

QCOSS

Queensland Council
of Social Service

Cost of Living Report – Special Edition

The cost of living and age
pensioner households



Issue 2 2014

From data available in July 2014

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Executive summary

The rising cost of living has become a common topic of conversation as it undoubtedly impacts on many Australians. However much of the debate fails to acknowledge it is low-income households – those experiencing poverty and disadvantage – who are most impacted by the rising costs of goods and services.

Older Queenslanders relying solely on the age pension and other government allowances are one group who are significantly impacted by cost-of-living pressures. In the December quarter of 2013, there were 435,373 Queenslanders receiving the age pension¹. While some have access to superannuation or other income sources to supplement the age pension², many rely solely on the age pension as their primary source of household income³. Older women are overrepresented as age pension recipients and are more likely to receive the maximum rate of payment because they find it more difficult to accumulate superannuation through either compulsory or voluntary contributions⁴. With projections suggesting that the number of people aged 65 to 84 in Queensland will more than double from 491,000 in 2010 to 1.3 million by 2050⁵, it is likely that the number of people in this situation will increase, placing additional pressure on social services and other supports.

This report examines the capacity of four example age pensioner households to meet a basic standard of living. The report uses publically available data to estimate the basic income and expenditure for these four households. It is the second age pensioner report produced by QCOSS, with the first report published in August 2013.

This report shows that housing costs continue to have a significant impact on the capacity of age pensioners to meet a basic standard of living. In particular, the research shows that age pensioners living in private rental properties in the Brisbane area cannot meet the costs associated with a basic standard of living. It is argued that age pensioners in this situation have to make compromises about their housing, transport or other living expenses, which may undermine their quality of life.

This report calls for urgent targeted action to address the significant costs associated with the provision of housing for Queenslanders who are dependent on the age pension for survival.

A basic standard of living

The Queensland Council of Social Service (QCOSS) has produced this *Cost of Living Report – Special Edition: The cost of living and age pensioner households, Issue 2* in a bid to better understand the capacity of age pensioners to meet a very basic standard of living.

As with QCOSS' regular *Cost of Living Report*, this report uses very conservative estimates to determine a basic standard of living. A basic standard of living is defined as “one that goes beyond survival (for example food, shelter and clothing) – it provides an opportunity for quality of life (incorporating health, safety, use of facilities and services, connecting with people, a holiday) and access to a modest number of things that contribute to social inclusion and wellbeing (such as recreation, entertainment and social outings).”

It is important to understand that the findings are based on a very austere living standard, one that allows little room for improvement or any buffer from unexpected costs or crises. The estimate of costs provided is similar to the Association of Superannuation Funds of Australia's Retirement Standard⁶, but with the addition of estimates of costs for households renting in the private market.

To estimate income and expenditure this report follows the methodology used in QCOSS' regular *Cost of Living Report*⁷. The method is modified by applying a set of assumptions specific to each of the four age pensioner households⁸.

To estimate expenditure, the report draws on data from the Australian Bureau of Statistics' (ABS) Household Expenditure Survey (HES)⁹. As the HES data is only collected every six years, this is adjusted using Consumer Price Index (CPI) data to account for changes in the cost of goods and services over time. HES data is supplemented with real data for rent, public transport, housing and council rates and charges (including water and sewage) as this is readily available. To ensure the findings are consistent, data is for Brisbane only, unless otherwise stated. Income data is generated from the Centrelink Online Estimator¹⁰, which provides up-to-date information on government pensions and allowances. This methodology provides a realistic and accurate picture of expenditure and income.

As a recent Productivity Commission report noted, older Australians 'generally want to remain independent and in control of how and where they live¹¹', therefore our four example households used in this report live independently. Our four example households include:

- **Barbara:** 72 years old, rents a one-bedroom apartment and relies exclusively on public transport
- **Pat:** 69 years old, owns her own three-bedroom house (debt-free) and owns a small car
- **Charlie and May:** 75 and 73 years old, rent a two-bedroom apartment and rely exclusively on public transport
- **Liz and Bryan:** 71 and 74 years old, own a three-bedroom house (debt-free) and own a small car.

The main differences between our example households are the size of the household, the type and size of their housing, and the type of transport they use. This necessitates some differences in the way income and expenditure is estimated¹². As different assumptions are used for each household, caution should be used in comparing the outcomes across households. Rather, the situation for each individual household should be compared over time as future reports are produced.

How are our example households faring?

Two of our households – Barbara, and Charlie and May who rent their accommodation – are simply unable to afford a basic standard of living. This means they are often forced to choose which essential items to forego in order to keep a roof over their head and put food on the table.

The results in Table 1 and Figure 1 provide a clear picture of the capacity of our four age pensioner households to afford the basics in life.

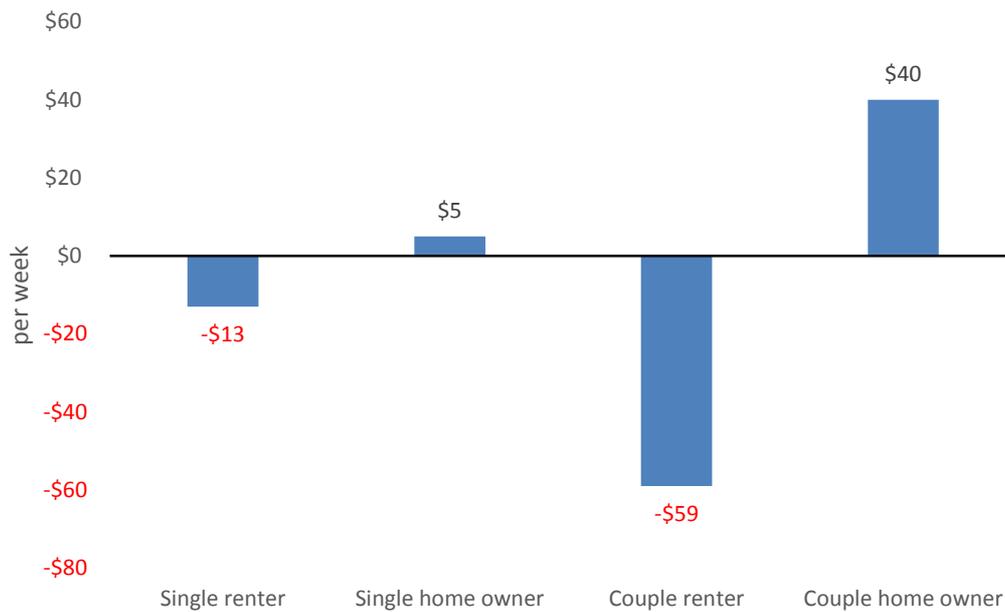
- Age pensioners living in Brisbane who rent in the private rental market are not able to meet the costs associated with a basic standard of living.
- The requirement to meet ongoing rental costs is the single biggest financial burden for age pensioners who do not own their own home.
- Both our single and couple renter households are in housing stress (paying more than 30 per cent of their gross income)
- While households can reduce their living costs considerably by using public transport, this can impinge on the mobility and wellbeing of older people.

