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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, 2018a) and Consumer Price Index (ABS, 2018c) to show key 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 Appendix: Explanatory Note 1) and they disaggregate expenditure into a number of different household types (ABS, 2018b), although this *Cost of Living Update* focuses on the "Aged Pension" and "Other government transfer recipients" (hereafter "other social security 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 by putting a dollar value on the changes, and by using disaggregated CPI data to summarise changes in prices of key items.

SACOSS *Cost of Living Updates* sometimes also contain a second section with 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 specifically on the cost of living for those who are looking for work and are reliant on Newstart payments – one of the lowest income support payments in the Australian welfare system. This section of the Update has been developed in conjunction with the Anti-Poverty Network South Australia.

SECTION 1: June Quarter 2018 Cost of Living Changes

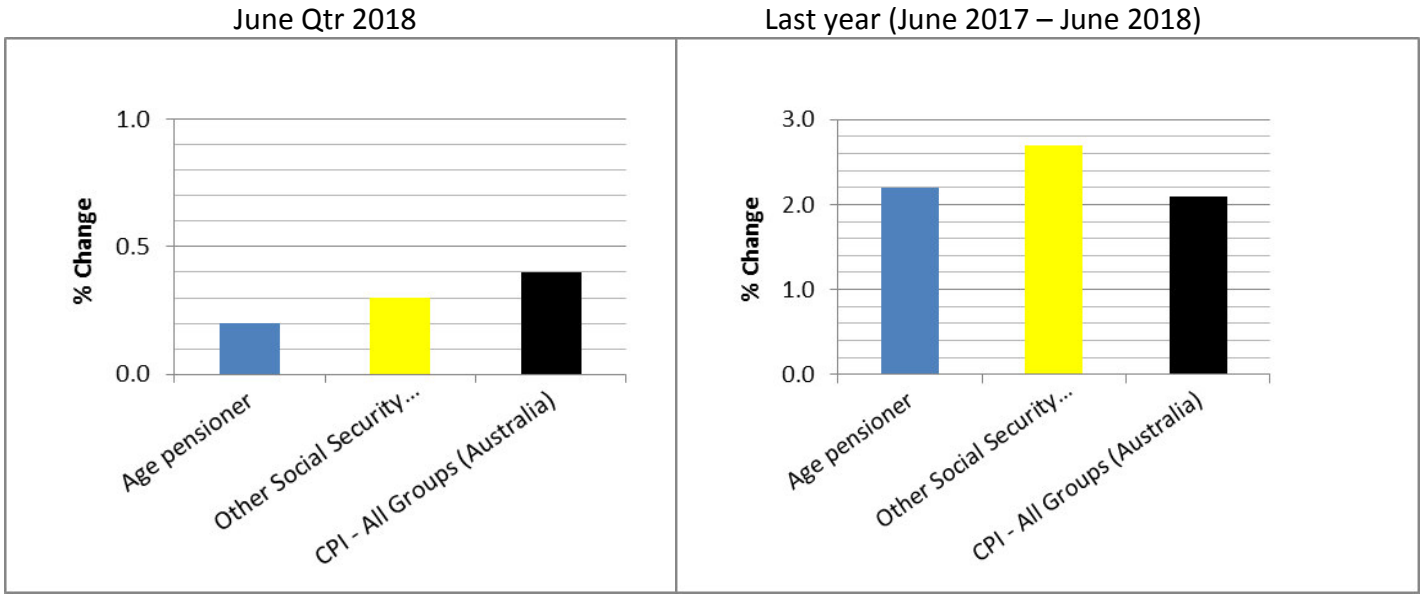
Prices

In the June 2018 quarter, the cost of living (as measured by the ABS Selected Living Cost Indexes) for age pensioners rose by 0.2%, while for other social security recipients the cost of living rose by 0.3%. CPI in the same period rose by 0.4% both nationally and in Adelaide (ABS, 2018a; ABS, 2018c).

While the last quarter was largely good news for income support recipients with cost of living rises modest and below the national average. The main cost of living rises were petrol prices and health, the latter due to the annual increase in private health insurance premiums on 1 April. The extra rise for non-pension social security recipients was driven by alcohol and tobacco prices rises which are over-represented in their consumer basket. These increases were offset by decreases in vegetables and fruit due to increased supply of seasonal products, and for other social security recipients a much smaller rise in health costs.

