeyan', pp. 33-4, accessed 28 April 2022.

Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate
Single aged over 18	Youth Allowance	0	0%
Single in a share house	Youth Allowance	0	0%
Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	7	1%
Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	6	0%
Single	Minimum Wage	23	2%
Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	6	0%
Total no. of properties	1,354		

Source: Anglicare Australia, [Rental Affordability Snapshot: Regional Reports](#), Anglicare Australia, Canberra, April 2022, 'ACT and Queanbeyan', pp. 33-4, accessed 28 April 2022.

While Commonwealth Rent Assistance (CRA) provides much-needed assistance to tenants with low incomes in private housing, it has failed to keep pace with steep increases in rents. Rent payments are impossible to meet on JobSeeker even with CRA – the maximum of which totals \$390 per week for a single person. The ACT has the highest proportion of households receiving CRA who are being paid at the maximum payment rate – 83.1% compared to 79.1% nationally.³⁷ More than half (55.1%) of ACT households receiving CRA are experiencing rental stress (i.e., paying more than 30% of income on rent) – 29.1% are experiencing severe rental stress, paying more than 50% of income on rent.³⁸ This highlights the need for CRA for private tenants with low incomes to be substantially increased to ease housing stress. The maximum rate should

37 Productivity Commission, 'Table GA.12 Income units receiving CRA and paying enough rent to be eligible for maximum assistance, by jurisdiction' [Data Tables], [Report on Government Services 2022: G Housing and Homelessness](#), Productivity Commission, 2022, accessed 25 April 2022.

38 Productivity Commission, 'Table GA.13 CRA Income units paying more than 30 per cent of income on rent, with and without CRA, by selected equity group' & 'Table GA.14 CRA Income units paying more than 50 per cent of income on rent, with and without CRA, by selected equity group' [Data Tables], [Report on Government Services 2022: G Housing and Homelessness](#), Productivity Commission, 2022, accessed 25 April 2022.

be increased by 50% to relieve rental stress for people on low incomes in the private rental market.

The need for more social and affordable housing

In addition to the chronic shortage of affordable private rental properties, there is also a significant shortage of social and affordable housing in the ACT. ACTCOSS has welcomed the ACT Government's commitment under the Parliamentary and Governing Agreement to deliver an additional 400 public housing dwellings by 2025 and 600 additional affordable housing dwellings by 2025-26.³⁹ However, this commitment falls well short of the community need for social and affordable housing. 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 and projected need.⁴⁰ Further, it has been estimated that there is a current shortfall of 2,400 affordable housing dwellings in the ACT, with 3,400 additional affordable housing dwellings required by 2036 to meet our current and projected need.⁴¹

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. This proportion – or social share – of households has been declining since 2014 when it was 7.6% (see Figure 9). As at 7 March 2022, there were 3,028 applications for social housing in the ACT, with the average waiting time for standard housing being 1,585 days or 4.3 years (see Table 6). Since we started reporting on the social housing waiting list in our ACT Cost of Living Reports in September 2020, the number of applications has increased by 540 (21.7%) and the waiting time for standard housing has increased by 317 days (25.0%).⁴²

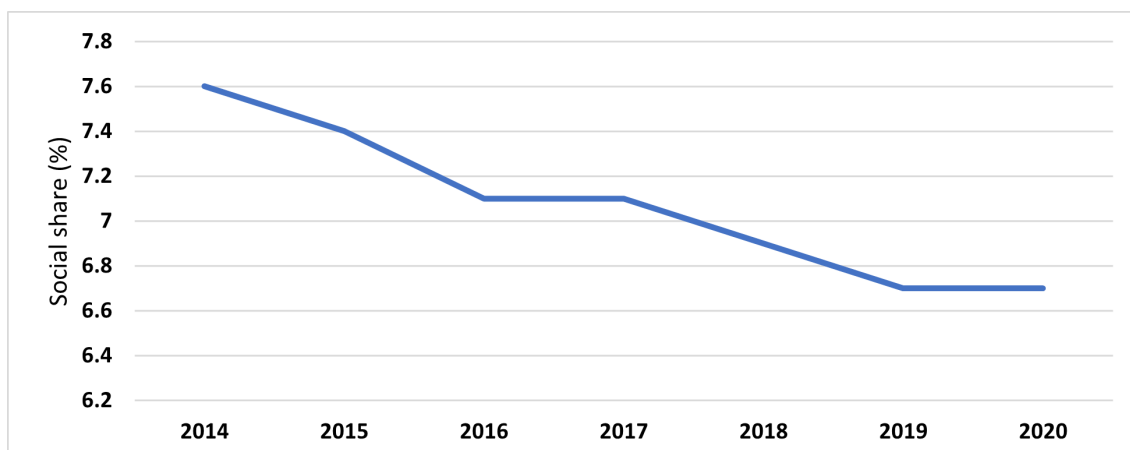
39 ACT Government Community Services Directorate, [ACT Housing Strategy Growing and Renewing Public Housing](#), Community Services Directorate website, 25 May 2021, accessed 5 May 2022.

