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Contents

Figures

Tables

Introduction

This report tracks changes in the cost of living, particularly for vulnerable and disadvantaged South Australians.

The first part uses the Australian Bureau of Statistics' Selected Living Cost Indexes (ABS, 2013a) and Consumer Price Index (ABS, 2013c) to show changes in the cost of living in the last quarter and over the last 12 months.

As a summary measure, the Selected Living Cost Indexes are preferred over the better known Consumer Price Index (CPI) because the CPI is technically not a cost of living measure. It tracks changes in the price of a specific basket of goods, but this basket includes goods and services that are not part of the expenditure of all households, and poor households in particular. When considering the cost of living, this is important because if expenditure on bare essentials makes up the vast bulk (or entirety) of expenditure for low income households, then price increases in those areas are crucial whilst price increases or decreases on other discretionary goods are less relevant. However, increases in the prices of bare essentials may be masked in the generic CPI by rises or falls in other goods and services in the CPI basket.

The Selected Living Cost Indexes use a different methodology to CPI (see Explanatory Note 1) and it disaggregates expenditure into a number of different household types (ABS, 2013b), although this *Cost of Living Update* focuses only on the "Aged Pension" and "Other government transfer recipient" (hereafter "other welfare recipients") figures, as these are likely to represent the more disadvantaged households. While the Selected Living Cost Indexes also have limitations in tracking cost of living changes for these groups (see Explanatory Note 2), they do provide a robust statistical base, a long time series, and quarterly tracking of changes – all of which is useful data for analysis. This report also adds to the Selected Living Cost Indexes figures by putting a dollar value on the percentage changes in the indexes, and by using disaggregated CPI data to summarise change in prices of key items.

As is standard in the SACOSS *Cost of Living Updates,* the second section contains a more in-depth analysis of cost of living trends in one key area of concern in relation to cost of living pressures on vulnerable and disadvantaged South Australians. This *Update* focuses on the cost of housing and uses the disaggregated CPI figures for Adelaide, as well as quantitative and qualitative data from other sources.

