



2024 Cost of Living Report

The cost of living for low-income households in the ACT

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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 Torres Strait Islander cultures and their 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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Table of Contents

About ACTCOSS	2
Acronyms and abbreviations	4
Foreword	5
Executive summary	8
Recommendations	9
Introduction	12
Changes in prices of key goods and services: Consumer Price Index	14
Changes in cost of living for low-income households: Selected Living Costs Indexes	21
Changes in income and the poverty gap	22
Experiences of poverty and cost of living for children, young people and families in the ACT	28
<i>Extent of poverty among children, young people and families in the ACT</i>	28
<i>The cost of raising children: budget standards for low-paid families</i>	30
<i>Some key cost of living pressures for children, young people and families in the ACT</i>	33
Conclusion	45



Acronyms and abbreviations

ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACCO	Aboriginal Community Controlled Organisation
ACOSS	Australian Council of Social Service
ACT	Australian Capital Territory
ACTCOSS	ACT Council of Social Service Inc.
ANU	The Australian National University
CCS	Child Care Subsidy
CPI	Consumer Price Index
ECEC	Early Childhood Education and Care
FTB A&B	Family Tax Benefit Part A and Part B
IFSS	Integrated Family Support Service
LCI	Living Cost Index
n.e.c.	not elsewhere classified
PBLCI	Pensioner and Beneficiary Living Cost Index
SA2	Statistical Area 2
SLCI	Selected Living Cost Indexes
UCK	UnitingCare Kippax



Foreword

This report combines national- and Territory-level economic data with the on-the-ground insights of community organisations to examine trends in the cost-of-living in the ACT. The results confirm what most Canberrans already know. The cost-of-living crisis continues to worsen, and those already doing it tough are being squeezed especially hard.

People living at the margins spend a higher proportion of their income on essentials, so when the cost of living increases as it did in 2023, they have fewer options to adapt. These pressures were compounded over 2023-24 as the cost of many essentials increased faster than inflation overall. This includes housing, food, education and childcare, with the latter two costs affecting families. Families and young people who were already living at the economic margins are suffering a double hit.

This report examines cost-of-living changes in 2023 in the context of the cost-of-living crisis which preceded that year. The last five years, which encompass the COVID-19 pandemic, have each ratcheted up the financial strain. People and families who were able to dip into savings to get them through a few bad years are now without options.

The most valuable asset of the Australian Capital Territory is its human capital – and as a community we are allowing this to be squandered during the cost-of-living crisis. Broadening and deepening poverty is locking up our collective human potential.

Nowhere is this trend clearer than among our children. Across the country, children facing poverty have poorer academic outcomes than other students. Sadly, the ACT is behind only the Northern Territory in our inability to effectively enable students from families experiencing poverty to access the full benefits of education. The principle that poverty inhibits people from realising their full potential, for themselves as well as their communities and the broader economy, applies to people of all ages.

The cost-of-living crisis is clear, and so are the solutions that our community requires from our governments. The Commonwealth Government should raise the rate of income support payments and become more nuanced in its approach to managing inflation. This report lays out the ACT Government's clear responsibilities for policy change and investment. These include a fairer system of taxation and concessions with better social supports, access to affordable housing including social housing, targeted support for the energy transition, greater equity in education, and support for the community sector which supports people experiencing poverty and other forms of disadvantage.

Dr Devin Bowles
ACTCOSS CEO

2024 ACT Cost of Living Report: At a Glance

The cost-of-living crisis is hitting low-income households hardest

Low-income households spend more of their money on essentials. Over the past five years, Canberra has experienced above-inflation increases in the prices of many essential goods and services, including:

Education	+26.0%	Housing	+22.8%
Childcare	+21.4%	Food	+20.0%
Medical & Hospital Services	+22.4%	Transport	+22.3%
		Gas	+20.0%

Canberra is seeing a widening and deepening cost of living crisis in 2024

The cost-of-living crisis has continued to significantly affect the Canberra community in 2024. The ACT community sector is witnessing a widening impact across our community, and a deepening impact on those who were already struggling with the cost of living. This increase in demand has placed our overstretched and underfunded community sector under further stress.



In 2023-24, Care Financial Counselling Service saw a 17% increase in the amount of support provided to clients experiencing financial hardship compared to 2022-23.



So far in 2024, Roundabout Canberra are seeing a 32% increase in the number of children requiring material support.

The cost of raising children in Canberra has increased significantly



The annual cost per child for low-paid families in 2023 ranged from \$9,308 for a single-earner couple with two children to \$12,220 for a single parent in full-time employment with two children.



According to the Productivity Commission, centre-based childcare and family day care in the ACT were the most expensive in Australia in 2023.

Almost 1 in 10 Canberra children live below the poverty line

In 2019-20, the ACT had a poverty rate of 8.6%, with 38,000 people living below the poverty line.

In 2021 the ACT had a child poverty rate of 9.6% for children aged 0-14 years - ranging from 0% in some suburbs to as high as 21.1%.



Housing is Canberra's key cost of living issue



Over the past five years the CPI for purchasing a new dwelling by owner-occupiers in Canberra increased by 32.9%. Those on the lowest incomes have mortgage costs at an average of 64.2% of disposable income compared to 28.1% across all mortgagor households.

Anglicare's 2024 Rental Affordability Snapshot found that out of 1,085 rental properties advertised in the ACT during their survey period, none were affordable for low-income families.



There were at least 1,777 people in the ACT experiencing homelessness at the 2021 Census.



As at 1 July 2024, there were 3,152 applications on the ACT social housing waiting list, with an average waiting time of over five years (1,953 days) for standard housing.

The UNSW City Futures Research Centre estimates that there are 5,100 households in the ACT with unmet housing needs, and that this is projected to increase to 10,800 households by 2041 if no action is taken.



Current social and affordable housing is 65% of what is currently needed.

Inadequate income support is trapping people in poverty

As at December 2023:

- A single person on Youth Allowance (other) had a weekly income that was \$184 (38%) below the poverty line of \$489 per week
- A single person without children on JobSeeker had a weekly income that was \$110 (22%) below the poverty line of \$489 per week.

Recommendations to the ACT Government



A fairer system of concessions and taxation



Increase investment in cost of living supports



Expand social and affordable housing



Increase investment in education equity



Increase funding for our vital community services



Invest in a fair, fast and inclusive energy transition



Executive summary

In 2024, the ACT has continued to experience a cost-of-living crisis. High inflation and high interest rates have hit low-income households in Canberra the hardest, impacting their ability to pay for essential goods and services such as housing and food.¹

This report focuses on changes in the cost of living for low-income households in the ACT over the most recent calendar year and over the last five years. It examines changes in costs of goods and services alongside changes in household income. Over the past five years, Canberra has experienced above-inflation increases in the prices of many essential goods and services, including: education (+26.0%), housing (+22.8%), medical and hospital services (+22.4%), transport (+22.3%), childcare (+21.4%), food (+20.0%), and gas (+20.0%).

The increased cost of these essential, non-discretionary goods and services has had a disproportionate impact on low-income households in the ACT. Above-inflation price increases across this combination of essential goods and services – including childcare and education – has particularly had a disproportionate impact on low-income households managing the cost of raising children. In view of this, this year's report includes a focus on the experience of poverty and cost of living among children, young people and families in the ACT.

This report shows that amidst significant increases in the cost of living, changes to government income support payments resulted in mostly modest improvements in outcomes for some of the lowest-paid ACT households. While JobSeeker and Youth Allowance payments were increased by \$20 per week in addition to their usual indexation, this still left households receiving these payments well below the poverty line. The most significant change over the past year was that single parents whose youngest child was aged 8 to 14 years transitioned from JobSeeker to Parenting Payment Single from 20 September 2023. This change saw the weekly income of these households rise to the margins of the poverty line.²

The biggest lever available to address poverty and inequality in Australia is to raise the rate of JobSeeker, Youth Allowance, Parenting Payment Single and related payments to parity with pension payments (at least \$80 per day) and index payments to wages as well as prices.

¹ D Wood, I Chan & B Coates, [Inflation and inequality: how high inflation is affecting different Australian households](#), Working paper prepared for the RBA Annual Conference, Sydney, 25-26 September 2023, Grattan Institute, 2023; T Leslie, S Elvery, B Spraggon & C Tilley, [Australia's housing divide masks real interest rates pain](#), ABC News website, accessed 9 June 2024.

² In this report, we adopt the poverty line calculated by the ACOSS/UNSW Poverty and Inequality Partnership. This poverty line is set at one-half (50%) of the median or 'middle' household disposable income in Australia – people living in households with income below this line are regarded as living in poverty.



With most income support payments continuing to leave thousands of Canberrans below the poverty line and as more and more Canberrans seek relief from cost-of-living pressures, there is a clear need for targeted ACT Government action to reduce the cost of living for all low-income households. This includes ensuring access to adequate concessions, rebates and financial relief; increasing social and affordable housing; and ensuring the community sector is adequately resourced to meet community need.

As the cost-of-living crisis has continued in the ACT in 2024, Canberra's community sector has continued to see increased demand, including from more people in employment who are struggling with rent and mortgage stress seeking support to make ends meet. Ensuring everyone has an adequate income and can afford the essential goods and services they need is critical to addressing the cost-of-living crisis. It is also vital that the ACT's community sector has the resources and capacity to meet the demand for support arising from this crisis.

Beyond identifying the cost-of-living challenges, this report presents a range of solutions. The following recommendations call for the ACT and Australian governments to take action to alleviate key cost-of-living pressures faced by low-income households in the ACT.

Recommendations

To alleviate cost of living pressures in the ACT, ACTCOSS calls on the ACT Government to:

Ensure a fairer system of concessions and taxation

- Conduct a comprehensive refresh of the *2012 ACT Targeted Assistance Strategy* in partnership with the community sector
 - Undertake a broad review of the concession system as a whole to ensure consistency, adequacy, proper targeting, and ease of access across the system – ensuring concessions keep up with changes in the cost of living
 - In tandem with the review of the concession system, undertake a comprehensive review of ACT's tax system to assess the fairness and equity of existing levies, fees and charges, including the vertical equity and distributional impacts of existing tax settings.
- Ensure people on the lowest incomes are eligible for the most concessions – including ensuring holders of the Low Income Health Care Card, Health Care Card, and ACT Services Access Card are eligible for all relevant concessions and rebates currently available to Pensioner Concession Card holders (e.g., the rates rebate)
- Trial free public transport for students and concession card holders and analyse the costs, benefits and distributional impact
- Adopt an income-based approach to ACT Government fines, fees, levies, and other charges, and target any new taxes toward those who can pay



- Review the Electricity, Gas and Water Rebate (formerly the Utilities Concession), including consideration of percentage-based energy concessions, and investigate a system for automatically applying concessions to eligible people
- Introduce a percentage-based concession scheme for home, contents, and vehicle insurance for people on low incomes, and resource non-government organisations to facilitate access to the concessions for communities that would benefit.

Increase investment in cost of living supports

- Implement and fully fund all 27 of the 52 recommendations in the 2023 *Inquiry into Cost of Living Pressures in the ACT* report that are not already existing government policy
- Increase investment in food and emergency relief
- Increase funding to financial counselling services to respond to increasing demand and complexity
- Ongoing funding for the Rent Relief Fund
- Increase funding for grant opportunities to cover bonds and rent for refugee and low-income migrant groups settling in the ACT
- Increase investment in community health centres and public dental services.

Expand social and affordable housing

- Substantially increase direct government investment to grow the net stock of public housing, and develop a public strategy to expand public housing stock to meet demand and increase the social and financial sustainability of public housing into the future
- Specify an annual commitment for social housing that reflects current and projected demand, with the goal of restoring social housing to at least 10% of all housing stock by 2036
- Increase the share of social housing allocated under land release program target, with at least 15% to only apply to social and affordable housing for rent in perpetuity
- Improve housing outcomes for people with disability, including by increasing access-ready public and community housing at the Universal Design Gold Level.

Invest in a fair, fast and inclusive energy transition

- Expand and better target financial support for low-income households to electrify and improve their home energy efficiency (including ancillary support like home energy audits & financial counselling)
- Ensure social housing tenants are supported on the pathway to electrification
- Incentivise landlords to ensure rental properties are energy efficient and electric.

Increase investment in education equity

- Increase the value of payments available under the Future of Education Equity Fund to reflect changes in the cost of education over the decade since the former Secondary Bursary Scheme was introduced
- Develop a sustainable pathway for expansion of the Meals in Schools pilot with the aim of rolling the program out across all ACT Government schools
- Extend early learning centres across the ACT primary school system to provide universal, free early childhood education and care.



Increase funding for our vital community services

- Ensure the quality of life for all Canberrans by sustainably funding the Community Sector that supports them
 - fully fund all recommendations from the Sector Sustainability Project and the *Counting the Costs* Report.
- Ensure recent and long-term Canberrans have access to support
 - develop a Population Level Adjustment that reflects that year's population growth as a minimum additional annual increase in funding for all community sector contracts, to reflect increasing demand for community support, particularly by those in lower income quintiles; and
 - implement a staged approach to closing the funding gap that has emerged since 2010 due to population growth unmatched by additional funding.
- Provide the right spaces for Canberrans to receive the help they need
 - ensure specific Community Sector premises which are fit for purpose, accessible, located across the Territory and scaled for all future Territory plans and building.
- Protect the community from climate change
 - establish a \$4 million annual Community Sector Adaptation Fund for individual organisations to execute their climate adaptation plans.
- Provide funding that enables the community sector to offer more generous paid parental leave and family-friendly working conditions, as well as wages that overcome gendered pay inequities and other structural barriers to parenting and the economic security of families.

To alleviate cost of living pressures in the ACT, ACTCOSS joins ACOSS and calls on the Australian Government to:

Raise the Rate for Good

- Provide a permanent and adequate increase to JobSeeker, Youth Allowance, Austudy, Abstudy, Special Benefit and Parenting Payment. JobSeeker and these other payments should increase to at least \$80 a day (the pension rate)
- In addition to the base rate increase, there should be supplementary payments paid to people with disability and illness and single parents that reflect the additional costs they face
- Commonwealth Rent Assistance should also be more than doubled to reflect rents paid by people on low incomes.

Tackle inflation holistically

- To tackle inflation, instead of relying solely on interest rate rises, governments should take measures to better regulate the rental market and lower the costs of healthcare and energy.



Introduction

In 2024, ACT households have continued to experience a cost-of-living crisis. This crisis has placed pressure on an increasing number of households in the ACT as more people struggle to make ends meet and have sought support from our community sector. In 2023-24, ACT's National Debt Helpline operator, Care Financial Counselling Service, saw a 17% increase in the amount of support provided to clients experiencing financial hardship compared to 2022-23.³ Over the first six months of 2024 key areas of concern for people contacting Care Financial Counselling Service were:

- Utilities (mainly electricity and gas, but also telecommunications and water)
- Housing (mainly mortgage stress and rental arrears)
- Personal and household debt (credit card, Buy Now Pay Later, personal loans, car loans, and tax debt)
- Cost of living (for clients without debt)
- Fines and infringements
- Education costs (including childcare, school, and college)
- Medical costs.⁴

High levels of inflation and interest rate rises have extended the reach of cost-of-living pressures across our community, it has also intensified those pressures for those who were already doing it tough. This has hit low-income households the hardest, impacting their ability to cover the cost of essential goods and services such as food and housing.⁵

The Grattan Institute has noted that the disproportionate impact of inflation on low-income households increases inequality and requires greater government 'attention to delivering targeted income supports or cost-of-living relief to those groups' to ensure they 'do not go backwards in their standard of living'.⁶ Households with higher levels of income and wealth tend to have a buffer and are able to reduce spending on discretionary items and switch to less expensive non-discretionary items to manage increased cost of living pressures. In contrast, households with low levels of income and wealth spend a greater proportion of their income on essential goods and services and therefore face much more limited options and harder choices in trying to reduce spending on non-discretionary items such as food and rent.

