Inflation, inflation, inflation: How Tasmanians are coping with rising costs of living

THE TASMANIA PROJECT REPORT 60

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Acknowledgment of Country

The University of Tasmania pays its respects to elders past and present and to the many Aboriginal people that did not make elder status and to the Tasmanian Aboriginal community that continues to care for Country. We acknowledge the profound effect of climate change on this Country and seek to work alongside Tasmanian Aboriginal communities, with their deep wisdom and knowledge, to address climate change and its impacts.

The Palawa people belong to one of the world's oldest living cultures, continually resident on this Country for over 65,000 years. They have survived and adapted to significant climate changes over this time, such as sea-level rise and extreme rainfall variability, and as such embody thousands of generations of intimate place-based knowledge.

We acknowledge with deep respect that this knowledge represents a range of cultural practices, wisdom, traditions, and ways of knowing the world that provide accurate and useful climate change information, observations, and solutions.

The University of Tasmania likewise recognises a history of truth that acknowledges the impacts of invasion and colonisation upon Aboriginal people, resulting in forcible removal from their lands.

Our island is deeply unique, with cities and towns surrounded by spectacular landscapes of bushland, waterways, mountain ranges, and beaches.

The University of Tasmania stands for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language, and history, and a continued effort to fight for Aboriginal justice and rights paving the way for a strong future.

Key findings

The Tasmania Project Cost of Living Survey (TTP8) was open between 21 September and 9 October 2022. It asked about the types of expenses that were impacting respondents the most with regard to rising costs, and the various actions taken to manage rising costs of living.

WHERE INFLATION IMPACTS WERE MOST FELT

- Food (fresh fruit and vegetables, meat, and general groceries) and petrol were the expenses in which the highest proportion of respondents reported feeling the greatest impact from cost increases.
- Forty percent of respondents reported being ‘very’ or ‘extremely’ impacted by increases in their rent and/or mortgage costs, though 27.2% reported being ‘not at all’ impacted.
- Almost one third of respondents with private health insurance (31.3%) and home and/or contents insurance (29.7%) reported being ‘very’ or ‘extremely’ impacted by increases in premiums. Slightly fewer (25.4%) comprehensive car insurance policy holders reported being ‘very’ or ‘extremely’ impacted by increases in premiums.
- Generally speaking, across all expense categories, younger respondents, those without a university degree, and those with a health condition or disability that limits their mobility, were more likely to report higher levels of impact arising from cost of living increases.

WHAT RESPONDENTS WERE DOING TO MANAGE EXPENSES

- Most respondents (88.1%) had undertaken some sort of action related to food to help manage expenses in 2022. This included 76.9% who changed their food purchasing behaviour, 69.6% who changed their diet, and 36.1% who grew their own food.
- Over half (56.7%) reported driving less to manage expenses, and 43.4% minimised or avoided using the heater to manage expenses.
- Changing to housing situations and aspirations were relatively common, with 9.2% combining households to manage expenses, 6.0% moving house, and 12.5% delaying house purchases.
- Less than 1 in 5 made any changes (i.e. scrapping, reducing coverage, or changing providers) to their private health, comprehensive care and/or home/contents insurance.
- Over a third (35.1%) had drawn on accumulated savings or term deposits to manage expenses, and 21.5% had sold household goods or jewellery.
- The majority of respondents (84.4%) had reduced at least some of their regular expenses (e.g. dining out/takeaway, discretionary purchases, memberships and subscriptions).
- One in 2 respondents had put off medical care (going to the dentist or doctor).
- One third (33.2%) had taken action to increase salary (e.g. changed jobs, worked more).

1. Introduction

1.1 THE TASMANIA PROJECT COST OF LIVING SURVEY (TTP8)

The Tasmania Project Place Survey (TTP7) was open between 21 September and 9 October 2022. The survey asked respondents, Tasmanians aged over 18, about the impacts of rising costs of living on their lives, including where these impacts were most felt and actions taken to manage rising costs of living. The survey also asked about the importance of several dimensions of housing and income to respondents' wellbeing, food security, and diet quality. These topics will be explored in forthcoming reports and publications.

A total of 1,284 responses were collected. The sample was more than two-thirds female (67.8%), skewed older (53.0% aged 55 and over), and educated (87.0% with post-secondary qualifications). Almost half the sample resided in the Hobart Statistical Area Level 4 (SA4), 19.5% in Launceston and North East, 17.8% in West and North West and 11.1% in South East. The data were weighted against these variables to ensure that the sample is more demographically representative of Tasmanian residents, overall. For detailed information about the methodology, please see the Technical Report (Kocar, 2022). All results presented in tables and figures in this report are based on weighted data.

1.2 THIS REPORT

In this report, we examine the impacts of rising costs of living on Tasmanian residents: the types of expenses in which increases are causing the greatest level of impact and the actions taken to manage rising costs. Additionally, we examine responses to the open-ended question '*How are you coping with rising costs of living?*'

Where present, differences between the impacts of inflation on respondents and their actions taken to manage rising costs by age, sex, education, health condition/disability that limits mobility, and geographic location are described.

2. Cost of living impacts

This section outlines the extent of impact reported by TTP8 respondents arising from rising costs of various types of expenses. Generally speaking, the following demographic groups were more impacted by the increased costs of living in every type of expense:

1) Younger respondents, with the level of impact felt decreasing with age. For example, 45-64 year old's reported less severe impacts than 25-44 year old's, but more severe impacts than those aged 65 and older.

2) those without a university degree.

3) those with a health condition or disability, especially those who reported that their health condition affects them "a lot".