Table 1: Weekly budgets for our four example households

July 2014	Single		Couple	
	Renter Barbara Weekly expenses	Home owner Pat Weekly expenses	Renters Charlie and May Weekly expenses	Home owners Liz and Bryan Weekly expenses
Food and drink	\$76	\$76	\$152	\$152
Clothing and footwear	\$11	\$11	\$22	\$22
Rent*	\$240	\$0	\$320	\$0
Electricity	\$30	\$32	\$34	\$34
Household contents and other services	\$44	\$56	\$44	\$56
Health	\$25	\$25	\$51	\$51
Private motor vehicle*	\$0	\$82	\$0	\$82
Automotive fuel*	\$0	\$20	\$0	\$40
Public transport	\$14	\$0	\$29	\$0
Phone / internet	\$10	\$10	\$20	\$20
Recreation / entertainment	\$24	\$24	\$53	\$53
Annual holiday and travel*	\$4	\$4	\$9	\$9
Contents insurance / house and contents insurance	\$9	\$14	\$9	\$14
Emergency savings	\$10	\$10	\$10	\$10
Rates	\$0	\$17	\$0	\$17
Water and sewerage	\$0	\$18	\$0	\$18
Household maintenance and repairs	\$0	\$17	\$0	\$17
Total expenditure	\$497	\$416	\$753	\$595
	Weekly income	Weekly income	Weekly income	Weekly income
Age Pension	\$383	\$383	\$577	\$577
Pension Supplement	\$31	\$31	\$47	\$47
Rent assistance	\$63	\$0	\$59	\$0
Other	\$7	\$7	\$11	\$11
Total income	\$484	\$421	\$694	\$635
Weekly difference	-\$13	\$5	-\$59	\$40

***Please note:** Changes to the method for calculating the cost of renting and the cost of owning and operating a private motor vehicle¹³ in this issue mean that it is not possible to compare the data in this report with previous reports. Where comparisons are made between 2013 and 2014 data in this report 2013 data has been updated using the new method to enable comparison over time.

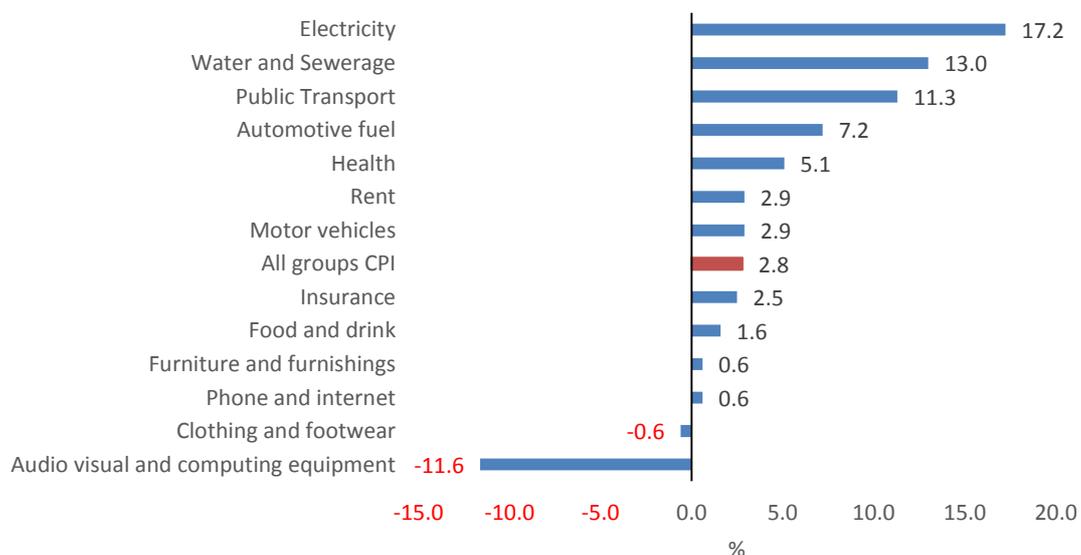
Figure 1: Amount above or below a basic standard of living (per week), July 2013



Changes to income and living costs

Figure 2 below shows the average annual increase in the price of selected goods and services over the past five years. What it shows is that, in general, essential goods and services have increased at a rate far faster than non-essential items. This demonstrates the limitations of using overall CPI when assessing if low-income households are experiencing cost of living pressures. Because low-income households tend to spend a greater proportion of their income on essential items¹⁴, it is important to examine the impact of changes to specific expenditure categories when analysing the impact of cost of living changes on low-income households such as those receiving the age pensioner.

Figure 2: Annual average increase in the cost of goods and services, Brisbane June 2009 to June 2014



There are a number of changes to income and living costs that contribute to the overall position of our four example households. As Figure 3 below shows, the overall budget position of our single renter has declined while the overall position for our other three households has improved over the past 12 months from July 2013 to 2014.

For these three households income has improved over the past 12 months relative to costs, as shown in Figure 4. This can be attributed to an easing in the rate of overall inflation over this time and because the age pension has increased at a rate above CPI.