³ Data provided by Care Financial Counselling Service, 3 July 2024.

⁴ Based on data provided by Care Financial Counselling Service, 3 July 2024.

⁵ D Wood, I Chan & B Coates, [Inflation and inequality: how high inflation is affecting different Australian households](#), Working paper prepared for the RBA Annual Conference, Sydney, 25-26 September 2023, Grattan Institute, 2023; T Leslie, S Elvery, B Spraggon & C Tilley, [Australia's housing divide masks real interest rates pain](#), ABC News website, accessed 9 June 2024.

⁶ D Wood, I Chan & B Coates, [Inflation and inequality: how high inflation is affecting different Australian households](#), p. 1.



Our analysis of changes in Canberra's Consumer Price Index (CPI) over 12 months and five years indicates that low-income households in the ACT have been hit the hardest by significant price increases across a range of essential goods and services. Compared to the 7.1% annual increase in Canberra's CPI for the March Quarter reported in the *2023 ACT Cost of Living Report*, there is some relief in the fact that the annual inflation rate for Canberra had come down to 3.3% in the March Quarter this year – this fell again slightly to 3.1% in the June Quarter 2024.⁷ However, when we look in more detail at which items have contributed the most to the increase in the overall inflation rate over the past one to five years, we see significant increases in the prices of a large array of non-discretionary items spanning across childcare, education, energy, food, health, housing, and transport.

In line with previous *ACT Cost of Living Reports*, the first part of this report tracks changes in the prices of essential goods and services in the ACT over the past 12 months and five years. We highlight the key areas where the cost of living for low-income households increased and explore how changes in living costs have tracked with changes in income over the past year. In doing so, this report aims to identify areas where greater and more targeted support is needed from both the ACT and Australian governments – including through an adequately-funded community sector – to reduce poverty and inequality in our community, and to ease the cost-of-living pressures experienced by low-income households.

In this year's report, we examine experiences of poverty and cost of living among children, young people, and families in the ACT. This focus arose from our finding that education and childcare were two key areas of expenditure that had significant price increases alongside food, housing, and transport. As a result, low-income households managing the costs of raising children in the ACT were seen to be especially impacted by both the size and the shape of inflation in Canberra in recent years.

Throughout this report we have included case studies provided by ACT community sector services that highlight the increase in demand for support within our community and the vital role these organisations play – individually and collaboratively – in helping to address the impacts of poverty and cost of living in the ACT.

Canberra Case Study: Roundabout Canberra

Roundabout Canberra has seen the impacts of cost-of-living pressures faced by many Canberra families, including families who have not previously needed help, which has led to a steep increase in demand for our service in 2024. In 2023 Roundabout Canberra supported 4,175 children, and so far in 2024, we are seeing a 32% increase in number of children requiring material support as the economic challenges in the ACT region continue.

⁷ Australian Bureau of Statistics (ABS), [Consumer Price Index, Australia, March Quarter 2024](#), ABS, 2024.



In 2023, more than 3 in 4 families assisted by Roundabout Canberra were experiencing financial strain. In the same period, almost 1 in 3 families assisted by Roundabout Canberra were experiencing homelessness or housing stress. The patterns seen in 2023 are very much consistent with 2024 statistics to date. Our social service partners have reported that many families are living in cramped or temporary accommodation as private rent increases, and public housing waitlists leave them with little choice but to live with friends or family members, or in caravan parks.

During the year, we have heard of numerous sets of parents waiting until they were on the brink, making choices between paying rent that week or purchasing items for their newborn, or nappies and clothing for their children. We continued to see families where one or both parents were working, yet it was not enough to cover essentials. Many of these families have not previously needed support. Roundabout Canberra has been able to provide easy, consistent access to baby and child essentials to our service partners, supporting their ability to engage with those families with limited experience within welfare frameworks. We have also heard about the joy experienced by children who can access items beyond the usual essentials – such as toys, books, and school packs.

Georgie* and Jack* and their young children have recently become homeless after being evicted from their private rental property. Due to the increase in cost of living they are experiencing financial hardship. As casual workers (low-income earners) their income is unpredictable and they need to juggle caring responsibilities for two children under the age of five. Like many families, they have found themselves in the unfortunate position where they did not earn enough to pay all of the weekly expenses for rent, food, utilities, and petrol to get to work. Mother and father are also both experiencing mental health issues due to the stress on them to find secure housing to meet child safety requirements. The family are 'couch surfing' with friends and family, currently in a caravan in a family member's front yard.

Roundabout Canberra was able to assist with the essentials that the family needed to keep their children clothed, warm and clean, supplies so the eldest could return to preschool. The items allowed the family to direct their limited income to other essentials such as groceries and petrol. The support has encouraged the family to remain engaged with the social service and their goal of working towards securing housing for their family.

*Names changed for privacy.

Changes in prices of key goods and services: Consumer Price Index

As noted above, 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 therefore important to consider the proportion of household income typically spent on different goods and services by low-income households.⁸ ABS Household Expenditure Survey data shows that housing, food,

⁸ Low-income households are generally defined as those in the first and second income quintiles, or the bottom 40% of the income distribution.



and transport are the top three areas of expenditure for ACT households in the lowest income quintile, accounting for over half (55.1%) of their expenditure.⁹

As with previous *ACT Cost of Living Reports*, our analysis is based primarily on the most recent December Quarter CPI figures for Canberra, tracking changes over the previous 12 months and five years. From December 2022 to December 2023, Canberra's CPI rose 3.7% compared to a national increase of 4.1% (Table 1).¹⁰ Insurance (+16.1%) recorded the highest CPI increase among those goods and services analysed for Canberra over the past year. The price of gas (+14.2%) had the second highest rate of increase over the year, followed by new dwelling purchase price for owner-occupiers (+10.4%), education (+8.5%), and bread and cereal products (+7.8%).

Table 1: Change in CPI for key household expenditure areas, Canberra and Australia, Dec 2022 – Dec 2023 and Dec 2018 – Dec 2023

Cost of Living Area	Canberra CPI Change (%) - Dec 22-Dec 23	Australia CPI Change (%) - Dec 22-Dec 23	Canberra CPI Change (%) - Dec 18-Dec 23	Australia CPI Change (%) - Dec 18-Dec 23
Food & Non-Alcoholic Beverages	3.8	4.5	20.0	21.8
- Bread & cereal products	7.8	8.2	27.6	28.5
- Meat & seafood	-0.4	0.0	20.5	21.7
- Dairy & related products	6.3	6.4	31.9	32.9
- Fruit & vegetables	-1.2	-0.2	13.0	14.7
- Food products n.e.c.	6.4	6.5	23.3	24.1
- Non-alcoholic beverages	4.1	5.3	17.9	22.2
- Meals out & takeaway	5.0	5.6	17.9	20.4
Alcohol & Tobacco	5.5	6.6	26.5	30.6
- Alcohol	3.5	4.5	13.1	13.9
- Tobacco	10.7	10.6	59.5	59.9
Clothing & Footwear	0.7	-1.1	3.5	3.9
Housing (includes utilities)	6.0	6.1	22.8	21.0
- Rents	2.4	7.3	16.4	10.7
- New dwelling purchase	10.4	5.1	32.9	34.9
- Property rates & charges	3.9	4.4	26.0	16.0
- Utilities	4.4	8.4	12.0	13.2
- Water & sewage	6.0	6.7	5.2	7.2
- Electricity	-3.9	6.9	7.8	7.4

⁹ 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 27 April 2024.

¹⁰ ABS, [Consumer Price Index, Australia, December Quarter 2023](#), ABS, 2024.



Cost of Living Area	Canberra CPI Change (%) - Dec 22-Dec 23	Australia CPI Change (%) - Dec 22-Dec 23	Canberra CPI Change (%) - Dec 18-Dec 23	Australia CPI Change (%) - Dec 18-Dec 23
- Gas & other household fuels	14.2	13.4	20.0	34.7
Furnishings, household equipment/ services	-0.1	-0.2	19.5	17.5
- Child care	-4.0	-7.2	21.4	6.9
Health	4.7	5.1	17.3	19.5
- Pharmaceutical products	0.6	0.5	4.4	5.9
- Therapeutic appliances	1.0	0.6	5.9	2.4
- Medical & hospital services	6.4	6.5	22.4	24.2
- Dental services	1.9	4.0	10.5	13.3
Transport	3.8	3.7	22.3	23.4
- Automotive fuel	6.1	5.4	26.6	35.3
- Public transport	0.4	6.6	3.9	11.2
Communication	2.6	2.2	-2.6	-3.6
- Telecommunication equipment & services	1.5	1.5	-5.0	-5.1
Recreation & culture	-0.5	0.5	15.0	13.4
- Audio, visual, computing equipment	-0.6	-0.2	-5.2	-4.9
- Audio, visual, computing media & services	2.6	2.8	11.2	10.3
Education	8.5	4.7	26.0	15.6
Insurance & financial services	5.2	8.1	5.0	18.4
- Insurance	16.6	16.2	24.1	32.2
CPI All Groups	3.7	4.1	18.9	19.3

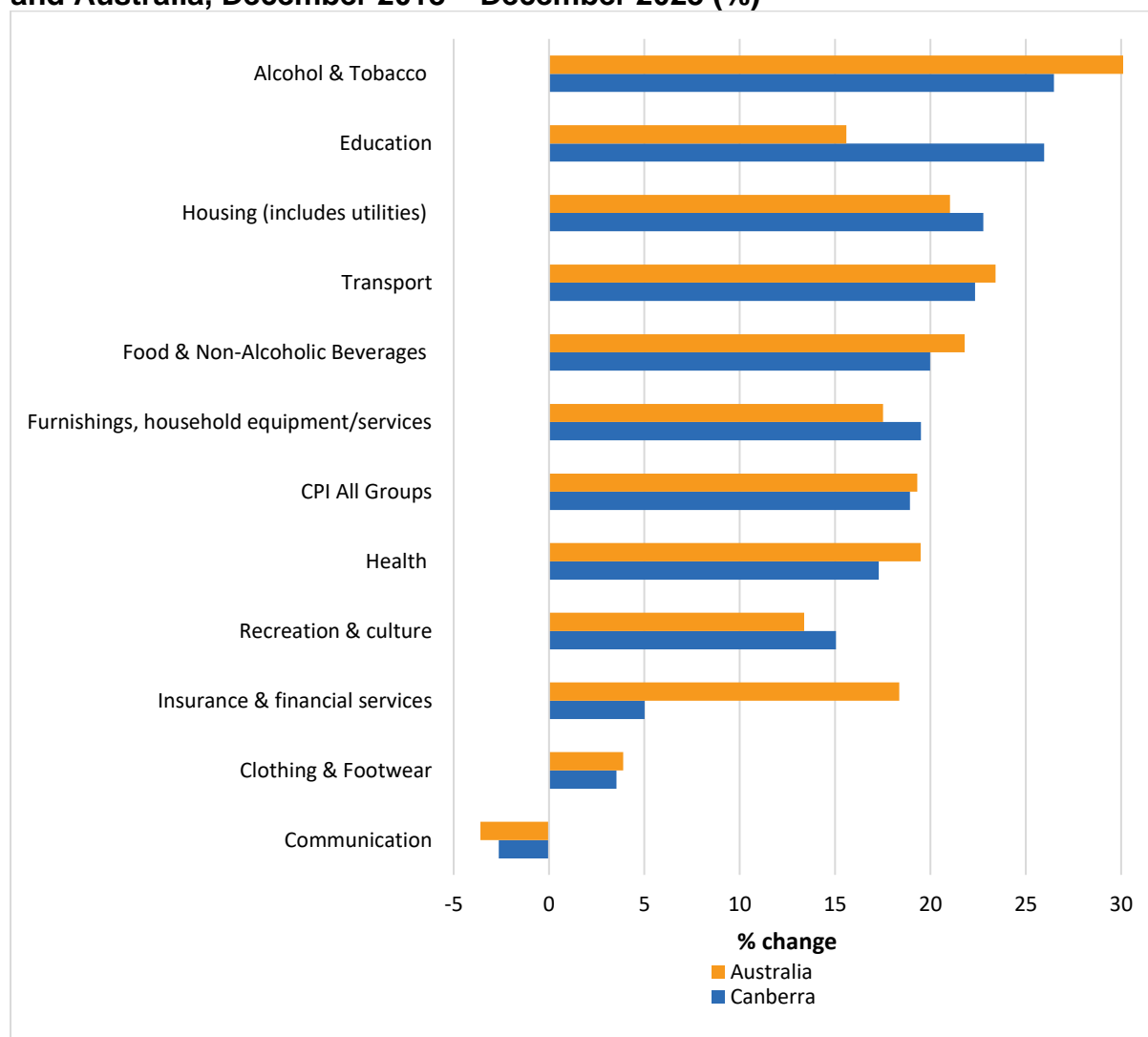
Source: ABS, 'Table 10. CPI: Group, Sub-group and Expenditure Class, Percentage change from corresponding quarter of previous year by Capital City' and 'Table 11. CPI: Group, Sub-group and Expenditure Class, Percentage change from previous quarter by Capital City' [time series spreadsheets], [Consumer Price Index, Australia, December Quarter 2023](#), ABS, 2024.

Over the past five years, Canberra's CPI increased by 18.9% compared to a 19.3% increase at the national level. Figure 1 shows that between December 2018 and December 2023, Canberra experienced significant increases in prices across five CPI groups: education (+26%); housing (+23%); transport (+22%); food (+20%); and



furnishings, household equipment and services (+19.5%).¹¹ These CPI groups rose at a rate above inflation (i.e., above the CPI All Groups). Again, these include mostly essential goods and services where price increases had a disproportionate impact on low-income households in the ACT. Our analysis then looked in more detail at the drivers of the increases in these five broad CPI groups, identifying key CPI sub-groups and expenditure classes that contributed to these group-level changes. Figure 2 presents the price changes for this more detailed list of items included in our analysis comparing Canberra and national CPI changes above and below the change in the overall CPI over a five-year period.