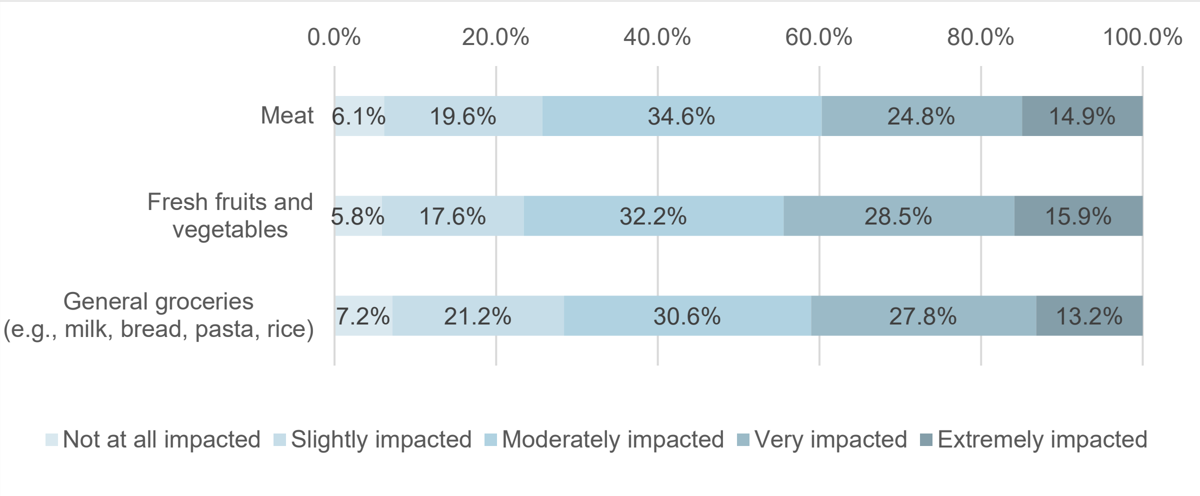
No differences in impacts of rising costs of living were observed for gender and SA4, across any expense types.

2.1 FOOD

The figure below outlines the extent of impact of price increases across core food categories on TTP8 respondents. The vast majority (>90%) of respondents reported feeling some level of impact arising from increases in the costs of meat, fresh fruit and vegetables, and general groceries. The extent of impact was quite similar across the three categories: among respondents who reported incurring the expense in the past year, 44.4% were 'very' or 'extremely' impacted by increases in the cost of fresh fruit and vegetables, 41.0% were 'very' or 'extremely impacted by increases in the cost of general groceries such as milk, bread, pasta and rice, and 39.7% were 'very' or 'extremely' impacted by rising costs of meat.

As the rest of this report will elaborate, other than petrol, food expenses were the area in which the highest proportion of respondents reported the greatest levels of impact. Further, unsurprisingly, food expenses are incurred by the vast majority of respondents. Therefore, the high impact of food price increases reported by respondents in this survey, combined with the high levels of food insecurity observed throughout The Tasmania Project (Kent et al. 2020a; Kent et al. 2022), raise serious concerns about how Tasmanians are keeping food on the table in the current inflationary environment. Section 3.1 of this report will briefly describe some food-related behaviours TTP8 respondents engaged in to cope with the rising costs of living, and Katherine Kent explores the impacts of rising prices on food insecurity in a forthcoming report.

Figure 1. Extent of impact of price increases across selected categories of food expenses (n=1,284[1])



[1] Figure contains only respondents who reported incurring the expense – 99 respondents had not bought meat in the past year, 9 respondents had not bought fresh fruit or vegetables, and 5 had not bought general groceries in the past year.

2.2 HOUSING AND TRANSPORT

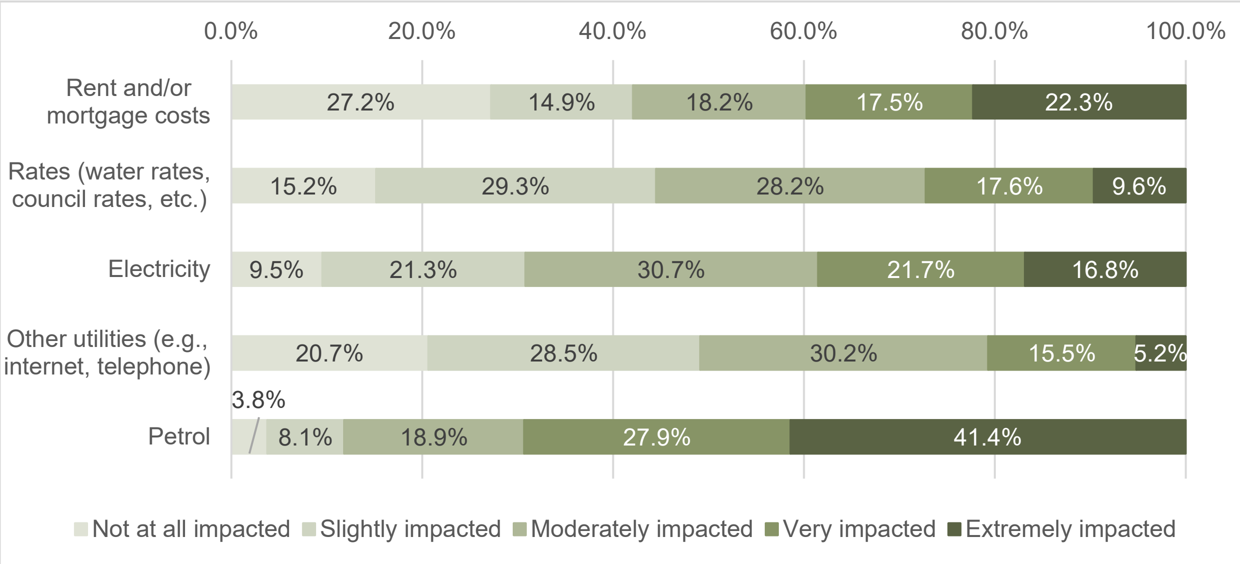
The figure below outlines the level of impact of price increases across a range of housing and transport costs, reported by TTP8 respondents. Despite the Australian Government halving the fuel excise rate for the 6-month period to 28 September 2022 with the intent to relieve costs of living pressures (Australian Government, 2022), the majority of respondents reported being 'extremely' (41.4%) or 'very' (27.9%) impacted by increases in petrol prices. This is largely attributable to Tasmanian average retail fuel prices rising by more than 24% between April 24 and July 10 2022 and only returning to April 2022 levels by the end of August (Australian Institute of Petroleum, 2022). It may also be partly attributable to car dependency in Tasmania (Department State Growth, 2015), which is reflected in the fact that almost 95% of TTP8 respondents reported purchasing fuel in the year prior to survey.

