

Media Release

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POWER BILLS DROWNING LOW INCOME FAMILIES AS HOUSING CRISIS WORSENS

Four in five (78 per cent) low-income households identified utilities as a cost item putting their budgets under the most pressure in the last 12 months, according to a new report by peak social services body NCOSS.

The finding is from NCOSS' latest *Cost of Living in NSW 2023* research, undertaken by the University of Technology Sydney. The survey was undertaken in April and May of this year, involving a representative sample of 1,134 households living on low incomes and below the poverty line in regions across NSW.

NCOSS CEO Joanna Quilty said the survey reveals just how tough life is for low income and below the poverty line households now.

"I cannot overstate just how stark these figures are – and the extent to which the situation has worsened in just 12 months," Ms Quilty said.

"These are households who, in the main, are working and who are doing everything they can to cut costs and keep their heads above water.

"But the compounding effects of COVID-19, sky-high inflation, successive disasters and flatlining wages have had a devastating impact – pushing many to breaking point."

The report also shows that the NSW housing crisis has hit a new high with around 70 per cent of respondents paying for housing experiencing housing stress, defined as spending more than 30 per cent of your income on housing.

It found that rising housing costs are massively impacting day-to-day living and quality of life for these groups, forcing drastic action and difficult trade-offs to survive. It shows that for private renters, single parents and adults living alone, rates of housing stress are higher still.

Other key findings:

- Nearly 30 per cent of respondents were in extreme housing stress, spending more than 50 per cent of their income on housing.
- Almost one in five reported failing to pay their housing costs on time, up by 27% on the previous year.
- Nearly 80 per cent of private renters are experiencing housing stress, and 33 per cent experiencing extreme housing stress.
- Two thirds (67 per cent) of private renters have reported a rent increase in the past 12 months – an unrelenting reality for those in the rental market.

The survey exposes the steps people are taking to get by – relocating because of cost, moving in with family and friends, working longer hours or looking for a new job being among the most common.

But even those lucky enough to negotiate a pay rise reported that it wasn't sufficient to cover cost of living increases. For many, the only option is to go without essentials, with increases in households skipping meals, forgoing healthcare and doing without basic hygiene products.

"We knew things were bad, but this is the worst we've seen in many years. And the impacts are showing through the increased stress and strain that relationships are under and families are experiencing," Ms Quilty said.

"People are hanging on by a knife edge – savings have been eaten away, the use of Buy Now Pay Later is more prevalent and borrowing from family and friends is a growing necessity.

"Our members – community organisations on the frontline - consistently report that they cannot keep up with demand, and that the needs of their communities are becoming more complex.

“New cohorts of people are appearing at their doors – families with two incomes who used to get by, but have now drained their savings and cannot put food on the table.”

Ms Quilty said NCOSS has put forward a set of recommendations to the NSW Government, developed in consultation with NCOSS members.

“Our recommendations are aimed at tackling the underlying causes of the cost-of-living crisis – most notably energy bills and housing affordability – and providing immediate relief,” Ms Quilty said.

“The NSW Government cannot quickly solve this crisis, but it can alleviate its most extreme impacts and help those who are doing everything they can to survive but have nothing left to give.”

Some of the key recommendations put forward include:

- Improve the impact of NSW Government cost-of-living initiatives including permanently increasing EAPA vouchers to \$2,000 pa and making the Low Income Household Rebate a fixed percentage of a person’s energy bill.
- Build an additional 5,000 social housing residences each year, targeting unmet needs such as overcrowding for culturally diverse communities, and groups at greatest risk of homelessness.
- Improve conditions and protections for NSW renters by urgently implementing: limits on rental increases so they are fair and reasonable; no-grounds evictions; and the elimination of rental bidding.
- Strengthen the social service sector by developing a consistent approach to annual indexation that covers the real cost of service provision, and enhancing capacity of essential programs facing overwhelming demand.

For more information, and to read the full report, visit ncoss.org.au

Definitions:

- **Below the poverty line:** defined as households living on less than 50 per cent of the median NSW household income after tax and housing costs (below \$518 per week).
- **Low-income households:** defined as households living on 50 – 80 per cent of the median NSW household income after tax and housing costs (\$518 - \$829 per week).
- **About the survey:** the research, undertaken by the University of Technology’s Institute of Public Policy and Governance, involved stratified random sampling to engage a statistically representative sample of 1,134 NSW residents, living on low incomes and below the poverty line, through an online survey undertaken in April and May of this year. 23 people also participated in focus groups and interviews.

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