Over the last year (June Qtr 2017 – June Qtr 2018), the living cost indexes for age pensioners rose by 2.2% and for other social security recipients by 2.7%, by comparison to the generic CPI rise of 2.7 % in Adelaide and 2.1% nationally (ABS, 2018a, 2018c).

Figure 1: Increases in Living Costs June Qtr 2018



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. Again, price rises in most areas were modest in the quarter except for health and transport/petrol, both of which increased well above the general inflation rate for the quarter and for the year. There was a reduction in energy prices in the quarter, but still significant cost pressures with price rises earlier in the year showing up in massive increases in the yearly figures – with Adelaide well above the national trends. However, with no big electricity price rises in July this year (and even some retailers slightly reducing prices), the annual figures in the next quarter should look quite a lot better.

Table 1: Cost of Living Changes June Qtr 2018 by Expenditure Type

	June Quarter CPI Increase		**Annual CPI Increase** (June 2017 – June 2018)	
	Adelaide %	**Australia %**	**Adelaide %**	**Australia %**
Food	-0.5	-0.4	-0.2	0.3
Fruit and Vegetables	-2.3	-2.7	-3.2	-3.2
Housing	-0.2	0.2	5.1	3.1
Rent	0.4	0.0	0.7	0.6
Utilities	-1.0	-1.2	13.1	8.0
• Electricity	-1.5	-1.3	19.6	10.4
• Water	0.0	0.0	2.6	3.2
• Gas	-0.4	-2.2	7.5	7.1
Health	2.8	1.9	3.7	3.4
Transport	2.0	1.6	6.1	5.2
CPI All Groups	**0.4**	**0.4**	**2.7**	**2.1**

(Source: ABS, 2018c)

SECTION 2: Living on Newstart

The Newstart Allowance

The Australian social security system is enormously complicated with a range of payments and income supplements, but also strict qualification criteria and means-testing. The Newstart Allowance is the primary payment made to people of working age (age over 22 but under pension age) who are not in employment (or whose employment does not provide sufficient income). There is a base rate of Newstart for single people, single people with children and for couples, but payments are reduced for every dollar earned over $52 per week. Payments cut out completely when a person's income reaches $526.67 per week if they have no children, or at $801.87 if they are the principal carer with dependent children (Centrelink, 2018). Nationally, in March this year approximately one in four Newstart recipients were paid a part-rate allowance (DSS, 2018).

There are also a range of different supplements that may be applicable. Newstart recipients with children are entitled to Family Tax Benefit (FTB) Payments, Pharmaceutical Allowance ($3.10 p.w.) and if on a work for the dole scheme, a further supplement of ($10.40 p.w.) for travel. All Newstart recipients are entitled to the Energy Supplement ($4.40 - $6 p.w.) and if they are renting in private or community housing, to Commonwealth Rent Assistance (CRA) (depending on the amount of rent paid) (Centrelink, 2018). Approximately 40% of Newstart recipients receive CRA (DSS, 2018).

The end result of this is that the actual amount of money paid to any one person on Newstart will depend on their circumstances. Table 3 summarises payments for a single person, a single parent with two children, and a couple with 2 children. Again, these represent maximum base level payments – noting that some Newstart recipients will receive other payments, while many will not receive the maximum due to other income sources or differing entitlements around FTB.

Table 2: Newstart Rates at 30 June 2018

	Base Payment $ per week	**Total Allowance*** $ per week	**CRA** $ per week	**Total for renters** $ per week
Single Person (no children)	$272.90	$277.30	$67.40	$344.70
Single Parent (2 children)	$295.20	$567.72	$79.17	$646.89
Member of a Couple				
No Children	$246.40	$250.35	$63.50	$313.85
2 Children	$246.40	$515.02	$79.17	$594.19

** Amount includes Energy Supplement, Family Tax Benefits (Parts A & B), but not other payments which may be applicable depending on circumstances. For details see Appendix: Explanatory Note 3. Source: Centrelink (2018)*

Newstart Recipients in South Australia

In South Australia, in March 2018 there were 66,923 Newstart recipients (DSS, 2018):

- Two-thirds were over 35 years of age
- 53% were men
- 78% were paid at the single rate
- 7.5% identified as Aboriginal or Torres Strait Islander.