Reflecting the widely publicised housing crises in many areas of Tasmania (Holmes, 2022; Alvaro & Ross, 2022; De Vries et al. 2021), and perhaps the early effects of recent increases of the target cash rate by the Reserve Bank of Australia (Reserve Bank of Australia, 2022), almost 40% of respondents reported being ‘extremely’ (22.3%) or ‘very’ (17.5%) impacted by rising rent and/or mortgage costs. Notably, 27.2% of respondents who had rent and/or mortgage costs reported being ‘not at all’ impacted by increasing costs. This is somewhat expected given that some renters would not have incurred a rent increase, some mortgage holders would have fixed-rate loans and/or were already paying above their minimum mortgage repayments, and some households have flexibility in their budgets to accommodate rising housing costs without feeling impacts. Additionally, though not included in the above figures, it is important to note that 36.9% of all respondents owned their dwelling outright and were thus very unlikely to have rent and/or mortgage costs in the year prior to survey; those respondents tend to be older (e.g. more than 80% of respondents aged over 65 reported that they own their dwelling outright), and without health conditions/disability. This divide, such that a total of 39.3% of TTP8 respondents did not have rent and/or mortgage costs or were not impacted by increases in them while 33.2% were ‘very’ or ‘extremely’ impacted by them, as well as the socio-demographic determinants of the divide, reflect the nature of the housing crisis and is deeply concerning given the significant impact of housing costs on income inequality and poverty in both the short and long term (Saunders, 2017).

More than 1 in 4 respondents who reported paying rates in the past year indicated that they were ‘very’ (17.6%) or ‘extremely’ (9.6%) impacted by rising costs of rates, likely reflecting the release of the pandemic-related freeze on these costs (Tasmanian Government, 2022), significant increases to land rates in some council areas (Tasmanian Government, 2022; Bovill, 2022), and the general burden of rising costs across the household budget. Electricity costs were a significant burden, with 21.7% of respondents reporting being ‘very’ impacted and 16.8% ‘extremely’ impacted. The burden of electricity prices may further increase given the Tasmanian Economic Regulator’s approval of an 11.88% increase to residential and small business electricity prices from 1 July 2022 (Tasmanian Economic Regulator, 2022).

Just over 1 in 5 TTP8 respondents reported being ‘very’ (15.5%) or ‘extremely’ (5.2%) impacted by increases in the costs of other utilities such as gas, internet and telephone, making these expenses the least impactful among the expenses presented to respondents in terms of the proportion of people who reported being very or extremely impacted. In fact, almost half of respondents were ‘not at all’ impacted (20.7%) or ‘slightly’ impacted (28.5%) by increases in costs to other utilities.

Figure 2. Extent of impact of price increases across selected housing and transport expenses (n=1,284[1])



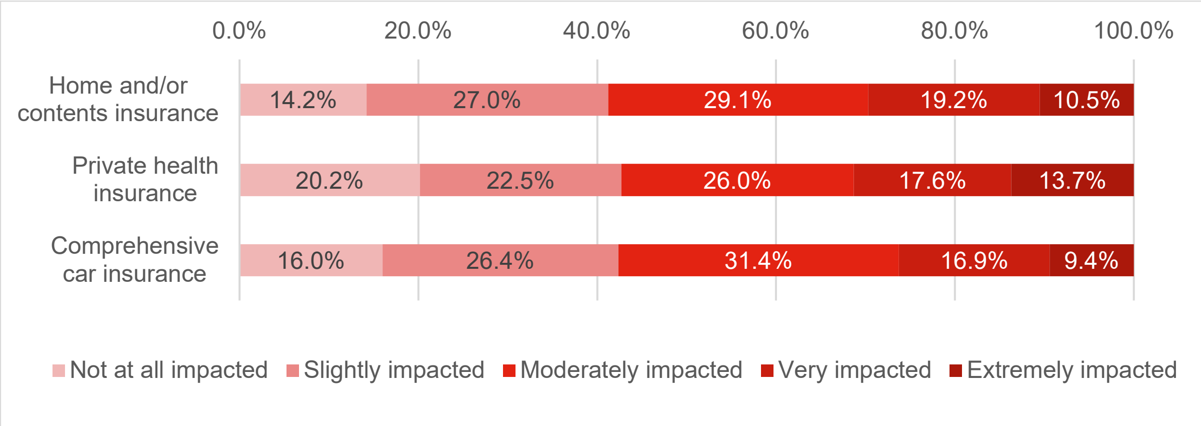
[1] Figure contains only respondents who reported incurring the expense – 213 respondents did not have rent or mortgage expenses in the past year, 166 did not have expenses for rates, 70 did not have expenses for electricity, 24 did not have other utilities, and 68 did not have petrol expenses.

2.3 INSURANCE

Figure 3 presents the impact on respondents of increases in various insurances, among those respondents who reported having each type. Almost one third of respondents with home and/or contents insurance reported being 'very' (19.2%) or 'extremely' (10.5%) impacted by rising costs of such insurance. Similarly, 17.6% of respondents with private health insurance were 'very' impacted by increases in the costs of their policies and 13.7% were 'extremely' impacted. A further 29.1% and 26.0% of respondents were moderately impacted by increases to their home and/or contents insurance and private health insurance, respectively. Increases in the costs of comprehensive car insurance were impacting respondents slightly less than home/contents and private health insurance, with 16.9% 'very' impacted and 9.4% 'extremely' impacted (though 31.4% reported they were 'moderately' impacted.

The level of impact reported by respondents arising from increases in insurance premiums may not necessarily reflect the amount of the premium increase, but rather the general financial stresses facing households. For example, the average increase to private health insurance premiums approved by the Australian Minister for Health for 2022 across insurance providers was 2.7% (Australian Government, 2021) and many people adjusted their car insurance level in line with decreased commuting and increased work from home (Bettes, 2022). However, in times of financial stress, many households consider insurance a luxury good (Settle, 2020), thus the impacts of increases in insurance costs may be more significant to individuals than their nominal increase suggests.

Figure 3 Extent of impact of price increases across selected insurance expenses (n=1,284[1])



[1] Figure contains only respondents who reported incurring the expense – 189 respondents did not have home or contents insurance expenses in the past year, 359 did not have expenses for private health insurance, and 158 did not have expenses for comprehensive car insurance.

3. Actions taken to manage rising costs of living

This section outlines the proportion of respondents who undertook various actions to manage expenses in the face of rising costs of living, describes demographic differences in the prevalence of these actions, and provides some open-ended responses from respondents about how they are coping with the rising costs of living.

