

**Submission to the Senate Select Committee on the Cost of Living –
Supplementary Submission**

March 2024

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Combined Pensioners & Superannuants Association of NSW Inc (CPSA)

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CPSA receives funding support from the New South Wales Government

Combined Pensioners and Superannuants Association of NSW

Combined Pensioners and Superannuants Association of NSW Inc (CPSA) is a non-profit, nonparty-political membership association that promotes the rights and interests of pensioners of all ages and older people on low incomes. Founded in 1931, our aim is to improve the standard of living and well-being of CPSA's constituents.

Our services are free to all members of the public, regardless of association membership or affiliation. CPSA's core work is:

- Systemic advocacy on issues that impact our constituents, as identified through engagement and consultation.
- Providing information and referrals to the public through our information line and other communication channels.
- Publishing news, commentary and informational articles on our website that are circulated through a regular e-newsletter and monthly print publication, THE VOICE of Pensioners and Superannuants.

CPSA's local branches provide members with the opportunity to have a say in their local community, as well as shaping the policy and advocacy work of the organisation. Many of our membership branches are in regional areas and CPSA is proud to be a voice for our constituents across NSW.

CPSA receives funding support from the NSW Government Department of Communities & Justice under the Ageing Peaks program.

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Position Statement

Combined Pensioners and Superannuants Association of NSW Inc (CPSA) made a submission to this Committee in March 2023 that highlighted the immense cost of living pressures facing many of our constituents, and that provided a suite of recommendations for how these pressures may be eased. In the past year, cost of living pressures have further intensified. We have also heard from many of our constituents about how these pressures are affecting their everyday lives. For these reasons, CPSA has decided to make a supplementary submission to provide updated feedback to the Senate Select Committee on the Cost of Living that highlights these additional concerns.

CPSA argues that more must be done to assist people on lower incomes, and to relieve cost of living pressures across the economy. While the recently announced changes to the income tax system will provide some relief, this is heavily skewed towards people on higher incomes, and excludes people who earn below the income tax threshold. These changes should therefore be accompanied by significant increases to all welfare and income support payments, as well as additional targeted relief in the form of increases to the Pension Supplement, Commonwealth Rent Assistance and the Energy Supplement.

CPSA also argues that the Australian Government should do more to ensure that housing is made affordable and accessible to everyone, especially people on lower incomes. Housing is a human right, yet Australia's largely unregulated housing market has created a

deeply unequal system in which renters and low-income mortgage holders must pay an increasingly unaffordable share of their income to stay housed, while property investors reap the benefits of this inequality through ever increasing rental incomes and capital gains.

Evidently, the status quo cannot continue.

Recommendations

Recommendation 1: That the Australian Government work with States and Territories to increase protections from renters across the country, and to ban no-cause evictions for both fixed-term and periodic leases.

Recommendation 2: That the Australian Government work with States and Territories to require landlords to justify rental increases to the relevant tribunal or oversight body, rather than placing the onus on renters to demonstrate that increases are unjustified.

Recommendation 3: That an official Australian poverty line be set to allow for consistent measurement and that data be regularly collected so that trends can be easily identified.

Recommendation 4: That the Australian Government enacts the recommendations from the Interim Economic Inclusion Advisory Committee's 2023-2024 Report to the Australian Government.

Recommendation 5: That the Australian Government increase the Pension Supplement, Commonwealth Rent Assistance and the Energy Supplement to provide

additional targeted cost of living relief, and that these supplementary payments be indexed to their relative metrics (i.e. median rental prices, median energy prices etc.). This will have the added benefit of giving the Australian Government a fiscal incentive to mediate these costs.

Recommendation 6: That the Economic Inclusion Advisory Panel continues to consider the adequacy of income support payments and their indexation to ensure that payments keep up with poverty lines and maintain purchasing power.

Recommendation 7: That the Australian Government introduces a higher tax rate on profits from a sudden windfall gain, known as a ‘windfall profits tax’. This would discourage firms from profiteering by reducing the actual profit gained from sudden windfall gains, and would redistribute any excessive profits to the public purse. In addition, it would encourage firms to pass on a greater share of profits to consumers in the form of lower prices, rather than incur a higher tax rate from sudden increases to their profits.

Recommendation 8: That the punitive system of mutual obligations be abolished and replaced with a system that genuinely supports people to find work without undue surveillance or threats of payment suspension.

Recommendation 9: That the system of income reporting be simplified to reduce the psychological impact for people on income support, and to free up departmental resources to better support people making claims or enquiries.

Recommendation 10: That the Australian Government supports all State and Territory Governments to build or purchase additional energy infrastructure for public ownership, and establish public options for the sale of energy to mediate price increases in the energy sector.

