



Research Insights

Most Australians, not just the poor, are facing constraints in covering basic needs

Cost of living increases are leading to financial challenges but respondents are not seeking help

Policy implications

The cost of living has been increasing. Many Australians are facing financial challenges putting food on their table or paying everyday bills. This is a phenomenon observed across all parts of the income distribution; it is not solely faced by lower-income households. The most common challenge for Australians relates to food insecurity. Many families, however, are facing one or more challenges, expressing difficulty putting food on the table, and struggling to cover other costs such as energy bills or medical expenses.¹

Despite a high proportion of Australians facing challenges, most do not report seeking assistance (though what drives this low proportion of respondents seeking help is unknown). This gap in assistance sought points to the importance of providing better information and outreach to engage with Australians facing financial challenges before they spiral into deeper issues, such as poverty or bad health outcomes. It also points to the importance of identifying whether there are sufficient services or mechanisms to enable these shortages to be addressed.

When an Australian faces an initial challenge, an elaborate government program may not be the solution. Instead, providing information, supporting an individual to identify ways to nip any emerging challenges in the bud, and/or providing immediate solutions can go a long way to stop the potential spiral into poverty.

Governments and service providers must work together to identify solutions that support addressing these challenges and to reduce the chances of becoming more vulnerable to the risk of falling into poverty. Government initiatives and/or service provision should focus on identifying and addressing all challenges encountered, taking a multidimensional approach. Although still low, a common source of utilised support is through food-related services. Given a high proportion of respondents face food or food plus other challenges, service providers such as food banks can play a critical role in identifying the complexity of financial challenges faced by Australians.

¹Our analysis is limited to the reporting of having experienced a shortage, we do not measure how often these shortages occur.

Most Australians are struggling financially to cover basic necessities

Real disposable income is falling as the cost-of-living increases. The Australian Government has responded to the cost-of-living crisis with [several packages](#) of support introduced in 2022: the extension of the Low and Middle-Income Tax Offset (LMITO) and the one-off \$250 cost-of-living payment are some examples. Despite these initiatives, households are not keeping up with living costs. This translates to [53 percent](#) of Australians reporting feeling (very or moderately) financially stressed or just making ends meet in February 2023.

Many Australians are facing a range of challenges to meet basic needs. The Melbourne Institute's Taking the Pulse of the Nation [report](#) found that the proportion of Australians experiencing food insecurity increased from 20.9 percent to 24.2 percent between August 2022 and February 2023. Although food insecurity is a substantial and growing issue in Australia, food insecurity is only one dimension of the potential insecurities people may face, with economic insecurity often being multifaceted.^{2,3}

This Research Insight presents a broader understanding of the potential insecurities that Australians can experience beyond just the food

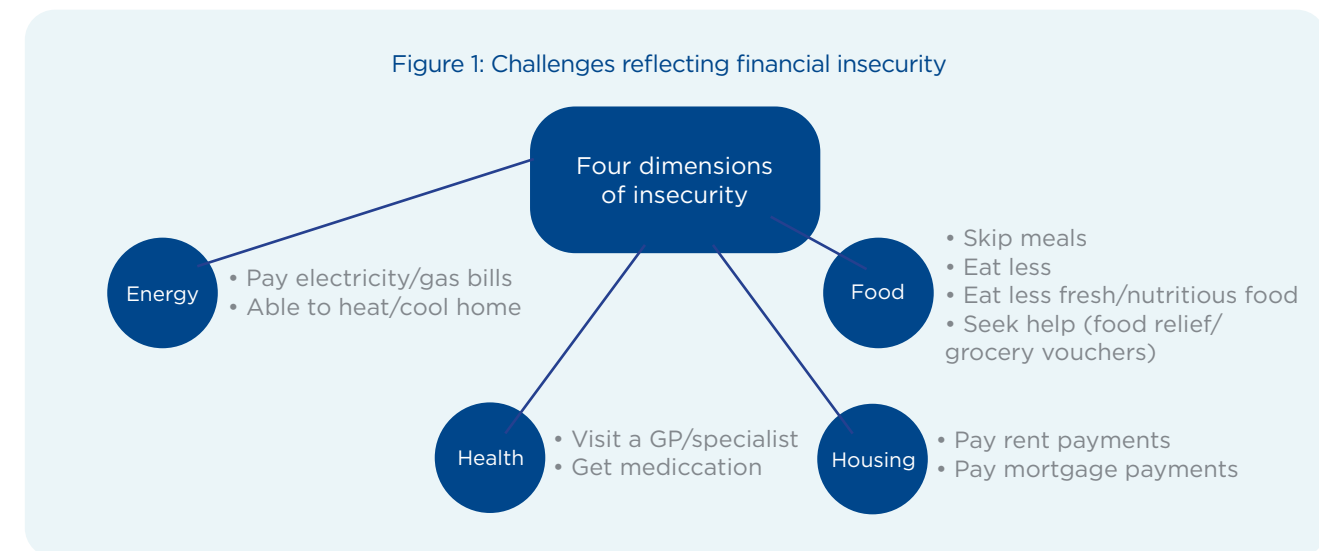
dimension. This multidimensional approach highlights many of the several challenges associated with financial insecurity. These challenges reflect skipping meals or eating less, not seeking or deferring health care, falling short on utility bills, and not being able to meet rent or mortgage payments (Figure 1).

