



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON COST OF LIVING PRESSURES IN THE ACT
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Submission Cover Sheet

Inquiry into Cost of Living Pressures in the ACT

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The Committee Secretariat

Inquiry into Cost of Living Pressures in the ACT

Select Committee on Cost of Living Pressures in the ACT

ACT Legislative Assembly

Via email – LACommitteeCOL@parliament.gov.au

Dear Committee Secretariat,

Thank you for the opportunity to make a submission to the Inquiry into Cost of Living Pressures in the ACT. This is a timely and critical inquiry. This submission addresses – to varying extents – Terms of Reference a, b, c and d, by identifying cost of living pressures faced people with disability in low-income households, offering advice on how such pressures can be alleviated, and offering timely recommendations which seek to curb such pressures over the short- and long-term.

About us

Advocacy for Inclusion incorporating People with Disabilities ACT¹ is an independent organisation delivering reputable national systemic advocacy informed by our experience in individual advocacy and community and government consultation. We provide dedicated individual and self-advocacy services, training, information and resources in the ACT.

As a Disabled People's Organisation, the majority of our organisation, including our Board of Management, staff and members, are people with disabilities. Advocacy for Inclusion speaks with the authority of lived experience. It is strongly committed to advancing opportunities for the insights, experiences and opinions of people with disabilities to be heard and acknowledged.

¹ On March 24, 2021, Advocacy for Inclusion (AFI) officially merged with People with Disabilities ACT (PWDACT), a systemic advocacy organisation based in the ACT. Herein, reference to 'AFI' also acknowledges the values and philosophies of PWDACT.

Advocacy for Inclusion operates under a human rights framework. We uphold the principles of the United Nations Convention on the Rights of Persons with Disabilities and strive to promote and advance the human rights and inclusion of people with disabilities in the community. Advocacy for Inclusion is a declared public authority under the Human Rights Act 2004.

Disability and the ACT: Background

The ACT is often perceived as an affluent seat of government, and not a place where 1 in 10 people are living in poverty.² The ACT certainly has distinct advantages but it is also host to social problems, service gaps, gaps in government servicing and a slew of issues deriving from a high cost of living. These issues risk being lost or overlooked due to proximity to the national capital, and problematic assumptions about the wealth of the city.

The ACT has the highest average weekly earnings in Australia. This has an effect on the pricing structure of goods and services throughout the nation's capital. When we look beyond the average, this already increased cost of living means many households cannot afford the fundamentals of a healthy life such as housing, food, transport, health services and energy.

Around 1 in 5 Canberrans has a disability. The proportion of people with disability in the ACT has increased over time, rising from 15.8% in 2012 to 16.2% in 2015, to 19.4% in 2018. The ACT also has a greater prevalence of reported disability across all age groups, compared to the rest of Australia.

The majority of people with disability are on low to modest incomes due to employment barriers and numbers of people in casual and part-time employment. On average, the gross median personal weekly income for a person with disability is approximately half that of someone with no disability: \$700 compared to \$1343.³

Too many people with disability a few kilometres away from Parliament House spend their lives in waves of crisis of an unravelling desperation, unable to make their budget balance or afford life's essentials.

Across the ACT, people with disability have a lower employment rate, lower levels of full-time work, are more likely to rely on government pension or allowance as a primary form of income, and are far less likely to own their own home.⁴

As a consequence, many people with disability experience poor economic outcomes, financial hardship, un(der)employment, housing insecurity, and poverty. The current cost of

² ACTCOSS (2022) [Poverty and inequality in the ACT: Factsheet](#). Australian Capital Territory Council of Social Services, Canberra.

³ Australian Bureau of Statistics (2019) [Disability Ageing and Carers, Australia: Australian Capital Territory, 2018](#). ABS: Canberra, Australia, Table 7.1.

⁴ *Ibid.*, Table 7.3.

living crisis is further exacerbating the acute financial pressures and insecurities already placed on people with disability.