SECTION 1: September Quarter 2013 Cost of Living Changes

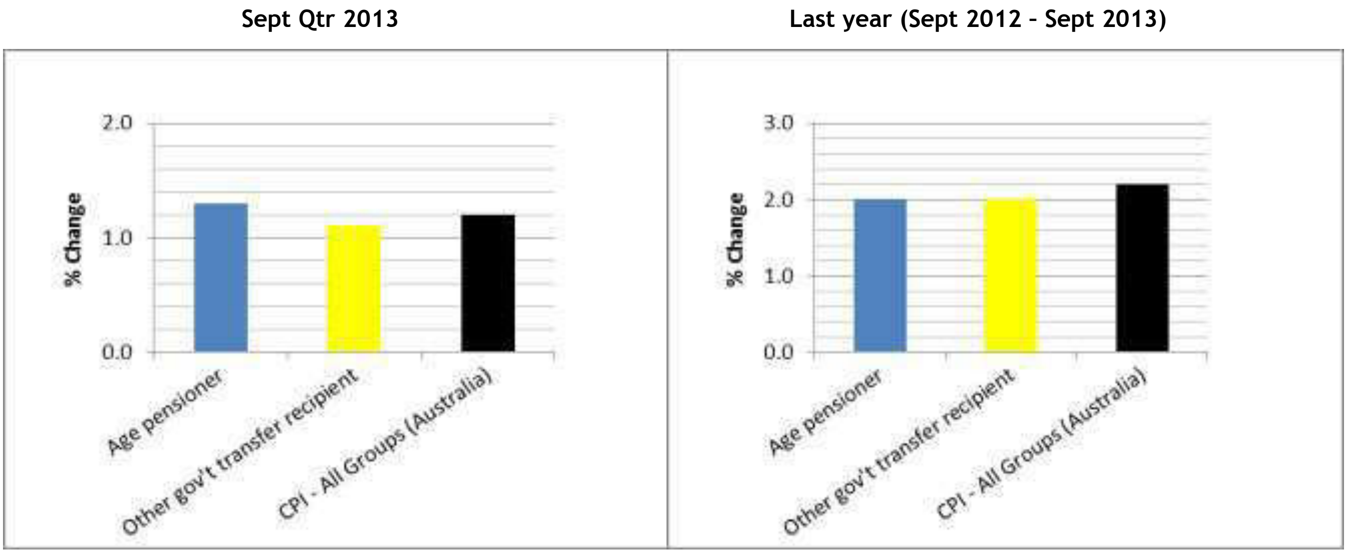
Prices

In the September 2013 quarter, the cost of living (as measured by the ABS Selected Living Cost Indexes) for Aged Pensioners rose by 1.3% and by 1.1% for Other Welfare Recipients. CPI in the same period rose by 1.2% nationally and 1.4% in Adelaide (ABS, 2013a; ABS, 2013c).

The fact that the Living Cost Indexes rose by less than CPI in Adelaide is potentially good news for those low income households and breaks a run of 8 quarters in row where the cost of living for Other Welfare Recipients rose by more than the CPI. However, for pensioners, costs exceeded the national CPI (though still less than in Adelaide), although this is less of an issue as the aged pension is not indexed to CPI.

Over the last year (Sept Qtr 2012 – Sept Qtr 2013), the living cost indexes for both Aged Pensioners and Other Welfare Recipients by 2.0%. CPI rose by 2.2% nationally, and 2.0% in Adelaide (ABS, 2013a, 2013c).

Figure 1: Increases in Living Costs September Qtr 2013



The spike in the CPI in the last quarter was in part driven by increases in petrol prices, utilities and recreational goods and services. While the first two impact on most households, the main driver of price rises in the recreation and culture group was sharp increases in overseas air fares (+6.1%) and domestic airfares (+3.5%) (ABS, 2013c). This goes some way to explaining the relatively lower Living Cost Index figures as air travel (and overseas travel in particular) is obviously a not a big consideration for most welfare recipients. This underlines the importance of the LCI data as a measure of cost of living, rather than the aggregate CPI data which includes goods and services which are beyond the reach of many poor households.

These overall figures can be disaggregated to track changes in the price of key basic goods and services in the last quarter both in Adelaide and nationally. These are shown in Table 1 over the page.

Table 1: Cost of Living Changes Sept Qtr 2013 by expenditure type

Cost of Living Area	Adelaide CPI Sept Qtr change %	National CPI Sept Qtr change %	Adelaide CPI Sept 2012- Sept 2013 %	National CPI Sept 2012 - Sept 2013 %
Food	0.5	0.2	-0.3	-0.6
Housing	1.5	2.0	1.5	4.0
• Rent	0.3	0.6	2.2	3.2
Utilities	3.0	5.7	0.2	6.7
• Electricity	2.0	4.4	-2.7	6.1
• Water	1.0	9.9	1.0	9.3
Health	0.5	0.0	4.6	4.1
Transport	3.5	2.4	3.2	2.7
CPI All Groups	**1.4**	**1.2**	**2.0**	**2.2**

(Source: ABS, 2013c)

The standout figure here is the rise in transport prices, driven by an 8.3% rise in automotive fuel (ie. petrol) in the last quarter in Adelaide (7.6% nationally). The other notable figure is the modest rise in Adelaide electricity prices in the last quarter compared to the national figures, and with the initial effects of the deregulation deal still being felt, Adelaide electricity prices are still below where they were a year ago. This will provide welcome relief from a major cost of living pressure on low income households, although obviously offset by the rising fuel prices.

Incomes

Given that welfare recipients have very low incomes, it is unlikely that any or any significant amount of the weekly benefit can be saved – at least for those not able to supplement their government transfer with other incomes. For someone on the base level of benefits, and assuming that they spend all their income, SACOSS calculates that the dollar value changes in cost of living is as shown in Table 2.