Figure 1: Change in CPI for CPI Groups (including CPI All Groups), Canberra and Australia, December 2018 – December 2023 (%)

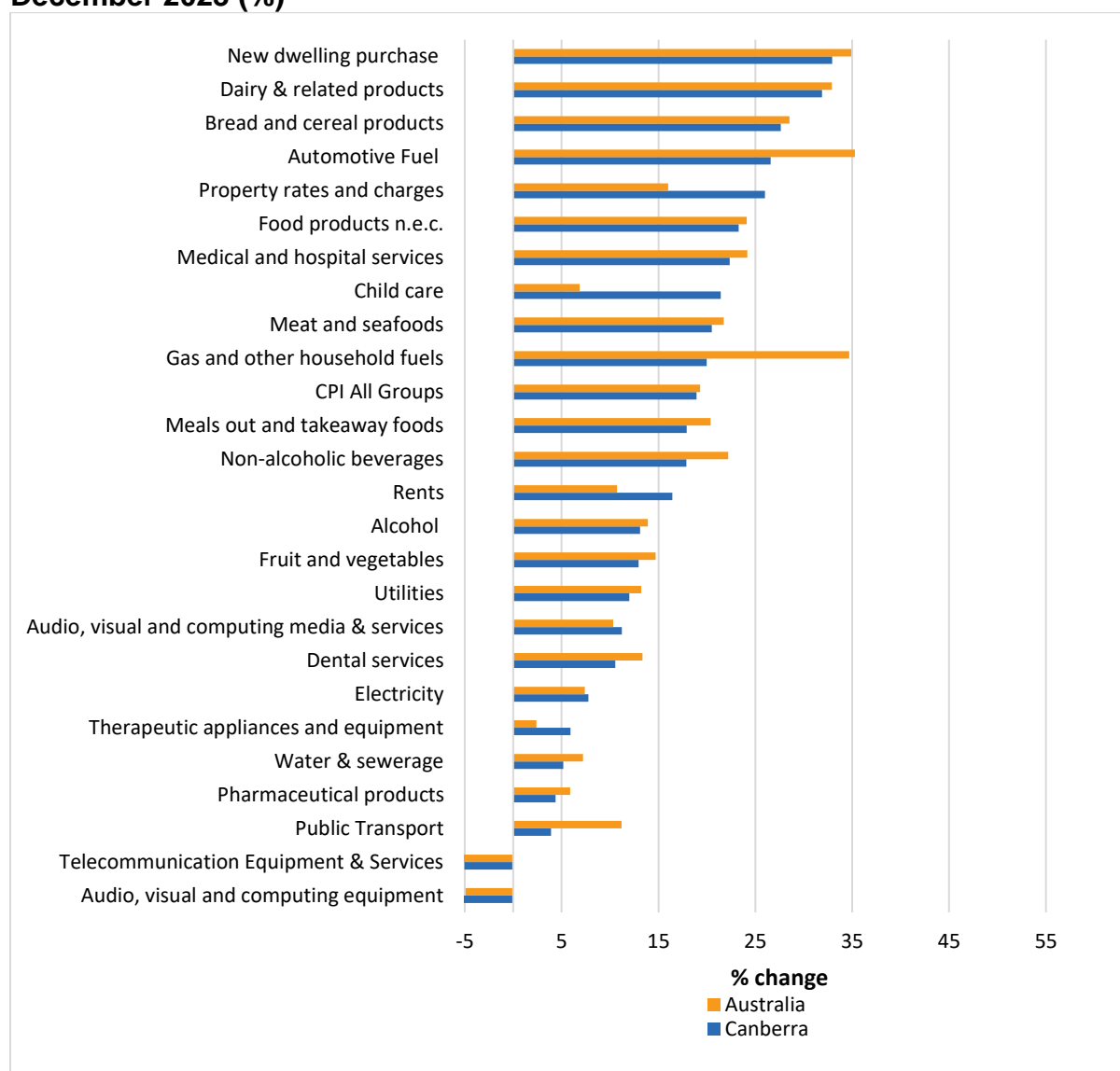


Source: ABS, 'Table 11. CPI: Group, Sub-group and Expenditure Class, Percentage change from previous quarter by Capital City' [time series spreadsheets], [Consumer Price Index, Australia, December Quarter 2023](#), ABS, 2024.

¹¹ We do not include 'Alcohol and Tobacco' in this discussion as the focus of this report is on changes in the prices of non-discretionary goods and services that have a disproportionate impact on low-income households. Though we note that some low-income and vulnerable households will be disproportionately impacted by the significant increase in this CPI group.



Figure 2: Change in CPI for selected sub-groups and expenditure classes (including CPI All Groups), Canberra and Australia, December 2018 – December 2023 (%)



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, December Quarter 2023](#), ABS, 2024.

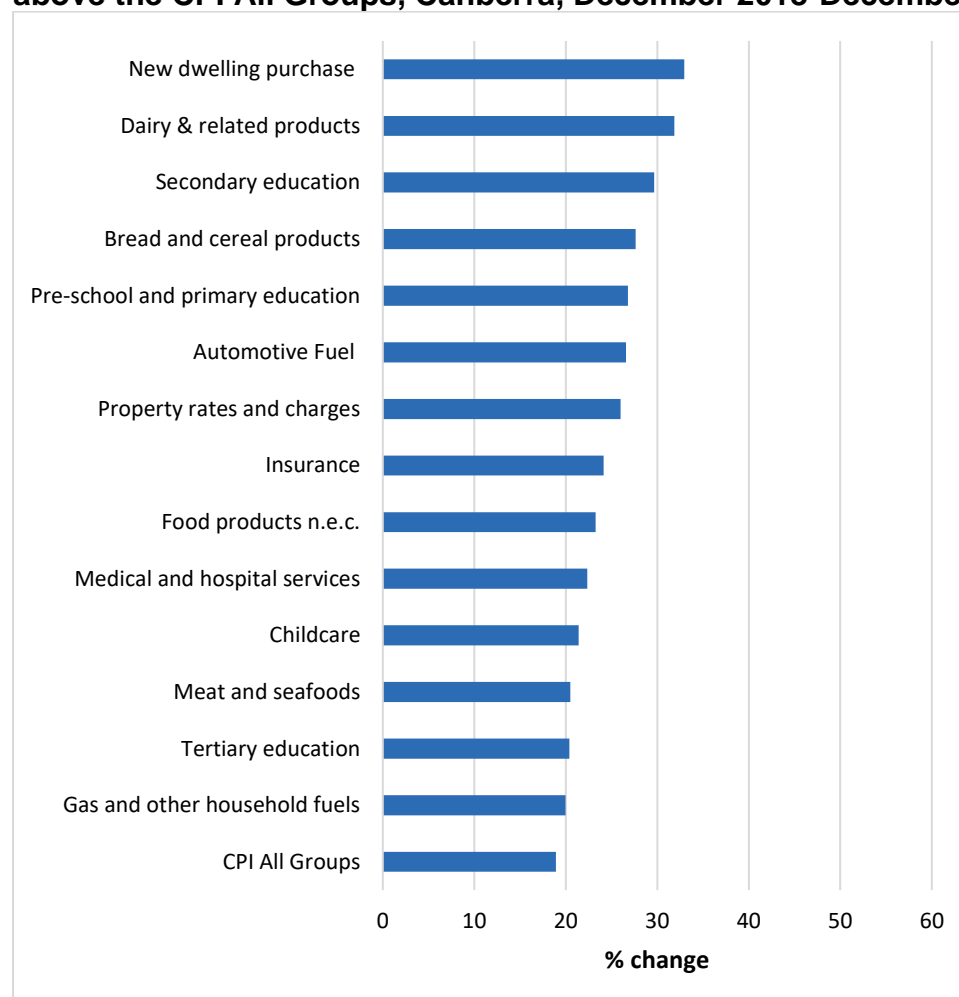
Figure 3 presents the key items that saw prices increase above inflation in Canberra over the past five years – including the specific components that make up the Education CPI group in view of it having the highest increase across the non-discretionary groups of goods and services. This shows that the increase in education costs in Canberra was spread across all three of its components: secondary education (+29.6%); pre-school and primary education (+26.8%); and tertiary education (+20.4%). The increase in housing costs (including utilities) was driven primarily by the increased cost of new dwelling purchase (+32.9%), with significant contributors also being property rates and charges (+26.0%), and gas and other household fuels (+20.0%). Automotive fuel (+26.6%) was the major contributor



to the increase in transport costs. The increase in the cost of food was spread across dairy and related products (+31.9%), bread and cereal products (+27.6%), food products n.e.c (+23.3%), and meat and seafoods (+20.5%). Childcare (+21.4%) was the biggest contributor to the increase in the CPI group for furnishings, household equipment and services.

As is also captured in Figure 3, our analysis found that while the increase in the Health CPI group of goods and services (+17.3%) was below Canberra's overall CPI increase (+18.9%) over the past five years, the cost of medical and hospital services (+22.4%) had increased at a rate above inflation. Also, while the increase for the Insurance and Financial Services CPI group (+5.0%) was well below the increase in the overall CPI, the insurance component of this group rose by 24.1% over the past five years in Canberra.

Figure 3: Changes in CPI sub-groups and expenditure classes with increases above the CPI All Groups, Canberra, December 2018-December 2023 (%)

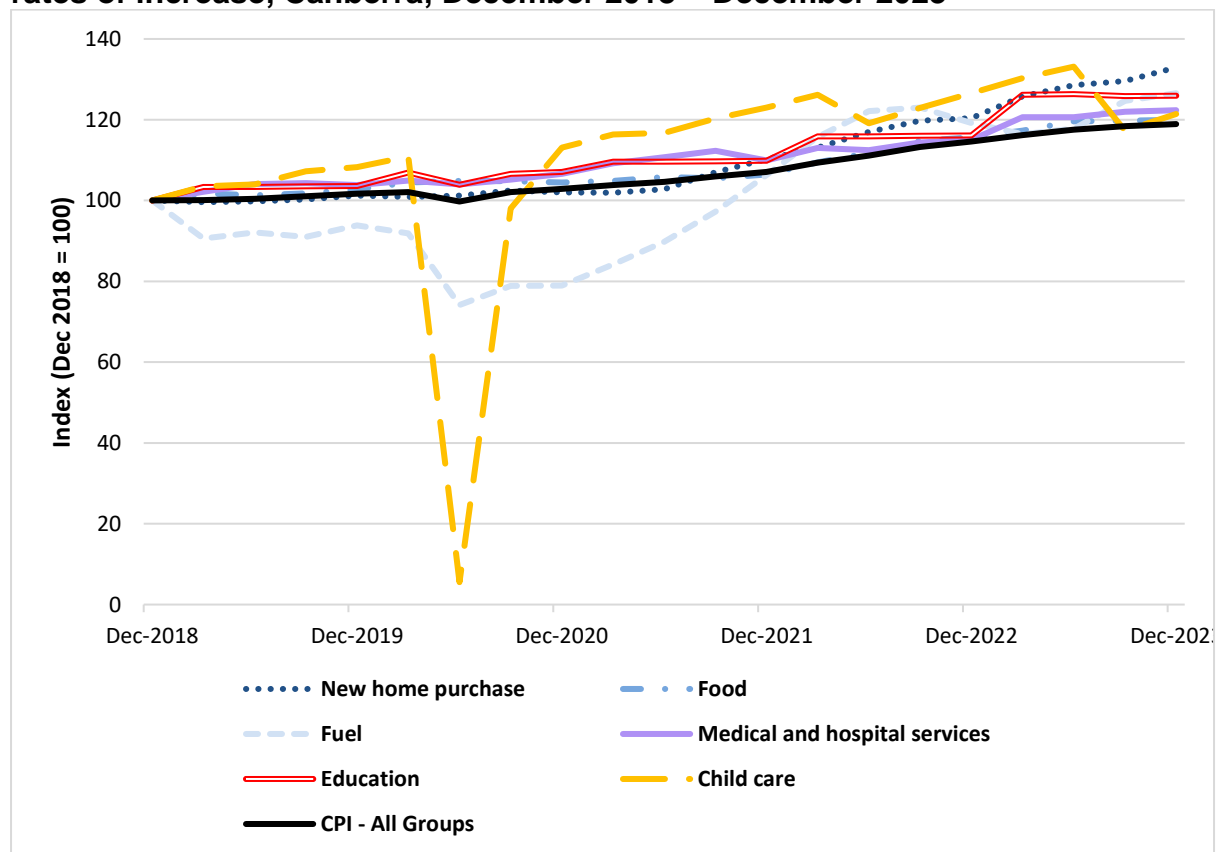


Source: ABS, 'Table 11. CPI: Group, Sub-group and Expenditure Class, Percentage change from previous quarter by Capital City' [time series spreadsheets], [Consumer Price Index, Australia, December Quarter 2023](#), ABS, 2024.



Figure 4 tracks the change in prices of six of the items that stood out in our analysis – childcare; education; food; fuel; medical and hospital services; and new dwelling purchase – compared to Canberra’s overall inflation rate over the five-year period from December 2018 to December 2023. This shows that items such as childcare and fuel saw sharp falls within the initial period of the COVID pandemic and subsequently saw very steep increases followed by significant fluctuations in more recent times. In the case of childcare, the sharp fall in the June Quarter 2020 was due to the temporary free childcare arrangements as part of the Australian Government’s COVID-19 Economic Response. The stepped increases in education costs reflect the fact that it is based largely on fees that are collected at the beginning of each year. Food prices and new dwelling purchase prices have increased significantly and consistently over the last two to three years, with the cost of buying a home increasing at the highest rate.

Figure 4: Indexed change in All Groups CPI and the CPI for six items with high rates of increase, Canberra, December 2018 – December 2023



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, December Quarter 2023](#), ABS, 2024.

The ABS releases updated CPI figures every three months. Since December 2023 the prices of most of these essential goods and services have risen even higher. The March 2024 CPI for Canberra saw a further 1.0% increase over the three months since December 2023, and a 3.3% increase over the 12 months from March 2023 to March 2024. The ABS notes that vegetables (+8.1%), secondary education (+7.9%),



medical and hospital services (+3.7%), and new dwelling purchase by owner occupiers (+2.5%) were the main contributors to the further increase in Canberra's CPI from December 2023 to March 2024.¹² In the June Quarter 2024, the annual inflation rate for non-discretionary goods and services was 4.5% compared to 2.8% for discretionary items.¹³ Increases in the prices of non-discretionary, essential goods and services such as education, food, health, and housing have continued to be key sources of cost of living pressures for Canberra households in 2024, having a disproportionate impact on low-income households. Significant increases in the cost of childcare and education alongside food, housing, and transport have meant that low-income households managing the costs of raising children will have also been disproportionately impacted by above-inflation price increases in recent years.

Changes in cost of living for low-income households: Selected Living Costs Indexes

The ABS Selected Living Cost Indexes (SLCI) measure the cost of various baskets of goods that are specific to different household types including 'Age pensioner'; '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 helping people to keep up with rising living costs.

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. 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. The December 2023 SLCI shows that compared to increases in the CPI nationally (4.1%) and for the ACT (3.7%) over the 12 months from December 2022 to December 2023, the rate of increase in the SLCI was higher for age pensioner households (4.4%) and other government transfer recipient households (5.2%) – the combined SLCI for these two groups is represented by the pensioner and beneficiary LCI (PBLCI) which rose by 4.8% (Figure 5).¹⁴ Employee households saw the highest increase of 6.9%. This trend has continued into the June 2024 Quarter, reflecting a disproportionate impact of inflation on those households that are most likely to either be paying off a home loan or renting (i.e., employees and government transfer recipients).¹⁵

There are important differences in the ways that the Age Pension, JobSeeker, and Youth Allowance payments are indexed. These differences have significant impacts on the extent to which these payments keep up with increases in the cost of living.

¹² ABS, [Consumer Price Index, Australia, March Quarter 2024](#), ABS, 2024.

¹³ ABS, [Consumer Price Index, Australia, June Quarter 2024](#), ABS, 2024.