Glossary of terms:

- Food insecurity:** During the last 3 months, because of a shortage of money, respondents skipped meals or ate less generally, or less fresh or nutritious food, or sought help (food relief or grocery vouchers).
- Energy insecurity:** During the past 6 months, because of a shortage of money, respondents couldn't pay electricity and/or gas bills on time or were unable to heat and/or cool their homes to a comfortable level.
- Health insecurity:** During the past 6 months, because of a shortage of money, respondents didn't see or delayed seeing a GP or medical specialist, weren't prescribed, or were delayed getting prescription medication.
- Housing insecurity:** Respondents are currently behind on rent payments (if renting) or mortgage payments (if currently paying off a mortgage).

Respondents are deemed to be in mental distress if they report feeling depressed/anxious 'all the time', 'most of the time', or 'some of the time' during the past week.

²Rohde, N., Tang, K. K., Osberg, L., & Rao, D. P. (2015). Economic insecurity in Australia: who is feeling the pinch and how?. *Economic Record*, 91(292), 1-15. ³A., & Perales, F. (2017). The dynamics of multidimensional poverty in contemporary Australia. *Social Indicators Research*, 130, 479-496.

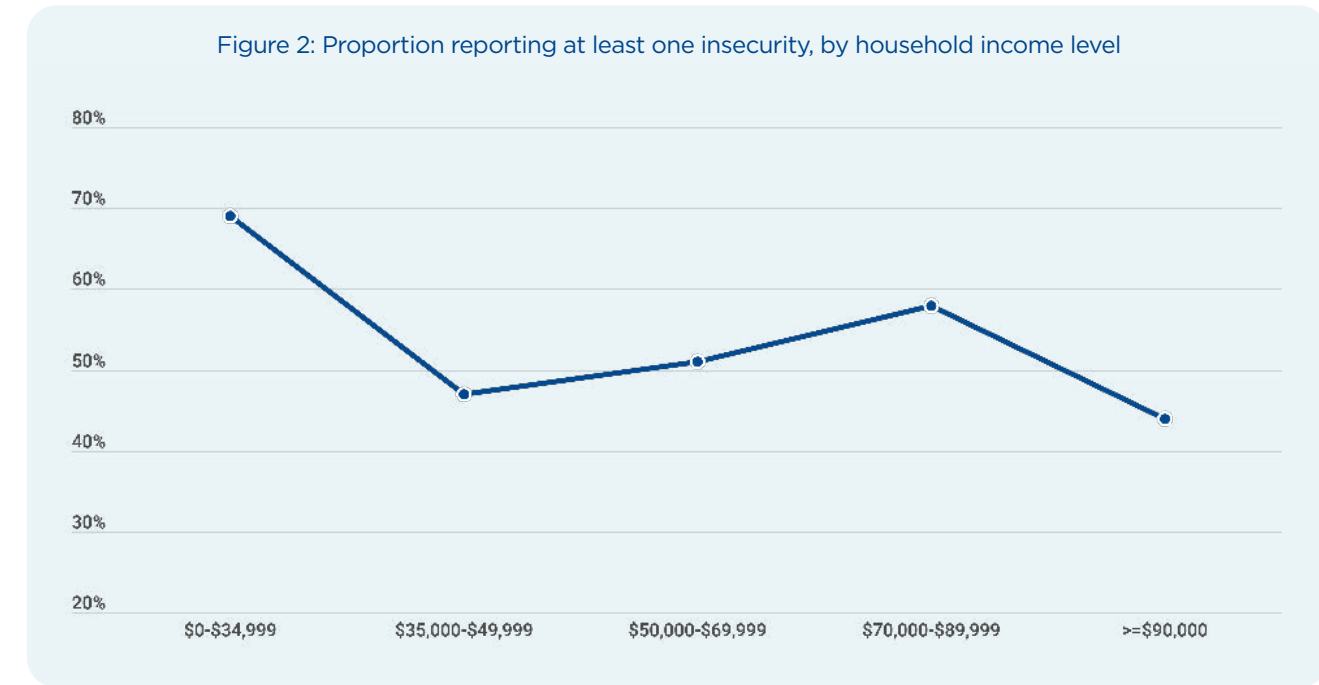


Key Insights

1 Not making ends meet is not restricted to the poor

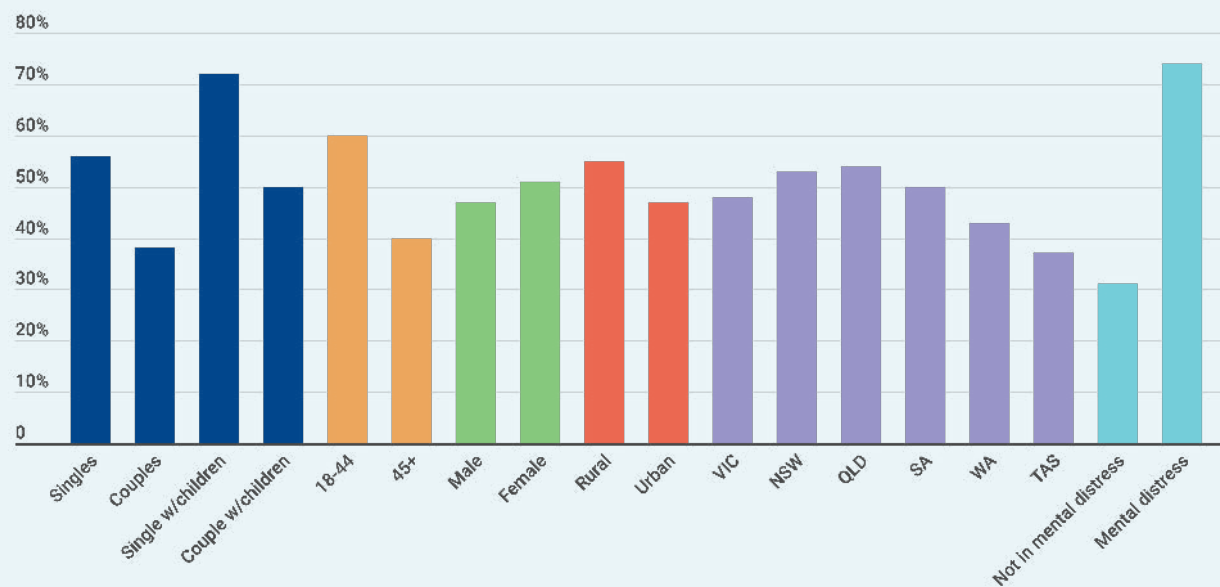
Substantial proportions of Australians are reporting challenges paying for necessities across the income distribution.

We have classified insecurities into four groups: food, health, energy, and housing. Figure 2 depicts the share of Australians reporting at least one type of insecurity across different levels of household income. Not surprisingly, about 69 percent of respondents with household income below \$35,000 per annum report experiencing at least one type of insecurity (as depicted in Figure 1).



Of note, however, is that even among individuals in higher income households, the prevalence of insecurity is still high. Almost 60 percent of Australians with an annual household income between \$70,000 and \$89,999 report at least one insecurity, whereas for those with a household income of \$90,000 or above, roughly 44 percent have experienced at least one insecurity. Figure 3 depicts the share of Australians reporting at least one type of insecurity based on different socio-demographic characteristics. The groups with the highest reported insecurity prevalence are those reporting mental distress (74 percent), single parents (72 percent), younger Australians aged 18 to 44 (60 percent), singles (56 percent), and those living in rural regions (55 percent). Across Australia, the highest share of respondents reporting at least one insecurity reside in New South Wales and Queensland.