Table 2: Cost of Living Change Sept Qtr 2012 –Sept 2013

	Base Allowance + Household Assistance Package* (30 Sept 12)	Selected Living Cost Index change	Living Cost Change per week $	Base Allowance + Household Assistance Package (30 Sept 13)	Change in rates of same benefits $
Aged Pensioner	$361.81	2.0%	$7.23	$382.70	$20.89
Newstart with two children + FTB Part A	$440.36	2.0%	$8.80	$447.85	$7.49

* House Assistance Package here is the Clean Energy Advance payment (paid as a lump sum in May 2012) but calculated as a weekly amount until the Clean Energy Supplement began as a weekly payment in March 2013.
(Source: Centrelink, 2013; ABS, 2013a)

That is to say, for those whose only source of income is a base-rate government benefit (with the Household Assistance Package Payment) and who spend all their income, the cost of living over the last year increased by $7.23a week for pensioners, while their income went up by nearly $20.89. For a single person on the base rate of Newstart with two children, their cost of living went up by $8.80 per week while their income increased by $7.49, again breaking a run of quarters where living costs exceeded income increases – although the extra $1.31 per week may not go very far!

SECTION 2: Housing Costs

The Importance of Housing Expenditure

Shelter is a basic necessity for people, and housing costs are the largest category of expenditure for the average Australian household. The SACOSS *Cost of Living Update* from the June Quarter last year focussed on housing issues, finding that housing costs in South Australia accounted for 20.1% of average household expenditure for owners with a mortgage, and 23.9% of expenditure for renters (SACOSS, 2012). This was based on the ABS *Household Expenditure Survey* (HES) from 2009/10 and clearly represents a significant expenditure.

Rather than repeating the data from the same *HES,* this *Update* utilises data from the recently released ABS *Housing Occupancy and Costs* data which reports on the 2011-12 Survey of Income and Housing (SIH) (ABS, 2013d). Both the HES and SIH use the same definition of housing costs as the *HES* (ie. it includes mortgage, rents, water and sewerage, but does not include electricity or gas), but the SIH is published at two yearly intervals (rather than the *HES* 5-6 year time lapse), and it expresses housing costs as a proportion of household income rather than expenditure. The SIH summary data showing housing expenditure as a proportion of household income in South Australia set out in Table 3.

Table 3: SA Housing Expenditure and Income, 2011/12

Household Tenure	**Expenditure per week $**	**% of Weekly Income**
Owner without a mortgage	39	3
Owner with a mortgage	382	18
Renters		
State/territory housing authority	131	19
Private landlord	271	20
Total renters	230	20
All households	**$219**	**14%**

Source: (ABS, 2013d)

The figures in Table 3 are below the HES data for a number of technical reasons and so it is not necessarily the case that expenditure has decreased in recent years. However, what remains clear is that housing is a large expenditure item for most households and therefore any changes in the cost of housing will have a significant impact on the household budget.

It is also worth noting in relation to the figures in Table 3 that the ABS estimates that approximately 24% of the housing costs of owners with a mortgage is actually repaying the capital cost of the home, which in economic terms is a form of saving rather than expenditure on current housing (ABS, 2013e). To do a “like with like” comparison with rental expenditure, this capital component of the mortgage payment would need to be removed even though it remains a very real expenditure in the weekly budget of those paying off a home loan. By comparison, renters will not be made better off in the long term by their weekly housing expenditure, and renters are over-represented among low income households. In the last *HES,* rental households made up just over a quarter of the property market overall, but 40.8% of households in the lowest income quintile (ABS, 2011c, Table 4). For this reason, housing costs of renters are a particular concern.