40 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.

41 L Troy, R van den Nouwelant & B Randolph, [Estimating need and costs of social and affordable housing delivery \[PDF\]](#), UNSW City Futures Research Centre, Sydney, 2019, p. 3, accessed 29 March 2022.

42 ACTCOSS, [2020 ACT Cost of Living Report](#), ACTCOSS, Canberra, September 2020, 'Table 7 Housing ACT social housing waiting list and times, 3 August 2020', p.26, accessed 2 May 2022.

Figure 9 Social housing households as a proportion of all households, ACT, 30 June 2014 – 30 June 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 6 Housing ACT social housing waiting list and average wait times, 7 March 2022

Application Category	Number of Applications	Average Waiting Time (days)
Priority Housing	248	338
High Needs Housing	1,833	1,040
Standard Housing	947	1,585
Total applications	3,028	n/a

Source: ACT Government Community Services Directorate, [Social Housing Waiting List](#), ACT Government Community Services Directorate, 7 March 2022, accessed 21 April 2022.

At the 2016 Census, there were almost 1,600 people experiencing homelessness in the ACT.⁴³ 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 violence.⁴⁴ It has been estimated that for every \$1 million of public investment in social housing, gross domestic product (GDP) is boosted by \$1.3 million.⁴⁵ 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.⁴⁶

43 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.

44 Equity Economics, [Nowhere to go: the benefits of providing long-term social housing to women that have experienced domestic and family violence](#), Equity Economics, 15 July 2021., accessed 5 May 2022.

45 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.

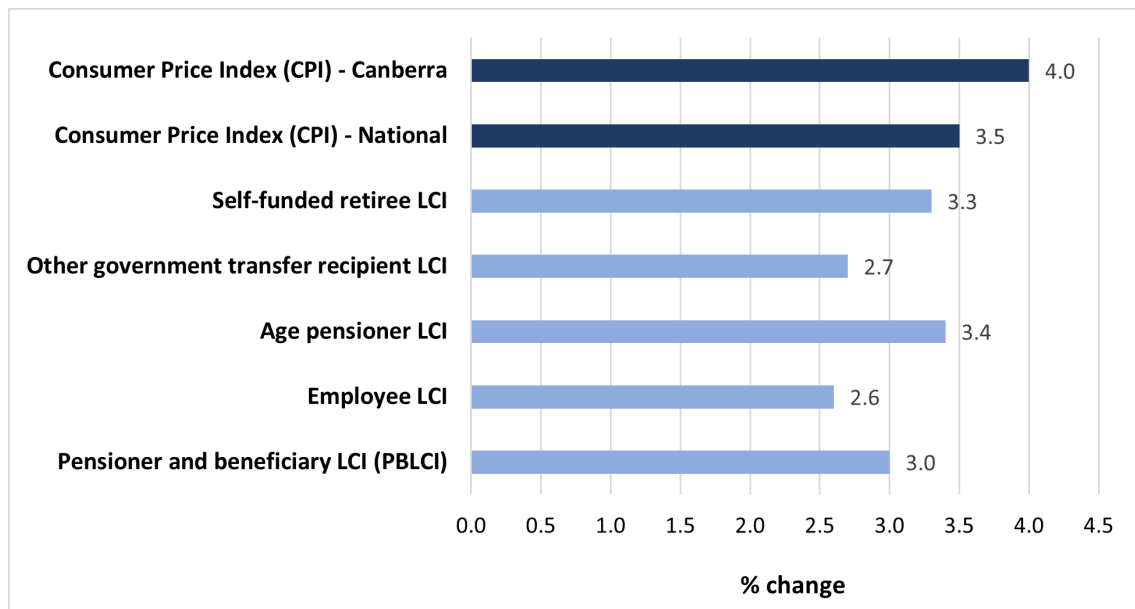
46 D Prentice and R Scutella, [What are the impacts of living in social housing? \[PDF\]](#), Technical Paper No. 1/18, Infrastructure Victoria, Melbourne, 2018, accessed 5 September 2020.