Recommendation 11: That every person/household who cannot afford to buy a home, or rent a home privately, should be given access to public or community housing.

Recommendation 12: That any public housing dwellings which are pulled down must be replaced by a greater number of dwellings, which must be energy-efficient and accessible, and that the Australian Government adequately provide both recurrent and capital funding for public housing.

Recommendation 13: That any current and future public housing dwellings be maintained as public housing in perpetuity, and that the ownership and management of public housing stock is not transferred to the community housing sector.

[Comments in response to the Committee's terms of reference](#)

a) The cost of living pressures facing Australians

Since CPSA made its first submission to the Committee in March 2023, cost of living pressures have continued to intensify, worsening an already dire situation for many people. Many of our constituents have provided feedback that highlights their ongoing financial struggles. In response to a survey on cost of living pressures, one of our constituents said

this: *"We are now living cheque to cheque. Our savings have shrunk"*¹. Another responded saying: *"Sometimes I defer paying rego for my car, even though it back-dates, because I don't have enough money for it. Other times I split bills into 4"*².

The most recently published figures from the Australian Bureau of Statistics show that the Consumer Price Index (CPI) has increased by a further 4.1% since our initial submission, while housing costs have increased by 6.1% over the same period³.

The increase in rental costs is a significant concern for CPSA. Recently published data showed that the median rent of accommodation listed on realestate.com.au increased by 11.5% over 2023⁴. As a March 2024 report⁵ from Better Renting demonstrates, cost of living pressures mean that many renters cannot afford to adequately heat or cool their homes. This can impact both the physical and mental health of renters, which can in turn lead to further cost of living pressures associated with medical expenses and loss of work from illness.

In practice, most renters (especially those in states with inadequate eviction restrictions) are powerless to change their circumstances. The tight and expensive rental market prevents them from being able to look for better accommodation elsewhere, while the

¹ Survey respondent

² Survey respondent

³ <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>

⁴ <https://www.realestate.com.au/insights/proprack-rental-report-december-2023-quarter/>

⁵ https://assets.nationbuilder.com/betterrenting/pages/469/attachments/original/1710468131/Cruel_Summers_SRR24_v1.2_embargoed_to_March_19.pdf?1710468131

lack of tenant protections in many jurisdictions makes them unable to advocate for themselves without fearing retaliation from their landlords.

Recommendation 1: That the Australian Government work with States and Territories to increase protections from renters across the country, and to ban no-cause evictions for both fixed-term and periodic leases.

Recommendation 2: That the Australian Government work with States and Territories to require landlords to justify rental increases to the relevant tribunal or oversight body, rather than placing the onus on renters to demonstrate that increases are unjustified.

b) The Government's fiscal policy response to the cost of living

Despite numerous calls from community organisations, peak bodies, academics, economists and people on low incomes, the Australian Government continues to neglect people in poverty and on low incomes by failing to adequately raise income support payments. This is reflected in responses from our constituents. In response to our survey, one respondent said this: “*Surely the Government must know it is not possible to survive on the aged pension alone. When was the last increase to the base rate of the pension?*”⁶. Another respondent said that:

The government rebates have not been increased for decades; these should be indexed to inflation. All these prices are increasing yearly. The pension is not keeping

⁶ Survey respondent

up with these extra government costs let alone the rebates. Our superannuation only covers our health fund each year and then we are still out of pocket⁷.

Many people on income support feel as though they are going backwards, financially. One respondent described this situation, saying:

I am a pensioner, that is my sole income as a single parent I have worked all my life but was always dipping into my super. Consequently, I retired with only \$60 thousand. I have \$30 thousand left. I am too scared to use it but often need to dip into it. When I have nothing left I am unsure what I will do⁸.

In addition to the inadequacy of income support payments, the lack of consistent measurement of poverty data limits the ability of stakeholders in this space to easily and accurately identify statistical trends and share information across the sector.

Recommendation 3: That an official Australian poverty line be set to allow for consistent measurement and that data be regularly collected so that trends can be easily identified.

Recommendation 4: That the Australian Government enacts the recommendations from the Interim Economic Inclusion Advisory Committee's 2023-2024 Report to the Australian Government.

⁷ Survey respondent

⁸ Survey respondent

Recommendation 5: That the Australian Government increase the Pension Supplement, Commonwealth Rent Assistance and the Energy Supplement to provide additional targeted cost of living relief, and that these supplementary payments be indexed to their relative metrics (i.e. median rental prices, median energy prices etc.). This will have the added benefit of giving the Australian Government a fiscal incentive to mediate these costs.