The figures in Table 3 only show average expenditures, getting suitable data on actual rent payments for low income South Australian households is difficult. For reasons which are set out in Explanatory Note 3 in the Appendix, neither the *Household Expenditure Survey data n*or Housing SA data on rents are entirely appropriate. In this *Cost of Living Update*, SACOSS has used an indicator of an average rental price in the lower half the Adelaide rental market (based on the median rent prices). (Again, see Explanatory Note 3 for more details). These indicative low end rent figures are in Table 4 and show that welfare recipients who are in private rental are likely to be forced either to share housing or to pay large and probably unsustainable portions of their income for housing.

Table 4: Selected Welfare Payments and Adelaide Rental Costs (September Qtr, 2013)

	Weekly Payment
Unemployed (single, no children)	$316.75
Aged Pensioner (single)	$444.70
Sole Parent (2 children)	$480.80
Youth – 18 years old (single, away from home)	$203.75
Minimum Wage (full time, national)	$622.20

House Type	Low-end Rent
1 Bedroom Flat	$158
2 Bedroom Flat	$237
3 Bedroom House	$299
1/3 Share 3 Bed House	$100

For details on rates and calculation of figures, see Explanatory Notes 3 and 4.
Source: (Centrelink, 2013; DCSI, 2013, Fair Work Ombudsman, 2013)

Based on these figures, a single unemployed person might spend between one-third (if a shared house) to about a half of their income (for one bedroom accommodation) for rent. A sole parent with two children could spend a half (2 bdrm flat) to close to two-thirds (3 bdrm house) of their income on rent.

Again, these figures are indicative rather than real survey data, but what is clear is that housing costs are significant in most household budgets, and where people do not own their own home housing costs are a particular strain on low income households.

This is reflected in the figures in Table 5 below which show housing costs for different income quintile groups. The data shows that housing costs are relatively more significant (ie. they account for a higher proportion of income) for low income households than for higher income households. This is all the more remarkable given the over-representation of home owners without mortgages in the lowest income quintile: 43.7% in the lowest income quintile by comparison with 33.6% across all quintiles (ABS, 2011c, Table 4). This high proportion of non-mortgaged owners is presumably because of the number of aged pensioners on low incomes but owning their own homes, but it pulls down the average expenditure figures in the lowest quintile more than the average, suggesting that housing costs are even more regressive than Table 5 suggests.

Table 5: Disaggregated SA Housing Expenditure and Income, 2011-12

Income Quintile	Expenditure per week $	% of Weekly Income
Lowest quintile	99	20
Second quintile	181	17
Third quintile	241	15
Fourth quintile	293	14
Highest quintile	373	10
All households	**$219**	**14%**

Source: (ABS, 2013d)

The costs per week in 2011-12 for the lowest income quintile actually fell from the previous SIH survey (2009-10) where it was $107 per week or 22% of income, although the second quintile went the other direction from $155 or 15% of income – suggesting that there was not a massive change in lower end housing costs.

However, as Table 5 shows, even with the relative understatement of expenditure for renters and mortgagees and the drop in the costs for the lowest income quintile, housing is still a greater proportion of income for low income households than for higher income households. This in turn confirms that housing cost of living pressures will be felt by low income households with mortgages or rent payments more than by other households.

Summary of Housing Price Movements

CPI for all housing in Adelaide over the last year rose by 1.5 % last year, which was below the 2% increase in CPI for all goods (ABS, 2012c). However, the individual components which make up this overall figure moved quite differently. Purchase prices of new houses rose by 0.7%, while rents rose 2.2%. The changes in the prices of the different components of housing costs over a longer period are shown in Figure 2.

Figure 2: Housing Prices and CPI – South Australia

Source (ABS, 2013c)

Since 1998, both Adelaide housing prices and rents have increased more than the generic CPI (All Groups) – and therefore more than the incomes of those whose incomes are pegged to CPI (or have not increased below that level). The graph shows that purchase prices for new houses have levelled off over the last three years, which is good news for buyers, but even where there has been interest rate relief in recent times, this is still from a base well above the general CPI increase. Rent figures are continuing to rise more quickly than CPI (with the exception of the last quarter), which is particularly problematic because, as noted above, renting is disproportionately the domain of low income households.