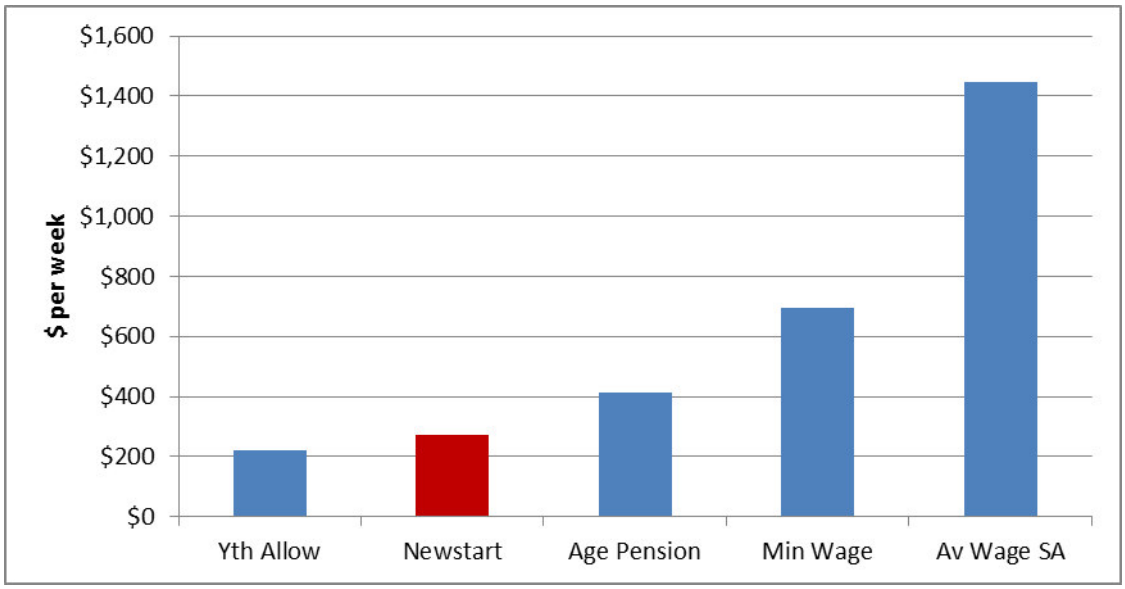
In addition, there were 8,252 South Australians on Youth Allowance (Other) – which is the unemployment payment for people under 22 years of age. It is paid at below the level of Newstart.

Comparison with Other Incomes

As is evident in Figure 2 below, Newstart is a very small payment (and as we will see below, grossly inadequate) compared to other income sources. It is just two-thirds of the Aged Pension, only 40% of the minimum wage, and less than 20% of the Average Wage in South Australia (Average Full-Time Ordinary Time Earnings, Seasonally Adjusted). It is even less as a proportion of the national average wage which is higher than the SA average.

The only income support payment which is lower is Youth Allowance (this graph shows the living-away-from-home rate as the most appropriate comparator to Newstart – the at-home rate is lower still).

Figure 2: Newstart and Other Incomes, 2018



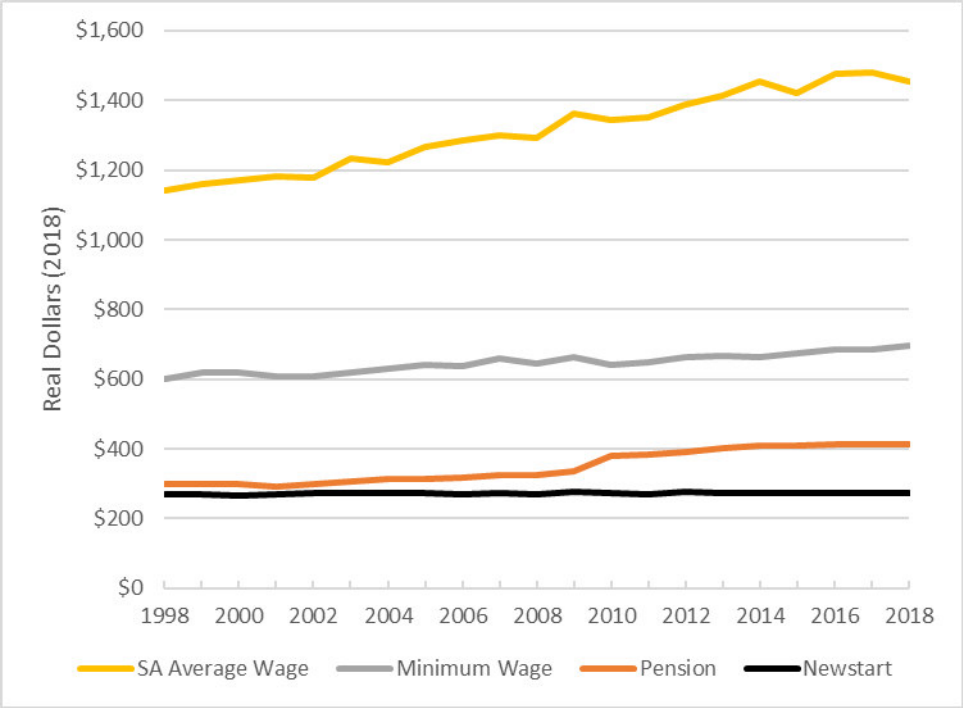
(Note: Average Wage is a November 2017, adjusted for inflation)
Source:Centrelink (2018); FWC(2017a), ABS (2018d).