Figure 3: Amount above and below a basic standard of living, July 2013 and 2014

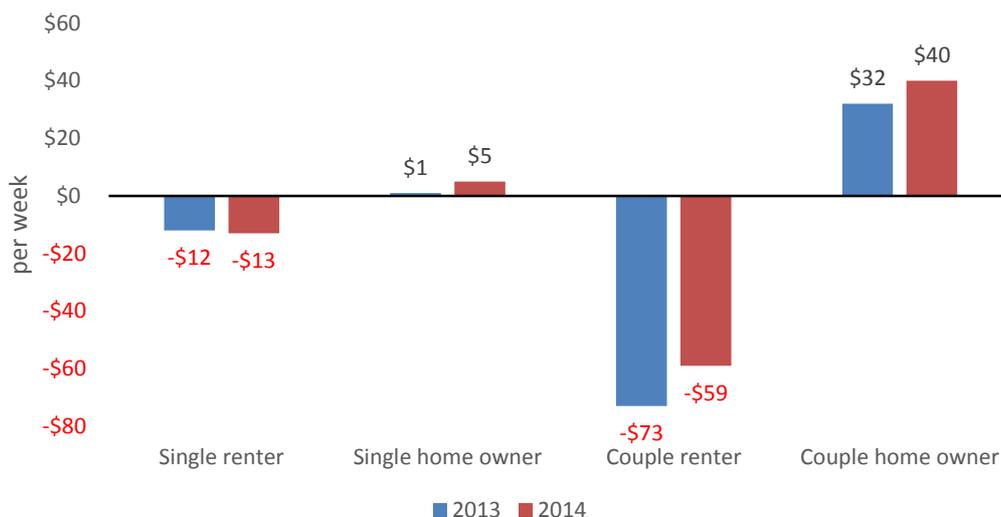
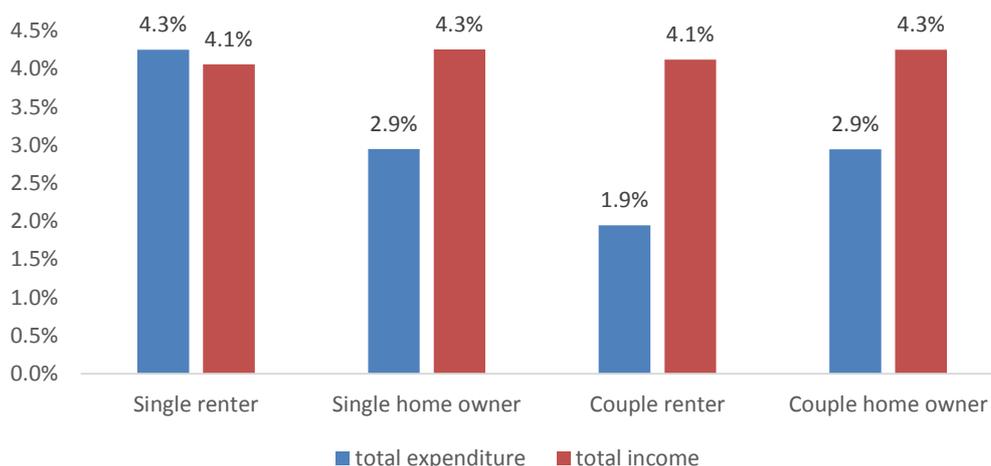


Figure 4: Change in income and expenditure between July 2013 and July 2014



Because the age pension is currently indexed with either the Pensioner and Beneficiary Living Cost Index or Male Total Average Weekly Earnings, whichever is higher, it is *more likely* to increase at a rate higher than costs¹⁵. This situation may change if the proposal to index the age pension with CPI is passed as part of the Federal Budget. Given that age pensioners and other low-income households spend a greater proportion of their budget on essential items, which are increasing at a rate faster than CPI it is likely that this change will have a negative impact on age pensioners over time, making it harder to meet a basic standard of living.

As the Council of the Ageing (COTA) noted in a recent submission to the Senate Community Affairs Legislation Committee inquiry, “if CPI only indexation is introduced pensioners will have a lower standard of living than before as their pensions decline in real value.”¹⁶

The decline in the relative position of our single renter is the result of large increases in the cost of renting a one-bedroom apartment in the private rental market in Brisbane. Unfortunately, fluctuations in the cost of renting in the private rental market are not adequately matched by changes in the maximum rate of Commonwealth Rent Assistance (CRA). Situations of high price volatility can lead to a mismatch between the amount of rent paid and the amount of assistance received.

Table 2 shows the annual change in expenditure category for each household. The increased cost of renting in the private market make up a significant proportion of the overall increase in costs – over 30 per cent for our couple and over 70 per cent for our single renter households. The cost of health, public transport and food and drink make up the next largest proportion of the increase in costs for our single and couple renter households.

For our home owners the increase in the cost of goods and services are more evenly spread amongst a range of expenditure categories. The most notable being increases in the ongoing costs of purchasing, maintaining and running a private motor vehicle, which combined makes up roughly 30 per cent of the increase for each of these households. Other significant cost increases include charges for water and sewerage and the cost of health and food and drink.

While increases in the cost of goods and services have been exceeded by increases in income over the past 12 months for three out of four of our households, what is still concerning is the ongoing inability of our renting households to meet a basic standard of living. This points to a need to further target support to this section of the community.

Table 2: Annual change in expenditure for each example household, July 2013 and 2014

	Single renter	Single home owner	Couple renter	Couple home owner
Food and drink	\$85	\$85	\$170	\$170
Clothing and footwear	-\$5	-\$5	-\$10	-\$10
Rent (see discussion below)	\$780	\$0	\$260	\$0
Electricity (see discussion on concessions)	\$13	\$7	\$1	\$1
Household contents and other services	\$40	\$51	\$40	\$51
Health	\$61	\$61	\$122	\$122
Private motor vehicle	\$0	\$124	\$0	\$124
Automotive fuel	\$0	\$76	\$0	\$152
Public transport	\$53	\$0	\$106	\$0
Phone / internet	-\$1	-\$1	-\$2	-\$2
Recreation / entertainment	\$21	\$21	\$46	\$46
Annual holiday and travel	\$4	\$4	\$9	\$17
Education	\$0	\$0	\$0	\$0
Financial and insurance	\$6	\$9	\$6	\$9
Emergency savings	\$0	\$0	\$0	\$0
Rates	\$0	\$48	\$0	\$48
Water and sewerage	\$0	\$139	\$0	\$139
Household maintenance and repairs	\$0	\$17	\$0	\$17

Why are rental households struggling to meet a basic standard of living?

While the majority of people aged 65 and over own their own home in Australia, 14.5 per cent of people in this age category are renting, half of which are renting in the private rental market¹⁷. These figures are likely to be higher in Queensland, given that Queensland has a higher proportion of households who are renters¹⁸. Data from the Department of Social Services shows that there were 10,309 people over the age of 65 receiving Commonwealth Rent Assistance in the Brisbane local government area in the March quarter 2014¹⁹. While some of these recipients will potentially live in community housing it is likely that many live in the private rental market.

