

# Barely hanging on: The Cost-of-Living crisis in NSW

Recommendations to the NSW Government

August 2023

## Acknowledgement of Country

NCOSS respectfully acknowledges the sovereign Custodians of Gadigal Country and we pay our respects to Elders, past, present and emerging. We acknowledge the rich cultures, customs and continued survival of First Nations peoples on Gadigal Country, and on the many diverse First Nations lands and waters across NSW.

We acknowledge the spirit of the Uluru Statement from the Heart and accept the invitation to walk with First Nations peoples in a movement of the Australian people for a better future.

## About NCOSS

The NSW Council of Social Service (NCOSS) is the peak body for non-government organisations in the health and community services sector in NSW. NCOSS works to progress social justice and shape positive change toward a NSW free from inequality and disadvantage. We are an independent voice advocating for the wellbeing of NSW communities. At NCOSS, we believe that a diverse, well-resourced and knowledgeable social service sector is fundamental to reducing economic and social inequality.

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## Overview

The findings set out in the joint NCOSS/University of Technology research report, *Barely hanging on: The Cost-of-Living crisis in NSW*, are distressing and shocking.

The compounding effects of COVID-19, sky-high inflation and successive disasters have had severe impacts. Interest rate rises and surging rental prices over the last 12 months are a big part of the story, substantially reducing housing affordability and the ability to pay for other essentials. And its groups who were already facing more than their fair share of challenges – people with disabilities, Aboriginal and Torres Strait Islanders, single parent families, households below the poverty line, those from culturally and linguistically diverse backgrounds – who are being hardest hit.

Yet, these findings are not surprising. NCOSS members consistently report that they cannot keep up with demand, and that the needs of their communities are becoming more complex. They are also helping people who have never appeared at their doors before – families with two incomes who used to earn enough but have drained their savings and now cannot put food on the table.

NCOSS members have also highlighted a fundamental challenge – they cannot effectively support people if their basic needs are unmet. A single mum will struggle to be a ‘good enough’ parent if she is skipping meals to feed her kids and constantly stressed about money; tenants can’t engage in financial counselling if they are being evicted; older people won’t keep up their health appointments or social connections if travel is unaffordable. Each of these scenarios creates ripple effects that hurt individuals, damage communities and risk longer-term harm.

Feedback from community organisations also illuminates the extent to which the foundations of the social service sector in NSW are fragile, services are straining under the weight of rising demand, and a lack of place-based planning and coordination is undermining effectiveness.

Our recommendations, developed in consultation with our members, are aimed at tackling some of the underlying causes of the cost-of-living crisis – most notably housing affordability – and providing more immediate, targeted relief where possible.

The NSW Government cannot quickly solve many of the drivers of the crisis, but it can alleviate its most extreme impacts and help those who are doing everything they can to survive but have nothing more to give.

## Summary of Recommendations

The NSW Government should:

1. Build an additional 5,000 social housing residences each year. These should address unmet needs such as overcrowding for culturally and linguistically diverse communities, and target those groups at greatest risk of homelessness such as Aboriginal and Torres Strait Islander people, women and children escaping domestic violence, young people, and older people.
2. Improve conditions and protections for NSW renters by:
  - a. urgently implementing limits on rental increases so that they are fair and reasonable; implementing no-grounds evictions for all lease types; and eliminating rental bidding.
  - b. reviewing, in conjunction with community housing providers, rent setting policy and practice for social housing across NSW, to ensure it is an affordable housing option that keeps people out of poverty.
  - c. prioritising the upgrade of inefficient fixtures (water, heating, and cooling) and improving the thermal performance of existing social housing stock.
  - d. setting legally enforceable energy efficiency standards for rental housing to protect against heat, cold, mould, and pollution.
3. Advocate to the Commonwealth Government to lift Jobseeker, Youth Allowance, and related payments (e.g. Commonwealth Rent Assistance) to protect people from poverty.
4. Improve the availability, accessibility and impact of NSW Government cost-of-living schemes for low income households by:
  - a. simplifying the application and approval process for available rebates and vouchers
  - b. requiring Service NSW to formally partner with local, place-based services such as neighbourhood and community centres, to improve access and to undertake a targeted information campaign to raise awareness.
  - c. making the Low Income Household Rebate a fixed percentage of a person's energy bill, instead of a flat rate.
  - d. permanently increasing the annual value of EAPA vouchers to \$2,000 and allowing the entire amount to be used for any energy type.
5. Address transport affordability for groups whose participation in employment, education and other opportunities is most at risk by:
  - a. expanding community-based learner driver programs to support young people to obtain their learner and provisional licences, with a particular focus on regional areas.
  - b. expanding public transport concessions to better support people on low incomes, including allowing all Commonwealth Health Care Card holders to access concessional

fares, and extending the \$2.50 per day capped fare to income support recipients.

