

# Five ways to help people with the least with cost of living

January 2024

## 1. RAISE INCOME SUPPORT

People on the lowest incomes are unable to meet basic costs and are bearing the brunt of high prices. They are in urgent need of a substantial increase in their incomes to meet basic living costs.

A [recent ACOSS survey](#) found that 94% of people receiving JobSeeker who rent privately are in rental stress, spending more than 30% of their income on rent. More than half spend 50% or more of their income. More than 90% report poor physical and mental health due to their inability to cover basic costs.

### Recommendations

- Raise the rate of JobSeeker, Youth Allowance, Parenting Payment, Austudy, Abstudy, and Special Benefit to at least \$78 a day and index to wages as well as prices.
- Ensure adequate financial support for people on temporary visas experiencing financial hardship to meet basic costs.

## 2. LIMIT RENT INCREASES

Rents increased by more than 10% on average over the last year for city-dwellers. With more than 640,000 low-income households with an unmet housing need, urgent action is needed to help people keep a roof over their head.

In addition to substantial investment to build more public and community housing and to support homelessness services, the Federal Government should work with states and territories to place reasonable

limits on rent increases to mitigate rent inflation.

### Recommendations

In addition to substantial investment to build more public and community housing, the Federal Government should:

- Work with the states and territories to limit rent increases to the rental component of the Consumer Price Index or other appropriate measure and limit the frequency of increases to a minimum of 12 months (which has already been implemented in some jurisdictions).
- Work with the states and territories to end no-grounds evictions (including at the end of a lease) to provide greater housing security for renters and discourage the practice of increasing rents under a new lease.
- Fund homelessness services to meet demand and adequately pay the mostly female workforce.

## 3. REDUCE ENERGY BILLS

Energy costs have been a key driver of inflation and major cost of living pressure for households, especially those on low incomes, with an 18% increase in electricity costs for households in the year to September 2023.

Further one-off energy bill subsidies will not provide the ongoing relief needed. Support must be targeted towards people most in need.

## Recommendations

- Government fully funds the Small-Scale Renewable Energy Scheme (SRES) and remove the consumer levy, reducing bills by 4-6%.
- Write off energy debt of people in financial hardship.
- Invest in the acceleration of energy efficiency, electrification, and solar retrofits for low-income housing.

### 4. INVEST IN COMMUNITY SOCIAL SERVICES

The Federal Government should boost the capacity of the community sector to help more people experiencing crisis and financial distress.

Service providers are experiencing overwhelming demand for assistance. Services do whatever they can to keep up, but after years of underfunding, too many people miss out on help, and sector workers struggle with low pay that leaves them financially insecure.

A government package tackling cost of living must include investment in community services so that more people can access immediate help, and more sector workers can earn a decent, living wage with improved conditions.

#### Recommendation

Provide a \$1.6 billion funding boost to crisis services including financial and emergency relief, homelessness, family violence, and community legal services. This will ensure community service

providers can better meet the community's need for assistance.

### 5. REMOVE STAGE THREE TAX CUTS

The Stage 3 tax cuts will provide no benefit to people on lower incomes and will further fuel inflation. These tax cuts will inject \$21 billion into the economy from July 2024. Economist Chris Richardson said that without Stage 3, "inflation, other things equal in Australia, would be somewhere between a third and half of a per cent lower than otherwise."<sup>1</sup>

They will mostly benefit people earning more than \$180,000 a year. Parliamentary Budget Office analysis shows around 75% of the Stage 3 tax cuts will go to people in the top 20% of incomes<sup>2</sup>, with two thirds going to men. People in the lowest third of incomes receive no benefit at all.

The government should abolish the Stage 3 tax cuts. At a minimum, it should abolish changes that exclusively benefit high-income earners including removing the 37% tax rate for incomes between \$120,000 and \$180,000 and increasing the 45% threshold from \$180,000 to \$200,000.

This would retain a tax cut of up to \$37 per week for people on incomes up to \$120,000 and save approximately \$9 billion in 2024-25, which should fund cost-of-living relief for people most in need.

#### Recommendation

Do not proceed with the tax cuts legislated to commence in 2024-25 and redirect budget savings to better targeted cost of living relief.

<sup>1</sup> Chris Richardson (2024) RN Breakfast, ABC, 11/01/2024

<sup>2</sup> Parliamentary Budget Office, Distributional analysis of the Stage 3 tax cuts, 16 May 2023