

MEDIA RELEASE

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Cost-of-living crisis in Tasmania is intensifying, says new report

The cost-of-living pressures facing many low income Tasmanian households is intensifying according to a new report from the University of Tasmania's School of Social Sciences.

The report, *Cost of Living Pressures on Tasmanian Households: Causes and Options for Reform*, released today, includes survey data suggesting that the poorest 20 per cent of Tasmanian households are spending almost all of their income on essential goods and services.

It builds on existing cost-of-living research by using new data from the national Household Income and Labour Dynamics Australia (HILDA) survey to measure the combined impact of rising prices and changing levels of income on household budgets.

"You need to look at both household spending and income and how it varies across the socio-economic spectrum to get a comprehensive picture of cost-of-living pressures," said the report's co-author, Professor Richard Eccleston, Director of the Politics and International Relations program at UTAS.

The report's findings are consistent with the broader evidence about the challenges facing low-income Tasmanian households.

"This suggests there is a cost-of-living crisis - a situation where a growing number of Tasmanian families are increasingly dependent on debt or charity, and a situation that is unsustainable," Prof Eccleston said.

"Of equal concern is evidence that these pressures are intensifying as the employment market deteriorates and welfare payments fail to keep pace with rising cost of living."

Prof Eccleston said that one of the motivations for preparing the report was to counter the misconception that cost-of-living pressures were triggered by the GFC and will naturally subside over time.

The report argues that while recent State reforms aimed at reducing cost pressures are to be commended, the next Tasmanian government will have to continue to

develop short and long-term strategies to manage these intensifying cost-of-living pressures.

In the short term, and given prevailing budget conditions, it encourages the next Tasmanian government to ensure that concessions and cost-of-living relief is carefully targeted at the most needy and vulnerable households.

Over the longer term the report encourages the government to continue to promote efficiency and cost effectiveness in state-owned, administered or regulated utility businesses and service providers.

The long-term goal is to ensure that utility companies and service providers are financially sustainable while ensuring that price increases don't exceed income growth in the communities they serve.

"This recommendation sounds simple but involves difficult trade-offs. Our key point is that there needs to be an informed debate about these issues," Prof Eccleston concluded.

The report's co-authors are Brendan Churchill, quantitative sociologist and associate lecturer in the School of Social Sciences, and Helen Smith, a recent UTAS graduate whose thesis examined the international security implications of US energy policy.

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