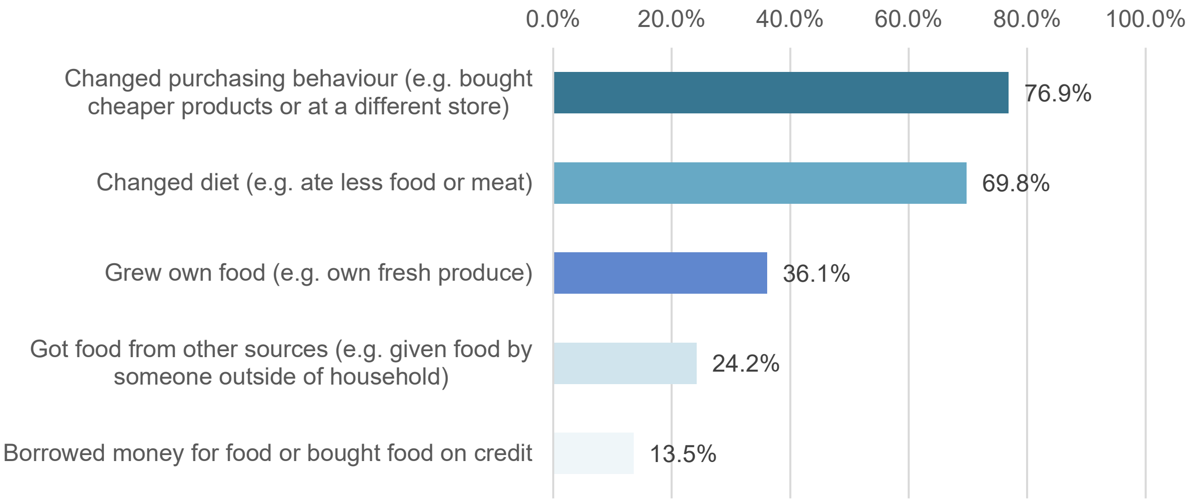
3.1 FOOD

Respondents to TTP8 were asked to indicate whether they had undertaken a range of common actions related to food to manage rising costs of living. The proportion of respondents who engaged in each category of food-related behaviour is outlined in Figure 4. Several of these food-related actions have been explored in the context of the pandemic throughout The Tasmania Project. Notably, only 11.9% of respondents indicated that they had *not* undertaken any of the food-related actions.

In this survey, the most common action undertaken to manage food expenses in the face of rising costs of living was changing purchasing behaviour, reported by 76.9% of respondents. These changes in purchasing behaviour included buying cheaper cuts of meat (48.9% of respondents), buying frozen fruit and vegetables instead of fresh (48.8%), buying food in bulk (33.7%), and changing where they shopped for food (30.6%). More than two thirds (69.8%) of respondents reported that they had changed their diet to manage expenses, including buying less meat (59.6% of respondents), eating lower quality food (39.6%), and eating less food (31.3%). The latter figure – 31.3% of TTP8 respondents eating less food – is much higher than 11.1% of Tasmanians eating less in the Melbourne Institute's Taking the Pulse of the Nation (TTPN) survey (Botha & Payne, 2022). This may be attributable to sample design, such that the TTPN sample comprised 1,058 adults representative of the Australian population and only about a couple of dozen Tasmanians participated in the survey (which resulted in less precise population estimates for Tasmania). On the other hand, the TTP8 sample comprised 1,284 Tasmanian adults with the data weighted post hoc.

Over one third (36.1%) of respondents reported that they were growing their own food to manage expenses, which included growing their own fresh produce (35.7%) and participating in a community garden (3.6%), most of those respondents undertaking both. Despite being quite different contexts, such that a major issue during the beginning of the pandemic were food shortages and panic buying versus the (arguably) primary issue of rising costs currently, these proportions are quite similar to the TTP Food Survey, in which 35% of respondents reported that they were growing more of their own food as a result of the pandemic (Kent et al. 2020b). This may indicate that food growing has been 'carried forward' as a food sourcing strategy from the pandemic, or perhaps a stable proportion of people grow their own food and their motivations (e.g., ensuring supply, managing expenses) change based on context. Either way, it appears that home-grown food is an important part of the Tasmanian food supply chain.

Figure 4 Proportion of respondents who undertook selected actions related to food this year (2022) in order to manage expenses (n=1,284)



Almost 1 in 4 (24.2%) of respondents got food from other sources to manage expenses, which included seeking or being given food by someone outside of their household (19.0%), seeking food from a food bank (6.0%) and foraging for food (5.9%). Notably, despite a much higher proportion of TTP8 respondents reporting eating less food than in the Melbourne Institute's TTPN, a much smaller proportion of TTP8 than Tasmanian TTPN respondents reported accessing food banks (6.0% of TTP8 respondents sought food from a food bank versus 14.8% of Tasmanian TTPN respondents who received food from a food bank or other organisation) (Botha & Payne, 2022). Finally, 13.5% of respondents reported that they had borrowed money for food or bought food on credit to manage expenses.

In terms of demographic differences in food-related behaviours to manage rising costs of living, females were more likely than males to change their diet (e.g., eat less, eat lower quality food), change food purchasing behaviours (e.g., change where they shop, buy food in bulk), and to grow their own food. Given that there were no gender differences in the extent of impact of price rises on respondents, this may reflect that more women than men are responsible for food purchasing and preparation.

Age was negatively related to changing diet, changing food purchasing behaviours, getting food from other sources (e.g., friends, family, food banks), and borrowing money for food, such that older respondents were less likely than younger respondents to have undertaken these actions. On the other hand, older respondents were more likely than younger respondents to report growing their own food to manage expenses**.** This fits with the higher impact of price rises reported by younger people, and reflects the higher economic resources of older people relative to younger people, including having higher income (especially the 45-64 age group) and the higher likelihood of owning one's own home in which food can be grown (especially the 65+ age group).

Those with a degree were more likely to have grown their own food than those with a high school degree, and less likely to have borrowed money for food than those without a university degree. This reflects the higher average income associated with higher education levels. Those from Hobart were less likely than those in other regions (Launceston and North East, South East, and

West and North West) to grow their own food, perhaps indicating that those outside of Hobart are more likely to have space to grow food and possibly more experience and expertise.

Respondents with a health condition or disability were more likely than those who did not have such conditions to engage in every food-related cost management action except growing their own food, perhaps reflecting physical limitations and/or limitations in physical space in which to grow food.