Again, the comparisons here are base-rates with no supplements and allowances, but the comparison is even more telling when we look at changes over time.

Changes Over Time

Figure 3 traces the changes, adjusted for inflation, in Newstart, the Aged Pension, federal minimum wage and the average wage over the last twenty years. South Australian average wages have increased by 27.5% in real terms over the past decade and the minimum wage increased by 15%. In percentage terms, the Aged Pension increased the most, with a 39% rise in real terms due indexation based on income growth (rather than inflation) and a significant increase in 2009/10 based on the recognition of the inadequacy of the payment and the hardship being suffered by many pensioners. Newstart received no such boost, despite being a much lower weekly payment, and is evident in the graph, has not increased in real terms over the last two decades.

Figure 3: Changes in Different Income Levels ($2017)



Source: ABS (2018d), Australian Government (2017), Hamilton (2013), Trading Economics (2018).[1]

The result of these declines is that over the last 20 years the base rate of Newstart declined from 43% to 39% of the national minimum wage and from 24% to just 19% of the average wage in South Australia. In short, Newstart has not only not increased in real terms, it is falling further behind the rest of the population. This makes it harder for those on Newstart, Youth Allowance and the other base level allowances to remain connected to the rest of the community, which in turn impacts on their ability to find employment and be socially engaged.

The Purchasing Power of Newstart

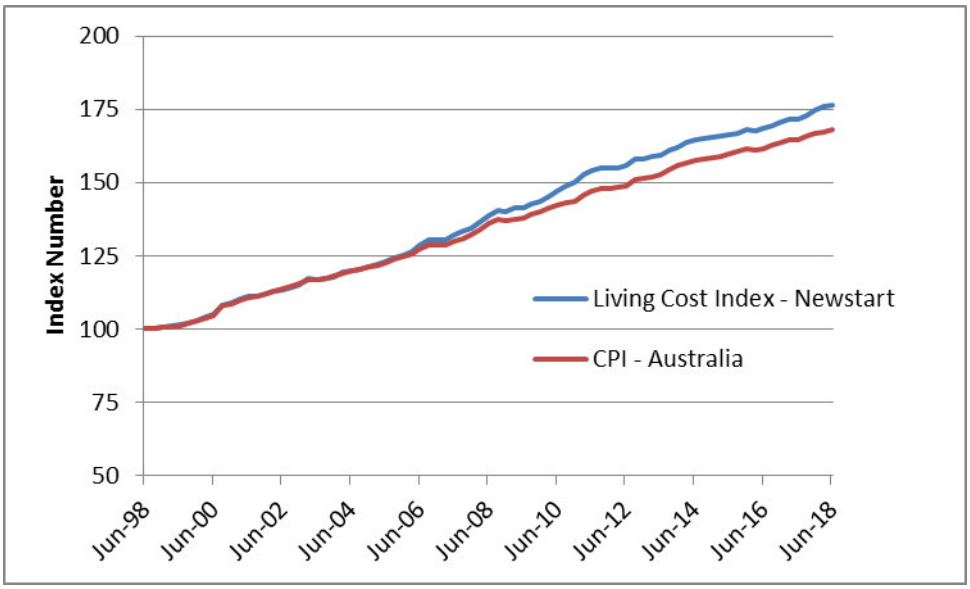
As bad as the story in the above graph is, it is actually worse for those living on Newstart when consideration is given to the actual cost of living.

