

Living Affordability in Queensland 2020

Report summary

QCOSS' vision is for equality, opportunity and wellbeing for every person, in every community.

QCOSS' 2020 Living Affordability Report models the income and expenditure of five sample low-income household types in metropolitan Queensland and provides analysis of changes in cost of living relative to income.

Inadequate income has serious implications for living affordability. This report has established that low-income households in Queensland are struggling to afford the basic costs of living.

This year is an extraordinary year due to the COVID-19 pandemic (COVID-19). During the public health emergency governments responded quickly and emergency measures were implemented to keep people safe and healthy, and the economy afloat.

The analysis of living affordability in March 2020, before COVID-19 supports were implemented, reveals the following:

- Income support is inadequate. All five model households struggled to achieve the most basic standard of living. This situation is compounded if the households have debt servicing obligations.
- Low-income households spend more than 50 per cent of their income on the basic essentials of housing and food (and for some this is up to 70 per cent). This means that they have little or no funds available to cover other costs and have to balance budgets by experiencing food insecurity.
- Low-income households have no funds to cover any unexpected expenses due to emergencies, are underinsured and have no savings. This makes them vulnerable to high-cost-credit providers.
- Single parents are experiencing additional financial pressures associated with extra costs related to raising children. Income supports are not adequate for this household.
- Although low-waged casual work is an important source of income, it does not guarantee living affordability. Three of the households are considered to be “working poor” because, despite being employed, they are unable to cover the basic costs of living.

QCOSS' analysis in this report finds that government intervention during COVID-19 has meant that all but one of the five households are better off and are better able to afford a basic standard of living.

As the COVID-19 economic crisis continues to unfold, governments must continue to use the levers available to them to support the financial resilience of Queenslanders. The report also establishes that government intervention can lift people out of poverty and disadvantage so that they are able to take advantage of opportunities for a better quality of life.

The COVID-19 period has demonstrated that, when there is political will, it is possible to pull people out of poverty. Governments must continue to look for further ways to support living affordability as they move into the recovery phase.

Recommendations

QCOSS recommends the following actions should be implemented so that the legacy of COVID-19 is greater financial resilience for all Queenslanders.

Ensure that a basic standard of living can be met by all households by increasing household incomes

- Ensure income payments for working-age people do not return to below-poverty levels.
- Increase the maximum rate of Commonwealth Rent Assistance as one measure to improve access to affordable housing for people on low incomes.
- Introduce a Single Parent Supplement that recognises the added costs of single parenthood.
- Extend income support to migrants living in Australia who are currently ineligible for support.

Improve the cost of living for low-income households

- Map, measure and monitor the potential risk of food insecurity and need for food security in Queensland.
- Provide further targeted bill relief for low income energy and water customers.

Assist low-income households to better manage debt

- Review the extent of accumulated household debt and develop shared strategy with all relevant stakeholders – private, public and community. This may include maintaining discounts and deferrals of rent, mortgages, utilities and other debts, and/or a phased re-introduction of fees and penalties, credit default reporting, evictions and disconnections to smooth predicted debt shocks.
- Fund the No Interest Loans Scheme (NILS) Community Network in Queensland to provide a safe and ethical credit option for low-income households.
- Ensure that the Australian Government passes the *National Consumer Credit Protection Amendment (Small Amount Credit Contract and Consumer Lease Reforms) Bill 2019 (No. 2)*.

Improve communication on existing supports

- Develop strategies so that newly vulnerable households are aware of the existing supports available.

If the recommendations above are adopted, QCOSS hopes to see more vulnerable households in Queensland lifted out of poverty and disadvantage and able to achieve a basic standard of living.