

Impact of major Budget cost-of-living measures on different households

May 2024

People on the highest incomes gain most from the Budget. Most people on the lowest incomes only get the one-off energy rebate.

Key points

- **Most people on the lowest income support payments (approximately 60%) will not benefit from the Rent Assistance or JobSeeker measures and will only receive the \$300 energy bill rebate** if they have a home and energy account (averaging out at just \$6 extra per week for 12 months).
- **By contrast, people on the highest incomes will receive \$93 extra per week via the energy rebate and tax cuts (more if the household contains two wage-earners).**
- **Only 0.46% of people on JobSeeker and related payments will benefit from the Partial Capacity to Work JobSeeker increase.**
- **Only 305,000 households receiving JobSeeker and related payments (40% of the total number) will benefit from the Rent Assistance increase. There are more than one million people receiving JobSeeker and other inadequate income support payments.**

Cameo analysis of cost-of-living relief in the 2024 Federal Budget

The Budget includes three main measures to lift household spending power:

- Revised tax cuts
- \$300 energy bill rebate
- Increase in Commonwealth Rent Assistance

The following simple cameo analysis compares the impact of these measures on the spending power of households without dependent children, on different incomes.

We find that:

- The majority of the 780,000 people on the Jobseeker Payment (approximately 60%) only benefit from the energy rebate (which increases spending power by an average of \$6pw for 12 months). The single Jobseeker Payment is just \$386pw.
- A minority of people receiving the Jobseeker Payment (approximately 40%) also receive the Rent Assistance increase. For a single person without children, the maximum increase is \$9.40pw, and for couples without children, the maximum increase is \$8.90pw (a total of \$15.17 pw and \$14.63 pw respectively).¹
- A single person earning the median wage (\$65,000) gains \$6 pw from the energy rebate and \$25pw from the tax cut, for a total gain of \$31 pw.
- A couple on one and a half times the median wage (\$97,500) gains \$6 from the energy rebate and \$33 from the tax cut, for a total gain of \$39 pw.
- A single high-income person on \$200,000 gains \$6pw from the energy rebate and \$87pw from the tax cut, for a total gain of \$93pw.
- A couple on one and a half times \$200,000 gains \$6 from the energy rebate and \$129 from the tax cut, for a total gain of \$228 pw.

Table 1: Increase in household spending power from Budget cost-of-living measures (for single people and couples without children)

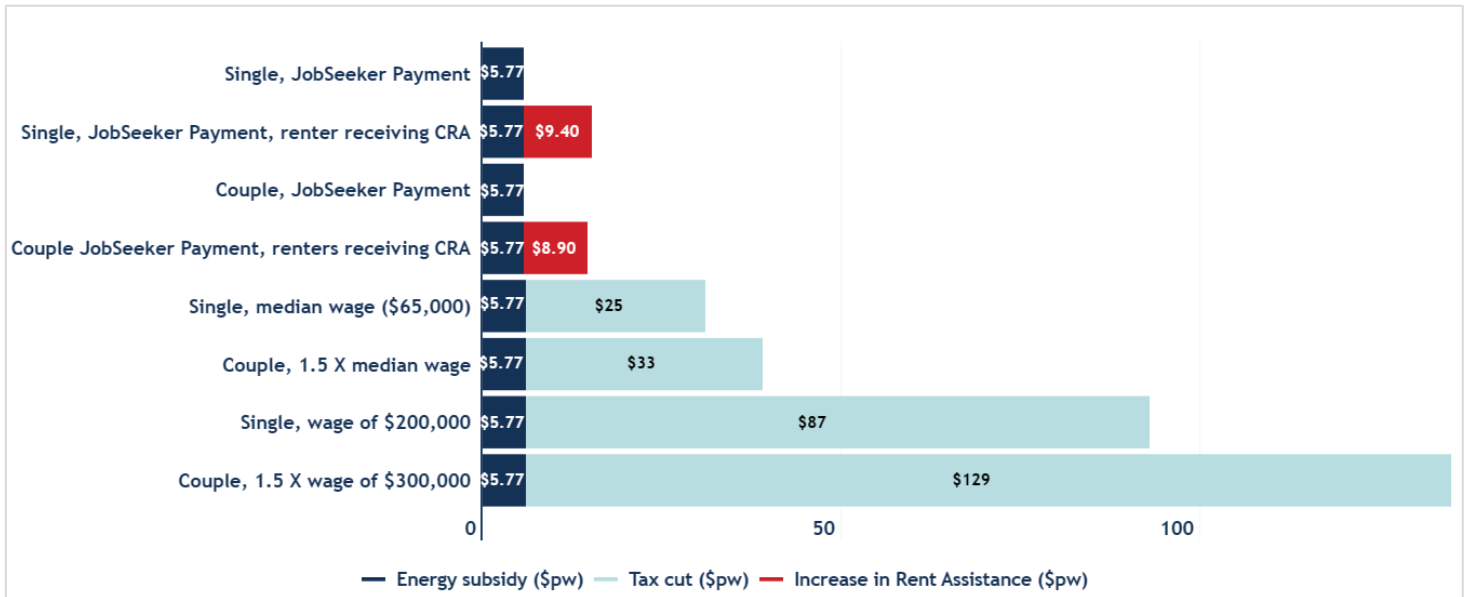
	Current income (\$pw)	Energy subsidy (\$pw)	Increase in CRA (\$pw)	Tax cut (\$pw)	Total increase (\$pw)	Total increase (% of income)
LOWEST INCOMES						
Single, Jobseeker Payment, no CRA	\$386pw	\$5.77	\$0	\$0 ²	\$5.77	1.5%
Single, JobSeeker Payment, Renter receiving CRA	\$480.10pw	\$5.77	Up to \$9.40	\$0	Up to \$15.17	3.2%
Couple, Jobseeker Payment, no CRA	\$698.30pw	\$5.77	\$0	\$0	\$5.77	0.8%