6. Ensure that NSW's food relief system is fit for purpose, supports households most in need and represents the best use of available resources and skills by:
  - a. releasing the report of the Review of Food Relief Provision undertaken in 2021.
  - b. convening a taskforce of NGO experts to lead an assessment and, where appropriate, a redesign of the system to ensure clarity of roles and responsibilities, effective resourcing, and coordination at the local level.
7. Strengthen the foundations of the social service sector by:
  - a. collaboratively developing an evidence-based approach to annual indexation, that applies consistently across the entire sector, and is based on the real costs of service provision so that it is not a year-by-year guessing game.
  - b. providing core funding to neighbourhood centres and similar, place-based services, which act as central points for accessing support, social connection and pathways to other assistance during tough times
  - c. funding Justice Connect's pro bono legal service to enable NSW community organisations to access high quality specialist legal advice free of charge, reducing risk and improving governance in the provision of essential social services.
8. Enhance the capacity of essential programs facing overwhelming demand from the cost-of-living crisis, prioritising tenancy advice, financial counselling and community-based mental health supports.
9. Invest in expanding the NCOSS 'School Gateway' project, which is trialling a place-based, whole-of-family approach that uses the familiar environment of the school, in at-risk communities, as the gateway to health and wellbeing services, emergency support, improved educational outcomes, and social connection.

## A. Respond to the housing crisis through social housing investment and improved conditions and protections for renters

NSW is in a housing crisis, with more people experiencing housing stress<sup>1</sup>, and at deeper levels than before. 69% of respondents reported experiencing this, which is an increase of 15% since 2022 and includes a growing number of social housing tenants. Worse still, the rate of *extreme* housing stress<sup>2</sup> has jumped significantly. One in three private renters were in extreme housing stress, up by 18%; for mortgage holders, the rate is almost one in three, increasing an astonishing 29% since 2022.

Low-income households and people living below the poverty line are more likely to be living in older, poorly performing housing, to be renting, to live in a home with low energy efficiency, and to limit or avoid heating or cooling to reduce energy costs. Renters, particularly those living in social housing, often have little control over the energy efficiency of their home and little financial capacity to upgrade old, polluting, inefficient appliances.

The NSW Government must invest in long-term solutions to reform the housing system, while immediately responding to the significant challenges faced by the community.

**The NSW Government should:**

- 1. Build an additional 5,000 social housing residences each year. These should address unmet needs such as overcrowding for culturally and linguistically diverse communities, and target those groups at greatest risk of homelessness such as Aboriginal and Torres Strait Islander people, women and children escaping domestic violence, young people, and older people.**
- 2. Improve conditions and protections for NSW renters by:**
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  - b. reviewing, in conjunction with community housing providers, rent setting policy and practice for social housing across NSW, to ensure it is an affordable housing option that keeps people out of poverty.**
  - c. prioritising the upgrade of inefficient fixtures (water, heating, and cooling) and improving the thermal performance of existing social housing stock.**
  - d. setting legally enforceable energy efficiency standards for rental housing to protect against heat, cold, mould, and pollution.**

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<sup>1</sup> Defined as spending more than 30% of their income on housing.

<sup>2</sup> Defined as spending more than 50% of their income on housing.

## B. Alleviate the extreme impacts of the Cost-of-Living Crisis through targeted support measures

### Commonwealth income support payments

The temporary increase of income support payments to above the poverty line during the pandemic made a powerful impact on people's lives. It meant that those relying on income support such as JobSeeker and Youth Allowance were finally able to keep up with rent and bills and access the essentials.

In September 2023, the indexed increase to JobSeeker will come into effect. While this increase will make a small difference, it is well below the Economic Inclusion Advisory Committee's finding that current income support payments are seriously inadequate.