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. The COVID-19 pandemic has continued to have a significant impact on the CPI and SLCI while the war in Ukraine has contributed significantly to price increases, especially in relation to fuel price increases and their flow-on effects. The December 2021 SLCI shows that compared to increases in the CPI nationally (3.5%) and for the ACT (4.0%), increases in the SLCI were lower but still significant, ranging from 2.6% for employee households to 3.4% for age pensioner households (see Figure 10).

Figure 10 Percentage change in CPI and Selected Living Cost Indexes, December 2020 – December 2021



Source: ABS, ‘Key statistics’ [percentage change in CPI and SLCI, Dec Qtr 2020 to Dec Qtr 2021], [Selected Living Cost Indexes, Australia](#), Reference period December 2021, ABS, 2022, accessed 21 April 2022.

Changes in income, living costs and the poverty gap

In the 12 months between December 2020 and December 2021, the Australian Government phased out the Coronavirus Supplement for JobSeeker and other working age social security payments. As was noted in our *2021 ACT Cost of Living Report*, the \$550 per fortnight Coronavirus Supplement (from 27 April to 24 September 2020) erased the poverty gap, temporarily lifting incomes to levels above the 50% median income poverty line (before housing costs) of \$457 per week for a single adult without children and \$731 per week for a single parent with two children. Gradual reductions in the Coronavirus Supplement saw the poverty gap return and then grow.

By December 2020, the Coronavirus Supplement was reduced to \$250 per fortnight. This saw income support payments fall back below the poverty line by \$45 per week for a single person on JobSeeker and \$97 per week for a single person on Youth Allowance (other). The removal of the Coronavirus Supplement on 31 March 2021 saw these income support payments return to levels between \$100 to \$200 per week below the poverty line. This was the case even with a \$50 per fortnight increase to the base rate from 1 April 2021 – the first real increase in these payments in over 25 years. By December 2021, payments for a single person with no children on JobSeeker or Youth Allowance (other) were \$138 and \$197 below the poverty line per week (see Figures 11 & 12). For a single parent on JobSeeker the payment dropped to \$108 below the poverty line per week.

Over the same period, the single rate of the age pension remained slightly above the poverty line. In December 2020 a single age pensioner's income was just \$15 above the poverty line, and this improved to being \$27 above the poverty line by December 2021. It is important to note that the pensions are indexed differently to JobSeeker and Youth Allowance, and in a way that better aligns with increases in living costs.

Currently, pensions (including the Age Pension, Service Pension, Disability Support Pension and Carer Payment) are adjusted on 20 March and 20 September by the greater of the movements in the CPI or the [Pensioner and beneficiary Living Cost Index] PBLCI over a six-month period. After this indexation occurs, the combined couple rate is benchmarked to 41.76% of [Male Total Average Weekly Earnings] MTAW. The single rate of pension is set at 66.33% of the combined couple rate (which is equal to around 27.7% of MTAW). If the combined couple rate is lower than 41.76% of MTAW, the rates are increased to the benchmark level.

[In contrast] JobSeeker Payment, Parenting Payment Partnered and Special Benefit rates are usually adjusted on 20 March and 20 September each year in line with CPI movements over the preceding six-month period. Youth Allowance and Austudy rates are only adjusted once a year, on 1 January, in line with CPI movements over a 12-month period.⁴⁷

For JobSeeker and Youth Allowance (other) recipients the loss of the Coronavirus Supplement meant that while weekly living costs increased by