¹ These cameos do not include people with children, who receive a different rate of rent assistance through Family Tax Benefit.

² The vast majority of recipients do not have earnings, or their income is too low to pay income tax.

	Current income (\$pw)	Energy subsidy (\$pw)	Increase in CRA (\$pw)	Tax cut (\$pw)	Total increase (\$pw)	Total increase (% of income)
Couple JobSeeker Payment Renters receiving CRA	\$786.90pw	\$5.77	\$8.90	0	\$14.63	1.9%
MIDDLE INCOMES						
Single, Median wage (\$65,000)	\$1,250	\$6	\$0	\$25	\$31	2.5%
Couple, 1.5 X median wage (\$97,500)	\$1,875	\$6	\$0	\$33	\$39	2.1%
HIGHEST INCOMES						
Single, \$200,000	\$3,486	\$6	\$0	\$87	\$93	2.7%
Couple, 1.5 X \$200,000	\$5,769	\$6	\$0	\$129	\$228	4.0%

Figure 1: Budget cost-of-living measures (\$ per week)



Note: single and couple households without children. Those receiving Jobseeker Payment are not employed.

Why the income support increases exclude most on the lowest payments

The following shows why the only cash boost the majority of people on the lowest incomes will receive is the \$300 energy rebate (assuming they have a home and an energy account).³

This is because the increase in Rent Assistance only benefits a minority of people on the lowest income support payments, and the JobSeeker measure supports a very small percentage of people receiving the payment.

Rent Assistance

As at December 2023, there are 1,023,000 million people receiving payments like JobSeeker, Youth Allowance, Austudy, Abstudy and Special Benefit. These are paid at \$55 a day or less.

There are 305,415 households receiving these allowances who also get Rent Assistance. The vast majority are single person households.

At best, we estimate around 40% of people receiving JobSeeker, Youth Allowance and related payments will benefit from the Rent Assistance increase.

If they do, the maximum increase a single person will receive is \$9.40pw. If they live in a share house, the maximum rent assistance increase they will receive is \$6.27pw. Combined with the energy rebate, the best-case scenario for these single people is an increase of \$15.17pw and \$12.04pw respectively.