As Figure 2 shows, rent and the generic CPI tracked closely until 2006. CPI went backwards in the December Quarter 2006 and March 2007, while rents continued to rise. From 2008 rents in

Adelaide have consistently risen faster than the generic CPI. The yearly figures are in Table 6 below.

Table 6: Adelaide Rent Increases and CPI

Year (June Qtr)	CPI Rent	CPI All Groups
2007-08	4.9	4.6
2008-09	5.5	1.6
2009-10	4.2	2.8
2010-11	4.3	3.9
2011-12	2.9	1.2
2012-13	2.2	2.0

Source: (ABS, 2012c)

Figure 3 shows the relative movements over the last 5 years.

Figure 3: Recent Housing Prices and CPI – SA

Impact on Household Budget

These rent increases represent significant impositions on low income household budgets. Based on SACOSS calculations of the rent at the low end of the market, since December 2007 the median rent for a one bedroom flat has increased by $38 a week, and for a 3 bedroom house the increase has been $63 a week (based on DFC, 2008, DCSI, 2013). By comparison, Commonwealth Rent Assistance increased by just $10.71 per week (Centrelink, 2007, 2013). Obviously, the rent assistance increases go nowhere near covering the rising cost of rent.

This failure to provide adequate assistance to low income renters is particularly problematic in the light of the recent report from the Grattan Institute which showed that government subsidies to home owners far outstripped supports to renters. The report claimed subsidies (mainly tax concessions and exemptions) to own-home owners amounted on average to $6,100 each per year, and $4,500 on average for each investor household (Kelly et al, 2013). By comparison, renters receive very few subsidies, and even the direct rent support provided to very low income renters in Commonwealth Rent Assistance is only in the order of $3,000 a year – well below the subsidies offered to those who can better afford housing costs.

However, despite government subsidies – and even in light of the favourable interest rate trends noted in Figure 2 above, mortgage payments may still cause hardship for households, and especially for those on low incomes. In part this is simply a result of the large percentage of the households budget which goes to paying a mortgage (18% as per Table 3 above), but life-changing events such as unemployment, accident or illness which create unexpected income problems can also make mortgage payments major problems.

The result of these rent price increases and mortgage pressures means that many South Australian households are experiencing housing stress.

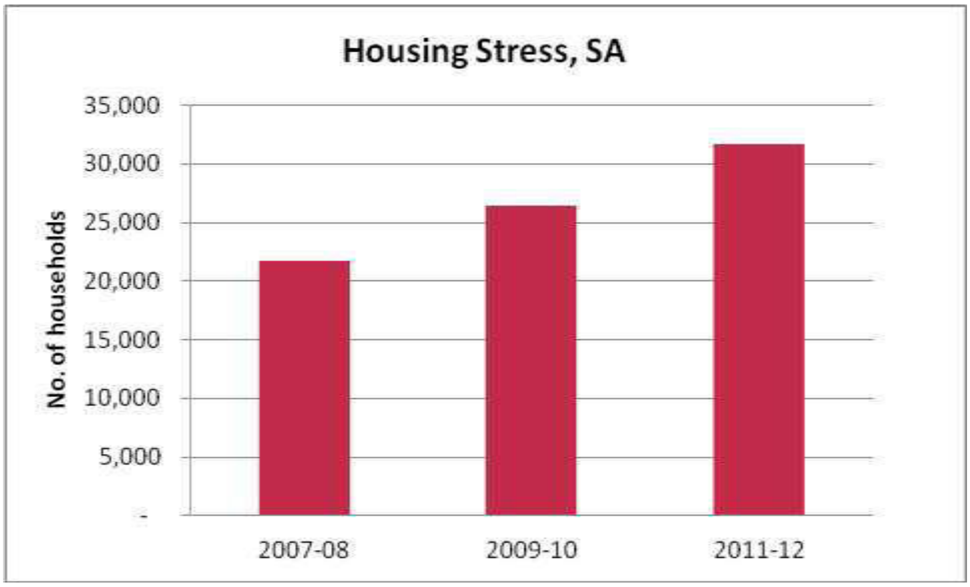
Housing Stress

Housing stress is usually defined as where households, and low income households in particular, face housing costs amounting to more than 30% of their income, while *extreme* housing stress is where housing costs are more than 50% of income.