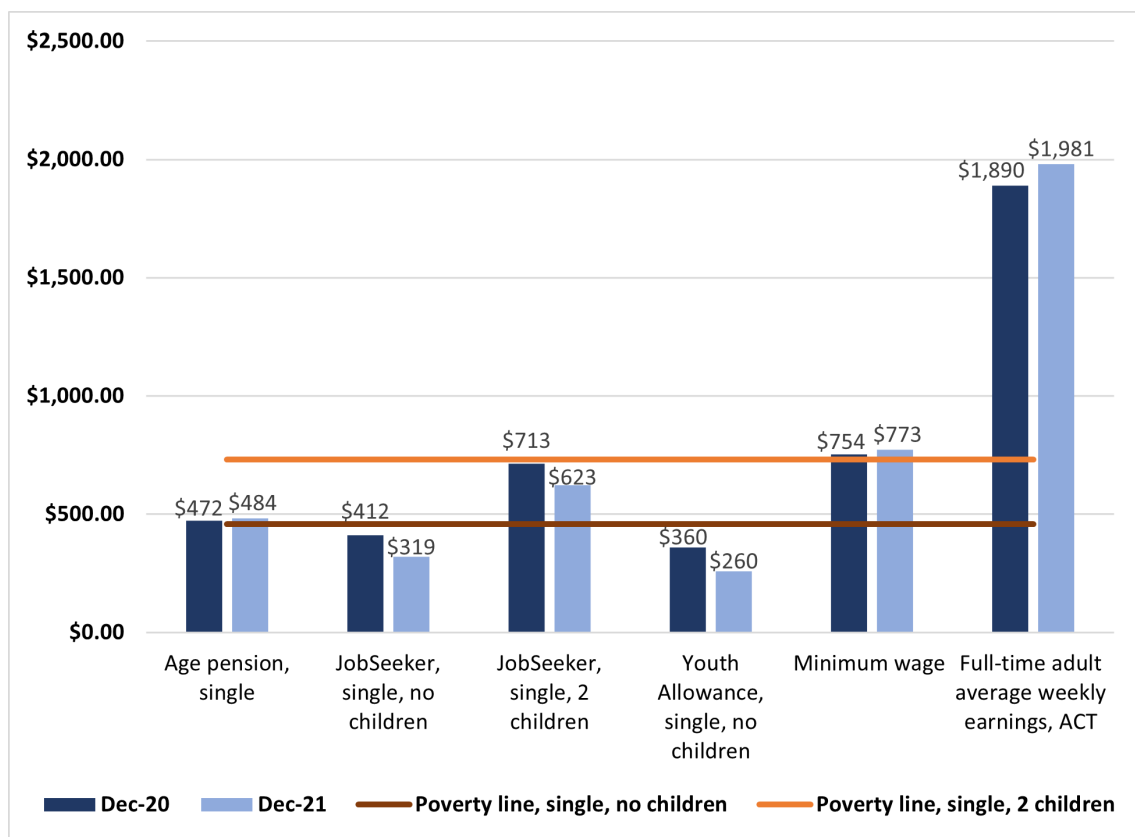
⁴⁷ M Klapdor, [Why most pension and benefit rates will not be increased in September 2020](#), FlagPost blog, Parliamentary Library website, 24 August 2020, accessed 22 April 2022.

around \$10-\$20 per week, their incomes fell by between \$90-\$100 per week – in real terms this meant an even bigger reduction in income of between \$104-\$110 per week (see Figures 13 & 14). At the same time, our analysis shows that the increase in the age pension failed to keep up with the \$16 per week increase in the cost of living as reflected in the PBLCI.

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.