The ACOSS graph adjusts all the income figures for inflation based on the CPI – which is the price changes for an average basket of goods and services. This is a standard way to calculate real value over time and is appropriate for the comparison of different income types. However, the basket of goods and services likely to be consumed by those on Newstart is different to the average household, and when the real value of Newstart is calculated using the ABS Selected Living Cost Index for non-pension social security recipients, the real purchasing power of Newstart has actually ***decreased*** over the past twenty years. This is because the prices of things like rent and utilities have gone up by far more than the generic inflation rate over the last twenty years, and these items are likely to make up a much larger proportion of the expenditure of households on Newstart than for the rest of the population, while on average Newstart recipients consume less of the goods and services whose prices have not risen rapidly.

[1] Average Wage figures for 2018 have not been released, so the figure here is estimated by indexing the November 2017 figure from ABS (2018d).

Figure 4 shows the difference between CPI and the Selected Living Cost Index for Other Social Security Recipients over the 20 years since the SLCI began in 1998, with the end result being a gap of 8.4 percentage points. Given that CPI is used to adjust the Newstart rate for inflation, this means that the purchasing power of Newstart has effectively declined by the extent of that gap.

Figure 4: The Cost of Living for those on Newstart



Source: ABS (2018a)

This can be put into dollar terms: in June 1998, the base rate of Newstart (single person, no children) was $160.75 per week. The purchasing power of that money today for a single person on Newstart (based on the SLCI) would be $283.64, by comparison with the actual current base rate of $272.90 – a difference of $10.74, or 4% of the current value of Newstart.

So a single person on Newstart can effectively buy $10.74 per week less goods and services now than they could have twenty years ago. This may not seem like a lot of money but when every dollar counts on such a low income even $10 a week is significant, and again, the loss of purchasing power is in contrast to the growing real incomes/purchasing power of most other income sources.

This loss of purchasing power shows that those on Newstart are going backwards not just relative to the rest of society, but also in absolute terms.

Household Budgeting on Newstart

Behind all these statistics are real people and the daily and weekly struggle to deal with increasing costs of living like increasing housing, health and transport costs. Below are the household budgets of four people living on Newstart, and one on Abstudy (a living allowance for Aboriginal and Torres Strait Islander people studying, paid at the same rate as Newstart). Each budget is slightly different reflecting different personal circumstances and choices, but the lack of money is common to them all.

In presenting these budgets, which were provided by members of the Anti-Poverty Network SA, we provide little background about the person. We do this mindful that the experience of many

people speaking out about living on Newstart is that they are subjected to criticism and abuse by those who believe they know better how that person should live their life. As one Newstart recipient has put it in a powerful media article, "Poverty is basically an invitation to everyone who has a job to cast judgment on your life." (Naujokas, 2018).

In analysing the budgets, we ask readers to recognise that you know only a couple of broad things about this person's life – you don't know their history, family, health, the way they live, the things they do during the week and/or the efforts they make in seeking work or education or other opportunities. What you can see from the figures though is the difficulties of making ends meet on Newstart.

Table 3: Household Weekly Budgets of 5 Newstart Recipients

Item	Tracey	Wendy	Jai	Marie	Tanya
	50 yrs old, single Newstart with some casual work, public housing	50s, single Newstart with some casual work, private rental	Early 20s, single Newstart, private rental	60, single Newstart, public housing	50s, single Abstudy, part-care 2 children, community housing in CBD
	$ p.w.	**$ p.w.**	**$ p.w.**	**$ p.w.**	**$ p.w.**
Rent	89.43	190.00	150.00	80.30	115.00
Groceries	50.00	20.00	60.00	50.00	50.00
Power	35.00	17.50	35.00	50.00	***
Phone/Internet	21.25	15.00	27.50	5.00	15.00
Insurance	21.25				
Pets	*37.50			12.50	15.00
Medications	4.00		10.00	6.50	
Metrocard	4.00		10.00		10.00
Vehicle	****	30.00		36.00	
Centrelink deduct		24.25		**	10.00
Debts Repayment	****	85.00			12.50
Fines					15.00
Saving for Bed	12.50				
Total Expenditure	**262 43**	**381.75**	**292.50**	**240.30**	**252.50**
Income	**357.70**	**345.25**	**320.00**	**245.00**	**270**
Difference		***-36.50***	***27.50***	***4.70***	***17.50***

* Includes ongoing vet bill. ** Debt repayment incorporated in reduced Centrelink payment. *** Power provided by social housing provider. **** Tracey's household expenditures include vehicle expenses and an overdraft repayment, but dollar figures not specified.