As part of the *Housing Occupancy and Costs* data, the ABS compiled housing stress statistics which showed that 15.4% of all SA households were in housing stress at the time of the last SIH (ie 2011-12). This equates to 102,857 households, with about 22,000 of these are experiencing extreme housing stress (SACOSS calculation based on (ABS, 2013d, Table 20)).

The ABS data also contains historical data on low income renters facing housing stress (shown in Figure 3). The data refers only to low income households, defined as the 30% of households with equivalised disposable income between the 10th and 40th percentiles, that is, those in the bottom two income quintiles, but excluding the bottom 10% (on the basis that they skew the statistics as their consumption patterns do not match income) (ABS, 2013e). The figures show an alarming growth in recent years in the number of households experiencing housing stress. Given the price trends noted above, this is not surprising, although the South Australian figures remain below the national figures: 33.6% of low income renters are in SA are in housing stress, while the national figure is 40.7%. However, this is likely to be cold comfort to the estimated 31,600 South Australian households spending more than 30% of their low income on rent (calculations based on (ABS, 2013d)).

Figure 4: Low Income South Australian Renter Households in Housing Stress



South Australian government figures show even bleaker figures with 16.2% of all households in housing stress. The total figure of 104,705 SA households in housing stress is very close to the ABS estimate, but using a slightly different definition of low income (less than 80% of median income), the SA government figures show over 46,000 low income renter households in housing stress. As Table 7 shows, just under half of these are in extreme housing stress and spending more than half their weekly income on housing.

What is particularly alarming is that the figures show some 8,445 public housing tenant households – or nearly 20% of all public housing tenements in housing stress (calculation based on a public housing stock of 43,700 dwellings (Govt of SA, 2013c)). This high number is surprising and alarming given that public housing rents are supposed to be capped at 25% of income. Some of this may be the inclusion of non-rental housing costs (eg. water and sewerage), but in some cases payment of rent arrears or other historical debts to Housing SA are added to the rent and the accumulating debt takes the housing payments well beyond the 25% cap. Given the very low income of many public housing tenants, this can cause particular hardship and runs a very real risk of pushing people into homelessness when they can't afford the rent in what is supposed to be the "safety-net" housing. There is clearly something fundamentally wrong in the public housing system when 2,776 households in public housing are paying more than 50% of their income for housing.

Table 7: Low Income Household Housing Stress by Tenure

Tenure type	**No. of Households**	
	30% of Income	***50% of Income***
Being purchased	17,930	10,072
Rented		
Public	8,445	2,776
Private	34,249	16,807
Other landlord	3,761	1,737
Total Rented	46,455	21,320
Total households	**64,385**	**31,392**

Source: (Govt of SA, 2013a, 2013b)

As is evident from Table 7, the SA government figures also go beyond the ABS because they include data on the numbers of mortgagee households in housing stress. Relatively low interest rates over recent years have presumably released some pressure on households repaying mortgages. However, the figures here still show nearly 18,000 mortgagees in South Australia in housing stress. Again, given lower housing prices in SA than in most other states, this figure may well be better than other states, but cold comfort to those nearly 18,000 households.

The SA government figures are also broken down by Local Government Area, and SACOSS has presented these figures as separate Fact Sheets available at http://www.sacoss.org.au/publications/housing_fact_sheets.html.

