



## **MISCALCULATION PUTS LOW INCOME FAMILIES BELOW THE POVERTY LINE**

A review of some of the statistical data used to inform the setting of safety net minimum wages and pensions and allowances shows housing costs are underestimated and levels of rent assistance are over estimated, leaving many low paid workers and their families living below the poverty line.

A new review released by the Australian Catholic Council for Employment Relations (ACCER) reveals a discrepancy in housing costs of over \$90 a week for some families.

Catholic Social Services Australia's Executive Director, Frank Quinlan, raised concerns today ahead of the deadline for post budget submissions for the 2009 Minimum Wage Review which are due tomorrow in the lead up to the Australian Fair Pay Commission's decision in July this year.

The ACCER review uses government data to calculate average rents paid by low income families and average rates of rental assistance.

The most recent government data can be found in the housing assistance section of *Year Book Australia, 2008*, published by the Australian Bureau of Statistics (at June 2007), which sets out the average levels of rent assistance and average rents paid by various low income families.

The data shows that:

- the Australian Fair Pay Commission has underestimated net housing costs for low income working families when it set the Federal Minimum Wage (FMW) since 2006.
- the updated quarterly Henderson Poverty Lines underestimate the net housing costs for pensioners and unemployed people.

The ACCER research shows that:

- for a family of four where one of the parents is employed on the FMW and the other parent stays at home to care for two school-aged children, the discrepancy was \$91.29 per week.
- for a single parent employed on the FMW with one school-aged child, the discrepancy was \$74.48 per week;
- for a single pensioner the underestimate in the Poverty Line was \$20.49 per week.
- for an unemployed single parent with two children the underestimate in the Poverty Line was \$62.91.

"There is an urgent need for an agreed standard of adequacy which would recognise more realistic housing costs based on actual costs for low income families," Mr Quinlan said.

"The increases in housing costs since the date of the government figures have extended these margins and increased the burdens on low income families. The data shows that the Henderson Poverty Line (HPL) significantly underestimates the basic living costs for most households.

"Good policies and decisions need to be based on sound research and credible numbers. Erroneous data will lead to bad policies and poor decision-making.

"The AFPC needs to address this error as a matter of urgency ahead of its July decision," Mr Quinlan said.

Details of ACCER's review are available in a discussion paper: *Housing-adjusted poverty lines*. A copy of the paper is available at: [www.accer.asn.au](http://www.accer.asn.au)

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