**The NSW Government should:**

- 3. Advocate to the Commonwealth Government to lift Jobseeker, Youth Allowance, and related payments (e.g. Commonwealth Rent Assistance) to protect people from poverty.**

### Accessible Cost-of-Living Relief

The Government has a range of cost-of-living relief schemes, including those targeted at low-income households such as the Low Income Household Rebate, Toll Relief Rebate and Energy Accounts Payment Assistance (EAPA) Scheme. However, the research demonstrated clear issues with awareness and access, meaning that those in greatest need are missing out. This could be the difference between putting food on the table, turning on the heater or accessing healthcare.

NSW Government cost-of-living relief initiatives are available online, but they can be difficult to access for those without a computer, lacking literacy or digital skills, or facing other challenges. While assistance is provided in Service NSW centres, these are not uniformly available throughout the state. For members of multicultural and First Nations communities, the challenges of accessing support are compounded if it is not available through trusted organisations working in their communities.

Further, local community organisations report that where they do provide support, such as for EAPA vouchers, they are not compensated for their time and effort; they don't have capacity to meet demand; and bureaucratic processes create unnecessary administrative burden for their staff and volunteers.

### Energy assistance

Sharp increases in utility prices have presented an immense challenge to household budgets over the past 12 months, with 78% of respondents highlighting utilities as one area under the most pressure.

One third (33%) of respondents reported they have not been able to pay their utility bills on time, a massive increase of 38% since 2022. This was particularly an issue for single parents (63%) and First Nations people (52%). Disturbingly, one in every six respondents (16%) indicated that they often or always could not pay on time.

Existing financial support is helpful but inadequate. The Low Income Household Rebate is currently a flat rate, which fails to account for the vastly different energy costs of households; for example, a multi-generational household in an old, poorly insulated house will have a far higher energy bill compared to lone person living in a recently developed apartment building, but they are both eligible for the same \$285 rebate.

Similarly, the EAPA Scheme has significant design flaws. While the increase in the cap to \$2,000 for 2023/24 will provide some relief, it is only a temporary respite. Further, only half the value can be allocated to each energy type and the complex process to apply for EAPA vouchers can be traumatic for applicants.

**The NSW Government should:**

- 4. Improve the availability, accessibility and impact of NSW Government cost-of-living schemes for low-income households by:**
  - a. simplifying the application and approval process for available rebates and vouchers**
  - b. requiring Service NSW to formally partner with local, place-based services such as neighbourhood and community centres, to improve access and to undertake a targeted information campaign to raise awareness.**
  - c. making the Low Income Household Rebate a fixed percentage of a person's energy bill, instead of a flat rate.**
  - d. permanently increasing the annual value of EAPA vouchers to \$2,000 and allowing the entire amount to be used for any energy type.**

### Transport

Survey results show that transport (*Petrol, Road Tolls and Public Transport*) consistently ranked as an area of expenditure put under the most pressure over the past 12 months – 72% ranked it in the Top 5, only beaten by *Utilities* and *Food and Non-Alcoholic Beverages*. Beyond the immediate budgetary impact, rising transport costs reduce people's ability to engage in or access work, education and healthcare, with over one quarter of respondents (28%) unable to afford to travel for essential reasons; an increase of 40% from 2022. This was particularly an issue for young people aged 18-24 (41%) and 25-34 (37%), especially in regional parts of NSW.

Access to a driver's licence enables young people to engage in work, study and other opportunities in the community. However, poor access to learner courses and the significant cost can be prohibitive for those on low incomes. Funding additional service providers to deliver community-based driver programs to more sites across NSW will ensure that more young people are able to obtain their licence and unlock access to job and study opportunities, and social connection.

Meanwhile, others doing it tough need greater access to affordable public transport so that they can remain engaged with employment, education, healthcare, social services, and other opportunities in their communities. Providing deeper concessions to the costs of transport for people living below the poverty line would go further to reduce their vulnerability.



**The NSW Government should:**

- 5. Address transport affordability for groups whose participation in employment, education and other opportunities is most at risk by:**
  - a. expanding community-based learner driver programs to support young people to obtain their learner and provisional licences, with a particular focus on regional areas.**
  - b. expanding public transport concessions to better support people on low incomes, including allowing all Commonwealth Health Care Card holders to access concessional fares, and extending the \$2.50 per day capped fare to income support recipients.**

#### Food insecurity

The 2023 Cost of Living survey paints a dire picture of growing food insecurity across NSW. It shows a sharp increase (up by 33% on the previous year) in people skipping meals, with food costs becoming discretionary- most notably for single parents, First Nations households and carers – to stretch budgets that invariably fall short.