Much of the difficulty facing renters in the private rental market results from the high cost of renting combined with inadequate support to meet these significant costs. While private rental costs have increased significantly during the past five years in Brisbane, assistance provided through the CRA scheme has failed to keep pace²⁰. Both of our rental households are in severe housing stress because they pay a large proportion of their income on housing costs.

As figures 5 and 6 show, between 40 and 50 per cent of the expenditure of our renter households is used to meet housing costs. To compound this problem our renter households are experiencing disproportionate increases in the cost of renting over time. As Figure 7 shows, rental costs made up a significant proportion of the total increase in expenditure over the past 12 months, especially for our single renter.

Unfortunately, assistance to meet housing costs is not keeping pace with the increased cost of housing. As Figure 8 shows the increase in the cost of renting far outpaces the increase in the level of CRA. The inadequacy of CRA is supported by data from the Productivity Commission showing that 28 per cent of CRA recipients in Queensland over the age of 75 were still paying more than 30 per cent of their income on housing costs²¹. What this shows is that some age pensioners are paying higher amounts of income on rent yet they are not being provided with adequate assistance through the CRA scheme to cover the cost of renting in the private market.

Figure 5: Proportion of expenditure by expenditure category, single renter July 2014

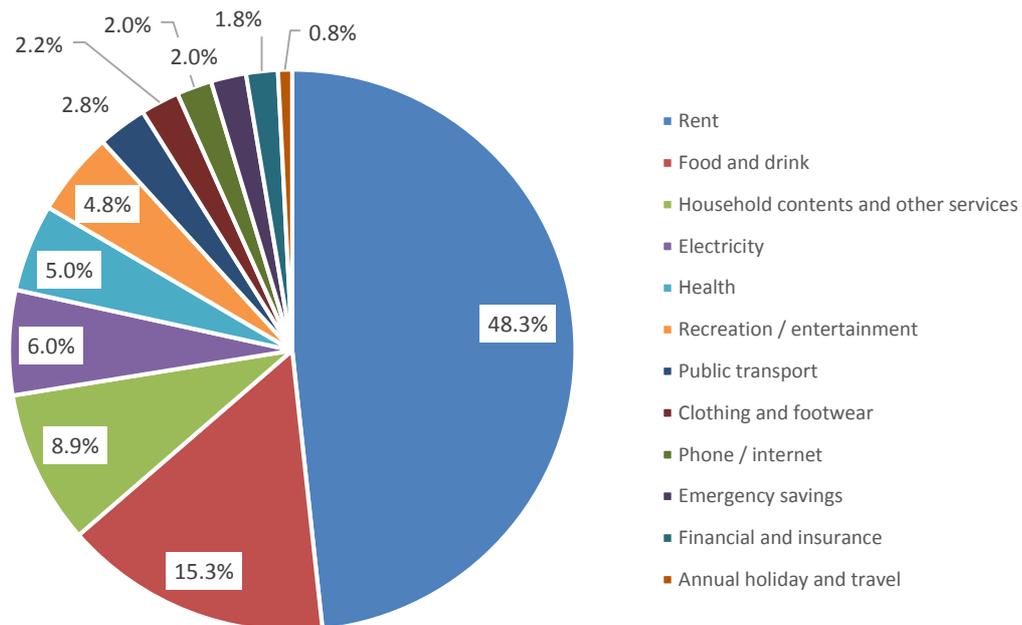


Figure 6: Proportion of expenditure by expenditure category, couple renter July 2014

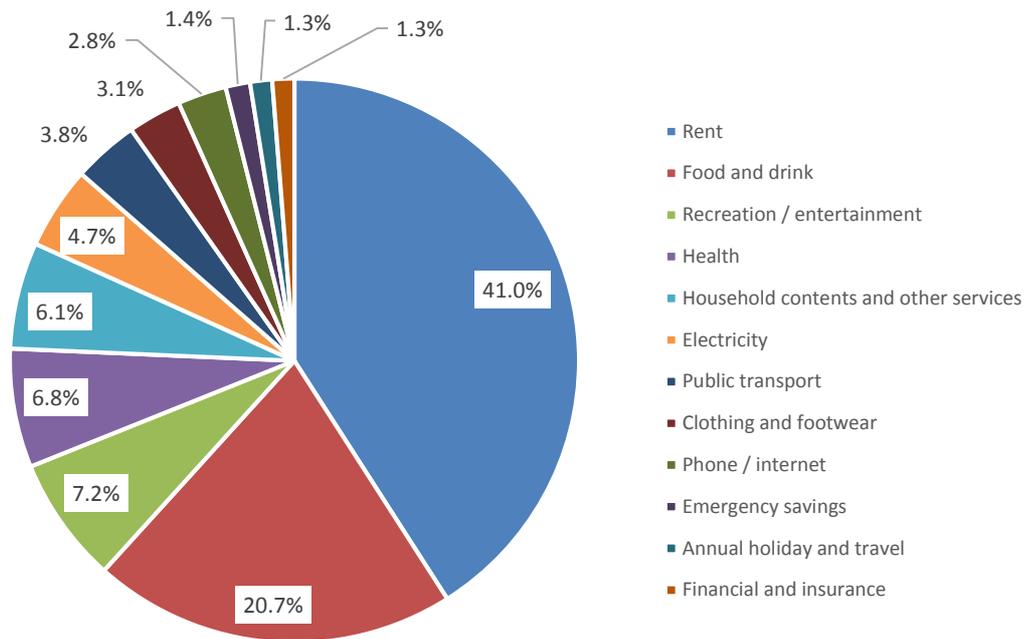


Figure 7: Annual increase in expenditure items for single and couple renter households, July 2013 to 2014