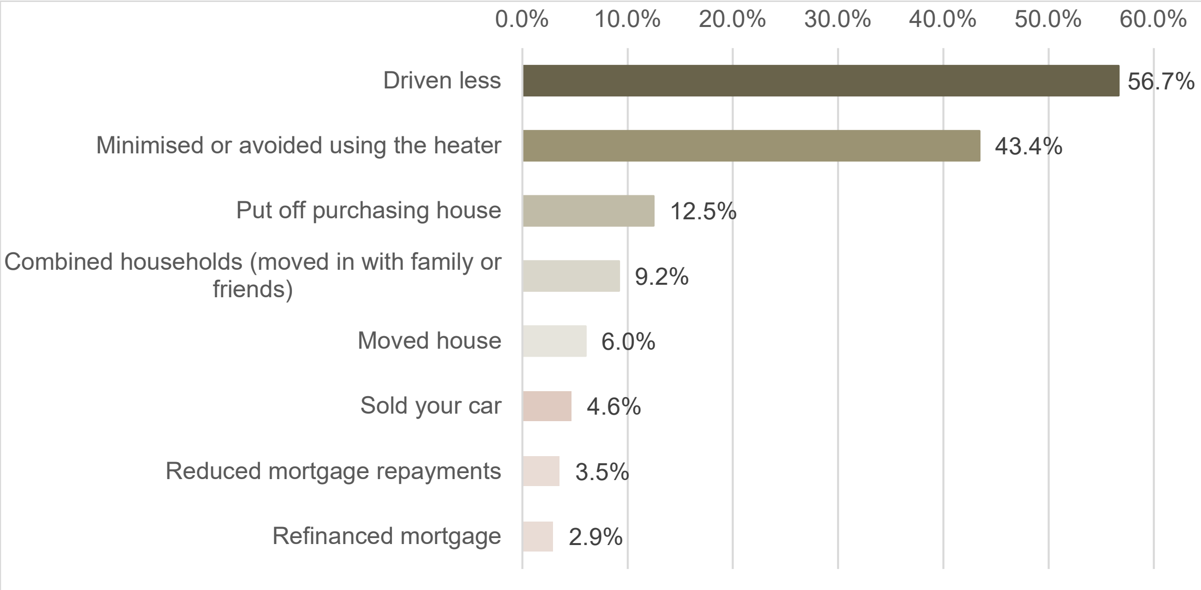
3.2 HOUSING AND TRANSPORT

Figure 5 outlines the proportion of respondents who undertook selected actions related to housing and transport to manage expenses. More than 1 in 4 respondents (28%) had not undertaken any of the actions. Like reflecting the very high inflation in petrol costs and the high levels of impact of rising petrol costs reported by TTP8 respondents, 56.7% reported that they had driven less to manage expenses. A substantial proportion of respondents (43.4%) minimised or avoided using the heater to manage expenses. In the current inflationary environment, concerns have been raised that many people, even in high income countries, are having to choose between heating or eating (Gill 2022), and energy poverty, quantitatively defined as spending 10% or more of disposable income on energy, is not a new phenomenon in Australia (Liu & Judd, 2019). The high proportion of TTP8 respondents adjusting their energy use and the high proportion who have adjusted their eating habits, including eating less, suggest that it is not a simple choice of “heat or eat” for many people, particularly when the cost of living pressures present across almost all expense types.

One in 8 respondents (12.5%) reported that they had put off purchasing a house, possibly to “ride out” volatility in the housing market and adjust their household budgets to accommodate rising costs of living and reduced borrowing power arising from interest rate increases. Just over 9% of respondents reported that they had combined households, such as by moving in with family or friends, to manage expenses, and 6.0% had moved house to manage expenses (e.g., to a cheaper property/area). Just under 5% of respondents had sold their car to manage expenses, 3.5% had reduced their mortgage payments (notably, an option only available to those who were paying above minimum repayments), and 2.9% had refinanced their mortgage (noting that 40% of Australians with mortgages have fixed interest rates and that refinancing is subject to loan-to-value ratios and income tests (Khadem, 2022)).

In terms of sociodemographic differences in the number of actions taken to reduce housing and transport costs to manage expenses, those with health conditions or disabilities were more likely than those without such conditions to try to decrease housing and transport expenses (with more actions taken), reflecting the fixed and limited nature of income received by many people with mobility-limiting health conditions or disabilities (e.g. income support payments such as Disability Support Pension). Younger people were more likely than older people to undertake actions to manage housing and transport expenses, such that the number of selected actions related to housing and transport to manage expenses decreased with age. Again, this reflects higher average income levels and particularly disposable income arising from lower housing costs among older adults.

Figure 5 Proportion of respondents who undertook selected actions related to housing and transport this year (2022) in order to manage expenses (n=1,284)



3.3 INSURANCE

Figure 6 outlines the proportions of TTP8 respondents who made changes to different types of insurance to manage expenses. Most respondents (69.6%) who had private health, home and/or contents, and/or comprehensive car insurance reported that they did not make any changes to their insurance(s). Among those who reported having private health insurance, 3.2% reported that they had scrapped it to manage expenses, 10.6% had reduced their coverage level and 6.2% had changed provider. Overall, 17.8% of TTP8 respondents with private health insurance had made at least one of these changes to their private health insurance.

Of those with comprehensive car insurance, 16.8% had made some change to it: 5.4% had scrapped it, 6.8% had reduced their coverage level, and 5.9% had changed comprehensive car insurance providers. Among those with home and/or contents insurance, 16.5% had made some sort of change to manage expenses: 5.0% had scrapped it, 6.8% had reduced their coverage level, and 7.2% had changed provider.

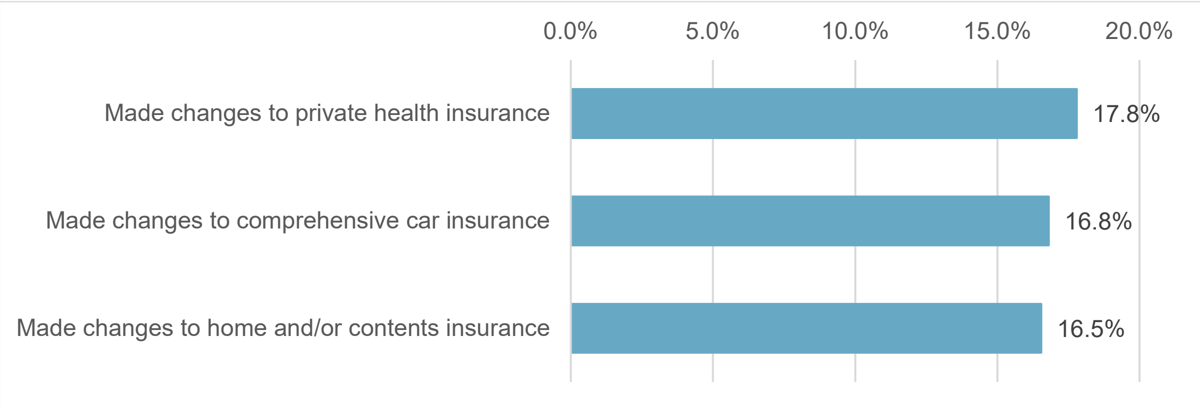
As mentioned in Section 2.3, many households view insurance as a luxury item in times of financial stress (Settle, 2020). It is therefore interesting that relatively low proportions of TTP8 respondents made changes to their insurance(s), and very small proportions scrapped it, despite quite a high proportion reporting feeling ‘very’ or ‘extremely’ impacted by the costs of insurance. This may reflect the administrative burden of adjusting insurance or a perceived increase in the importance of insurance in the face of significant flood and bushfire events across the country in recent years. Alternatively, many people need insurance to meet bank requirements around mortgages and work-related driving requirements. Additionally, it is important to note that decent proportions of TTP8 respondents did not have insurance (28.0% did not have private health insurance, 14.7% did not have home and/or contents insurance, and 12.3% did not have comprehensive car insurance) and therefore couldn’t make changes to it to manage expenses, perhaps suggesting that insurance was already in the “luxury” expense category for many people even before the recent rapid increases in costs of living.