Some of the budgets show some money left over at the end of the week, but none of them are real surpluses. Tracey's budgets her regular Newstart payment, and her income from casual work is used for "expenses such as running vehicle (fuel, tyres rego), clothing over draft repayments (at 15% interest) and anything else not covered in my budget". Jai says he uses the dollars left over in his budget to save for specialist medical help plus any unforeseen costs, while Tanya just says "I

cannot afford to feed myself, or the cost associated with study. There is no such thing as entertainment, can't afford to get sick... my children eat while I don't".

In all the budgets, the "surplus" is simply money needed for absolutely everything else, and there is little left to save for contingencies. Tracey is saving for a bed – which at say $250 for a very basic mattress would still take 5 months to save for, and perhaps more than a year for a full bed or better-quality mattress – all provided that no urgent costs arise that need to paid for. The lack of savings also means that they are vulnerable to unexpected costs: only Tracey has insurance, and four of the budgets are haunted by past expenses which were not affordable at the time and lead to debts. Tracey notes the expense of overdraft payments in her non-budgeted expenditure; Marie took out a Centrelink loan to cover expenses – with the result that her weekly income is below the headline rate of $273 per week; and Tanya has both a Centrelink loan and a University Union loan to pay off. Wendy's budget shows that debt repayment can make it impossible to make ends meet – even with a scandalously low expenditure on food.

In none of the budgets will you find consumer durables, presents for family members, holidays, costs of entertaining/nights out, or a trip to the football. They are frugal budgets for bare survival, with pets being the most obvious "luxury" (and noting the positive role that pets play in mental and physical health). However, in this bleak picture it is clear that public/social housing makes a big difference. Marie, Tania and Tracey have rent capped housing, while Wendy and Jai are in the private housing market with rent accounting for around half of their weekly income. This is severe housing stress and one reason why SACOSS has decried the decline of public housing and called for expansion of the public housing estate in South Australia (SACOSS, 2018).

Increasing Newstart

In response to the obvious inadequacy of Newstart and the hardship it is causing, the Australian Council of Social Service is leading national calls to "raise the rate". ACOSS is calling for a $75 a week increase in the single rate of Newstart – and other similar base level allowances (Abstudy, Austudy, Youth Allowance, Widow Allowance, Sickness Allowance and Special Benefit). This is based on analysis of the minimum amount needed to ensure Newstart recipients could live a reasonable, healthy life and be in a position to look for work and participate in society (ACOSS, 2017). Based on their own experience, the Anti-Poverty Network SA is calling for an increase of at least $100 a week.

For Newstart recipients, (who account for 84% of recipients of all those allowances) a $75 a week increase would be a 27% increase in the current base rate. This sounds like a large increase, but given the last real increase in Newstart was more than twenty years ago (and then it was just $2.95 per week) a substantial increase is well overdue. As the figures above show, such an increase would be roughly equivalent to the real increase in the average wage in South Australia over the last two decades, and it would still be less than the increases in Aged Pension which have been necessary to keep many elderly Australians out of poverty.

SACOSS endorses the call to *raise the rate* and calculates that on current rates of unemployment, a $75 per week increase in the single rate of Newstart and those other allowances would mean an injection of about $222m into South Australia per year. The breakdown is in Table 4 below, although it must be stressed that these are only an order-of-magnitude estimates as the data is not published for more accurate calculations. There is also no attempt to calculate the multiplier

effect of this money coming into the South Australian economy. (The methodology for these estimates is outlined more in the Appendix Explanatory Note 4).

Table 4: Impact of Increased Payments in South Australia

Allowance	No. of South Australian Recipients	Estimated Cost of Increase per year
Abstudy	629	$2.1m
Austudy	3,039	$8.3m
Newstart	66,923	$179.7m
Sickness Allowance	482	$1.2m
Special Benefit	382	$0.6m
Widow Allowance	887	$3.1m
Youth Allowance	8.252	$27.4m
Total	**80,594**	**$222.4m**

This is clearly a lot of money and would represent a major new stimulus to the South Australian economy, particularly as those on low incomes are likely to spend most of this money (in economic terms, a high marginal propensity to consume). Further, given the uneven geographic distribution of those on Newstart, it would likely represent a particular stimulus for low income areas.