Conclusion and Recommendations

One of the key recommendations in response to these housing cost of living pressures on low income households is ***to increase and improve the stock of social housing (Recommendation 1).*** The lack of social housing (ie. public and community housing) means many people are forced into the private rental market where low incomes create difficulties in finding accommodation and paying rent. The decline of social housing also creates increased demand for low income housing, thus adding to demand for and prices of low-rent properties.

In the coming months, SACOSS will be developing policies specific policies to help re-build the stock of social housing in South Australia. However, based on some of the specific concerns above, SACOSS is also recommending the following to provide some immediate relief for particular cost of living pressures:

Recommendation 2: Establishment of a Housing Stress Emergency Payment Fund to prevent homelessness

Housing is a significant cost of living pressure and early intervention to keep people in housing will be better than providing homelessness services once a family loses their home. Sometimes, particularly where people are dealing with a life-changing event like loss of employment or relationships, the inability to pay rent or mortgages is temporary or can be sorted out with more time. An emergency fund should be established to provide a one-off means tested payment of up 4 weeks either rent or mortgage (interest) payment where there is an immediate threat of homelessness and a qualified financial counsellor is engaged and believes that homelessness could be averted by the temporary payment.

Recommendation 3: Establishment of a moratorium on Housing SA collection of rent arrears for people in public housing on recommendation from financial counsellors where debt will never be paid

As noted above, in some cases historical debts can take public housing rents above the 25% public housing rent cap and into housing stress. In some cases, possibly because of age, chronic illness or unemployment, there is little real chance of the debt ever being paid and so the payment simply adds hardship and increases the risk of homelessness of very vulnerable people. Where a financial counsellor is supporting the tenant and has assessed that the person will never be able to pay the debt, there should be a moratorium on collection of the rent arrears so that rent is set in the normal capped way and housing stress is relieved.

Recommendation 4: Implementation of the agreed funding of consumer credit legal services

The end point of housing stress can be unsustainable debt and subsequent default, the instigation of legal proceedings and the loss of housing. SACOSS' 2013 report on consumer credit legal services in South Australia noted that often in these repossession proceedings, defendants were unrepresented and that even at that late stage in the process legal representation could make a difference to the way the process unfolded. However, earlier intervention and support would be preferable, yet the report highlighted significant unmet need for all forms of consumer credit legal support (SACOSS, 2013). In the June budget the state government recognised this need by allocating $1.4m over four years to provide consumer credit legal services, but contracts with services have yet to be signed and service gaps remain.

APPENDIX: Explanatory Notes

1. CPI and Living Cost Indexes

The ABS Selected Living Cost Indexes uses a different methodology to the CPI in that the CPI is based on acquisition (i.e. the price at the time of acquisition of a product) while the living cost index is based on actual expenditure. This is particularly relevant in relation to housing costs where CPI traces changes in house prices, while the ALCI traces changes in the amount expended each week on housing (e.g. mortgage repayments). Further information is available in the Explanatory Notes to the Selected Living Cost Indexes (ABS, 2013b).

In that sense, the Selected Living Cost Indexes are not a simple disaggregation of CPI and the two are not strictly comparable. However, both indexes are used to measure changes in the cost of living over time (although that is not what CPI was designed for), and given the general usage of the CPI measure and its powerful political and economic status, it is useful to compare the two and highlight the differences for different household types.

2. Limitations of the Selected Living Cost Indexes

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

At the more technical level, the Selected Living Cost Indexes are for households whose predominant income is from the described source (e.g. aged pension or government transfers). However, the expenditures that formed the base data and weighting (from the 2009-*10 Household Expenditure Survey*) add up to well over the actual welfare payments available (even including other government payments like rent assistance, utilities allowance and family tax benefits). Clearly many households in these categories have other sources of income, or more than one welfare recipient in the same household. Like the CPI, the Living Cost Index figures reflect broad averages (even if more nuanced), but do not reflect the experience of the poorest in those categories.