In terms of geographic differences in changes to insurance to manage expenses, those living in Hobart were less likely to make changes to their private health insurance than those in South East, Launceston and North East, and West and North West, and respondents from South East were more likely to make changes to their comprehensive car insurance.

Those with a health condition or disability were more likely than those who did not to make changes to their private health insurance and home insurance. Once again, this reflect restricted income and thus a greater need to reduce the cost of or altogether scrap insurance. Changes to health insurance are particularly concerning given that those with health conditions or disabilities are more likely to require health care and public systems are under significant strain, thus changes to private health insurance may impede access to health care and thus exacerbate health issues.

Propensity to make changes to private health insurance decreases with age, and those aged 65+ were less likely to make changes to their home insurance than those in younger age groups. The youngest age group (18-24) were more likely to make changes to their comprehensive car insurance. Again, these variations in insurance changes across age groups reflect relatively lower average income and higher costs of living associated with housing (rent or mortgage) among the younger cohorts.

Figure 6 Proportion of respondents who undertook selected actions related to insurance this year (2022) in order to manage expenses (n=1,284)



3.4 FINANCIAL MEASURES

The proportion of TTP8 respondents who undertook selected actions relating to finances are outlined in Figure 7. While 44.8% of respondents had not taken any of the financial measures listed, over a third (35.1%) had drawn on accumulated savings or term deposits, compared with only 10% of TTP2 (June 2020) respondents (Lester, 2020). This indicates that, in addition to saving less of their income, Australians (in this case Tasmanians) are dipping into their so-called pandemic ‘war chest’ to manage rising costs of living (Reserve Bank of Australia, 2022b; Mizen, 2021). More than one fifth (21.5%) of respondents had sold household goods or jewellery to manage expenses (versus 3% of TTP2 respondents), and 12.2% had sold other assets.

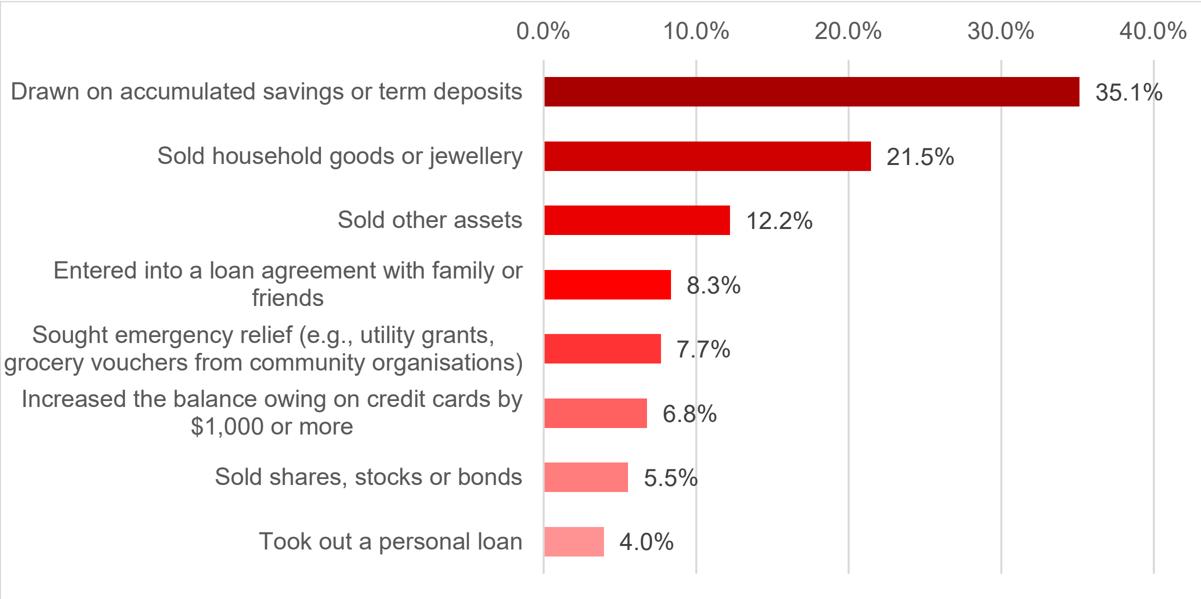
One in 12 (8.3%) had entered into a loan agreement with family or friends to help manage expenses, and 7.7% had sought emergency relief, such as utility grants and grocery vouchers, from community organisations. Increasing credit card limits by $1,000 or more was an action undertaken by 6.8%, compared with 2% of TTP2 respondents (Lester, 2020). Compared with 1%

of TTP2 respondents in June 2020, 5.5% of TTP8 respondents had sold shares, stocks or bonds, and 4.0% of TTP8 respondents (compared with 1% of TTP2 respondents) had taken out a personal loan.

While the surveys are fundamentally cross-sectional, such that only portions of the TTP2 and TTP8 samples comprise the same people and no longitudinal analysis with these financial measures can be carried out, the higher proportion of TTP8 respondents than TTP2 respondents reporting taking the selected financial measures to manage expenses suggests that cost of living pressures in 2022 are having greater impacts than the initial pandemic period.

Sociodemographic differences in financial measures undertaken to manage expenses largely follow the other expense management categories, such that those with health conditions or disabilities undertook more of the selected actions relating to finances to manage expenses than those who do not, and older respondents took fewer financial measures than younger respondents. Also, men and those without a university degree undertook more financial measures than women and respondents with a degree.

