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New modelling reveals Australians' true financial stress

A new report reveals the true financial pressure being faced by households around the country through a new financial wellbeing index.

UnitingCare Australia and the Australian National University Centre for Social Research and Methods have [released new research](#) that provides a more comprehensive measure of financial wellbeing in Australian households.

They have also [released an app](#) for individuals to assess their own financial wellbeing.

The Household Financial Stress and Financial Wellbeing in Australia report uses a range of factors, including family composition, home ownership status, age, where people live and whether they are living with disability to measure financial stress or financial wellbeing.

"This gives us new insights into how we're really doing as a society, and how well we are estimating levels of financial stress in Australian households," said National Director, Claerwen Little.

"For the first time, we can see clearly that some cohorts are doing it a lot tougher than others, and we have a better picture of who is most vulnerable to financial stress.

"Up until now, typically any analysis of household financial wellbeing has primarily looked at just income and income poverty. Those measures are important, but can sometimes tend to oversimplify our lived experience."

Associate Professor Ben Phillips, Principal Research Fellow at the Centre for Social Research and Methods, ANU, lead the research.

"The financial wellbeing index is a more comprehensive measure of a household's true financial position than that of income alone.

"The measure includes data on a household's income, wealth, age, housing costs, family type, disability status, gender, education level and region. These factors are combined into one index based on how they impact household financial stress," Associate Professor Phillips said.

Financial stress measures how hard it is for people to meet their expenses and have some money left over so that when an unexpected bill arrives they have the means to pay for it from their weekly income or savings.

Key household types that live with higher rates of financial stress include single parents, younger households, those households with a person with a disability or long term health condition, renter households and households headed by an unemployed person.

"The report shows that the households with the lowest financial wellbeing tend to be those dependent upon working age welfare payments such as JobSeeker, those with low income and low wealth, renters, single parents, and those with a disability," said Associate Professor Phillips.

“The report also shows that wealth is as important as income for financial wellbeing and that older households usually have much higher financial wellbeing than younger households, even after adjusting for household size.

“Younger households are often at a disadvantage with them less likely to own a house and be much more likely to have only very modest wealth, leaving them at serious risk of financial stress with regard to day-to-day costs and in the event of emergencies.”

UnitingCare Australia National Director, Claerwen Little, said the report is yet more evidence that both immediate and structural solutions are needed to address financial stress, especially for the least well-off households.

“As a wealthy country, we must ensure that no-one lives in poverty, that everyone has a safe home, and that regardless of circumstances, all people can access services when and where they need them.

“There must be targeted, sensible and immediate cost-of-living relief in next week’s Federal Budget. Without support for daily essentials like groceries and energy bills, many families will be left with difficult decisions this Christmas.”

Read the report here: [Financial Stress and Wellbeing Index Report](#)

Visit the app here: [Financial Wellbeing Calculator \(ada.edu.au\)](#)

UnitingCare Australia is one of the most influential and innovative social services organisations in the country, providing more than \$5 billion in support to more than 1.4 million Australians every year.

The UnitingCare Network employs 50,000 workers, with a further 30,000 volunteers, across 1,600 sites throughout Australia, making it one of the nation’s largest employers.

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