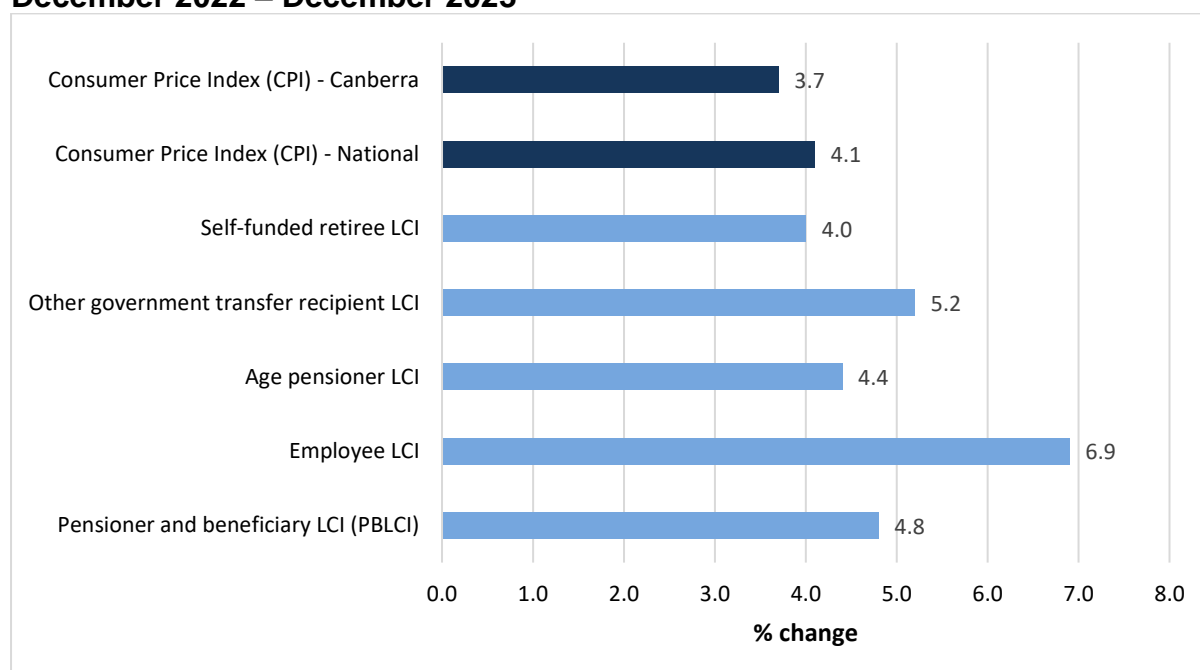
¹⁴ ABS, [Selected Living Cost Indexes, Australia, December Quarter 2023](#), ABS, 2024.

¹⁵ P Johnston & A Brown, ['Rising cost of living hammers renters and mortgage belt'](#), *The Canberra Times*, 8 August 2024.



The Age Pension is indexed by the higher of the CPI or the PBLCI. The result is also 'benchmarked' to ensure the payment does not fall below a set percentage of Male Total Average Weekly Earnings.¹⁶ The Age Pension is indexed twice a year in March and September. JobSeeker and Youth Allowance are both indexed against the CPI, though JobSeeker is indexed twice a year in March and September while Youth Allowance is indexed once a year in January. Basing indexation of JobSeeker and Youth Allowance only on changes in the CPI has meant that these payments have not increased at a rate that aligns with the real increase in cost of living as reflected in the SLCI.

Figure 5: Percentage change in CPI and Selected Living Cost Indexes, December 2022 – December 2023



Source: ABS, 'Key statistics' [percentage change in CPI and SLCI, Dec Qtr 2022 to Dec Qtr 2023], [Selected Living Cost Indexes, Australia, December Quarter 2023](#), ABS, 2024.

Changes in income and the poverty gap

Poverty can be defined in different ways and can be explored across different dimensions. For example, the ANU Children's Policy Centre applies a multi-dimensional framework in its research into child poverty in Australia identifying three overarching dimensions:

- Material deprivation – insufficient money and material resources to meet basic needs; inadequate and inaccessible essential infrastructure

¹⁶ Parliamentary Budget Office, [Indexation & the budget – and introduction](#), Budget explainer, 1 March 2023, Parliamentary Budget Office, 2023.



- Opportunity deprivation – inadequate and inaccessible child-friendly, quality services; the absence of meaningful activities that contribute to participation and ongoing development
- Relational deprivation – severe pressure on relationships as a result of poverty; social and economic structures and systems that fail to support strong and supportive relationships for children.¹⁷

We acknowledge the importance of each of these dimensions and the relationships between them. This report is focused primarily on material deprivation as it relates to the adequacy of household income to meet basic needs. In this report, we adopt the poverty line calculated by the ACOSS/UNSW Poverty and Inequality Partnership.¹⁸ This poverty line is set at one-half (50%) of the median or ‘middle’ household disposable income in Australia – people living in households with income below this line are regarded as living in poverty. The most recent poverty line is for the year 2019-20. We have not made any adjustments to the 2019-20 poverty lines in this report which means that it is an underestimate of what the poverty line would be in 2023-24.

On top of indexation, the 2023-24 Federal Budget provided additional increases of \$20 per week for those on payments like JobSeeker and Youth Allowance and \$46 per week for those on JobSeeker aged over 60 years. This took effect from 20 September 2023. These increases were far from enough to lift recipients’ payments above the poverty line in most instances. Figures 6 and 7 show that as at December 2023:

- A single person on Youth Allowance (other) had a weekly income that was \$184 (38%) below the poverty line of \$489 per week
- A single person without children on JobSeeker had a weekly income that was \$110 (22%) below the poverty line of \$489 per week.

The most significant change was that eligibility for Parenting Payment Single was extended to when a single parent’s youngest child turns 14 years old. This change meant that a single parent on JobSeeker with a youngest child aged 8 to 14 years would be automatically transferred to the Parenting Payment Single from 20 September 2023.¹⁹ In calculations for our *ACT Cost of Living Report* series our analysis has always included a single parent on JobSeeker with one child aged under 13 and one child aged over 13. If this single parent had remained on JobSeeker they would have had an income that was \$65 (8%) below the poverty line of \$783 per week in December 2023. With their transition to Parenting Payment Single they instead received a weekly income \$5 above the \$783 per week poverty line in December 2023. While this suggests this change could lift these households

¹⁷ The Senate Community Affairs References Committee, [The extent and nature of poverty in Australia: final report](#), Commonwealth of Australia, 2024, p. 76.

¹⁸ P Davidson, B Bradbury & M Wong, [Poverty in Australia 2023: who is affected?](#), Poverty and Inequality Partnership Report no. 20. Australian Council of Social Service and UNSW Sydney, 2023.

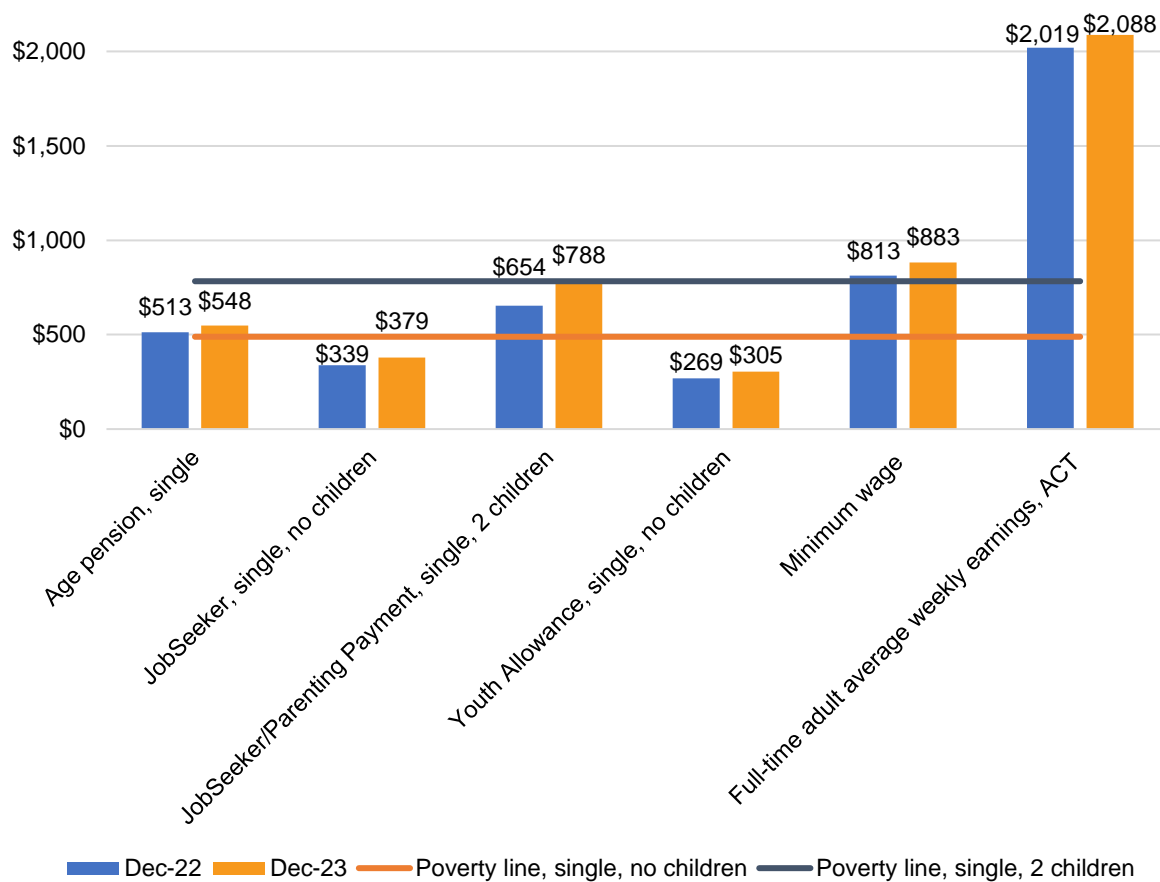
¹⁹ Social Security Rights Victoria, [Changes to Parenting Payment Single: what happens next?](#), Social Security Rights Victoria website, accessed 9 June 2024; Economic Inclusion Advisory Committee (EIAC), [Economic Inclusion Advisory Committee 2024 report to government](#), EIAC, 2024.



out of poverty, it is clearly marginal, and we note that the *Poverty in Australia 2023* report found households relying substantially on the Parenting Payment had a poverty rate of 72% in 2019-20.²⁰

The indexation of payments in March 2024 saw the Age Pension for a single-person household increase by \$1.40 per day while JobSeeker for a single-person household increased by just \$0.96 per day. Especially for those on JobSeeker and Youth Allowance, indexation based on CPI has not enabled households to afford the goods and services needed for a healthy life as government support payments remain below the poverty line (Figures 6 and 7).

Figure 6: Changes in income compared to poverty lines by income type, December 2022 – December 2023



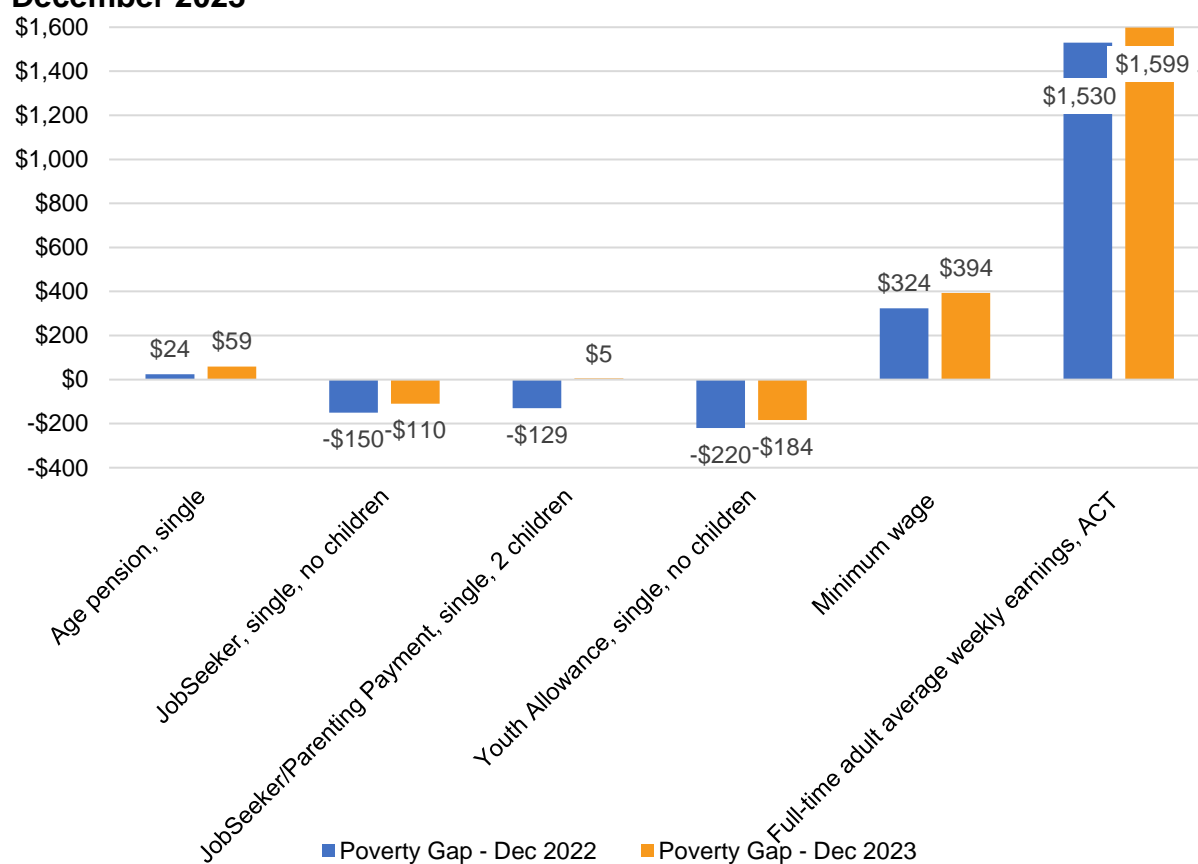
Source: Services Australia, [A guide to Australian Government payments](#), Historical versions 1 December 2022 to 31 December 2022 and 20 September 2023 to 31 December 2023, Services Australia, Canberra, 2023; P Davidson, B Bradbury & M Wong, [Poverty in Australia 2023: who is affected?](#), Poverty and Inequality Partnership Report no. 20. Australian Council of Social Service and UNSW Sydney, 2023; Fair Work Commission, [National Minimum Wage Orders](#), Fair Work Commission, Melbourne, 2023; ABS, [Average Weekly Earnings, Australia](#), Nov 2022 & Nov 2023, ABS, Canberra, 2023.

²⁰ P Davidson, B Bradbury & M Wong, [Poverty in Australia 2023: who is affected?](#), Poverty and Inequality Partnership Report no. 20. Australian Council of Social Service and UNSW Sydney, 2023.



While JobSeeker and Youth Allowance payments are clearly inadequate in keeping up with increases in the cost of living, our analysis shows that the additional \$20 per week increase to these payments in September 2023 saw a reduction in the poverty gap compared to the previous year. While far from sufficient to lift them out of poverty, JobSeeker and Youth Allowance households' incomes increased at a rate above the increase in living costs over the year from December 2022 to December 2023 (Figures 8 and 9). For example, a single person on JobSeeker saw a real increase in weekly income of \$23 when calculated based on the change in the payment rate and the SLCI over the previous 12 months. By far the biggest and most positive impact was felt by single parents on JobSeeker whose youngest child was 8 to 14 years of age who transitioned onto Parenting Payment Single from 20 September 2023 – these households saw a real increase in weekly income of \$100.