Figure 7 Proportion of respondents who undertook selected financial measures this year (2022) in order to manage expenses (n=1,284)



3.5 OTHER ACTIONS

Figure 8 outlines the proportion of TTP8 respondents who undertook various other measures to manage expenses in 2022. The majority of respondents (82.5%) had reduced regular spending, including 65.4% who reduced discretionary spending on themselves, such as clothes and shoes, 63.2% who reduced dining out or takeaway, 15.7% who cancelled gym or other sports memberships, 13.2% who reduced spending on children, and 9.6% who gave up cigarettes and/or alcohol. Of course, it is important to note that not all respondents would have had these expenses to begin with.

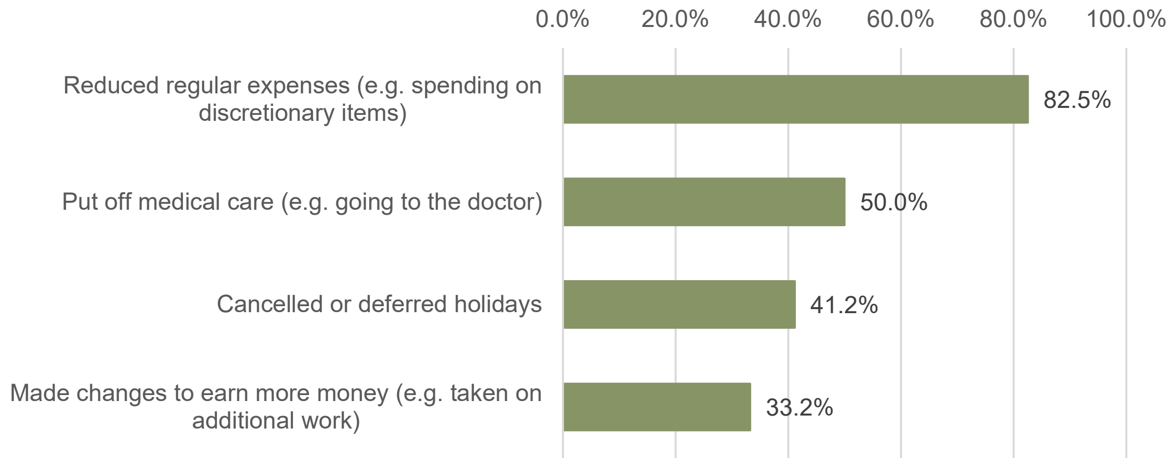
One in 2 respondents had put off getting medical care in order to manage expenses: 35.2% avoided going to the doctor and 41.6% avoided going to the dentist. The notion that half of our sample put off medical care may reflect the impact of inflation on inequality, such that rises in inflation are related to increases in income inequalities (Shi, Paul & Paramati, 2022). Postponing medical treatment is very concerning given the reciprocal relationship between healthcare and poverty, such that those who experience income poverty are more likely to experience and acquire health issues and less likely to receive adequate healthcare, thus exacerbating their health issues (Callander, Fox, & Lindsay, 2019).

Over 2 in 5 respondents (41.2%) reported that they had cancelled or deferred holidays in 2022 to manage expenses, and one third (33.2%) had taken action to increase their income. This included 22.9% of respondents who had taken on additional work including extra hours, 11.3% who had undertaken educational qualifications to increase their earning potential, and 7.6% who changed jobs for a higher salary. The taking on of additional work is reflected in national data, with the Australian Bureau of Statistics' Labour Account Australia revealing that more than 1 million Australians are working secondary jobs, an increase of 8.9% relative to one year ago (Australian Bureau of Statistics, 2022).

In terms of sociodemographic differences in 'other' actions taken to manage expenses, the propensity to make changes to earn more money, to reduce regular expenses, and to put off medical care, decreases with age. This likely reflects lower average need to do so among older rather than younger respondents, arising from higher average income and assets and, particularly for much older respondents, fewer dependents.

Women were more likely to have reduced their regular expenses than men, which could be explained by lower income among women. Once again reflecting restricted income, those with health conditions or disabilities, particularly those whose conditions affected them "a lot", were more likely to have reduced their regular expenses and put off medical care than those who did not have such conditions. The putting off of medical care is concerning given the higher need for medical care and potentially higher impact of not getting care among this cohort. Those without a university degree and residents of South East were also more likely to put off medical care than those with a university degree and residents of Hobart, Launceston and North East or West and North West.

Figure 8 Proportion of respondents who undertook selected other measures this year (2022) in order to manage expenses (n=1,284)



3.6 HOW RESPONDENTS WERE COPING

To get some context and a general sense of how people were feeling about the cost of living, we asked respondents the open-ended question *"How are you coping with the rising costs of living?"* As one would expect with 1,125 respondents providing answers to this question, there was a wide variety of responses. Some people reported that they were coping well, some citing a fortunate financial position, some citing lifestyle decisions (e.g. longstanding frugality), and some indicating that price rises were not occurring in expenses that they had (e.g. because they had solar panels, electric vehicles grew their own food, generally did not go out or purchase much).

> *"We are not having any financial problems. We have a solar system on the roof, I bought a fully electric car, we own our home."*

> *"We have no mortgage, in a four-person (married couple with two adult children) employed household. Both my husband and myself have company cars. We have been well-insulated from the rising cost of living."*

> *"We grow most of our own food, milk goats, make cheese, and barter for meat, so we're coping pretty well."*

For many, 'coping' was an accurate descriptor, with many people saying they were '*accepting'*, '*absorbing'*, '*adjusting'*, '*watching expenses*', '*being careful*', '*weathering it*', '*surviving'*, '*juggling'*, '*being mindful*', '*cutting [the] cloth to suit*', '*being aware'*, '*managing'*, '*making do*', '*getting by'* and '*budgeting*'. In addition to dipping into savings (as reported in Section 3.4 above), many respondents indicated that they had reduced their regular savings.

> "*Coping well, but not putting as much into savings as we previously were.*"

> *"Extensive vegetable garden, cutting back on discretionary spending, reduced savings. We're also extremely lucky to have a high income which has been able to absorb some costs."*

On the topic of savings, several people reporting rising stress as a result of dipping into savings.