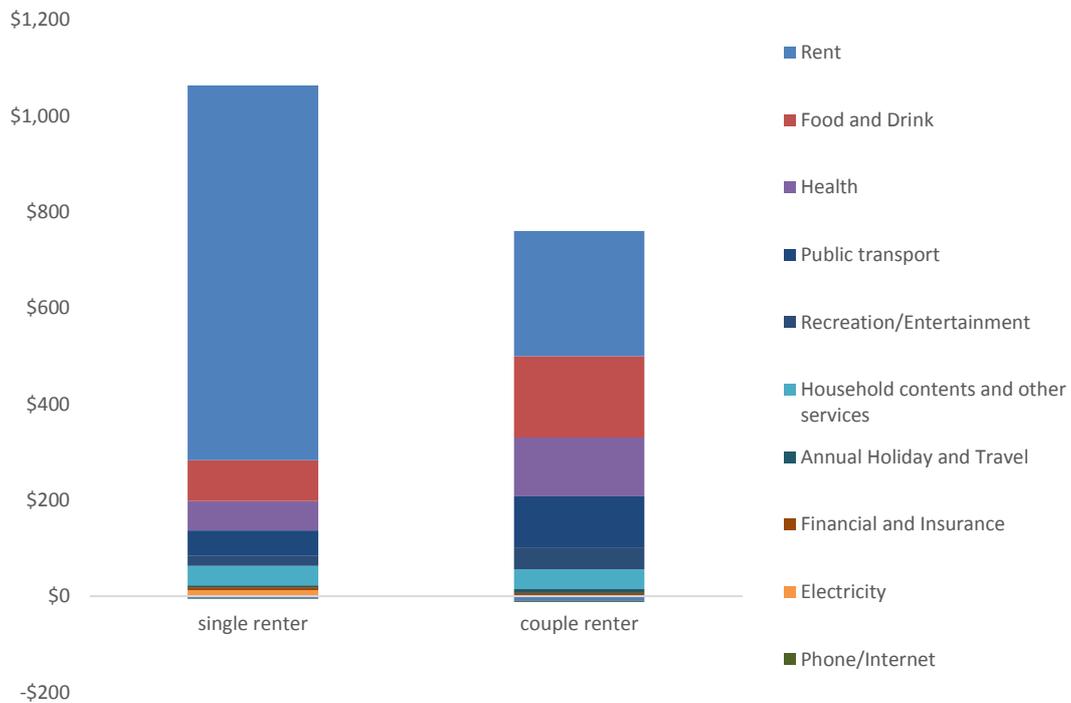
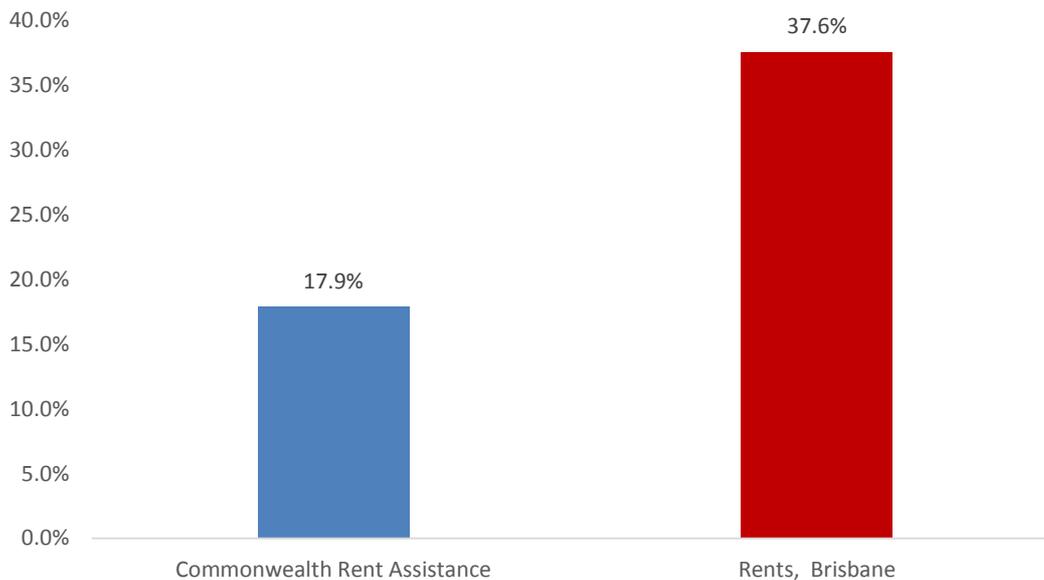


Figure 8: Increase in the maximum rate of Commonwealth Rent Assistance versus rents in Brisbane (using rent category of CPI), March 2007 to March 2014^{22,23}



Alternative housing options

Individuals and couples who do not own their own home struggle to find appropriate accommodation due to the lack of low-cost housing options available.

While some age pensioners are able to live in retirement villages and mobile and manufactured home communities this may not be an option for low-income age pensioners with little or no capital, as these communities often charge significant up-front fees, which range from \$50,000 to \$200,000²⁴.

A lower cost alternative to the private rental market is public and community housing, however there continues to be a significant lack of available and appropriate stock in Queensland. Not only is there a lack of smaller one and two bedroom social housing options but there are also long waiting lists, with an estimated 19,000 households on the waiting list for long-term social housing in Queensland²⁵. According to latest figures 4,729 of the individual applicants on the waiting list for social housing are people over the age of 55²⁶. Many of these individuals are likely to be age pensioners who are struggling to meet increasing housing costs.

Rooming houses, boarding houses and hostels provide another option with reduced barriers to entry (upfront fees are generally only \$260 to \$360), however this accommodation option is largely ill-suited to older people as they are not age-specific, involve unstable tenure and generally provide poor living conditions²⁷.

Another option available to age pensioners is to live in areas where the cost of renting is cheaper. While this report uses rental data for the Brisbane area it is important to acknowledge that many people live in suburbs outside of Brisbane where the cost of renting can be cheaper. If the renter households, in this report, were to rent similar properties in Moreton Bay, Redlands, Logan or Ipswich rather than Brisbane, it is estimated that Barbara would be \$50 per week better off and Charlie and May would be \$70 per week better off²⁸. While this would mean they are able to meet a basic standard of living, there are significantly fewer one and two bedroom units available in these areas. This could mean that increased competition for these cheaper forms of accommodation might result in a higher price than is estimated.

The other concern is that living in outer suburban areas where rents are cheaper have cost benefit implications. While our two renter households could save money by renting in suburbs outside of Brisbane, it is important to recall that neither of these households own their own car. While this significantly reduces their transportation costs it potentially increases the risk of social isolation in areas inadequately serviced by public transport²⁹. It could, for example, become more difficult for Barbara, Charlie and May to access the various services and activities that support a quality life, including going shopping, accessing health care³⁰ and recreational activities and visiting family and friends. This is because the availability and accessibility of public transport services in lower density outer suburban areas is reduced. Older people with mobility issues will be particularly impacted in this situation as they may physically be unable to walk to nearby bus stops or train stations.