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

The weightings in the Selected Living Cost Indexes are also based on a set point in time (from the 2009-10 *Household Expenditure Survey*) and can’t be changed until the next survey. In the meantime, the price of some necessities may increase rapidly, forcing people to change expenditure patterns to cover the increased cost. Alternatively or additionally, expenditure patterns may change for a variety of other reasons. However, the weighting in the indexes does not change and so does not track the expenditure substitutions and the impact that has on cost of living and lifestyle.

Finally, the Selected Living Cost Indexes’ household income figures are based on households that are the average size for that household type: 1.52 people for the aged pensioners, and 2.57 for the other welfare recipients (ABS, 2013b). This makes comparison with allowances difficult. This *Update* focuses on single person households or a single person with two children (to align to the other welfare recipient household average of 2.57 persons). However, this is a proxy rather than statistical correlation.

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

3. Rental Data

Getting suitable data for rents paid by low income earners is difficult. The Household Expenditure Surveys for South Australia show either housing expenditure for those on different income support payments (ABS 2011c, Table 9) or expenditure for those in different rent categories (Table 15). However, the Table 9 figures are for housing costs and include in the averages the expenditure of mortgage payers and the lack of expenditure of those who own their own home outright. They are not rental figures. By contrast, the rental figures in Table 15 are for all renters, not just welfare recipients and therefore include high end rents which increase the average figures.

The other potential data source which could be used are the Housing SA quarterly median rent figures based on rental bonds lodged with the Office of Consumer and Business Services (DCSI, 2012). The median rental figures are useful for displaying trends over time, but as absolute values they are much higher than the actual cost of accommodation that welfare recipients looking at renting in those categories would probably face. This is partly because by definition a median is half-way up the market while welfare recipients are not likely to be in that bracket. Further, the figures are for new rentals, which have a higher proportion of actually new (and presumably more expensive) buildings than the rent market overall. There is also the possibility that landlords take the opportunity to increase prices for new rentals, so that existing renters may not be paying the amount they would if they were to enter a new lease. Finally, housing costs vary by location, so that for instance median rentals may be skewed by higher inner city rents, while low income earners are more likely to live at some distance from the city.

This report uses the Housing SA data to generate an indicative figure for rent in the low end of the market. The data in the Housing SA spreadsheets is sorted by suburb in order of median prices. An indicative rent cost is gained by taking the average (mean) for the values listed for the cheapest 50% of suburbs. This gives an indicative average for the lower end of the market, although it is not a true average or median of these prices (as the number of places let in each suburb varies). It is simply an indicative figure based on a large enough sample to be confident that it is a reasonable approximation of the sort of rents that would be applicable to low income households. Obviously some people will find cheaper rents below this, while others – particularly those who are not in the cheaper suburbs – will pay more.

4. Weekly Payments for Selected Welfare Recipients

The income levels are based on the following rates payable at September 30, 2013 (Centrelink, 2013):

The Unemployed weekly payment is for a single person with no children and consists of:

> Newstart Base Rate $250.50 + Rent Assistance (single, maximum) $62 + Clean Energy Supplement $4.25 = $316.75.

The Age Pension weekly payment is for a single aged pensioner and consists of:

> AP Base rate $375.85 + Rent Assistance (maximum) $62 + Clean Energy Supplement $6.85 = $444.70.

The Sole Parent weekly payment is for a sole parent with 2 children and consists of:

Parenting Payment $349.95 + Family Tax Benefit Part A Base Rate $55.16 + Rent Allowance $72.59 + Pharmaceutical Allowance $3.10 + Clean Energy Supplement $5.85 = $480.80.

The Youth Allowance payment is for a single person over 18 years old and living away from home, and consists of:

Youth Allowance $203.75 + Rent Assistance (share house) $41.33 + Pharmaceutical Allowance $3.10 = $248.18.

Note: The Clean Energy Supplement for Youth Allowance recipients does not begin until 1 January 2014. The Clean Energy Advance of $100 is supposed to cover this period, but is not included in the above calculation.

Sources

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