Recommendation 6: That the Economic Inclusion Advisory Panel continues to consider the adequacy of income support payments and their indexation to ensure that payments keep up with poverty lines and maintain purchasing power.

c) Ways to ease cost of living pressures through the tax and transfer system

As economists Isabella Weber and Evan Wasner have demonstrated in their recent research⁹, cost of living pressures can result from firms increasing their prices during periods of publicly recognised economic instability, if they believe that their competitors will do the same. As Weber and Wasner state:

“Publicly reported supply-chain bottlenecks and cost shocks can also serve to create legitimacy for price hikes and create acceptance on the part of consumers to pay higher prices”¹⁰.

⁹ Weber, I. M. and Wasner, E., 2023, “Seller’s inflation, profits and conflict: why can large firms hike prices during an emergency?” in *Review of Keynesian Economics*, vol. 11, No. 2, pp. 183-213.

¹⁰ Weber and Wasner, 2023, p. 186.

In sectors such as housing or energy, consumers often have no choice but to pay higher prices, regardless of whether they 'accept' these price increases as legitimate.

The Australian Government, through the tax and transfer system, can ease these cost of living pressures by creating a disincentive for firms against sudden and unjustifiable price increases. The Government can do this by implementing a higher tax rate on profits from a sudden windfall gain, known as a 'windfall profits tax'.

Recommendation 7: That the Australian Government introduces a higher tax rate on profits from a sudden windfall gain, known as a 'windfall profits tax'. This would discourage firms from profiteering by reducing the actual profit gained from sudden windfall gains and would redistribute any excessive profits to the public purse. In addition, it would encourage firms to pass on a greater share of profits to consumers in the form of lower prices, rather than incur a higher tax rate from sudden increases to their profits.

d) Measures to ease the cost of living through the provision of Government services

Many existing Government services are plainly inadequate and must be drastically expanded to meet the needs of people suffering from cost of living pressures. As The Guardian Australia's inequality reporter Cait Kelly recently highlighted¹¹, around half of the 45 million calls to Centrelink in the six months to 31 December 2023 were unanswered, while the same

¹¹ <https://www.theguardian.com/australia-news/2024/feb/14/centrelink-call-centre-performance-aged-pension-claims-services-australia-new-staff>

period saw a backlog of 1.1 million claims. Anecdotally, CPSA has received numerous calls from pensioners and JobSeeker Payment recipients attempting to find out why their payments have been cut or put on hold, or who have been unable to get through to Services Australia with their queries.

CPSA argues that the Government must drastically increase funding and staffing levels within Services Australia to better respond to the high volume of calls and claims from people in severe financial stress. In addition, CPSA argues that the punitive system of mutual obligations be abolished, and income reporting be simplified to reduce the stress and psychological impact for people on income support and to free up departmental resources to better support people making claims or enquiries.

CPSA supports the maintenance and enhancement of public infrastructure, including an adequate stock of public housing, and opposes the sale or degradation of publicly owned assets. In the face of rising energy costs, CPSA argues that the Australian Government should reverse the historical loss of publicly owned energy assets by supporting all States and Territories to build or purchase additional energy infrastructure and establish public options for the sale of energy to mediate price increases in the energy sector. This would align the provision of energy with other essential services like healthcare and education.

In addition, CPSA argues that the current stock of public housing is inadequate and must be significantly expanded to provide safe and affordable housing for homeless and housing insecure people, and people on low incomes. Expanding the stock of public housing would likewise reduce pressure on the rental market and mediate rental prices across the

sector. A report¹² published in 2018 from the Australian Housing and Urban Research Institute (AHURI) found that Australia would need to build more than 700,000 new public dwellings by 2050, though given the rapid increase in median rent prices over the past few years, this number is likely to be higher now.

Recommendation 8: That the punitive system of mutual obligations be abolished and replaced with a system that genuinely supports people to find work without undue surveillance or threats of payment suspension.

Recommendation 9: That the system of income reporting be simplified to reduce the psychological impact for people on income support, and to free up departmental resources to better support people making claims or enquiries.

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¹² <https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI-Final-Report-306-Social-housing-as-infrastructure-an-investment-pathway.pdf>

Recommendation 12: That any public housing dwellings which are pulled down must be replaced by a greater number of dwellings, which must be energy-efficient and accessible, and that the Australian Government adequately provide both recurrent and capital funding for public housing.

Recommendation 13: That any current and future public housing dwellings be maintained as public housing in perpetuity, and that the ownership and management of public housing stock is not transferred to the community housing sector.

[Additional comments](#)

CPSA appreciates the opportunity to make this supplementary submission to the Committee.

Cost of living pressures are an ongoing concern for CPSA and our constituents. We are available to engage further on these issues.