



Tasmanian Council of Social Service Inc.

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# Tasmanian Snapshot: Cost of Living



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# Introduction

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## Kym Goodes, CEO, TasCOSS

5000 Tasmanian households go without meals each year.

6,900 households couldn't afford to keep their houses warm and cosy during this past winter.

And while thousands of visitors are flocking to Tasmania, 16,051 Tasmanian households can't afford to take a single week off each year to explore their own State, let alone destinations interstate or overseas.

This the reality of life for Tasmanians living in financial stress.

Data in this report are compiled from Australian Bureau of Statistics information that details financial stress. These are things the majority of us will have experienced at one time or other during our lives—such as finding it difficult to pay car registration on time—but try to imagine living in a state of constant financial stress.

When your income is too low to cover the basics even the smallest of luxuries like joining friends for a coffee become too expensive.

A young person living in a sharehouse and studying would be lucky to have \$9 left for 'extras' after the basics have been taken care of.

All Tasmanians deserve the basics of life and to enjoy connecting with friends, family and our communities. And it's only by being able to afford the basics that every Tasmanian can fully participate in making Tasmania the kind of State we all want it to be.

At a time when our State is celebrating the rosy outlook of our economy is it okay that over 40% of our population is not yet able to participate? That they are missing meals, shivering in cold rentals and wishing they could go out and be part of all the wonderful things Tasmania has on offer?

# What does it cost to live in Tasmania?

## Income on support program

Basic weekly income for a single aged pensioner and a jobseeker with two children remains lower than the recognised poverty line. WHAT IS THE POVERTY LINE WEEKLY?

Type	Weekly Base Allowance + Supplements (30 June 16)
Age Pensioner (Single)	\$436.95
Newstart single parent, two children	\$712.00
Newstart couple, two FTB children	\$789.54
Youth/student over 18	\$284.85

## Weekly costs

### Single parent family

Typical weekly costs of basics for a single parent are<sup>1</sup>:

- \$324 for rent
- \$219 for food
- \$54 on transport
- \$37 on power/utilities
- \$270 on education, medical and health expenses

A single parent's expenditure is already \$192 over their weekly income before unexpected expenses or birthday presents are even thought about.

*"I worry that we will be unable to afford our own house, the car breaking down, medical bills, rental leases ending (constantly moving), and stability of work."*

<sup>1</sup> SACOSS, 2016 Cost of Living Report

### Young person over 18

The typical weekly costs of a young person that does not have a job or other forms of income support have been estimated below:<sup>[1]</sup>

- \$95-105 for rent in a sharehouse<sup>[2]</sup>
- \$68 for household bills
- \$59 for food
- \$44 for transport
- \$5 for clothing
- \$34 for other basic needs

This means that a young person, having met all of their basic needs, is \$42-52 per week short if on Youth Allowance, and has a maximum of \$9 per week of discretionary income if on Newstart Allowance.<sup>[3]</sup>

In Australia, productivity has grown by 20% in the last decade, but real wages have only grown by 6%.<sup>2</sup> The benefits of economic growth are not being felt by everyone.

### A picture of financial stress

In Tasmania, where we have lower average incomes and a larger proportion of the population reliant on social security payments of any state in Australia<sup>3</sup>, the fact that economic growth is benefitting only a few, is very clear.

In the last decade, average rents in Tasmania have risen by 70%. Private health insurance premiums have increased by almost 30% in the last 5 years. Under-employment in Tasmania is also on the rise: 17% of Tasmanians who want to work, or want to work more, can't. And the proportion of unemployed Tasmanians who have been out of work for more than two years is rising.<sup>4</sup>

*"We only buy meat & fish when it's at a very low price, we try not to use the car unless absolutely necessary ... and buy clothes from op shops."*

Not surprisingly, this creates huge amounts of stress for a lot of people in our community. What does that stress look like? It means choosing between paying for heating or buying fresh food. It means not getting medical treatment when you know you need it. It means staying in a dangerous situation because you need a roof over your head. And it means constant exhaustion from the daily battle to make ends meet.

<sup>[1]</sup> New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians, UNSW SPRC 2017, pp. 83, 89)

<sup>[2]</sup> Figures for Hobart: one third of a three bedroom house outer or middle suburban, low-medium quality, for March quarter 2016.

<sup>[3]</sup> Figures based on Share house rental assistance for both Youth Allowance and Newstart

<sup>2</sup> <http://www.canberratimes.com.au/federal-politics/political-news/australians-need-a-pay-rise-bill-shorten-calls-for-grand-bargain-on-wages-20171011-gyyqrb.html>

<sup>3</sup> <http://www.tcci.com.au/getattachment/Events/Tasmania-Report-2016/Tasmania-Report-2016-FINAL.pdf.aspx>

<sup>4</sup> <http://www.tcci.com.au/getattachment/Events/Tasmania-Report-2016/Tasmania-Report-2016-FINAL.pdf.aspx>

In the past year, 41% of Tasmanians have experienced one or more of these. For example:

- 25,000 households couldn't raise \$2000 in a week for an unexpected expense
- 21,000 households couldn't pay electricity or phone bills on time
- 13,700 households couldn't pay their car registration or insurance on time
- 13,000 households couldn't afford to host friends or family for a meal once a month
- 6,900 households couldn't afford to heat their home
- 5,000 households went without meals.

The 2016 ACOSS Poverty in Australia report estimates a poverty line of \$426.30 per week for a lone person (50% of median, before housing costs).

Therefore the income of young people on Youth Allowance or Newstart falls between \$90-\$163 per week below the poverty line.

*"I write down everything  
I spend. I stay home more  
often than not."*

*"I go without food, new clothes,  
health and dental care  
so I can provide for my  
children."*

*"What would make the biggest  
difference for me is a  
permanent home I can afford  
to live in, a place where I can  
grow some vegies."*

*"We hate listening to the  
politicians talk about jobs and  
growth, because they don't  
really care about the quality of  
jobs or whether you can get full  
time or casual work. "*



## Indicators of Financial Stress

The Australian Bureau of Statistics recently produced a survey of indicators of financial stress.<sup>5</sup>

Financial stress experiences	Missing out experiences
Unable to raise \$2000 in a week for something important	Could not afford holiday for at least one week a year
Spent more money than received	Could not afford a night out once a fortnight
Could not pay gas, electricity or telephone bill on time	Could not afford friends or family over for a meal once a month
Could not pay registration or insurance on time	Could not afford special meal once a week
Pawned or sold something	Could only afford second hand clothes most of the time
Went without meals	Could not afford leisure or hobby activities
Unable to heat home	
Sought assistance from welfare/community organisations	
Sought financial help from friends or family	



<sup>5</sup> <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6523.0~2013-14~Main%20Features~Financial%20Stress%20Indicators~33>