Disability and the Cost of Living: Current context

Since 2016, Canberra has already experienced significant increases in prices for a range of essential goods and services. Analysis conducted by the ACT Council of Social Services (2022) demonstrated these increases:

- Automotive fuel (34.9%) and transport (19.2%)
- Electricity (28.1%) and gas (24.0%)
- Medical and hospital services (21.4%)
- Housing (19%) and rents (13.1%)
- Education (17%)
- Meat and seafoods (15.8%)⁵

In the 12 months to December 2022, the Consumer Price Index (CPI) rose by 7.8 per cent, with significant rises in housing (10.7 per cent), transport (8.0 per cent, and food and non-alcoholic beverages (9.2 per cent). The current situation represents the biggest increase in living expenses in more than 20 years, and the highest inflation in three decades.

Such significant increases in the cost of essential goods and services hit low-income households the hardest. In the ACT, people with disability are overrepresented among low-income households.⁶ At present, it is impossible to live in the ACT solely on the Disability Support Pension (DSP), let alone JobSeeker Allowance (JSA), without compromising on food, clothing, utilities, housing, medical bills, and additional expenses that come with disability.⁷

To unpack and highlight the implications of the cost of living crisis facing people with disability, this submission focuses on two specific complicating factors: 1) the availability and provision of accessible and affordable housing, and 2) the limitations of the current system of income support.

Part 1: Housing

At present, housing represents one of the biggest cost of living pressures for people with disability in the ACT. The chronic shortage of affordable and accessible private rental properties, combined with increasing prices and limited supply of private rental properties, further exacerbate the increased cost of living. A DSP recipient, for example, could not afford any of the 1,354 private rentals advertised for rent in the ACT and Queanbeyan in March

⁵ ACTCOSS (2022) [ACT Cost of Living Report: Tracking changes in the cost of living for low-income households in the Australian Capital Territory](#). ACTCOSS, Canberra, p. 6.

⁶ Australian Bureau of Statistics (2019) [Disability Ageing and Carers, Australia: Australian Capital Territory, 2018](#), Table 7.3.

⁷ Li, J., Brown, L., La. H.N., Miranti, R., and Vidyattama, Y. (2019). [Inequalities In Standards of Living: Evidence for Improved Income Support for People with Disability](#). NATSEM, Institute for Governance and Policy Analysis, University of Canberra. Report commissioned by the Australia Federation of Disability Organisations, p. 21.

2022.⁸ The median rental price for a unit or house was more than their entire primary income.

The weekly rental costs available in the private sector – even at the lowest price points – have increased by \$100 in Canberra over the past five years.⁹ Private renters with disability make up more than half (55.6%) of all renters with disability in the ACT. These renters are stressed: the ACT continues to have the highest rate of rental stress for low-income private renters of any Australian jurisdiction (61.3% compared to 52.5% nationally).¹⁰

People with disability face a triple jeopardy from a lack of housing affordable to people on income support or casualised incomes as well as a lack of built form and difficulties accessing and competing in the busy Saturday morning rental auction market.

In terms of public housing, there is currently the lowest number of public housing dwellings in the ACT in 10 years.¹¹ The ACT also experience a further reduction in the number of households in social housing. Priority public housing applicants are waiting an average of 337 days, and the average wait time for standard public housing has blown out to almost five years. More than half (56%) of public housing households include someone with disability.

The housing situation, both public and private, in the ACT for people with disability is nothing short of a crisis. One which the current increases in the cost of living is making particularly acute. Lack of choice and appropriate built form means people with disability risk becoming homeless if their condition changes. People with disability also have fewer available options when at risk of homelessness (like couch surfing, for example).

This situation requires that the Government, in concert with the housing industry, act to produce more affordable housing with appropriate accessible built form to prevent such events from occurring. Specifically, we recommend both funding and measures to address the housing and homelessness crisis for people with disability including encouraging more accessible and affordable built form through well maintained public, private and community dwellings. Such measures include:

- More public housing at the gold standard for access;
- Growth in accessible non group housing controlled by the community sector;
- Tax breaks and incentives for accessible market housing, growing accessible private rental;
- A package to encourage socially responsible sector wide leasehold application processes;
- A package to incentivise accessibility in medium density housing; and
- A devolution program from group housing.

Part 2: Income support

⁸ Anglicare Australia (2022) [Rental Affordability Snapshot: Regional Reports](#). Anglicare Australia, Canberra, April, 'ACT and Queanbeyan', pp. 33-34.

⁹ Duncan, A. (2022). [Behind the Line: Poverty and Disadvantage in Australia 2022](#). Focus on the States Series, No. 9/22. Bankwest Curtin Economics Centre, p. 9.