> "*It is stressful. I feel like we had worked really hard and had finally reached a point where things were manageable and we were living comfortably within our means (for the first time ever) with a little bit of savings (for which I know we were very fortunate). But now those savings are being chewed away by bills and expenses - it feels like we can't win!*"

> "*It's a struggle and savings are dwindling.*"

> "*Keeping afloat for now, but have dipped into savings and am a bit worried about the future.*"

Many people reported extensive lists of measures they took to manage rising costs of living. Some stated them matter-of-factly, some people drew on their life experiences to contextualise and cope with the current costs, and others talked about the stress, uncertainty and emotion of the situation.

> “*By going without petrol, food, visiting my parents in another town, cutting down on heating and maintenance*”

> “*By spending less on entertainment, eating out, buying cheaper cuts of meat, and buying seasonal vegetables. We’re currently looking to find less expensive accommodation.*”

> “*Refusing to purchase certain foods when their cost explodes beyond the normal e.g. due to flood or fire, reduce the amount of food bought and the type of foods bought. Make sure the food bought can be eaten until it is all gone e.g. not rotting already such as strawberries and potatoes Reduce the purchase of discretionary items. Pay for what you have to and ignore what you might like for yourself, your household or your grandchildren*.”

> “*I am reducing my spending mostly and being creative with food, gardening, clothing etc. Increasing my awareness of how to live a good life, simply and affordably, not just for myself but also for my teens, so setting an example for them in a positive and fun way. My grandmother lived through the Depression, and I'm a child of a single mother so doing more with less is in my DNA. I'm grateful for the reflective opportunity.*”

> “*I was a child during the second world war and learnt how to do with less and remain healthy.*”

> “*Mentally exhausted trying to make ends meet, putting children's medical needs before anything else, not buying meat unless desperate, going without essential items just to make it week to week.... Relying on Afterpay for backup if especially desperate*”

What was striking throughout many responses, including among those who reported precarious financial positions themselves, is respondents’ recognition of their fortunate positions relative to others and the supporting factors in their lives that enabled them to cope (if only for now).

> “*It’s stressing me out, but I am very privileged in that my parents are "boomer haves" and not "boomer have nots" so I don't have that added pressure of having to worry financially about my parents. Compared to other people myself and husband are ok but I have chronic illnesses where the bill is rising and I can’t work more when they are flare up. But we are ok in the scheme of things.”*

> “*It's stressful. We're ahead on our mortgage (from pre-pandemic) - and that has saved us. If we'd had to pay regular mortgage payments I think we'd have had to sell and move at least 6 months ago. We're way better off than many and just keep cutting back spending and trying to find ways to earn more money.*”

> “*It is only me, thank goodness. I do not know how families are coping.*”

> “*I feel for others who are not as well off as us. We are what I would consider a 'normal' family of four with an 'average' wage but it's simply not enough money to live on.*”

It is important to acknowledge that many respondents were *not* coping. Some simply said they were not coping, some reported living a life that was extremely frugal before cost of living expenses and not having any options to decrease expenditure or increase income, and others reported life circumstances that, in combination with rapidly rising costs, created significant stress and uncertainty. Several people who live regionally or rurally mentioned higher increases in already more expensive groceries and fuel prices as a strain, but several also mentioned the ability to grow one's own produce and draw on support from (and provide support to) their communities as somewhat of an offset. Reflecting the disproportionate impacts of the rising costs of living on those who are already vulnerable, many people mentioned their health, student, housing and/or single parent status when explaining the impacts of cost of living increases.

> "*It's hard, I feel like I cannot get out, especially as a disabled student who cannot study and work at the same time*."

> "*I'm not [coping], I'm homeless with children and BNPL is maxed out on giftcards for groceries, my car is playing up and I can't afford to fix it but can't afford for it to blow up either*."

> "*I'm not* [coping]*. Have child on shared custody so eat less and heat less when they are not with me. Only surviving with help of family - food, bill paying, school uniforms etc."*

> "*My children have mental health issues. Life is not fun and they don't have the coping skills to spend week after week with no recreational activities in winter. There is no job satisfaction when you barely survive on what you get. Can't even afford to drive to a forest let alone expensive entertainment. I have multiple employers and online businesses, but my kids had to get jobs and my elderly mother pays our phone and electricity otherwise we would be homeless by now. I have good value rent but the house is going to be sold and I won't be able to afford a place in Launceston. My kids are just becoming adults and we are inevitably going to be homeless soon. I wanted to give them the best start in life and make sure they had a chance to save up money."*

> *"At times, not well! I'm a PhD student so am earning significantly below the poverty line. It's generally manageable, but when something like an aurora bill or council rates come along, it can take me into crying-in-the-shower territory. I'm lucky that I have a partner who earns a decent wage as well as a mother who will send some money down when I admit that I'm struggling. I don't know how other people in less privileged positions would manage in the same circumstances."*

It is also important to note that, even among those who reported they were coping, rising costs of living came at significant costs. Several people mentioned that the cost of living increases meant that they were reducing their living standards or quality of life, and many others alluded to reduced quality of life because of not being able to afford social interactions. In addition to or in combination with the abovementioned stress, uncertainty, and mental health effects, many people reported putting off major life events such as having children, home renovations, and (often first) home purchases.

> "*It's really stressful. We bought our house planning to do renovations (the bathrooms are not only unsightly, they're not safe, the roof leaks, the cold wind comes in around the windows and doors so it's difficult to heat, and expensive). We already owe a lot and we need to choose whether we renovate and owe even more or take longer to pay off, or whether the house stays as it is and impacts on our health, wellbeing, finances and happiness in other ways... and we're the fortunate ones in that we can afford to own a*

house, can think about renovating, can afford food. I can't imagine what it's like being a pensioner or a low income earner without good employment prospects."

"*We make do, borrow, use up or do without. We live remotely and the cost of living here is already expensive (25-50% more for food and groceries). We will not be pursuing IVF due to rising cost of living. We're going to stay in our employer provided house and area for a lot longer than we planned because the cost to rent elsewhere is prohibitive*."

"*So far ok however concerned moving forward when wanting to have another child and will be back to one income on maternity leave.*"

"*I had thought that one day I would be able to get a place of my own but since I'm now having to dip into my savings to pay for everyday items including medications that have increased quite a bit in price, that I will always be renting.*"

"*Putting off moving out of home, relying on parents.*"

In addition to expenditure-related sacrifices, many reported sacrificing important time, for example:

"*It sucks. It's stressful. I have to work more as a sole trader which means less time with my partner, child and friendships. Less time for self care. Worries about the future."*

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