This aligns with reports from NCOSS members. They tell us that while additional funding to support food relief during COVID has ended, demand continues to climb skyward, significantly outstripping supply.

The provision of food relief in NSW is complex and multi-faceted, involving multiple non-government and government players, different funding sources, and a range of specialist tasks including sourcing, distribution, storage, transportation, relationship management and logistics.

Food relief specialists, primarily Foodbank and OzHarvest, do much of the upfront heavy lifting, each drawing on their unique expertise and business models, access to infrastructure and networks. However, they regularly rely on small and large NGOs to ensure that food relief reaches individual households in need; much of this final step is unfunded. These NGOs prep, clean and organise food for distribution, and then go above and beyond using volunteers and fundraising to run their own food pantries and community kitchens to meet demand and plug gaps.

The existing system is straining under rising demand, lack of clarity regarding roles and responsibilities and insufficient coordination at the local level. This is causing confusion, duplication and unnecessary effort and wastage. Organisations at the coalface with knowledge of what's going wrong and the expertise to fix it need to lead a system assessment and improvement exercise. The review of food relief in NSW, instituted by the previous government but not released, would be a valuable starting point.

**The NSW Government should:**

- 6. Ensure that NSW's food relief system is fit for purpose, supports households most in need and represents the best use of available resources and skills by:**
  - a. releasing the report of the Review of Food Relief Provision undertaken in 2021.**

- b. convening a taskforce of NGO experts to lead an assessment and, where appropriate, redesign of the system to ensure clarity of roles and responsibilities, effective resourcing, and coordination at the local level.**

## **C. Strengthen the foundations of the social service sector, enhance capacity in critical areas, and make it easier for struggling families to find support and avert crises**

NCOSS member organisations are dealing with the impacts of NSW's growing cost-of-living crisis every day. They tell us of the rising numbers reaching out for support, many of whom have never done so before – people seeking assistance to put food on the table, pay their utility bills, avoid eviction, or otherwise keep their heads above water.

Community organisations also report that for many households who were already doing it tough, the cost-of-living crisis is pushing them over the edge, leading to increased mental health issues, domestic violence, homelessness, and child protection concerns.

NSW's social service sector has been on the frontline through natural disasters, COVID-19 and now this crisis. These successive events have demonstrated that the sector is stretched beyond capacity; organisations are unable to fully fund current service delivery, let alone meet growing demand. While short term boosts in funding for hard-hit locations help, this invariably comes to an end and fails to address the sector's underlying need for greater sustainability and certainty.


All of this occurs in an increasingly complex operating environment, as organisations grapple with new regulatory requirements, growing workforce health and safety issues, and other matters arising from work of a highly specialised nature carried out under contract with government.

Meanwhile, struggling families can be at a loss when it comes to navigating our complex, fragmented service systems, and fail to receive the assistance they require. Too often, cost-of-living pressures build to crisis point, pushing families into emergency departments, the justice system, child protection services and homeless shelters. New models that make it easy for families doing it tough to connect with support at the right time and avert crises are desperately needed.

**The NSW Government should:**

### **7. Strengthen the foundations of the social service sector by**

- a. collaboratively developing an evidence-based approach to annual indexation, that applies consistently across the entire sector, and is based on the real costs of service provision so that it is not a year-by-year guessing game.**
- b. providing core funding to neighbourhood centres and similar, place-based services, which act as central points for accessing support, social connection and pathways to other assistance during tough times.**

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- c. **funding Justice Connect's pro bono legal service to enable NSW community organisations to access high quality specialist legal advice free of charge, reducing risk and improving governance in the provision of essential social services.**
  
  - 8. Enhance the capacity of essential programs facing overwhelming demand from the cost-of-living crisis, prioritising tenancy advice, financial counselling and community-based mental health supports.**
  
  - 9. Invest in expanding the NCOSS 'School Gateway' project, which is trialling a place-based, whole-of-family approach that uses the familiar environment of the school, in at-risk communities, as the gateway to health and wellbeing services, emergency support, improved educational outcomes, and social connection.**