Figure 7: Weekly income poverty gap by income type, December 2022 – December 2023



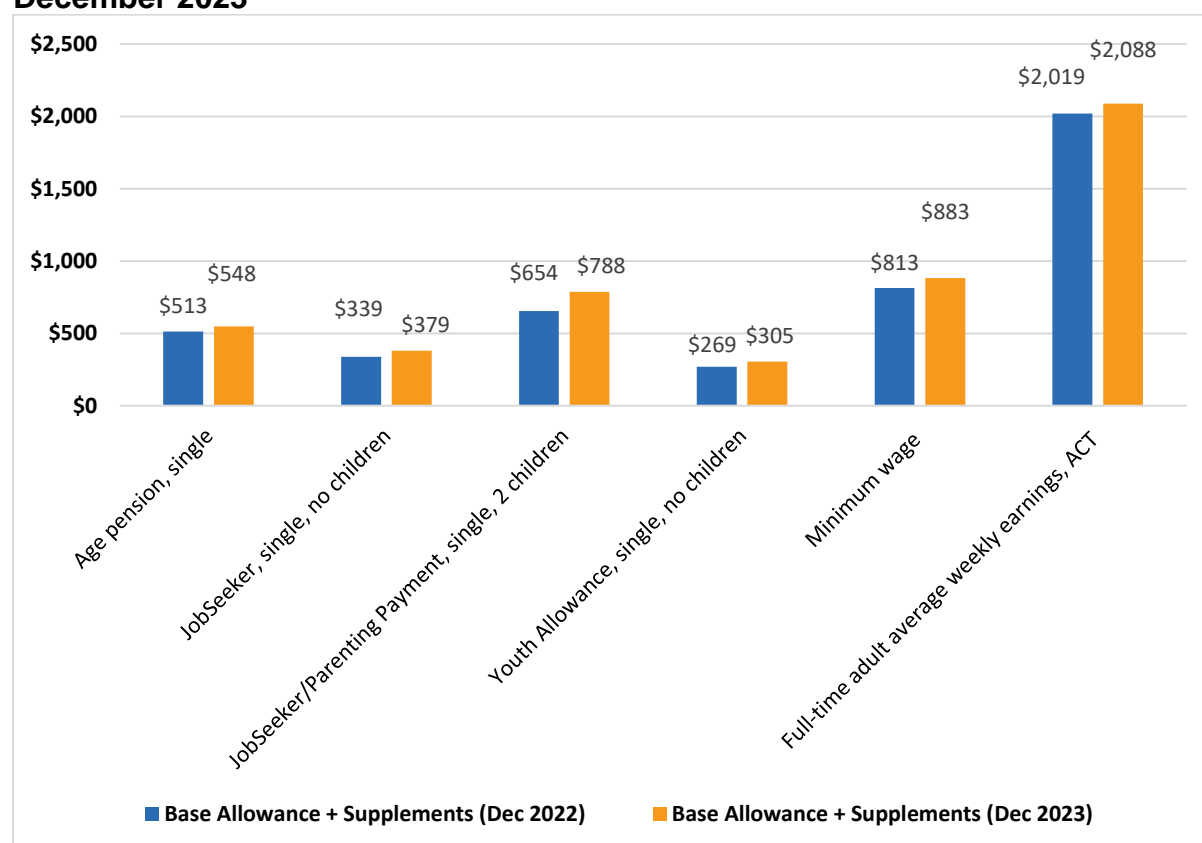
Source: Services Australia, [A guide to Australian Government payments](#), Historical versions 1 December 2022 to 31 December 2022 and 20 September 2023 to 31 December 2023, Services Australia, Canberra, 2023; P Davidson, B Bradbury and M Wong, [Poverty in Australia 2023: who is affected?](#), Poverty and Inequality Partnership Report no. 20. Australian Council of Social Service and UNSW Sydney, 2023; Fair Work Commission, [National Minimum Wage Orders](#), Fair Work Commission, Melbourne, 2023; ABS, [Average Weekly Earnings, Australia](#), Nov 2022 & Nov 2023, ABS, Canberra, 2023.

Figure 9 shows that there was a reduction in the purchasing power of those in full-time employment receiving \$2,088 in average weekly earnings in the ACT. As noted earlier, these households tend to have a significant buffer to manage increases in



cost of living due to having accumulated savings and being able to reduce discretionary spending and to switch to cheaper alternatives. When comparing changes in average weekly earnings and the SLCI for Employee households, these households were left \$71 per week worse off due to inflation outstripping wage increases. While households on ACT average weekly earnings would be likely to be able to manage this, those on lower wages may struggle to do so. The ACT community sector is seeing more people in full-time work seeking support to cover their cost of living. The current cost-of-living crisis has clearly extended the reach of financial stress to an increasing number of low-to-middle income households including many employee households. Our *ACT Cost of Living Report* series shows that before the current cost of living crisis, low-income households in the ACT had been experiencing a long-running crisis in cost of living that has only been exacerbated in recent years by record high inflation levels.

Figure 8: Change in weekly income by income type, December 2022 – December 2023



Source: Services Australia, [A guide to Australian Government payments](#), Services Australia, 2023; Fair Work Commission, [National Minimum Wage Orders](#), Fair Work Commission, Melbourne, 2023; ABS, [Average Weekly Earnings, Australia](#), Nov 2022 & Nov 2023, ABS, Canberra, 2023.

Everyone should be able to keep a roof over their head and cover their basic expenses. But right now, below-the-poverty-line rates of income support are 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 yet again over the past 12 months.



If we are going to create a fairer and resilient community, we need to start by ensuring that households have enough to cover the basics. ACTCOSS supports the call from ACOSS for a commitment to lift income support so everyone can cover the basics, by increasing the rate of JobSeeker and other income support payments to at least \$80 a day and index these payments to wages as well as prices to achieve parity with pensions.²¹

Figure 9: Change in weekly income vs change in living costs, December 2022 – December 2023



Source: ABS, [Selected Living Cost Indexes, Australia, December Quarter 2023](#), ABS, 2024; Services Australia, [Historical versions of A guide to Australian Government payments](#), Services Australia, Canberra, 2023; Fair Work Commission, [National Minimum Wage Orders](#), Fair Work Commission, Melbourne, 2023; ABS, [Average Weekly Earnings, Australia](#), Nov 2022 & Nov 2023, ABS, Canberra, 2023.

²¹ Australian Council of Social Service (ACOSS), [ACOSS budget priorities statement 2024-25](#), Submission to the Treasurer, ACOSS, 2023.



Experiences of poverty and cost of living for children, young people and families in the ACT

Our analysis of CPI data drew our attention to households in the ACT that would be most directly impacted by significant increases in childcare and education costs alongside food, health, housing, and transport cost increases – namely those households managing the cost of raising children and young people. In taking this focus, we acknowledge that ‘family’ extends beyond parents or primary carers and their dependent children, and that all people and households can experience poverty and struggle with the cost of living. We acknowledge the intersectionality that exists and the diversity and depth of people’s experiences of poverty, inequality and disadvantage across age, gender, sexuality, disability, class, and cultural and linguistic diversity. We especially acknowledge the structural and systemic issues underlying disproportionate levels of disadvantage experienced by Aboriginal and/or Torres Strait Islander children, young people and families in the ACT.

Extent of poverty among children, young people and families in the ACT

In 2019-20, the ACT had a poverty rate of 8.6%, representing 38,000 people living below the poverty line.²² Comparing different family types at the national level, the *Poverty in Australia 2023* report found that sole parent families had the highest rate of poverty in 2019-20, with 34% of all people (adults and children) in sole parent families living in poverty.²³ While having a lower poverty rate of 11%, the largest number of people living in poverty were those in couple-with-children families. This is due to the greater number of couple-with-children families overall. In line with this, the data show that the highest rate of child poverty in 2019-20 was in sole parent families (39%), while the largest number of children in poverty were in couple families (431,000 children) rather than sole parent families (316,000 children). Essentially,

The risk of poverty for children in sole parent families was three times that in partnered families (39% compared with 12%) reflecting the lower incomes of parents who care for a child alone, 83% of whom were women.²⁴

The report notes that the higher rates of child poverty in sole parent families are largely due to reliance on a single parental income and lower employment levels ‘due to a combination of their sole caring responsibilities, childcare availability, and

²² ACOSS & UNSW, [Rate of poverty by location in 2019-20, and change in poverty; Number of people in poverty by location in 2019-20, and change in poverty](#), Research and insights into poverty and inequality in Australia website, accessed 2 June 2024.

²³ P Davidson, B Bradbury & M Wong, *Poverty in Australia 2023: who is affected?*

²⁴ P Davidson, B Bradbury and M Wong, *Poverty in Australia 2023: who is affected?*, p.14.



limited flexible employment options'.²⁵ As a result, a relatively high proportion of sole parents receive social security payments that generally sit below the poverty line.

As noted earlier, from 20 September 2023 single parents on Jobseeker whose youngest child was aged 8 to 14 years transitioned onto Parenting Payment Single. This saw their weekly income move very marginally above the 2019-20 poverty line of \$783 per week. It was anticipated that this change would benefit around 57,000 parents, 52,000 of whom are women.²⁶ While ideally this would lift these families out of poverty, as noted above, the *Poverty in Australia 2023* report found households relying substantially on the Parenting Payment had a poverty rate of 72%.

The *Poverty in Australia 2023* report provides poverty rates for children and young people at the national level, with 16.6% of children aged 0-14 and 14.0% of young people aged 15-24 living below the poverty line in 2019-20 – equating to 761,000 children and 419,000 young people. Combined, almost 1.2 million children and young people living below the poverty line in Australia in 2019-20. The 2024 *Child Social Exclusion Index* report found that in 2021 the ACT had a child poverty rate of 9.6% for children aged 0-14 years while the national child poverty rate was 17%.²⁷ The report also provides child poverty rates by Statistical Area Level 2 (SA2), which largely equate to suburbs in the ACT. In 2021, child poverty rates varied significantly across the ACT, ranging from 0% in some suburbs to as high as 21.1%. Our research did not find any estimates of the poverty rate for young people aged 15-24 years in the ACT. The *Poverty in Australia 2023* report indicates that the inadequacy of the Youth Allowance payment is a significant contributor to poverty among young people, with a poverty rate of 34% for people living in households receiving this payment.²⁸

The 2024 *Child Social Exclusion Index* report provides 'a multi-dimensional measure of child disadvantage [that] extends the concept of child poverty by reflecting the extent to which children lack the opportunities and resources to participate fully in their communities and feel connected'.²⁹ Similarly, and as noted earlier, the ANU Children's Policy Centre also applies a multi-dimensional framework in its research into child poverty in Australia, identifying three overarching dimensions: material deprivation; opportunity deprivation; and relational deprivation.³⁰ The ANU Children's Policy Centre have also noted the impact of poverty on children's social, emotional and physical development and on 'adult outcomes across most aspects of life – from

²⁵ P Davidson, B Bradbury & M Wong, *Poverty in Australia 2023: who is affected?*, p.30.

²⁶ Social Security Rights Victoria, [Changes to Parenting Payment Single: what happens next?](#), Social Security Rights Victoria website, accessed 9 June 2024.

²⁷ R Miranti, B Freyens, Y Vidyattama, R Tanton & GR Shakir, [Child social exclusion index – Nurturing inclusion: paving the way to improved child wellbeing](#), Report commissioned by UnitingCare Australia. The Canberra School of Politics, Economics and Society (SchoPES), Faculty of Business, Government and Law (BGL), University of Canberra, 2024.

²⁸ P Davidson, B Bradbury and M Wong, *Poverty in Australia 2023: who is affected?*, p. 8.

²⁹ R Miranti, B Freyens, Y Vidyattama, R Tanton & GR Shakir, *Child social exclusion index – Nurturing inclusion: paving the way to improved child wellbeing*, p. 4.

³⁰ The Senate Community Affairs References Committee, [The extent and nature of poverty in Australia: final report](#), Commonwealth of Australia, 2024, p. 76.



education and earning to better health and reduced participation in crime'.³¹ This highlights the importance of addressing child poverty to enhance outcomes across the life course.

Canberra Case Study: Lanyon Food Hub, YWCA Canberra

YWCA Canberra is a feminist not-for-profit organisation that provides community services and represents women's issues in Canberra. It is a member of the Canberra Food Relief Network - a collection of food pantries, food co-ops and other relevant services that help residents within the Canberra region struggling with access to food and groceries. These pantries are run by community organisations, groups, and dedicated individuals across the ACT, with the support of Volunteering ACT.

'A' has been a member of our Lanyon Food Hub since 2020, at the time he was completing IT studies and was looking for work in the IT industry. 'A' was unaware of food relief services until he saw an ad from OzHarvest about food donations. At the time he was in financial distress and began researching food pantries around his area and came across the food pantry here at Mura Lanyon Youth and Community Centre. 'A' is currently studying a community services course after many conversations with staff at the Centre about his career aspirations. 'A' is a fee-paying student and with the cost of living going up, the client's financial wellbeing has been declining over the last few years.

The client accesses our food hub fortnightly for a shop which has helped him in many ways by providing food items that may not be covered in his regular shopping due to the increase in cost and other cost commitments such as bills, school fees, rent, etc. Our staff have helped link him in with other services such as Care Financial Counselling Service to provide information about how they may assist him with electricity bills and other financial issues the client may face. From the client's feedback and story of finding and using our service we have been able to achieve his goals and support him in alleviating some of his financial stress.

The cost of raising children: budget standards for low-paid families

The Australian National University has estimated that for a family moving to Canberra in 2024, 'the additional living cost for each child is about \$5,400 per year' excluding childcare and schooling costs.³² Estimates produced at the national level using a budget standards approach suggests that this figure would be significantly higher when including childcare and education costs. *Healthy Living Budget Standards for Low-paid and Unemployed Australians* published in 2017 estimated that the weekly cost of raising a child (including childcare and education costs) was \$140 for unemployed families and \$170 for low-paid families – equating to around \$7,280 and \$8,840 per child per year respectively.³³ The budget standards for low-

³¹ The Children's Policy Centre, [The extent and nature of poverty in Australia: submission to Senate Community Affairs References Committee](#), February 2023 – Updated December 2023, The Children's Policy Centre, Australian National University, 2023.

³² ANU (The Australian National University) (n.d.) [Estimated cost of living in Canberra](#), ANU website, accessed 1 June 2024.

³³ P Saunders & M Bedford, [New Minimum Income for Healthy Living Budget Standards for Low-Paid](#)



paid families – but not for unemployed families – were updated for the Fair Work Commission in 2023.³⁴ We have calculated the cost per child for low-paid families in 2023 by applying the ‘difference method’ that was used to calculate the 2017 estimates for unemployed and low-paid families. We estimate that the annual cost per child for low-paid families in 2023 ranged from \$9,308 for a single-earner couple with two children to \$12,220 for a single parent in full-time employment with two children.