Figure 3: Reports of at least one insecurity, by demographic characteristics

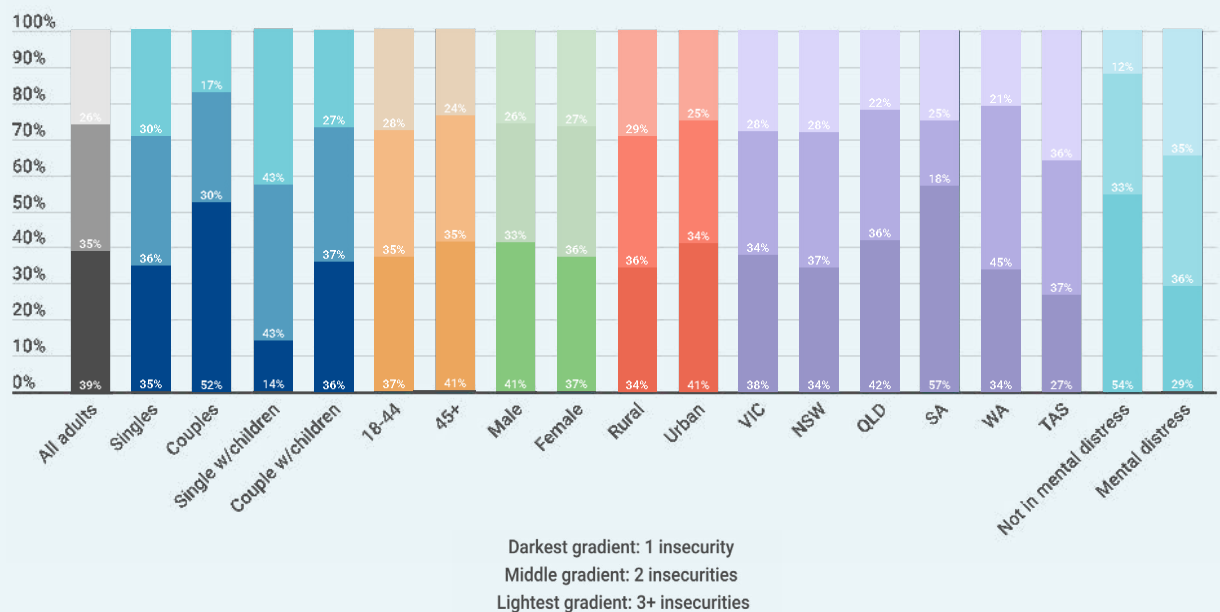


2 Severity of insecurity is highest among single parents

Conditioning on a report of at least one type of insecurity across a range of categories, more than 50 percent of respondents report multiple challenges (Figure 4).

The reports of multiple challenges are most severe among single parents, of whom 43 percent report having experienced two challenges, and another 43 percent report having experienced at least three challenges.

Figure 4: Distribution of insecurities by selected individual characteristics

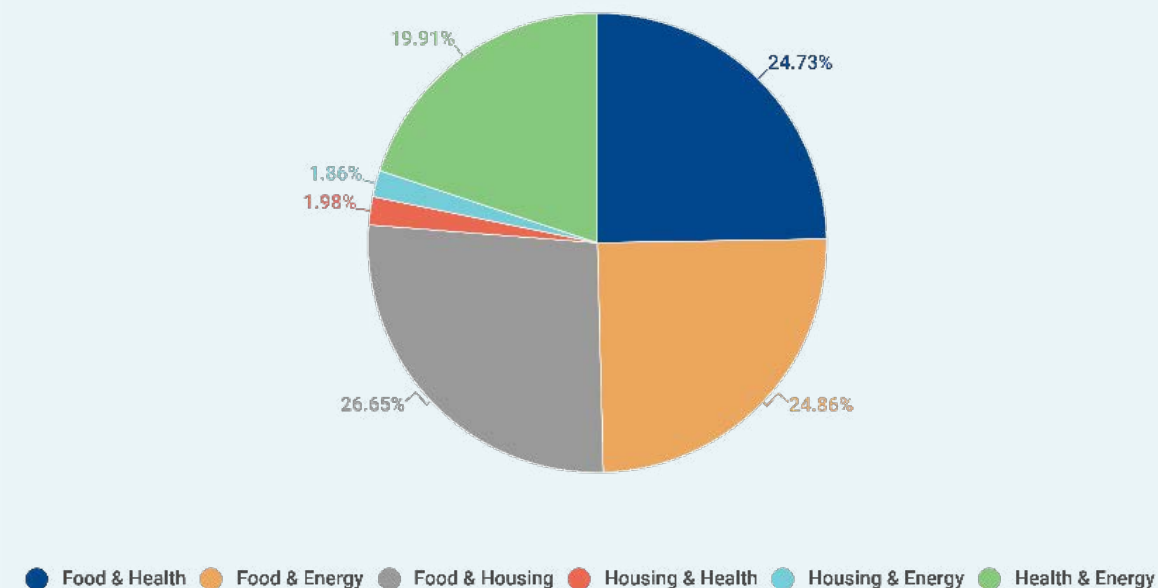


3 Many insecurities overlap, especially with food

For the respondents reporting two or more types of insecurities, most are tied to food plus one of the other three financial challenges studied (energy, health, housing) (Figure 5). 24.73 percent of respondents experience food and health challenges, 24.86 percent experience food and energy challenges, and another 26.65 percent report food and housing challenges. 19.91 percent of respondents facing challenges have both health and energy insecurities.

