

10 October 2014

Richard Grant
Secretary, Inquiry into the extent of income inequality in Australia
Community Affairs References Committee
Australian Senate
Parliament House, Canberra ACT 2600
By email: community.affairs.sen@aph.gov.au

Dear Mr Grant,

RE: Inquiry into the extent of income inequality in Australia

I write to you with additional information as a result of evidence and questions on notice taken by the Victorian Council of Social Service from our appearance before the Community Affairs Reference Committee on Thursday, 18 September 2014.

In evidence, VCOSS referred to the Household Income and Labour Dynamics in Australia survey. In its latest statistical report: *Families, Incomes and Jobs Volume 9*, it estimates Gini co-efficients for the period 2001 to 2011 for individual's equivalised household disposable incomes (Table 4.2, p.42), showing them increasing in the period 2001 – 2007, decreasing between 2007 and 2009, and resume increasing for the period 2009 – 2011.

The same HILDA report gave estimates of the duration of spells on income support (Table 5.4, p.37). For recipients of unemployment benefits commencing 2002-2004, aged 18-59 years, 68 per cent were on benefits for less than one year, and 84 per cent were on benefits for less than 2 years. Similarly, for the same age group and time period, 54 per cent of parenting payment recipients received benefits for less than one year, and 65 per cent received benefits for less than two years. Duration of benefits tended to be longer for recipients of the disability and age pensions.

VCOSS was asked whether we were aware of any work being done on the cumulative impact of budget decisions. We are aware that both the National Centre for Social and Economic Modelling and the Social Policy Research Centre have done some analysis and modelling on the cumulative impact of the Federal Budget on various household types or income quintiles. While these were not able to model the impact of every proposed initiative in the 2014-15 Budget, they were able to estimate the cumulative impact of a wide range of proposals.

VCOSS was also asked whether we produced a Cost of Living Report analogous to the Western Australian Council of Social Service. We reported that the nearest equivalent work being done in Victoria is the Relative Price Index Report produced by the St Vincent de Paul Society, whose latest

release is for the September quarter 2013. However, this uses national data, and does not specifically model Victorian households.

If there is any further assistance or information we can provide to the Committee, please do not hesitate to contact us.

Yours sincerely

Emma King
Chief Executive Officer
Victorian Council of Social Service