¹⁰ Productivity Commission (2023) Report on Government Services. [Part G – Housing and Homelessness](#). Table GA.3.

¹¹ Ibid., Table 18A.3

The DSP has undergone significant changes since its inception. Over time, the DSP has become increasingly targeted, conditional, and contingent on the fulfilment of strict criteria. As a consequence, the proportion of JobSeeker recipients assessed as having a partial capacity to work has steadily increased. In short, people with disability who are unable to access DSP are having to rely on a much lower JobSeeker Allowance in order to receive income support.¹²

The rates of social security payments are adjusted twice per year. Payment rates are indexed in an attempt to maintain their real value so they have the same purchasing power as costs of living. Although the DSP increased by 4% in September 2022, everyday living costs continue to grow faster than the pension increases.

People with disability are more likely to have a lower standard of living, even when they earn the same.¹³ In addition to the rising costs of everyday essential goods and services, disability often incurs higher living expenses due to medication, treatment, and premiums placed on more specific items. These extra costs are typically unreported when it comes to understanding the financial pressures facing people with disability.

Economic analysis has identified the 'less obvious higher costs' experienced by people with disability which tend to go unreported because the costs are 'ignored, internalised, or forgotten.'¹⁴ Such costs include higher prices for similar goods due to inaccessible buildings, shops or transport, the inability to shop around for or take advantage of mark-downs or bargains, a greater reliance on more expensive, or more proximate, smaller convenience stores, and higher prices for non-basic models with added functionality. People with disability also report greater use of heating and cooling and more expensive transport modalities. 'Free' or low-cost workarounds are often inaccessible or unavailable. These additional costs amount to a disability premium between 2 and 5 per cent above the costs faced by people without disability.

The bottom line is that life costs more for people with disability and their families, spending more on essential goods and services. These extra costs mean people with disability have less money in their pockets than people without disability, or are forced to go without.

Our [White Paper in Income Support](#) points out that Canberrans with disability on the Disability Support Pension in private rental already face a fortnightly gap of over \$800 a week to meet the costs of essentials including food, clothing, transport and utilities – without any contingency for emergencies.¹⁵

There are a series of measures and actions that can be taken immediately to ease the growing cost of living burden among people with disability. Specifically, we recommend the ACT to come out in National Cabinet and support a cost of disability allowance, as well as more generous access to the Disability Support Pension.

¹² Department of Social Services (2022). [DSS Payment Demographic Data – December 2022](#). Australian Government, Canberra.

¹³ Li et al., (2019) Inequalities In Standards of Living

¹⁴ Frisch, J. (2001) [Towards a Disability Allowance: Offsetting the Costs of Disability – an analysis](#). The Sidney Myer Fund and the Physical Disability Council Australia.

¹⁵ To arrive at this gap, AFI prepared an estimated model household budget for a fortnight in Canberra. This budget assumes a person receives DSP, is single, lives in a private rental, and faces substantial barriers accessing transport. The model household budget is available at the end of this submission (Attachment 1).

In terms of immediate measures, the ACT government can also consider:

- Ensure concessions are adequate and targeted to need
- Improve the ACT Taxi Subsidy Scheme
- Provide better infrastructure and 'free services'
- Maintain libraries, shopfronts, and community facilities as free and accessible spaces
- Address health costs – extending consultations and piloting free dentistry
- Provide free and frictionless travel: making it easier for cheaper for people to move around by accessible transport and enhancing access to secure and sustainable community transport. For example, free buses as recommended by ACTCOSS
- Offset the costs of moving online in COVID

In addition to these measures, there are also a series of things that contribute to the cost of living crisis for people with disability that the Government can stop. For example,

- Shifting costs of climate transition to people with disability. For example, stop making people buy their own straws or paying for expensive hygiene and continence products
- Cuts to the NDIS which shift costs back onto people with disability and families
- Electronic gaming machines and gaming harm
- Preventing scams targeting people with disability
- Reconsidering fines and punitive responses which hit people with disability disproportionately
- Revisiting the high-cost services for financial management through the Public Trustee and Guardian

Summary recommendations

Advocacy for Inclusion consistently hears from people on the Disability Support Pension who are unable to sustain independence, at risk of becoming isolated or stuck in less than ideal situations, and suffering negative health impacts. To alleviate the current cost of living pressures both now and over the long-term, we recommend:

1. Acknowledging that for people with disability who cannot work, the Disability Support Pension (DSP) is a form of income replacement.
2. Acknowledging that the current rate of DSP (just over \$450 per week) is inadequate to manage the rising and added cost of living stemming from disability.
3. Raising the DSP to enable people with disability to live independently, with dignity, and actively participate in their communities, and
4. Taking action to address the lack of accessible and affordable housing in the ACT by adequately funding public and community housing. In addition, AFI believes that any program of debt forgiveness for public housing between the ACT and the Commonwealth should include a requirement that a percentage of new stock should be delivered as 'access ready' so that it can immediately start to address the housing

crisis faced by people with disability.

5. Recognising the disproportionate effect the current cost of living crisis places on people with disability and enacting measures which both alleviate it, as well as those that stop it from worsening.

AFI are happy to provide further information or discuss this submission at a hearing.

You can contact our Head of Policy, Craig Wallace or myself.

Regards,

(Signed by email)

Nicolas Lawler
Chief Executive Officer
20 March 2023

Attachment 1. What it costs to live in Canberra for a fortnight with a disability

AFI have prepared an estimated model household Budget for a fortnight in Canberra (assumes person in rented accommodation, single, unable to drive with additional cost of disability needs for food preparation, transport, and heating)

Expenses	Amount (\$)
Rent	1300
Basic utilities (electricity, gas, water)	97.38
Mobile phone and home internet	13.85 + 34.62
Taxi's	246.00
Groceries + cost of disability loading	246.00 + 8.61
Personal care and pharma + cost of disability loading	54.25 + 1.90
Healthcare/pharma/dental/unanticipated event	240.00
Total Due (not incl. unanticipated event)	2002.61
Total Income (DSP + CRA + Supplements)	1178.1
Total Left Over	-\$824.51

Commentary on sources and some assumptions

Rent: \$650 per week corresponds to [SQM Research Weekly Rents Index](#) which represents the combined median weekly rent for all houses and all units in Canberra for the week 28 September 2022

Basic utilities: figure taken from Canberra.com.au – the [available cost of living material](#) is distributed by the Australian Capital Territory Government as a general reference source. The figures also correspond with prices in Finder's Consumer Sentiment Tracker.

Phone and internet: the [average phone bill estimate](#) represents a mid-point of \$30 p/m (\$28 for prepaid and \$33 for post-paid) (Canstar Blue, 2022). Finder (2022) states [the average broad band user](#) spends \$75 p/m on their internet plan

Taxi's: 13% of DSP recipients live in postcode 2615. The estimated fare from this postcode to Canberra Hospital is \$70 one way, to the closest supermarket is \$15 one way, and to the city centre \$55 one way. Assuming 2 x return supermarket trips, 1 x return hospital and 2 x return city centre trips per fortnight (and taking [ACT Taxi Subsidy Scheme](#) into account). This estimate is also conservative as it does not take into account extra costs associated with Wheelchair Accessible Vehicles. For a similar estimate, see ACTCOSS's (2016) [ACT Cost of Living Report: Transport](#), p. 56.

Groceries + cost of disability loading: [Canstar Blue research](#) found that \$123 represents the average weekly grocery bill for a low-income household, as of July 2022. The disability loading represents the extra, hidden costs of disability. Comparing different survey responses, Frisch (2001) states that it is reasonable to anticipate additional costs between 2 and 5 percent for groceries. A conservative mid-point estimate (3.5%) was used here.

Personal care and pharma + cost of disability loading: This figure corresponds to Hughes and Purdey's (1999) Survey results regarding median annual costs for people with disability. It has been updated to reflect 2022 values. The cost of

disability loading refers to Frisch's (2001) estimate of 2-5%. A conservative mid-point estimate (3.5%) was used here.

Healthcare/pharma/dental/unanticipated event: [Household whitegood repair estimates](#) start at \$195 in the main suburbs of Canberra. Conservative one-off estimate here equates to an appliance repair which requires additional part (+\$45.00). This cost is difficult to calculate as it could cover a large range. For example, emergency dental such as root canal can [cost up to \\$1100](#); a dental extraction may be up to \$600. Note: Approximately 40% of DSP recipients could not raise \$2000 within a week.