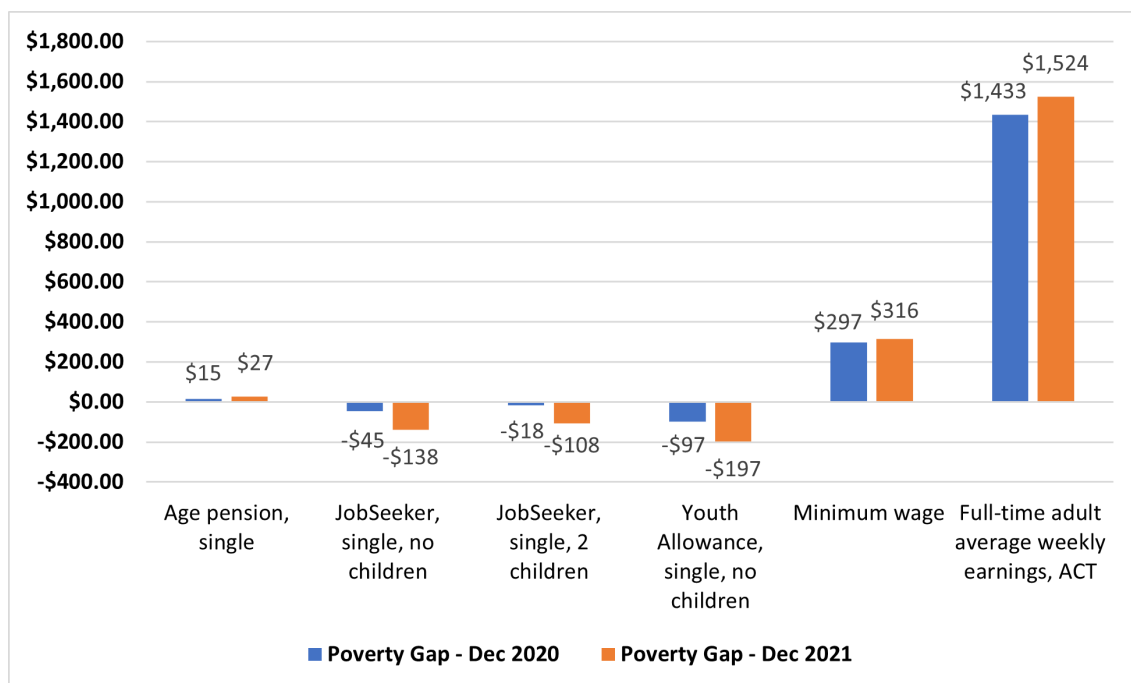
If we're going to create a more equal and resilient community, we need to start by ensuring that people unable to get paid work have enough to cover the basics. In the lead up to the 2022 Federal Election, ACTCOSS is asking all parties and candidates to commit to lifting income support so everyone can cover the basics, by increasing the rate of JobSeeker and other income support payments to at least \$70 a day.

Figure 11 Changes in income compared to poverty lines by income type, December 2020 – December 2021



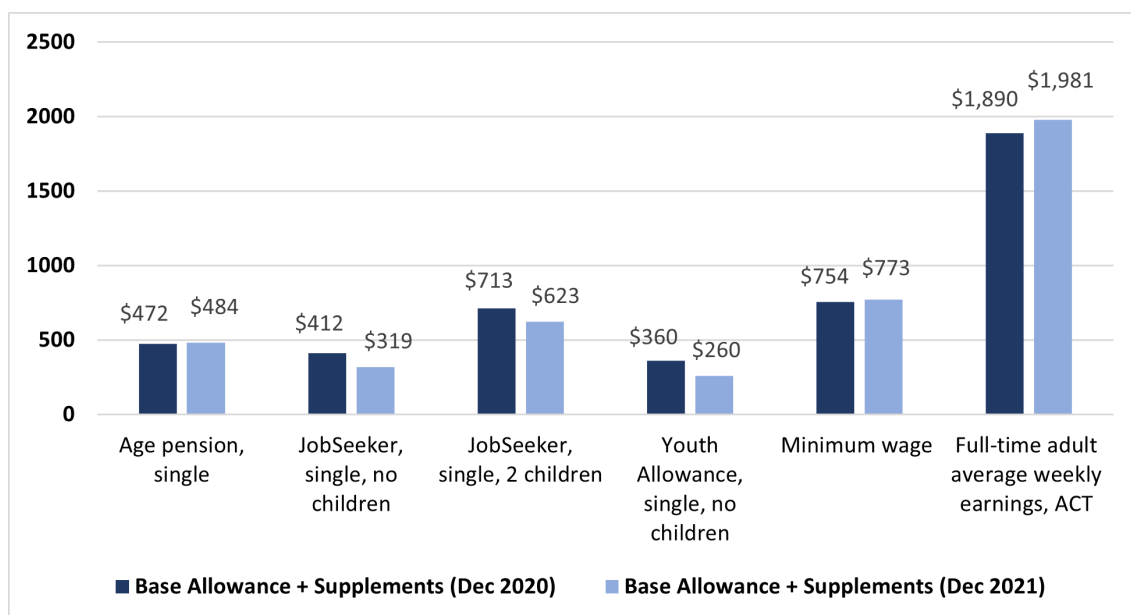
Source: Chart derived from Services Australia, [A guide to Australian Government payments](#). Historical versions from 20 September – 31 December 2020 to 20 September – 31 December 2021, Services Australia, Canberra, 2020-21, accessed 21 April 2022.