Earlier research estimating the cost of raising children in Australia as at December 2012 found that ‘the lower a family’s income, the greater the proportion of it is taken up by the costs of a child’.³⁵ The 2012 study also found that the direct costs of raising a child increase significantly as the child gets older.³⁶ This was ‘attributable not only to the increased food and energy budget required as a child grows, but also the introduction of education, transport and recreation costs’.³⁷ Figure 10 illustrates these findings from the 2012 study, showing that the direct cost of raising a 0-to-4 year old in a low-income household accounted for 7.4% of family income, compared to 4.6% of income for a high-income household. This cost increased to 41.6% of family income for low-income households when the child was aged 18-to-24 years, compared to 21.2% of income for high-income households. It is important to note that the 2012 study did not take into account the indirect costs of raising children, though it did note that ‘such costs can be very substantial’.³⁸ Other research has found that there tends to be a more significant indirect cost when children are younger as a ‘result of the parent(s), usually the mother, taking time out of the labour force to raise the child’.³⁹ This suggests that while direct costs increase as a child grows older, the indirect costs decrease.

Government payments such as the Family Tax Benefit and Parenting Payments are critical to supporting low- and middle-income families to meet the significant additional costs of raising children and young people. The *Poverty in Australia 2023* report argues that based on the evidence, poverty reduction policies should include lifting the lowest income support payments to at least pension levels and introducing and improving supplements to cover the extra costs of sole parenthood.⁴⁰ Doing so would help lift both parents and their children out of poverty. As we presented earlier, the transition of single parents on JobSeeker with a child aged 8 to 14 to Parenting Payment Single from 20 September 2023 appears to have brought these households’ income up to the poverty line. However, their new weekly payment of \$788 (which includes FTB A&B) falls well short of the 2023 healthy living budget

[and Unemployed Australians](#). (SPRC Report 11/17), Social Policy Research Centre, UNSW Sydney, 2017.

³⁴ M Bedford, P Saunders & Y Naidoo, [Budget Standards for Low-Paid Families](#). Report prepared for the Fair Work Commission, Revised Dec 2023, Melbourne, Australia, 2023.

³⁵ B Philips, J li & M Taylor, *Cost of kids: the cost of raising children in Australia*, p. 8.

³⁶ B Philips, J li & M Taylor, [Cost of kids: the cost of raising children in Australia](#), AMP.NATSEM Income and Wealth Report, Issue 33, Sydney, AMP, 2013.

³⁷ B Philips, J li & M Taylor, *Cost of kids: the cost of raising children in Australia*, p. 5.

³⁸ B Philips, J li & M Taylor, *Cost of kids: the cost of raising children in Australia*, p. 22.

³⁹ E Gray, A Reimondos, E Lazzari, R Breunig, R Steinhauser, J Zhang, N Biddle & M Gray, [Impacts on policies on fertility rates](#), ANU, 2022, p. 31.

⁴⁰ P Davidson, B Bradbury and M Wong, *Poverty in Australia 2023: who is affected?*, p.15.



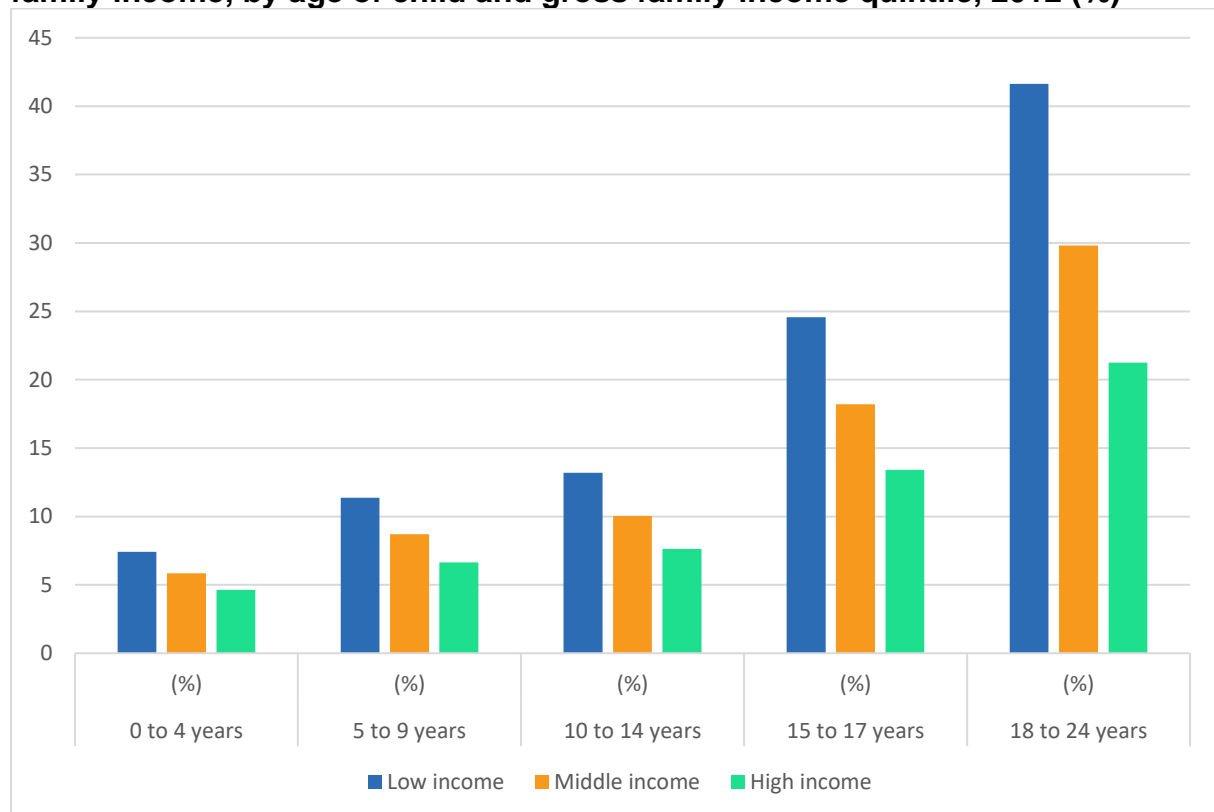
standard of \$1,313 per week for a similar household (i.e., single parent working part-time with two children).⁴¹

Table 2: Estimated costs per child per week using the ‘difference method’, Budget standards for low-paid families, 2023 (\$)

	Single-earner couple, 2 children	Dual-earner couple, 2 children	Single parent, FT, 2 children	Single parent, PT, 2 children
Cost per child per week (\$)	179	198	235	211
Cost per child per year (\$)	9,308	10,296	12,220	10,972

Source: Own calculations using ‘difference method’ from P Saunders & M Bedford, *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians*. (SPRC Report 11/17). Sydney: Social Policy Research Centre, UNSW Sydney, 2017. Data from M Bedford, P Saunders & Y Naidoo, *Budget Standards for Low-Paid Families*. Report prepared for the Fair Work Commission, Revised Dec 2023, Melbourne, Australia, 2023, p. 45.

Figure 10: Estimated average weekly costs of one child as a proportion of total family income, by age of child and gross family income quintile, 2012 (%)



Source: B Philips, J Li & M Taylor, *Cost of kids: the cost of raising children in Australia*, AMP.NATSEM Income and Wealth Report, Issue 33, Sydney, AMP, 2013, p. 8.

⁴¹ M Bedford, P Saunders & Y Naidoo, [Budget Standards for Low-Paid Families](#).



Some key cost of living pressures for children, young people and families in the ACT

Comparing the 2023 budget standards for low-paid families with our findings on changes in prices of goods and services in the ACT over the last five years further highlights the intensification of cost-of-living pressures for children, young people and families. Increases in the cost of childcare, education, food, health, housing, and transport will have had a significant impact on low-income families in the ACT already struggling to manage the cost of raising children. In this section we focus on the cost of childcare, education, and housing while acknowledging that rising costs of food, health, and transport has also had a significant impact on families in the ACT. We also highlight the gender inequity of the indirect cost of raising children that is largely borne by women.

While our focus here is primarily on impacts on households raising children today, it is important to note the impact that cost of living pressures have on people's decisions around having children. ACTCOSS's recent submission to the ACT Legislative Assembly inquiry into raising children in the ACT noted that intense cost-of-living pressures can also 'deter or delay potential parents' decisions to have children and undermine the conditions for providing a secure and nurturing environment for raising children'.⁴² A 2021 study found that adequate income, job security, suitable housing, and affordable childcare were ranked highly as factors most likely to influence decisions about having a first or subsequent child.⁴³ This points to the importance – both now and looking to the future – of policies to reduce the incompatibility between caring for children and participation in the labour force, alleviating economic and housing insecurity, reducing the costs of raising children, and ensuring equitable access to health and family support services. To help overcome some of the most significant costs of raising children, the ACT Government should invest more in public housing as well as moving to the provision of universal, free childcare. It should extend its currently limited early childhood education programs to all public schools.

ACT has Australia's highest childcare costs

Our analysis of CPI data found that the cost of childcare in Canberra has increased by 21.4% over the past five years. According to the Productivity Commission, centre-based childcare and family day care in the ACT were the most expensive in Australia in 2023.⁴⁴ The Australian Competition and Consumer Commission (ACCC) found that as at August 2023, the ACT also had the highest average cost per hour for outside school hours care while also having experienced a particularly acute shortage of educators in outside school hours care services in 2022.⁴⁵

⁴² ACTCOSS, [Submission: Inquiry into raising children in the ACT](#), ACTCOSS, 8 June 2024.

⁴³ E Gray, A Reimondos, E Lazzari, R Breunig, R Steinhauser, J Zhang, N Biddle & M Gray, [Impacts on policies on fertility rates](#).

⁴⁴ Productivity Commission, [Report on Government Services 2024: Child care, education and training \(part B\)](#), 2024, p 24.

⁴⁵ ACCC, [Childcare inquiry final report](#), ACCC, 2024, pp. 107, 143.



In the December Quarter 2023, the average hourly fee for centre-based childcare in the ACT was \$14.35 compared to the Australian average of \$12.85 – with 17,850 children from 14,920 families in the ACT accessing centre-based childcare over the previous 12 months for an average of 34.1 hours per week.⁴⁶ The ACT's average hourly fee was also above the Child Care Subsidy (CCS) hourly rate cap for children below school age of \$13.73. All Australian families earning under \$530,000 per year are entitled to the CCS, with the percentage of subsidy adjusted based on income, number of children, the hourly rate cap, and hours of activity (i.e., hours of work or study). This subsidy was increased by the Australian Government from July 2023 under its Cheaper Child Care reform which saw a decrease in out-of-pocket expenses across all states and territories. In Canberra this saw an 11.9% decrease in the CPI for childcare in the September Quarter 2023 compared to a 13.2% decrease nationally.⁴⁷ Despite this recent decrease, the cost of childcare in the ACT still rose at a rate above inflation over the past five years.

In the final report of its inquiry into childcare released in December 2023, the ACCC found that 'the impact of the Cheaper Child Care reform changes to the Child Care Subsidy rates has not been felt equally across Australia', with ACT households having experienced the smallest decrease in out-of-pocket childcare expenses as a result – a decrease of 7.9% from June 2023 to September 2023, compared to a 10.8% decrease nationally.⁴⁸ The impact of the increased CCS on out-of-pocket expenses in the ACT was weakened by our higher hourly fees which had increased by 9.7% over the 12 months from September 2022. As at September 2023, the ACCC calculated that the ACT had the highest average daily fee of \$143.53 with average daily out-of-pocket expenses of \$61.22 – average out-of-pocket expenses in the ACT were 43% of the daily fee compared to 34% nationally.

The ACCC noted that 'households with the lowest incomes typically spend a greater share of their disposable income on childcare than other Australian households ... despite receiving a greater subsidy contribution'.⁴⁹ It found that households in the lowest income decile spent between 4% and 17% of their disposable income on childcare in August 2023. The ACCC also raised concerns about the impact on low-income households of the activity test used to determine the level of CCS received. It found that 'the activity test disproportionately impacts accessibility and affordability for low income households' and recommended 'that the Australian Government consider removing, relaxing or substantially reconfiguring the current activity test'.⁵⁰

The ACT Government also plays an important role in addressing the accessibility and affordability of childcare and early education for low-income households. The ACT Government's five Early Childhood Schools offer integrated service centres for children from birth to 8 years, and a site for children to receive early childhood

⁴⁶ Australian Government Department of Education, [Child Care Subsidy data report – December quarter 2023](#), Department of Education website, accessed 8 June 2024.

⁴⁷ ABS, [Consumer Price Index, Australia, September Quarter 2023](#), ABS, 2023.

⁴⁸ ACCC, [Childcare inquiry final report](#), ACCC, December 2023.

⁴⁹ ACCC, [Childcare inquiry final report](#), p. 37.

⁵⁰ ACCC, [Childcare inquiry final report](#), p. 38.



education and care, pre-school and kindergarten through to Year 2. In 2023, the ACT Government also announced that it would fund 300 hours of free Early Childhood Education and Care (ECEC) for three-year-old residents at participating childcare centres.⁵¹

A large longitudinal study in the United States found that children from low-income backgrounds who had access to at least 24 months of high-quality early childhood education and care before the age of five had, at the age of 26, salaries and records of college graduation statistically indistinguishable from those of their higher income peers.⁵² Both the quality and the duration of the ECEC were critical for increasing school readiness and reducing the achievement gap.

The ACT Government's initiatives reflect the importance of early childhood experiences and the potential of ECEC to support child development, increase workforce participation by parents with young children and reduce a major cost barrier to parenthood. However, the costs of childcare in the ACT remain high and the desirable goal of universal access to free childcare in hubs that encourage access to a range of family support services in a non-stigmatising setting remains unfulfilled.

Canberra Case Study: The St Vincent de Paul Society Canberra/Goulburn

The St Vincent de Paul Society Canberra/Goulburn offers a comprehensive range of services in the ACT designed to assist those in need by providing them with a hand-up. At the core of the Society's mission is the commitment to support the most vulnerable and marginalised members of our community. Our dedicated members, volunteers, and employees are the foundation of our organisation, working collaboratively to deliver person-centred care with the utmost efficiency. Their passion and dedication are reflected in the numerous programs and services we provide, including:

- Emergency Relief and Support Assistance
- Friendship Programs
- Homelessness Programs
- Community Service Programs
- Migrant and Refugee Services
- Vinnies Shops (Centres)
- Children's Activities and Support
- Youth and Young Adult Support
- Education Services and Programs.

The Society has witnessed an increasing demand for our services, particularly from individuals fleeing domestic and family violence and those experiencing or at risk of homelessness. Additionally, we are seeing new groups of people seeking assistance for the first time, such as mortgage holders, private renters, and dual-income households, as the cost-of-living pressures affect a broader section of society. In fact, 28% of requests were from people who had never sought assistance from us before.

⁵¹ ACT Government, [Joint media release: Three-year-old preschool providers ready for 2024](#), 30 October 2024, ACT Government website, accessed 8 June 2024.

⁵² AS Bustamante, E Dearing, HD Zachrisson, DL Vandell & K Hirsh-Pasek., [High-quality early child care and education: The gift that lasts a lifetime](#). Brookings Institute commentary, November 4, 2021.



Not only are we seeing an increase in the number of people seeking assistance, but the value of the assistance we provide is also growing in line with the rising costs of groceries, fuel, and other essential items and services. In 2023-24, we provided 5,243 instances of assistance, with 49% of those requests being for food and 17% for fuel. Another increase we are seeing is the frequency with which people are seeking assistance: 46% of the people we supported required support more than five times in the reporting period.