Another option open to our couple is to rent a smaller one bedroom apartment. Given that we estimate that a one bedroom apartment in Brisbane costs \$230 per week this would decrease the cost to our couple by \$90 per week and mean that they would earn above what is required to meet a basic standard of living. While this option may be available it is not necessarily viable or practical for a couple to be living in such a dwelling. Given the small number of one bedroom apartments available, particularly in outer suburbs, any increase in demand from this group could drive up prices, negating any benefits in the short term.

A final option open to our age pensioner households is to reduce housing costs by living with family or friends. Living with family may be an attractive option for some families, especially those who rely on older parents as carers of young children. Share housing may provide a practical solution for age pensioners, as it can provide a level of support and companionship that is not available when living alone. It is unlikely that either of these options would be suitable for the majority of older people given older Australians preference for living independently and in control of how and where they live³¹.

Concessions

The financial stresses experienced by our example households would be much worse if they did not benefit from several Queensland Government concessions. Currently, age pensioners receive a number of concessions on electricity, car registration, public transport fares, council rates, water charges and the Emergency Management, Fire and Rescue Levy.

The value of concessions are set by various means. The Electricity Rebate is tied to the increase in electricity costs for a 'typical' residential customer as determined by the Queensland Competition Authority. Public transport concessions to pensioners are set at 50 per cent of adult fares. Rates and Water Rebates are not indexed. The pensioner concession for the Emergency Management, Fire and Rescue Levy is set at 20 per cent.

Figure 9 shows the extent of concessions available to each household on an annual basis and Figure 10 shows the impact of concessions on each of the four household's capacity to meet a basic standard of living. As can be seen the total value of concessions available for each household is considerable and improves the budget bottom line of each of the four households.

The couple who rent receive the highest value of concessions, primarily because they use public transport. Based on our assumptions, this household receives \$1,817 worth of concessions of which 82 per cent are from the concessions they receive using public transport. Despite the significant number of concessions available to our couple who rent, they still cannot meet the cost of a basic standard of living, earning \$59 per week less than is required as at July 2014. Without concessions this would be much worse with our couple earning \$94 less per week than is required to meet a basic standard of living.

Our home owner households receive a range of concessions which help them to meet the costs of a basic standard of living. Each receives a reduction in their cost of living by \$1,011 per year from concessions applied to council rates, the Emergency Management, Fire and

Rescue Levy, and car registration. For our single home owner the amount of concessions received makes the difference between meeting and failing to meet a basic standard of living.

Each of the four households also benefit from the rebate on electricity. This rebate was recently increased to \$320.97 to offset changes to electricity prices introduced on 1 July 2014.

Figure 9: Annual value of concessions for our four example households

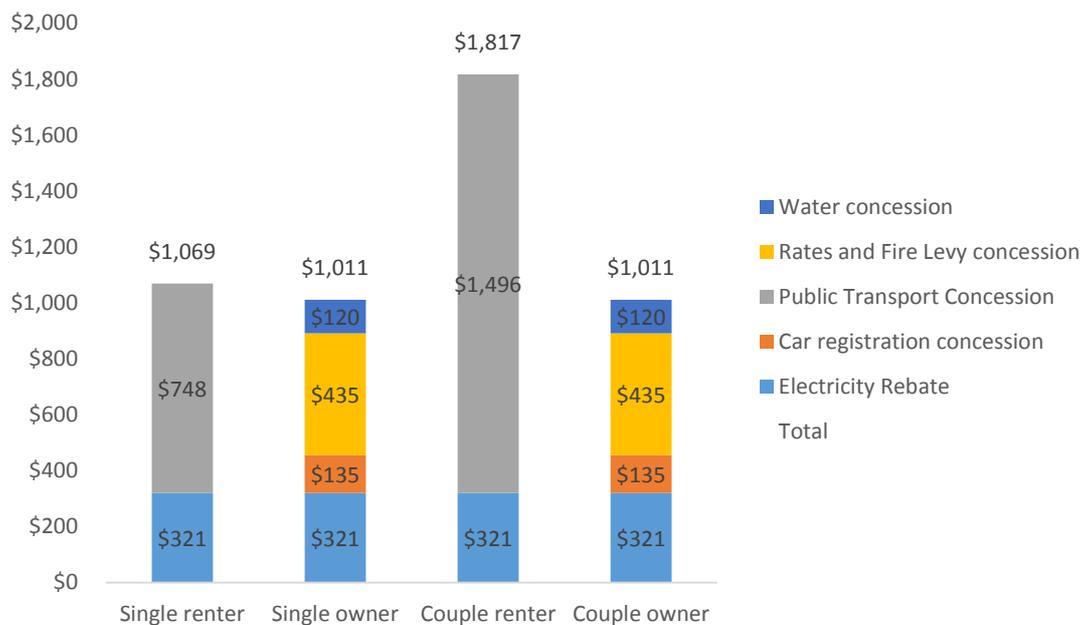


Figure 10: Amount above and below a basic standard of living for our four example households, with concessions and without concessions



While the recent increase in the cost of electricity was considerable, it has been offset by the increase in the concession combined with the reduction in the price of electricity as a result of the repeal of the carbon price legislation. Recipients of the electricity rebate should receive an added boost given that the increase in the concession was calculated to include the impact of carbon pricing on electricity prices. This has meant that each of our four age pensioner households have experienced only a mild increase in the cost of electricity from between \$1 and \$13 per year (see Table 2 for details). The interesting thing to note is that households with lower consumption patterns, for example our single renter, have experienced a greater increase in the cost of electricity during the past 12 months as a result of a decrease in the usage charge and the fixed daily service charge³².

While concessions are undoubtedly important in helping many age pensioners meet day-to-day living costs, there are important questions about how effectively they are targeted. Given that renters are more likely to be unable to meet a basic standard of living, there is clearly scope to redesign concessions to target them at those who need them the most. This will require coordination between state and federal governments to ensure that individuals are not worse off.

Recommendations

State and federal governments assist age pensioners through the provision of base pensions and allowances and through the delivery of a range of targeted rebates, concessions and subsidies. While there is no doubt that these initiatives have a positive impact on age pensioners, QCOSS is concerned that the allowances, rebates, concessions and subsidies provided to age pensioners are not targeted at those in need who could benefit from them the most.