Figure 12 Weekly income poverty gap by income type, December 2020 – December 2021



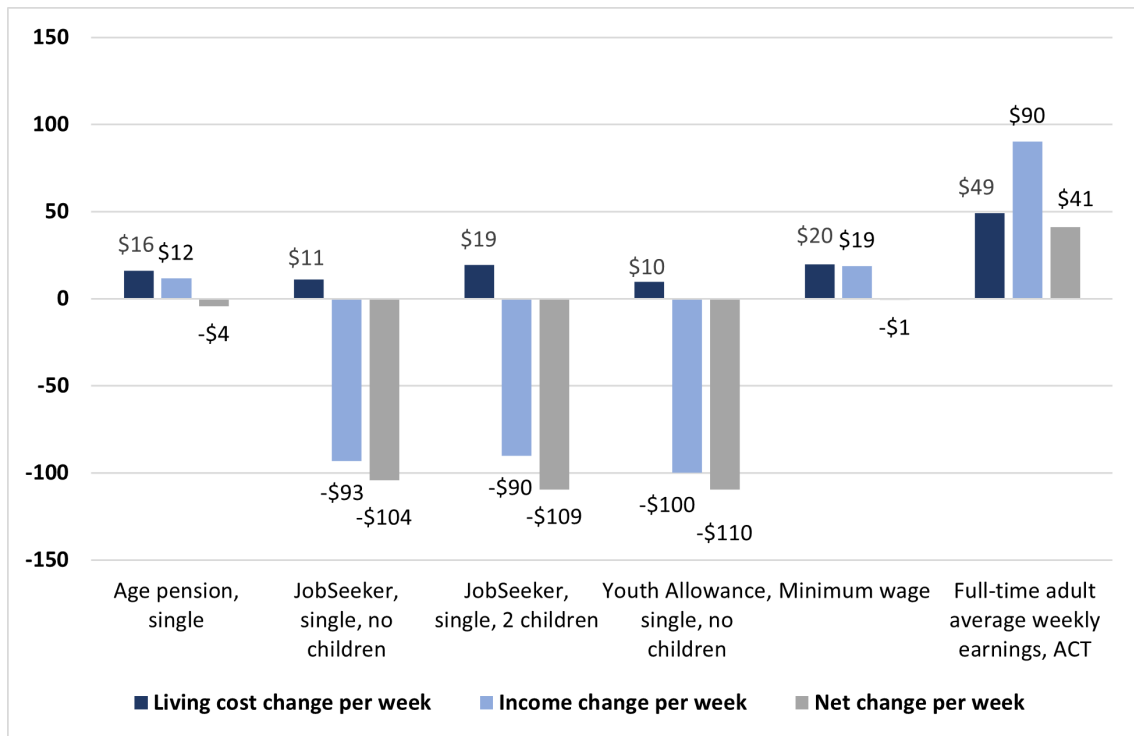
Source: Chart derived from Services Australia, [A guide to Australian Government payments](#). Historical versions from 20 September – 31 December 2020 to 20 September – 31 December 2021, Services Australia, Canberra, 2020-21, accessed 21 April 2022.

Figure 13 Change in weekly income by income type, December 2020 – December 2021



Source: Chart derived from Services Australia, [A guide to Australian Government payments](#). Historical versions from 20 September 2020 – 31 December 2020 to 20 September – 31 December 2021, Services Australia, Canberra, 2020-21, accessed 13 July 2021; Fair Work Commission, [National Minimum Wage Order 2020](#), Fair Work Commission, Melbourne, 2019; Fair Work Commission, [National Minimum Wage Order 2021](#), Fair Work Commission, Melbourne, 2020; ABS, [Average Weekly Earnings, Australia](#), Nov 2020 & Nov 2021, ABS, Canberra, 2021-22, accessed 21 April 2022.