This insecurity interdependence strongly suggests that a different approach is warranted. Policy or service interventions could help identify the potential challenges an individual may face and in turn address the

Figure 5: Co-occurrence of insecurities



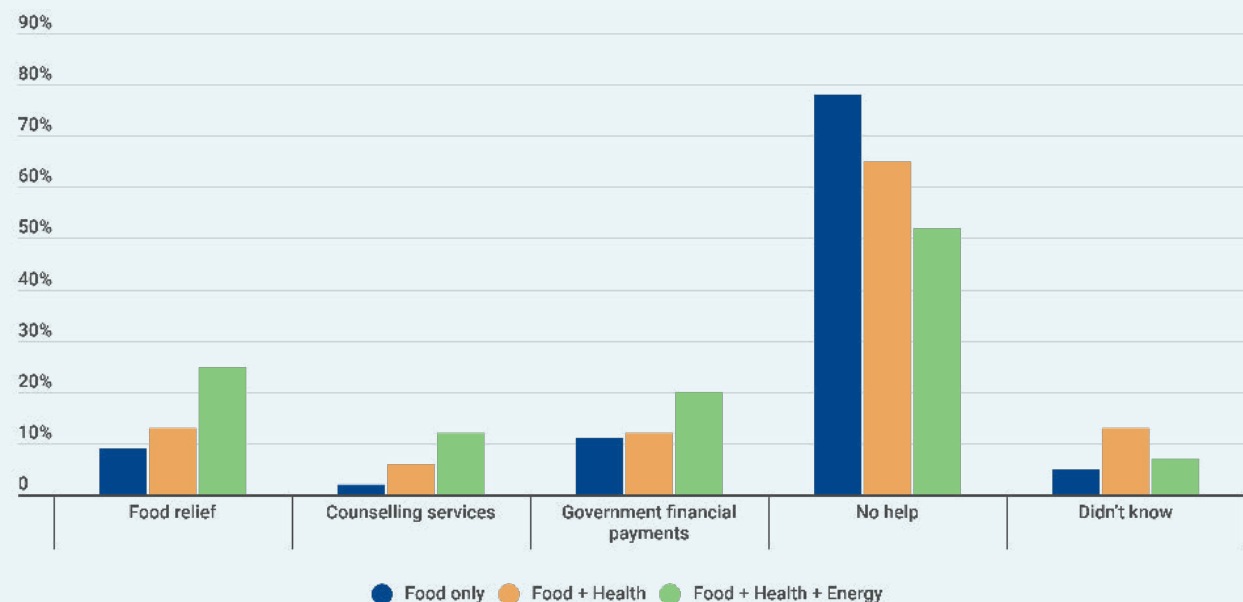
4 Few Australians seek assistance

Figure 6 depicts the proportions of Australians seeking some form of assistance when faced with food challenge only, food and health challenges, and food, health and energy challenges.

A key point to note is that among those who experience financial difficulties, a large majority are not seeking external assistance. For example, among people with food or food and health challenges, about 78 and 65 percent respectively have not sought any form of assistance. Among people reporting solely food insecurity, only 9 percent report having actively used food relief from organisations such as food banks. Regardless of the types of challenges experienced, less than 20 percent of Australians with these challenges report having used counselling services or government financial assistance to get by.

Although a small portion of people do not seek assistance because they are not aware that such help exists, we are unable to determine whether the low proportions of individuals seeking assistance are due to a lack of access to services, a lack of knowledge of relevant services, or perhaps some reluctance to ask for help. Nonetheless, initiatives aimed at sharing information about current support and addressing shortfalls in service provision to Australians seem needed. These initiatives should ensure a greater focus on accessibility, ensuring communities are aware of available support programs, and reducing any potential feelings of stigma related to asking for assistance.

Figure 6: Usage of support services, depending on nature of reported insecurities



Note: 'Food relief' includes seeking assistance in the form of grocery vouchers and from food baskets/bank/meals.

Further Information

Datasets:

Beginning in April 2020, the Taking the Pulse of the Nation (TTPN) was implemented by a group of researchers led by the Melbourne Institute Director. In 2022, the Melbourne Institute and Roy Morgan formed a partnership to extend the running of the TTPN. Each wave includes a set of core questions, as well as additional questions that address current and emerging issues facing Australians. The sample is stratified to reflect the Australian adult population in terms of age, gender, and location. The TTPN Survey uses a repeated cross-sectional design.

This report is based on a total of 1,014 respondents from data collected in February 2023. We thank OzHarvest for financing the inclusion of additional questions in the February 2023 survey.

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