It is clear that action is needed to assist age pensioners who are unable to secure their own home. Action is required to stimulate investment in housing that is both affordable and appropriate for people living on the age pension. Action is also required to provide age pensioner households with adequate assistance in the form of improved rental subsidies, access to decent and secure public and community housing and adequate public transport infrastructure and concessions.

With this in mind QCOSS supports the following measures:

- Review the level of Commonwealth Rent Assistance available to age pensioners with the view of ensuring that assistance is adequate for households living solely on the age pension.
- Ensure that the current method of indexation for the age pension is maintained and not linked to CPI as is proposed in the current Federal Budget. Any future review of indexation should ensure that pensions do not decline in real value over time.
- Increase funding for public and community housing that is appropriate in size (more one and two bedroom apartments), accessible (to account for the mobility issues facing older people) and located in areas of high connectivity (to enable easy access to services)³³.
- Use incentives to encourage the development of appropriate housing stock through the private market. This should include renewed funding for the National Rental Affordability Scheme which encourages the construction of low-cost housing.
- Complement investment in affordable housing with targeted schemes that assist low-income households into home ownership to decrease the number of households relying on the private rental market and social housing in their retirement³⁴.

- Constitute an independent body to comprehensively review all existing concessions provided by the state government with the aim of ensuring that current concessions adequately target those who need them the most.
- Ensure that the cost of using public transport is affordable and accessible, particularly for people who rely on public transport as the sole means of accessing services. This could be done by exploring the viability of offering alternative concession products.

QCOSS is also concerned about the impact of two future policy changes that may impact on age pensioners. While QCOSS is hopeful that the current review of the welfare system will reduce the complexity of the system, it would be concerning if this left vulnerable age pensioners worse off. QCOSS is also concerned that the current deregulation of the electricity market in Queensland might have negative impacts on electricity bills for age pensioners if prices continue to increase or protections for consumers are not adequate.

In this regard, QCOSS would hope that any future reforms take into account the impacts of policy changes on the circumstances of specific groups of age pensioners. While this report uses data from Brisbane we are aware that age pensioners living in rural, regional and remote parts of Queensland are likely to have very different cost of living pressures. In some instances costs may be higher. QCOSS would hope that the impacts of any future reforms take into account the impact these might have on people in different regions. This will require close monitoring to ensure that Queensland's most vulnerable residents are not worse off.

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- ¹ Department of Social Services 2013. 'Payment type, by Commonwealth Electorate Divisions December 2013 Quarter - Department of Social Service payments'
- ² Unfortunately, households that rent are generally on lower incomes than those that own their homes resulting in lower superannuation balances Source: CPA Australia 2012. *Household savings and retirement: Where has all my super gone?* Oct 2012 <http://www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/household-savings-retirement-report.pdf>
- ³ As recent research has shown some households are using their superannuation to pay off mortgages after living beyond their means in the period before retirement, leaving them to become solely reliant on the age pension for their retirement income. Source: CPA Australia 2012. *Ibid.*
- ⁴ Marie Coleman AO PSM and Helen Hodgson; 'WOMEN'S VOICES: Report from consultations on factors influencing women's decisions on work-force attachment, including tax and transfers Including technical analysis and recommendations'; September 2011
- ⁵ Queensland Government; 'Queensland Commission of Audit – Final Report, February 2013 Volume 2'; Queensland Government 2013 <http://www.commissionofaudit.qld.gov.au/reports/coa-final-report-volume-2.pdf>
- ⁶ Association of Superannuation Funds of Australia 2014. *Retirement Standard*. <http://www.superannuation.asn.au/resources/retirement-standard>
- ⁷ For further details of this method please refer to Queensland Council of Social Service 2011. *Cost of Living Report*. Issue 1, June <http://www.qcross.org.au/content/cost-living-report-issue-1-may-2011>
- ⁸ All cost estimates rounded to nearest dollar. A year based on 26 fortnights, 52 weeks, or 365 days. **Emergency savings.** Assumed to be \$500 per year/\$10.00 per week for a household. **Rent.** Assumption about dwelling type - 3BR house for home owners, 2BR apartment for couple renters and 1BR apartment for single renter. **Electricity.** Regulated prices from QCA for 2013/14. All households receive electricity rebate. Use average household use in Queensland of 7,880 kwh/year (Queensland Government submission to QCA in October 2010 about the regulated tariff). Assume single renter uses 70 per cent of average consumption, single home owner uses 75 per cent of average consumption and couple renter and home owners use 80 per cent of average. **Transport.** Assume single and couple renters rely solely on public transport – one round trip over four zones and three round trips over two zones per person per week all with concession and in off peak. **Rates** Use Average Rateable Value (ARV) for Brisbane from Valuer General and 2013-14 Brisbane City Council rates charges. Assume eligibility for pensioner remission for rates charges from both state and local government and pensioner subsidy for Emergency Management, Fire and Rescue Levy. **Water and Sewerage** Water use from National Water Commission. Assume age pensioner usage at 75 per cent of Brisbane average. Water and sewerage based on charges for Brisbane in 2013-14 from Queensland Urban Utilities. Assume eligibility for state and local government rebates and subsidies. **Other estimates.** Food, alcohol, clothing, recreation, annual holiday, private motor vehicle and automotive fuel based on spending by the second income quintile of the 2009/10 HES survey. Health, household contents and services and phone/internet based on spending of people receiving age pension from the 2009/10 HES survey. House and contents insurance based on spending in Brisbane from the 2009/10 HES survey. Queensland data is used where possible (QLD), but Australia-wide data is used for disaggregated items (AUS). The \$ amount from the HES is adjusted by the relevant CPI component inflator for Brisbane, using the index values for June 2010 (the base year for the 2009/10 HES survey) and June 2014. **Income.** The Centrelink Online Estimator was used to estimate government support payments as at July 2013. The main inputs were rent (see cost estimates) and age.
- ⁹ Expenditure data is drawn from households in the second income quintile as this is representative of households on low incomes. In some instances, expenditure data is used specific to age pension where this is deemed more relevant. In one instance, expenditure data specific to households in Brisbane is used to give a more households who receive the accurate representation of the cost of house and contents insurance.
- ¹⁰ Centrelink online estimator <https://www.centrelink.gov.au/RateEstimatorsWeb/publicUserCombinedStart.do>
- ¹¹ Productivity Commission 2011. *Caring for Older Australians*. Productivity Commission Inquiry Report Overview No. 53, 28 June 2011 http://www.pc.gov.au/_data/assets/pdf_file/0016/110932/aged-care-overview-booklet.pdf
- ¹² For example, our home owner households have additional expenses associated with council rates and charges and household maintenance and repairs but do not have significant ongoing housing costs, such as those associated with renting a property, and are therefore ineligible for Commonwealth Rent Assistance.
- ¹³ The method used to estimate **rent** has been changed to ensure that the estimate better reflects the real cost of housing. The current method had a sample size which did not reflect adequately competition from higher-income households for low-cost housing. This resulted in unrealistic fluctuations in the cost of renting a two-bedroom apartment in the case of the single-parent household. To overcome this we have increased the number of bonds captured in the weighted average from 100 to 300. The method of using the RACQ vehicle running cost data to estimate the cost of operating a **private motor vehicle** has been replaced with data from the Household Expenditure Survey and CPI data. This not only better reflects the cost of owning and operating a private vehicle but also allows the report to disaggregate between private motor vehicle costs (including purchase, maintenance, registration and other costs); fuel costs and public transport costs
- ¹⁴ Queensland Council of Social Service (QCOSS) 2013. *Cost of Living Report: Can low-income households afford a basic standard of living? Update to Issue 3, 2013* <https://www.qcross.org.au/cost-living-report-issue-3-update-november-2013>
- ¹⁵ Parliament of Australia 2014. 'Pension indexation: a brief history' http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2014/April/Pension-indexation
- ¹⁶ Council of the Ageing (COTA) 2013. Submission To The Senate Community Affairs Legislation Committee Inquiry Into Social Services And Other Legislation Amendment (2014 Budget Measures No.1) Bill 2014 And The Social Services And Other Legislation Amendment (2014 Budget Measures No.2) Bill 2014 http://www.cota.org.au/lib/pdf/COTA_Australia/publications/submissions/cota_submission_social_security_amendments.pdf
- ¹⁷ Council of the Ageing 2013 *Budget Submission 2013*. <http://cotaql.org.au/wp-content/uploads/2012/01/COTA-QLD-Govt-Budget-Submission-2013-14.pdf>
- ¹⁸ Data from the ABS shows that Queensland has one of the highest proportion of renters of any state and territory with 27 per cent of households renting compared to 21.2 per cent across Australia. Source: Australian Bureau of