Of course expenditure of this magnitude is also an impost on the Federal Budget, but this should be seen in context. For the whole of Australia, the cost of the proposed raise has been estimated at $3.2bn per year (ACOSS, 2018), which is 2.7% of the total $118bn budgeted expenditure on all income support in 2018-19 and less than one percent of all Commonwealth expenditure (SACOSS calculations from Commonwealth Budget (2018)).

Another context of particular relevance to South Australia is that the Commonwealth government is spending $50bn on the purchase of 12 submarines to be built in Adelaide (and at least as much again on maintenance over their lifespan) (Dept of Defence, 2018). The submarines are expected to have 20 years of service, so at $4.16bn per vessel, the annualised expenditure on the *purchase* of one submarine is $208m per year (plus maintenance). This is a straight division, not adjusting for inflation or allowing for potential differing costs between submarines, but the proposed increase in Newstart in South Australia represents just bit more than the annualised purchase cost of one submarine. Or alternatively, the proposed Newstart increase is less than 10% of the annualised purchase costs of the whole Future Submarine Program.

The point here is not to argue the merits of the submarine program, but rather simply to note that where there is an identified need we are prepared to find money for national security and we could do the same for social security. And perhaps more parochially, the submarine program is widely recognised to be of great economic importance to South Australia, and so too would the investment in South Australians on Newstart.

Chorus of calls to increase Newstart

This call to increase Newstart has been echoed by a range of business leaders, unions, economists, community groups and political figures (ACOSS, 2017). Beginning with a national first with the Port Adelaide Enfield Council calling for an increase in Newstart, eleven South Australian local governments have now recognised the impact of the inadequate rate of Newstart on people they represent (and their communities) and called for an increase. The Councils are Adelaide City, Clare and Gilbert Valley, Copper Coast, Kangaroo Island, Mount Gambier, Onkaparinga, Playford, Port Adelaide Enfield, Prospect, Salisbury and Streaky Bay.

These calls have now been backed by the Australian Local Government Association, whose national meeting in June this year resolved that

> In light of the burden placed on local governments across Australia to respond to the needs and challenges of people living in poverty and homeless, the National General Assembly calls on federal government to raise the Newstart Allowance… (Michael, 2018)

The ACT Chief Minister has also called for an increase in Newstart, and while such social security payments are clearly a Federal government responsibility, the local councils (and state/territory governments) have a direct interest in that they are responsible for and wear the costs of providing a range of services to help those in poverty. In effect, state and local governments pick up some of the tab for the inadequacy of Federal government income supports like Newstart. Further, as representatives of their communities, local and state governments also have a key role in advocating for the needs of their constituents – and their most vulnerable and disadvantaged constituents in particular.

Accordingly, and in light of the obvious inadequateness of Newstart, SACOSS now calls on the South Australian state government to add its voice to calls for an increase in Newstart. This would send an important message of support to South Australians struggling to live on Newstart and would be in the interests of the state as a whole.

Conclusion

The conclusion of the report is as short as it is obvious. The data is clear that the level of Newstart is inadequate and is leaving people in poverty. The base rate has not increased in real terms in 20 years and in that time those on Newstart have gone backwards relative to the rest of society, but also in absolute terms. The Federal government must increase Newstart (and other comparable allowances) by at least $75 per week, and the South Australian government should publicly call for this to happen.

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 SLCI traces changes in the amount expended each week on housing (e.g. mortgage repayments). Further information is available in the Explanatory Notes to the Selected Living Cost Indexes (ABS, 2018b).