One of the families we supported was feeling the effects of the cost-of-living requested assistance with food, medical bills, and overdue childcare fees. The mother, who was working casually, needed access to childcare as she had no family support. Her children, were diagnosed with ADHD, also required medication to help manage their behaviour and other symptoms.

The mother was struggling to afford the medications and childcare costs. Without the medication, her children risked being asked to leave the childcare centre due to escalating behaviours. Additionally, she was behind on childcare fees and had until the end of the week to pay the arrears or lose their placement.

Losing childcare would mean the mother could not continue working, as she relied on it to maintain her job.

Our Emergency Relief volunteers agreed to pay the family's pharmacy bill and all outstanding childcare arrears. They also referred the family to the St Vincent de Paul Society Canberra/Goulburn's Youth team, allowing the children to participate in excursions and camps. Furthermore, the family was referred to Marymead CatholicCare for family counselling. The family was also provided with information on our Home Energy Efficiency Program should they want to request an assessment of their home to see what possible savings could be made to their utility bills.

Three weeks later, the mother was offered a permanent position as she could now guarantee childcare for her children.

Gender inequity in the indirect cost of raising children – the ‘motherhood penalty’

Something CPI and similar measures do not reveal is the indirect cost of raising children. Research into the cost of raising children has noted the indirect cost of parents – mostly mothers – taking time out of the labour force.⁵³ Women in Australia face a substantial ‘motherhood penalty’, with their earnings reducing by an average of 55% in the first five years after the birth of a child, making mothers particularly susceptible to the impact of increases in the costs of living.⁵⁴ This earning penalty continues through the first decade after childbirth. Single mothers are at greatest risk.⁵⁵ Research by the Grattan Institute using data from the 2017 HILDA Survey estimated that an average 25-year-old woman with children will earn around \$2

⁵³ B Philips, J Li & M Taylor, *Cost of kids: the cost of raising children in Australia*; E Gray, A Reimondos, E Lazzari, R Breunig, R Steinhäuser, J Zhang, N Biddle & M Gray, *Impacts on policies on fertility rates*.

⁵⁴ E Bahar, N Bradshaw, N Deutscher, & M Montaigne, [Children and the Gender Earnings Gap: Evidence for Australia](#), Treasury Working Paper, 2023, Australian Government.

⁵⁵ A Gamarra Rondinel & A Price, [Raising children in the lucky country: Understanding the income penalty and poverty at childbirth](#), 12 October 2023, Power to Persuade website, accessed 8 June 2024.



million less over her lifetime than an average 25 year old man with children, and nearly \$1 million less than an average woman without children.⁵⁶

Lower participation rates and reduced working hours amongst mothers contribute significantly to the increase in the gender earnings gap, which suggests that increasing parental leave, providing more flexible working arrangements and increasing the affordability of ECEC would reduce the motherhood penalty, and enable more women to combine work and parenthood.⁵⁷ Critically, such policy settings need to facilitate greater participation of men in caregiving roles. As long as policies to reduce the incompatibility of work and raising children are considered relevant only to women, it is likely women will continue to shoulder an inequitable proportion of caring responsibilities.

The social expectation of women giving birth and then staying home to care for children is reinforced through pay inequity. As long as women continue to earn on average less than men, the pressure on women to give up paid employment in exchange for unpaid caring obligations will continue. With unequal pay and a highly gender-segregated workforce, many couple families cannot make a genuine choice to share care in ways that differ from the default option of full-time male breadwinner and part-time or full-time female primary carer. This ongoing gender inequity in pay rates also limits the life choices of men to undertake non-traditional roles because families cannot afford to lose the larger part of a double income.

The ACT Government is to be commended for its efforts to establish more flexible work arrangements within the ACT Public Service, which has been credited with supporting caring obligations and improving gender pay equity.⁵⁸ However, current government funding and policy settings inhibit the capacity of the community sector to offer similar paid parental leave arrangements to its workforce – an issue of particular significance given the community sector workforce is highly feminised and is the third largest by industry in the ACT. Over many years, ACT Government funding to the community sector has failed to keep up with increases in wages and operational costs, leaving limited scope for organisations to offer parental leave beyond the minimum statutory obligations. ACTCOSS urges the ACT Government to provide funding that enables the sector to offer more generous paid parental leave and family-friendly working conditions, as well as wages that overcome gendered pay inequities and other structural barriers to parenting and the economic security of families.

⁵⁶ D Wood, K Griffiths & O Emslie, [Cheaper childcare: A practical plan to boost female workforce participation](#), Grattan Institute, 2020.

⁵⁷ E Bahar, N Bradshaw, N Deutscher, & M Montaigne, *Children and the Gender Earnings Gap: Evidence for Australia*.

⁵⁸ F Buick, M Glennie, H Dickinson, D Blackman, S Williamson, V Weeratunga & M Tani, [Flexible working in the Australian Capital Territory Public Service \(ACTPS\)](#), Melbourne, ANZSOG, 2022; L Bladen, [ACT head of service Kathy Leigh said flexible working arrangements helps to close the gender pay gap](#), *The Canberra Times*, 8 November 2022.



Canberra Case Study: UnitingCare Kippax

UnitingCare Kippax (UCK) is a vibrant community service body, based in West Belconnen in the ACT. Its purpose is to create a loving, nurturing community where everyone has the resources to live a decent life. UCK provides a range of children's, family, emergency relief and employment support programs, as well as hosting social enterprises that assist in achieving the organisation's purpose and goals.

The Integrated Family Support Service (IFSS) provides family case management and parenting engagement support to assist families who are struggling with various challenges. The service works in collaboration with other programs to provide services that wrap-around participants and enable them to make, implement and maintain positive decisions about their lives.

Raya*, mother of 6-week-old Asif* was referred to UCK IFSS to receive case management and parenting support. Coming from a culturally and linguistically diverse background, she did not have an external support system in Canberra. She and her husband had borrowed a considerable sum from a friend and were struggling to pay it back. During the intake Raya disclosed information about mental health issues in the past and having challenges in her relationship that were exacerbated due to financial stressors they are facing as a family. Having a newborn to care for and the complications she is facing exacerbated her mental health challenges and she was struggling to look after her son and meet his basic needs. Raya was unable to continue any specialist support due to high costs.

UCK IFSS team made referrals to external mental health support services for further assessment and treatment for Raya. UCK IFSS team attended the local family support program with Raya and advocated for more targeted, intensive services for her and the family. Local Family Support program offered to facilitate counselling sessions and introduce her to a play group. Raya had barriers attending these as she did not drive, and her partner was at work during the day. UCK IFSS team provided taxi vouchers and bus cards to facilitate this. Upon Raya's request, UCK IFSS team shared information about low-cost driving lessons for migrants, provided by two other migrant and refugee support organisations. Referrals were made to financial counselling services for further support.

UCK IFSS team continued to attend routine home visits as a way of building rapport and communication. During these home visits Raya shared information about their financial difficulties of having to purchase items for the child. These included basic needs such as clothing, bedding, age-appropriate toys, and a pram. With Raya's permission, UCK IFSS team sourced these items from a local charity and delivered them to Raya as a way of alleviating some of the financial stressors.

Raya mentioned she is having barriers to receive further diagnosis and psychiatric support due to the high cost of MRI Scans. Upon her request, the organisation provided brokerage to pay for medical reports so she could receive the right psychiatric support.

During the home visits UCK IFSS team tried to build rapport, and drawing from parenting courses, shared evidence-based information about child development, importance of self-care, and how to support her child's physical, emotional, cognitive, and social development. Raya received this information well and wanted to use the learnings to support her son's development. UCK IFSS team tried to engage the father in services, however he was unable to attend programs due to work commitments. Raya mentioned that their relationship is improving, and they are now supportive of each other.

Despite these positive outcomes UCK IFSS team observed that they are continuing to have financial challenges. UCK Emergency Material and Finance team provided



brokerage for utility bills as a way of alleviating some of the financial stressors and the family received Christmas hampers during the Christmas campaign.

Raya was referred to a more targeted, specialist family support service and was encouraged to reach out to UCK to receive material and finance assistance when needed.

*Names changed for privacy.

Cost of education in the ACT and education equity

Our analysis of CPI data found that over the past five years the cost of education across all levels increased substantially in the ACT: pre-school and primary education (+26.8%); secondary education (+29.6%); and tertiary education (+20.4%). A 2023 survey found that around two thirds (66%) of ACT parents reported that education costs were having a significant effect on their household finances.⁵⁹ This is despite Canberra having the nation's most affordable government schooling.⁶⁰ The CPI for primary and secondary education includes tuition and other fees such as book fees, payments for school excursions, contributions to school building funds, camp fees and fees for swimming lessons. The Futurity Investment Group has estimated that in 2024 the total annual cost for ACT Government secondary school education is \$5,017, with ancillary fees (\$4,479) making up 89% of the total cost and tuition (\$538) making up 11%.⁶¹ It also estimated that over a child's 13 years of schooling, the cost of government education in the ACT rose by \$4,562 to \$81,564 in 2024.⁶²

Since 2022, the ACT Government's Future of Education Equity Fund has provided one-off, annual payments to eligible low-income families with children attending ACT schools, as well as independent students, to help cover the costs of education expenses.⁶³ The fund currently offers \$400 for preschool students; \$500 for primary school students; and \$750 for high-school and college students. While this assistance is positive, it does not fully offset the estimated annual cost of over \$5,000 for secondary school students in the ACT, nor is it sufficient to lift families reliant on income support out of poverty. We also note that despite significant increases in the cost of education over the past decade the maximum level of financial support available under the Future of Education Equity Fund remains at the same level – \$750 – as the ACT Government's former Secondary Bursary Scheme in 2013.⁶⁴ The ACT Government's Meals in Schools pilot currently operating across five schools is a welcome additional Future of Education Equity initiative, providing

⁵⁹ McCrindle Cost of Education Survey, cited in: Futurity Investment Group, [Cost of Education in the Australian Capital Territory 2024](#), Futurity Investment Group website, accessed 8 June 2024.

⁶⁰ Futurity Investment Group, [Cost of Education in the Australian Capital Territory 2024](#), Futurity Investment Group website, accessed 8 June 2024.

⁶¹ Futurity Investment Group, [Cost of Education in the Australian Capital Territory 2024](#); J Lindell, [Lifetime cost to parents of ACT public schooling surpasses \\$80,000](#), *The Canberra Times*, 17 January 2024.

⁶² Futurity Investment Group, [Cost of Education in the Australian Capital Territory 2024](#).

⁶³ ACT Government Education Directorate, [Financial and Resource Assistance for Families](#), Education Directorate website, accessed 8 June 2024.

⁶⁴ ACT Government, [ACT Targeted Assistance Strategy Progress Report June 2013](#), ACT Government, 2013.



students with free breakfast and lunch up to three days a week for 120 days. ACT public schools are also resourced to 'help students access meals, personal hygiene products including sanitary hygiene items, school uniform items, book packs and stationery, school excursions, camps, transport and enrichment activities'.⁶⁵

Here we see a clear link between material deprivation and opportunity deprivation as outlined by the Children's Policy Centre. Poverty and the lack of accessible, responsive and affordable education are key drivers of education inequities. Evidence shows there are specific, often overlapping, demographic groups who disproportionately experience social and economic disadvantages. They include Aboriginal and Torres Strait Islander students, student from families experiencing economic disadvantage, and students with a disability. Education plays a vital role in fostering social and economic inclusion and equity. Programme for International Student Assessment (PISA) data and National Assessment Program – Literacy and Numeracy (NAPLAN) data show that the relationship between socioeconomic status and educational performance is particularly poor in the ACT.⁶⁶ The gap between disadvantaged and advantaged students in the ACT is about 1.5 years in Year 3 and increases to four years by Year 9. Priority equity cohorts such as students whose parents did not complete high school and Aboriginal and Torres Strait Islander students have outcomes significantly worse than their peers.

In recent submissions ACTCOSS has made several recommendations to improve equity in education outcomes in the ACT. These recommendations include:

- Resourcing the community sector and supporting linkages between schools and community sector services to improve educational equity outcomes
 - Resource and support Aboriginal Community Controlled Organisations to develop culturally appropriate early childhood and school-age student programs to support childhood learning and development and family involvement in education
 - Resource and support community sector services to develop and deliver programs that support early childhood development, provide learning support and involve families in their child's education
 - Develop and implement a system-wide strategy to support partnerships and linkages between schools and community sector services to improve the range and accessibility of extended services to students, schools and families
- Developing and expanding school policies and programs aimed at improving education equity outcomes
 - Expand wellbeing teams in schools to identify students facing barriers (for example, homelessness, family violence, poor mental health) and support them to access specialist capability and capacity from funded community sector organisations

⁶⁵ ACT Government Education Directorate, [Financial and Resource Assistance for Families](#), Education Directorate website, accessed 8 June 2024.

⁶⁶ J Del Rio, H Noura, K Jones & A Sukkarieh, [Raising the grade: How schools in the Australian Capital Territory can lift literacy outcomes for students and the economy](#), Equity Economics, 2023.



- Develop school policies and curriculums that enable more family and community engagement in schools to empower relationship building and involvement efforts to support a communal attitude towards educational attainment in literacy and numeracy
- Continue and further enhance measures to improve the inclusivity of ACT public schools for students with disabilities, recognising that addressing this inequity is a path to more inclusive and flexible learning environments that better support all children
- Use data and develop targets for improved educational equity outcomes
 - Establish explicit objectives, indicators and targets for numeracy and literacy that are directed at improving school outcomes for students experiencing disadvantage
 - Ensure that data collection methods and use of data reflect what is most relevant, based on current understandings of which key inequity factors influence literacy and numeracy outcomes.⁶⁷

Canberra Case Study: Care Inc.

Care Inc. is a community organisation that provides free and confidential support and assistance to people living on low to moderate incomes or who are experiencing financial difficulty. This case study first appeared in Care's 2022-23 Annual Report.

Anna* is a woman with two young children. Anna sought support from Care as she was in the process of separating from her husband, living in the same household but planning to leave as she was experiencing domestic violence.

Anna's main goal at the time of seeking help was to set up another home for herself and her two children. Over the course of many appointments Care assisted Anna in the following ways:

- Applied for and deemed eligible for ACT Government Safer Families Assistance
- Received financial and case worker assistance from the Escaping Violence Payment
- Completed a household budget, discussing balances and amendments that can be made
- Referred to The Smith Family Learning for Life program to provide financial assistance for the children's educational costs and needs
- Shared information that is important during separation and divorce
- Discussed challenges and provided support with this significant life change
- Checked in on wellbeing and safety.

Since moving into a new rental property, Anna has had energy concerns. Living on a very tight budget and with the rising cost of living, Anna is particularly concerned to keep her energy bills affordable. In response, support included:

- Energy savings tips
- Applying for the best market retail offer with an energy retailer and registering to receive the Utilities Concession
- Receiving a \$100 Energy Support Voucher through the Utilities Hardship Fund

⁶⁷ ACTCOSS, [Submission: Inquiry into literacy and numeracy in ACT public schools](#), ACTCOSS, March 2024; ACTCOSS, [ACTCOSS ACT Budget Priorities 2024-25](#), ACTCOSS, April 2024.



- Booking a home energy assessment through the ACT Government's Renters' Home Energy Program.