- Statistics 2011 *Household Income and Income Distribution Australia 2009-10*. Cat No. 6523.0
<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6523.0>
- ¹⁹ Department of Social Services 2014. 'LGA by Commonwealth Rent Assistance and age group - March 2013 Quarter' Department of Human Services administrative data (Blue Book dataset) *unpublished*
- ²⁰ Queensland Council of Social Services 2013 *Cost of Living Report* Issue 3. <http://www.qcross.org.au/cost-living-report-issue-3-2013-0>
- ²¹ Productivity Commission 2014. *Report on Government Services 2014*. <http://www.pc.gov.au/gsp/rogs/housing-homelessness>
- ²² Australian Government 2014. 'Guide to Social Security Law: 5.2.6.10 RA Rates - June 1990 to Present Date' <http://guides.dss.gov.au/guide-social-security-law/5/2/6/10>
- ²³ Australian Bureau of Statistics 2014. 6401.0 - Consumer Price Index, Australia, Jun 2014
<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0>
- ²⁴ Bridge, C., Davy, L., Judd, B., Flatau, P., Morris, A. and Phibbs, P. 2011. *Age-specific housing and care for low to moderate income older people*. AHURI Final Report No. 174.
- ²⁵ Minister for Housing and Public Works The Honourable Tim Mander 2014 'Public housing rent loophole closed' Media statement. Tuesday, June 24, 2014 <http://statements.qld.gov.au/Statement/2014/6/24/public-housing-rent-loophole-closed>
- ²⁶ Department of Housing and Public Works 2012. *Housing Register for long-term social housing*.
<http://www.communities.qld.gov.au/resources/housing/renting/social-housing/housing-register-waitlist-area.pdf>
- ²⁷ Bridge, C., *et al.* 2011. *ibid.*
- ²⁸ It is estimated that the cost of renting a one-bedroom apartment in the Moreton Bay, Logan, Ipswich and Redland Council areas was \$190 per week compared to \$230 per week in Brisbane and \$250 per week compared to \$320 per week for a two-bedroom apartment. This represents a saving of \$50 per week for a one-bedroom apartment and a saving of \$65 per week for a two-bedroom apartment. It is important to acknowledge that this is based on an adjustment to the methodology to account for the lower number of available properties in these areas. For our single renter the average rent is based on a weighted average of only 100 properties compared to 300 for Brisbane. For our couple renting a two bedroom apartment a weighted average of 200 dwellings was used compared to 300 for Brisbane.
- ²⁹ Dodson, J., Buchanan, N., Gleeson, B., & Sipe, N. 2006. 'Investigating the Social Dimensions of Transport Disadvantage—I. Towards New Concepts and Methods' in *Urban Policy and Research*. 24, 4, pp. 433–453.
- ³⁰ Greaves, M. and Rogers-Clark, C. 'The experience of socially isolated older people in accessing and navigating the health care system' in *Australian Journal of Advanced Nursing*. 27, 2, pp. 5 – 11.
<http://www.ajan.com.au/Vol27/Rogers-Clark.pdf>
- ³¹ Productivity Commission 2011. *Caring for Older Australians*. Productivity Commission Inquiry Report Overview No. 53, 28 June 2011 http://www.pc.gov.au/data/assets/pdf_file/0016/110932/aged-care-overview-booklet.pdf
- ³² Under the new electricity pricing set by the Queensland Competition Authority the usage charge declined from 26.73 to 25.38 cents per kilowatt hour while the daily service fee increased from 50.22 to 83.41 cents per day (excluding carbon and GST).
- ³³ Queensland Shelter 2009. *Positively ageless: Developing a Queensland seniors' strategy*
<http://www.qshelter.asn.au/files/Seniors%20Submission%2016%20Dec%2009.pdf>
- ³⁴ Australian Housing and Urban Research Institute 2013 'Home ownership'
http://www.ahuri.edu.au/themes/home_ownership