Figure 14 Change in weekly income vs change in living costs, December 2020 – December 2021



Source: Chart derived from ABS, [Selected Living Cost Indexes, Australia](#), Reference period December 2021, ABS website, 2022; Services Australia, [A guide to Australian Government payments](#), Historical versions from 20 September – 31 December 2020 to 20 September – 31 December 2021, Services Australia, Canberra, 2021-22, accessed 21 April 2022; Fair Work Commission, [National Minimum Wage Order 2020](#), Fair Work Commission, Melbourne, 2020; Fair Work Commission, [National Minimum Wage Order 2021](#), Fair Work Commission, Melbourne, 2021; ABS, [Average Weekly Earnings, Australia](#), Nov 2020 & Nov 2021, ABS, Canberra, 2021-22, accessed 21 April 2022.

Conclusion

Over the past 12 months we have seen the cost of living rise fast, hitting low-income households hardest. This sharp rise in the cost of living has occurred at the same time as COVID-19 income support measures were withdrawn. As a result, we have seen an increase in poverty and inequality in our community as our economy emerged from recession. This cannot be seen as an effective economic or community recovery when those with the least are being left even further behind and when more people with increasingly complex needs are seeking the support of our underfunded, overworked and underpaid community sector.

An effective economic and community recovery will require urgent action and significant investment by both the ACT and federal governments to ensure all members of our community can afford the essentials of a healthy life.

Both levels of government have a critical role to play in addressing our housing affordability crisis. Building more social and affordable housing is the only way to ensure ongoing stability and prosperity for all Canberrans and Australians.

Both levels of government have a role to play to ensure that no one is left behind as we transition to net zero greenhouse gas emissions. Rapidly reducing emissions in a fair and inclusive way can improve lives. The right policies can create opportunities for more affordable and healthier energy, housing, and transport, and create jobs.

Both levels of government have a role to play to ensure that everyone in our community can afford to cover the basics. For the ACT Government this includes providing targeted and adequate support and concessions to low-income and other vulnerable households. For the Australian Government this includes establishing a minimum income floor in our income support system by lifting all base rates of payment to at least \$70 a day (the same level as the pension and pension supplement) and indexing them to wages as well as prices.

As we look towards the 2022 Federal Election and the 2022-23 ACT Budget, we need commitments and cooperation from both levels of government to a recovery built upon a vision of a more equal and resilient community ready to face the challenges of poverty, inequality and climate change to forge a more just and sustainable future for Canberra and the nation.

Appendix: Explanatory Notes

ACTCOSS uses the cost of living methodology developed by SACOSS and the following explanatory notes have been adapted from SACOSS.⁴⁸

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.⁴⁹ 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), or more than one social security recipient in the same household. Like the CPI, the Living Cost Index figures reflect broad averages (even if more nuanced), but do not reflect the experience of the poorest in those categories.

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

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

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.⁵⁰ 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 2020 to December 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:

⁵⁰ ABS, *Selected Living Cost Indexes, Australia methodology*.

Rates at 31 December 2020

	Base rate	Corona virus Supp	Pension supp	Energy supp	FTB A Child u13	FTB A Child 13-15	FTB B	Pharmaceutical Benefit	Fortnight Total	Week Total
Age pension, single	860.60		69.60	14.10	-	-	-	-	944.30	472.15
JobSeeker, single, no children	565.70	250.00	-	8.80	-	-	-	-	824.50	412.25
JobSeeker, single, 2 children	612.00	250.00	-	9.50	189.56	246.54	112.56	6.20	1426.36	713.18
Youth Allowance, single, no children	462.50	250.00	-	7.00	-	-	-	-	719.50	359.75

Rates at 31 December 2021

	Base rate	Coronavirus Supp	Pension supp	Energy supp	FTB A Child u13	FTB A Child 13-15	FTB B	Pharmaceutical Benefit	Fortnight Total	Week Total
Age pension, single	882.20		71.20	14.10	-	-	-	-	967.50	483.75
JobSeeker, single, no children	629.50		-	8.80	-	-	-	-	638.30	319.15
JobSeeker, single, 2 children	676.80		-	9.50	191.24	248.78	113.54	6.20	1246.06	623.03
Youth Allowance, single, no children	512.50		-	7.00	-	-	-	-	519.50	259.75

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.⁵¹

51 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.