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 than 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 social security recipients are among the most vulnerable and disadvantaged, any household-based data for multi-person households says nothing about distribution of power, money and expenditure within a household and may therefore hide particular (and often gendered) structures of vulnerability and disadvantage. Further, the living cost indexes are not state-based, so 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 2015-16 *Household Expenditure Survey*) add up to well over the actual social security payments available (even including other government payments like rent assistance, utilities allowance and family tax benefits). Clearly many households in these categories have other sources of income, or more than one social security recipient in the same household. Like the CPI, the 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 *Household Expenditure Survey*), but over time the price of some necessities may increase rapidly,

forcing people to change expenditure patterns to cover the increased cost. There is some adjustment of weightings for this, but these can't be checked without a new survey. Alternatively, or additionally, expenditure patterns may change for a variety of other reasons. However, the weighting in the indexes does not change and so does not track the expenditure substitutions and the impact that has on cost of living and lifestyle.

Finally, the 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 social security recipients (ABS, 2018b). 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 social security 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. Income Support Payment Calculations – June 2018

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

Rates at 30 June 2017

	Base Rate	Pension Supple-ment	Energy Supple-ment	FTB A Child u13	FTB A Child 13-15	FTB B	Pharmac Benefit	TOTAL PAYMENT
Aged Pension	$404.15	32.95	7.05					$444.15
Newstart - 2 children	$289.65		4.75	91.42	118.93	54.32	3.1	$562.17

Rates at 30 June 2018

	Base Rate	Pension Supple-ment	Energy Supple-ment	FTB A Child u13	FTB A Child 13-15	FTB B	Pharmac Benefit	TOTAL PAYMENT
Aged Pension	$413.10	33.65	7.05					$453.80
Newstart - 2 children	$295.20		4.75	91.42	118.93	54.32	3.1	$567.72

In this Update, Table 3 includes payments for Newstart recipients with other family circumstances. The calculation of those payments is as follows.

Rates at 30 June 2018 – Other Newstart Categories

	Base Rate	Energy Supple-ment	FTB A Child u13	FTB A Child 13-15	FTB B	Pharmac Benefit	TOTAL PAYMENT
Single (No children)	272.9	4.40					$277.3
Member of Couple (No children)	246.4	3.95					$250.35
Member of Couple (2 children)	246.40	3.95	91.42	118.93	54.32		$515.02

4. Calculation of Value of Payment Increases in South Australia

As noted in the body of this report, the figures quoted for the total amount of money coming to South Australia from the proposed $75 a week increases are only order-of-magnitude estimates. It is not a costing of the proposal nor a modelling of the impact on the South Australian economy. It is simply an approximation of the amount of money involved in such an increase based on the numbers of relevant South Australians relying on the Newstart payments. However, even here the estimation is limited because not all the necessary data has been published by the Department of Social Services (DSS, 2018).

In particular, while there is a state breakdown of the numbers of single people on each benefit type (which is relevant because the ACOSS proposal is to increase the single rate), there is no breakdown by state of the numbers of those people on the full rate and those on part-rate (who presumably would only receive a pro rata increase). Further, while there is national data on the numbers of people on part-payments, there is no data (state or national) on the actual amount of those payments – so an arbitrary figure of 50% of the payment was applied.

The background data for the estimate is in the table below. The basic methodology was to start with the published number of recipients of the various allowances being paid at the single rate in South Australia (Column C). Using the national percentages of how many recipients of each benefit were receiving full or part-rate (Column D), the steps were:

- estimate the cost of the proposed increase for those on the full rate: Column E = C x D x $75 x 52wks
- add the estimated cost of the pro rate increase for those on part rate based on the 50% assumption: Column F = C x (100-D) x $75 x 52 wks / 2
- sum of the cost of full rate and part rate payments: Column G = E + F.

A	B	C	D	E	F	G
Allowance	**No. of South Australian Recipients**	**No. at Single Rate**	**Percent of Recipients on Full Rate (national data)**	**Cost of $75 increase for those on full rate**	**Cost of pro rata increase for those on part rate**	**Estimated Cost of Increase per year**
	#	***#***	***%***	***$000***	***$000***	***$m***
Abstudy	629	588	82.1%	$1,882	$205	$2.1m
Austudy	3,039	2,360	80.6%	$7,418	$892	$8.3m
Newstart	66,923	54,492	75.6%	$154,767	$24,975	$179.7m
Sickness Allowance	482	341	83.7%	$1,113	$108	$1.2m
Special Benefit	382	237	21.8%	$201	$361	$0.6m
Widow Allowance	887	887	78.5%	$2,715	$371	$3.1m
Youth Allowance	8.252	7,837	79.4%	$24,268	$3,148	$27.4m
Total	**80,594**	**64,742**				**$222.4m**

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