As part of their collaboration with Care on the Home Energy Tune Up program, St Vincent de Paul sent a letter to Anna's landlord requesting permission to apply certain changes such as blackout curtains and draft proofing. Anna also requested certain repairs to the property such as a dripping tap and a broken oven. The next communication from the landlord was to indicate that there was potential that the six-month lease would not be renewed. Care along with many other service providers and advocacy organisations have long seen the vulnerability of private renters in relation to energy comforts and stability. Added to this client's vulnerability is their having left a domestic violence situation, with two dependent children and the rising cost of living.

*Name changed for privacy.

Cost of housing in the ACT and the social housing shortfall

Our analysis found that over the past five years the CPI for purchasing a new dwelling by owner-occupiers in Canberra increased by 32.9%. Young people and low-income families in the ACT are faced with significant housing challenges with a combination of high purchase prices, steep increases in mortgage interest rates, high rents, low vacancy rates, and a shortfall of social housing. According to analysis commissioned by *Everybody's Home*, more than one third (36.1%) of households in the ACT who are renting or have a mortgage are experiencing housing stress.⁶⁸ Something that is hidden in the CPI figures is that the main driver of recent housing cost increases has been the sharp increase in mortgage costs for mortgager households, with those on the lowest incomes having mortgage costs at an average of 64.2% of disposable income compared to 28.1% across all mortgager households.⁶⁹

For many young people, secure housing is seen as a pre-condition to start a family, and housing security plays an important role in supporting child development outcomes.⁷⁰ The 2021 Australian Youth Barometer, which surveyed more than 500 Australians aged 18 to 24 from diverse backgrounds, found that the overwhelming majority of young people regard a stable home and financial independence as prerequisites for having a family.⁷¹ At the same time, most of the young people surveyed considered both a stable home and financial independence as unattainable

⁶⁸ Everybody's Home, [Financial stress map: Canberra](#), Everybody's Home website, accessed 1 April 2024.

⁶⁹ B Phillips, [Housing cost trends and projections: research note](#), ANU Centre for Social Research and Methods, June 2023; T Leslie, S Elvery, B Spraggon & C Tilley, [Australia's housing divide masks real interest rates pain](#), ABC News website, accessed 9 June 2024.

⁷⁰ E Gray, A Reimondos, E Lazzari, R Breunig, R Steinhauser, J Zhang, N Biddle & M Gray. *Impacts on policies on fertility rates*, ANU, 2022; K Atalay, A Li & S Whelan, [Housing wealth, fertility intentions and fertility](#). *Journal of Housing Economics*, 54, December 2021; J O'Donnell & M Kingsley, [The relationship between housing and children's socio-emotional and behavioral development in Australia](#), *Children and Youth Services Review*, 117, October 2020; M Dockery, R Ong, S Colquhoun, J Li & G Kendall, [Housing and children's development and wellbeing: evidence from Australian data](#), AHURI Final Report No. 201, Australian Housing and Urban Research Institute Limited, Melbourne, 2013.

⁷¹ L Walsh, C Waite, B Magyar, B Gallo Cordoba, M Mikola & B Cutler, [2021 Australian youth barometer: understanding young people in Australia today](#), Monash University, 2021.



in the current employment and housing market, with 65% of those who are very pessimistic about their housing prospects stating they are also very pessimistic about having children, while only 9% were very optimistic about having children.⁷²

With the median house price in Canberra currently sitting at \$840,000, the dream of purchasing a home for low-income households in the ACT is increasingly out of reach.⁷³ At the same time, these households are faced with a chronic shortage of affordable and appropriate private rental properties in the ACT. Anglicare's *2024 Rental Affordability Snapshot* found that out of 1,085 rental properties advertised in the ACT during their survey period, none were affordable for low-income families including: a couple with two children with both adults receiving JobSeeker; a single parent with one or two children receiving the Parenting Payment Single or JobSeeker; or a single parent with two children receiving the minimum wage and Parenting Payment Single.⁷⁴ For other low-income families included in the snapshot, less than 1% of rental properties were affordable: a couple with two children receiving the minimum wage and Parenting Payment Partnered; and a couple with two children on the minimum wage. The snapshot also found that there were no affordable rentals in the ACT for a single adult receiving Youth Allowance.

The latest Rental Affordability Index released in November 2023 also showed that private rental housing in the ACT is particularly unaffordable for young people and low-income families.⁷⁵ It found that rents in the ACT were extremely unaffordable for a single part-time worker parent on benefits (66% of income), and severely unaffordable for student sharehouse households (39% of income) and hospitality worker households (41% of income). It also found that rent was unaffordable for a minimum wage couple household (32% of income), and moderately unaffordable for a single full-time working parent (26% of income) and a single income couple with children (28% of income). Both the Rental Affordability Snapshot and Rental Affordability Index also highlight the lack of affordable rental properties in the ACT for households in receipt of the JobSeeker Payment, the Disability Support Payment, and the Age Pension.

Alongside a lack affordable housing options through ownership and private rental, the ACT continues to experience a significant shortfall in the provision of social and affordable housing as a key means to achieve the aspiration of all Canberrans having 'access to secure, suitable and affordable housing throughout their lives' as set out in the ACT Wellbeing Framework.⁷⁶ There were at least 1,777 people in the ACT experiencing homelessness at the 2021 Census.⁷⁷ As at 1 July 2024, there were 3,152 applications on the ACT social housing waiting list, with an average

⁷² L Walsh, B Gallo Cordoba & B Cutler, '[We get the raw deal out of almost everything': a quarter of young Australians are pessimistic about having kids](#)', *The Conversation*, 21 February 2022.

⁷³ CoreLogic, [Home Value Index March Quarter 2024](#), CoreLogic website, accessed 10 June 2024.

⁷⁴ Anglicare Australia, [Rental affordability snapshot: National report 2024](#), 15th edition, Anglicare Australia, 2024.

⁷⁵ SGS Economics and Planning, [Rental affordability index, November 2023](#), SGS Economics and Planning, 2023.

⁷⁶ ACT Government, [Housing and home](#), ACT Wellbeing Framework website, accessed 9 June 2024.

⁷⁷ ABS, [Estimating Homelessness: Census, State and territory of usual residence, all persons](#) [dataset], ABS website, 2023.



waiting time of over five years (1,953 days) for standard housing; over three years (1,197 days) for high needs housing; and over six months (197 days) for priority housing.⁷⁸ This is leaving households in crisis situations for too long.

Using 2021 ABS Census data, the UNSW City Futures Research Centre's *Housing Needs Dashboard* estimates that there are 5,100 households in the ACT with unmet housing needs, and that this is projected to increase to 10,800 households by 2041 if no action is taken.⁷⁹ It estimates that current social and affordable housing is 65% of what is currently needed and that on average it would require an annual growth in current social housing of 3.8% per year from 2021 to 2041 – equating to 500-600 new dwellings to be provided annually to meet the projected housing need of low-income households in the ACT. This modelling indicates that the majority (53%) of unmet housing need is among families.⁸⁰

Canberra Case Study: Domestic Violence Crisis Service

Domestic Violence Crisis Service (DVCS) is a non-government, not-for-profit specialist domestic and family violence service that seeks to reduce violence and abuse in relationships. We provide crisis and long-term support services to help break the domestic and family violence cycle. We are here to support people, both during and after crisis situations.

Emma* is a woman recently arrived in Australia, on a Bridging Visa C. She was experiencing coercive control; high levels of monitoring; threats to kill and physical violence. She also reported financial abuse and withholding of information related to their finances and status of their visa applications.

Emma was hesitant to disclose details about her husband or seek support around his use of violence because of concerns around her visa status. She did not wish to seek a family violence order until she was on a permanent visa. Due to her visa status, she was also ineligible for Centrelink payments, so was under significant financial strain. This financial strain contributed to the risk of social entrapment in the relationship. Emma wished to engage in safety planning to stay in the home with her husband, as she did not have the financial means or visa status to leave the relationship.

When the violence escalated, risk assessment and safety planning indicated imminent risk to Emma should she remain housed with her husband. To enhance safety, emergency hotel accommodation in a safe location was provided. Without any income, and no access to government financial assistance, she was unable to afford essentials, so services assisted with the provision of food, transport, clothing, and other financial assistance. Emma also received medical care for injuries sustained during domestic violence assaults, and mental health care in response to the impacts of abuse and trauma on Emma's wellbeing.

After a period living in a hotel, Emma decided to return to the family home with her husband, citing he was going to change his behaviour and would not continue to use violence against her.

Once Emma returned home, services continued to support her, but engagement was limited and impacted by safety concerns around communication, in case her husband was

⁷⁸ ACT Government, [Waiting lists for public housing](#), website, accessed 7 August 2024.

⁷⁹ UNSW City Futures Research Centre, [Housing Need Dashboard](#), website, accessed 9 June 2024.

⁸⁰ UNSW City Futures Research Centre, [Housing Need Dashboard](#).



present or monitoring calls. However, Emma is now aware of and trusts the support options available to her family and her strength in continuously managing the changing risks posed by her husband's use of violence, despite her financial and visa concerns.

*Name changed for privacy.

Conclusion

Since our *2023 ACT Cost of Living Report*, the cost-of-living crisis has continued in Canberra. The cost of essential goods and services has continued to increase significantly having a disproportionate impact on low-income households in the ACT. While cost of living pressures are being felt by an increasing number of households with higher levels of income, those with the least are being left even further behind. Canberrans with increasingly complex needs are seeking more and more support from the already overworked and underfunded community sector. The continuing cost of living crisis requires urgent action and significant investment by both the ACT and Commonwealth Governments to ensure all members of our community can afford the essentials of a healthy life.

As highlighted in this report, the 2023-24 Federal Budget saw some improvements in income and spending power of households in receipt of JobSeeker and Youth Allowance, though the rates of these payments remained well below the poverty line. The most positive change was seen in transitioning single parents whose youngest child is aged 8 to 14 years from JobSeeker to Parenting Payment Single from 20 September 2023. This measure brought weekly payments up to the poverty line, while remaining well short of the minimum income for healthy living budget standard. The increase to the Child Care Subsidy introduced at the same time was also a positive outcome for low-paid families, though it had less of an impact in the ACT due to our higher childcare costs. Following the 2024-25 Federal Budget, households will see some cost-of-living relief through the revised Stage 3 tax cuts, a \$300 energy bill rebate for all households, and an increase in Commonwealth Rent Assistance. However, ACOSS notes these measures will have limited impact for those on the lowest incomes.⁸¹

It remains the case that the biggest lever available to address poverty and inequality in Australia is to raise rates of JobSeeker, Youth Allowance, Parenting Payment Single and related payments to parity with pension payments (at least \$80 per day) and index payments to wages as well as prices. We saw how quickly the Australian Government acted during the pandemic to raise levels of support, and the immediate impact it had on people on low incomes who could finally afford food, healthcare, housing, and other essentials. While there have been some actions from the Australian Government to raise income support and to raise rates of Commonwealth Rent Assistance, these do not go far enough to lift people out of poverty.

⁸¹ ACOSS, [Impact of major Budget cost-of-living measures on different households](#), ACOSS, May 2024.



In the ACT, we need targeted assistance to fill in the gaps left by the Australian Government. The *2012 ACT Targeted Assistance Strategy* is now over a decade old.⁸² Economic conditions have evolved significantly since this strategy was created and it needs updating. Canberra's cost of living crisis means many of the current ACT and Australian government assistance programs do not go far enough in alleviating cost of living pressures on low-income households. Given reports that we are now seeing more people in employment seeking support services, the ACT Government should expand eligibility criteria for concessions and financial relief. An updated ACT Targeted Assistance Strategy must be relevant to changing economic circumstances and be adapted as conditions change. As an example, despite significant real increases in Canberrans electricity, gas and water bills in recent years, the ACT Government's Electricity, Gas and Water Rebate (formerly the Utilities Concession) has not increased since 2021-22. The strategy should allocate assistance appropriately and acknowledge that increasing numbers of people are finding themselves in need of support.

As highlighted in this report, low-income households in the ACT have been hit the hardest by increases in the cost of essential goods and services spanning across childcare, education, energy, food, health, housing and transport. Our priorities for the 2024-25 ACT Budget points to many existing and potential levers that the ACT Government could and should use to improve access and affordability in each of these key household expenditure areas.⁸³

Housing affordability is the most pressing challenge facing low-income households. A key area of investment that will alleviate cost of living pressures, is the provision of social housing. The ACT Government has a critical role to play in addressing the housing affordability crisis. Building more social and affordable housing is the only way to ensure ongoing stability and prosperity for all Canberrans and Australians, especially vulnerable families and communities. Taking a long-term view of housing, urban planning and city design is important and the ACT Government must balance the cost of housing with access to services and amenities.⁸⁴ Estimates presented in this report show that in order to address the current and forecast unmet need for housing by 2041, 500-600 new social housing dwellings per year will be required.⁸⁵

Alongside and in partnership with government, the community sector plays a vital role in assisting Canberrans who are struggling with the cost of living. Community service organisations help to improve vulnerable people's lives, advocate for their active engagement in the community, and challenge disadvantage. However, the ACTCOSS *Counting the Costs* report found that 80% of community sector organisations do not find their ACT Government funding adequate.⁸⁶ To ensure the community sector can continue to deliver services and advocate for vulnerable Canberrans, the ACT Government must review funding streams and increase sector

⁸² ACT Government, [2012 ACT Targeted Assistance Strategy](#), ACT Government 2012.

⁸³ ACTCOSS, [ACTCOSS ACT Budget Priorities 2024-25](#), ACTCOSS, April 2024.

⁸⁴ B Coates, [Designing better suburbs](#), The Grattan Institute, 2022.

⁸⁵ UNSW City Futures Research Centre, [Housing Need Dashboard](#), website, accessed 9 June 2024.

⁸⁶ N Cortis, M Blaxland & E Adamson, [Counting the Costs: Sustainable funding for the ACT community services sector](#), UNSW Social Policy Research Centre, 2021.



funding to cover all costs including staffing, engagement in commissioning and policy processes, and monitoring and evaluation. Ahead of the 2024 ACT Election community sector peak organisations have called on all parties and candidates to commit to:

- Ensure the quality of life for all Canberrans by sustainably funding the community sector that supports them
- Ensure recent and long-term Canberrans have access to support by adjusting funding in line with population growth to reflect increasing demand
- Provide the right spaces for Canberrans to receive the help they need
- Protect the community from the financial and other costs of climate change.⁸⁷

The ongoing cost of living crisis has resulted in a significant increase in the number of households in the ACT seeking assistance from our community sector. As one ACT community service organisation told us:

Calls in relation to cost of living pressures have increased. Clients who call seeking assistance are more stressed and upset than ever. This is having a flow on effect on our frontline staff. Our workers and our reception staff are faced with more stressful conversations and client drop-ins than before. Our staff are working harder than ever and taking on more clients when they are already at capacity. Community organisations having to do more on similar funding models will only lead to staff burnout in the community sector.

It is critical that our community sector is adequately funded to support our community through this cost-of-living crisis. In the long-term, the ACT Government also needs to address historic underfunding and ensure that the community sector is adequately and sustainably funded to meet the needs of a growing population. Increased funding for community services means better support for people in need, stronger social connections, and a healthier, more resilient ACT community.

⁸⁷ ACT for Community, [A thriving and sustainable community sector that is accessible by all Canberrans: Joint statement for 2024 Election](#), ACT for Community, June 2024.

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