³ Read ACOSS' briefing on alternatives to the \$300 electricity rebate at <https://www.acoss.org.au/wp-content/uploads/2024/05/ACOSS-Briefing-Alternative-to-300-electricity-rebate.pdf>

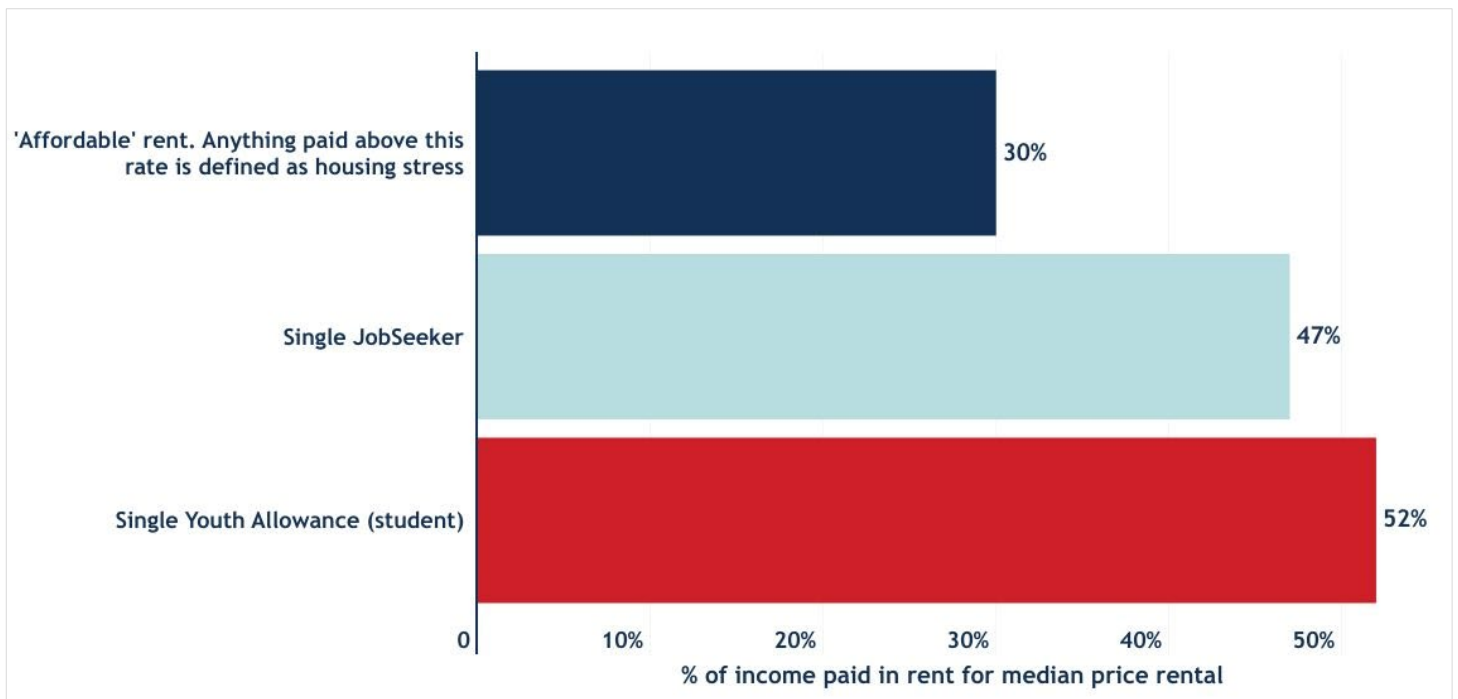
Why the increase in Commonwealth Rent Assistance does little to reduce housing stress

If people pay more than 30% of their income on housing, they are said to be experiencing 'housing stress'.

Figure 2 shows that even with a 10% increase in Commonwealth Rent Assistance, a single person on the maximum rate of Jobseeker Payment in a dwelling at the median rent level would still have to pay almost half (47%) of their income in rent.

Those on Youth Allowance (student) would pay 52% of their income in rent.

Figure 2: Proportion of income support spent on rent for single people on JobSeeker and Youth Allowance paying median rent after a 10% increase in Commonwealth Rent Assistance



Why very few will benefit from the JobSeeker 'partial work capacity' (0-14 hours) measure

Just 4,700 people will benefit from this measure, **which represents 0.46% of all people receiving JobSeeker and related payments that are deeply inadequate.**

It will increase this group's income by \$27.50pw.

If the person receives the maximum (single) rate of Rent Assistance, their income will increase by \$42.67pw (including the \$300 energy rebate).

Figure 3: Why the JobSeeker Partial Capacity Budget '24 measure is inadequate

