POLICY PAPER

OUR PLATFORM · VICTORIAN DIVISION

Cost of Living (COL) Policy

An evidence-based approach towards assisting Victorians to deal with the cost of living, structured around five core household costs: housing, energy, insurance, transport and food.

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1 *The Issues .*

The cost-of-living crisis is impacting all Victorians[1,2,3], representing a systemic issue that has gone unaddressed over the preceding decades[4,5,6], and recent actions by the incumbent Victorian Government[7] have not provided confidence that enough is being done. Rather, the cost-of-living crisis is being used as a tool for re-election, rather than tackling the real issues[8].

The Australian Democrats see the problem differently. The plight of Victorians as they endure the cost-of-living pressures should not be used to score political points. Rather, there are problems to be solved that can help ease the cost-of-living challenges Victorians face; however, they require insight and the political will to manifest a different reality, rather than the rhetoric we continue to witness.

There is no single magic lever we can pull to eradicate the challenges of living day-to-day in Victoria; rather, several elements can ease the burden. However, several issues remain unaddressed, and this policy aims to address them. Having considered a variety of national economic and societal positions[9,10,11,12,13], alongside the felt impacts on Victorians[14,15,16,17], our position is that we must address the costs of Housing, Energy, Food, Transport, and Insurance, as illustrated in Figure 1.

Housing	Energy	Insurance	Transport	Food
Build to Rent	Honest & Transparent	Fair & Accountable	Affordable & Accessible	Lowering the cost

FIGURE 1: ELEMENTS OF THE AUSTRALIAN DEMOCRATS' COST OF LIVING POLICY

Each of these five policy elements aims to help ease the cost of living for Victorians. Each of these policies aims to address the problems and consequences associated with the felt impacts on Victorians, as detailed in Table 1.

- ***Housing:*** The Housing aspect of the policy centres on the challenge for renters, namely the insufficient supply, which has led to the escalation of rental costs. There needs to be more supply in the market, specifically more ‘rental supply’, so renters have access to more rental opportunities, and investors can access sound investments[18,19,20,21].
- ***Energy:*** Affordable Energy should be made available to all, being an intrinsic right for all Victorians. However, the problem of the ‘true cost’ of Energy remains, and Victorians don’t really know the actual cost of Energy in real time, let alone its composition[22,23,24].
- ***Insurance:*** Across all categories, insurance costs are skyrocketing, with insurance companies passing the costs on to customers. As with Energy, what is the real cost of insurance, and what is fair and reasonable to pay?[25,26,27]
- ***Transport:*** Given the escalation in energy costs, the cost of transport continues to increase and is, for some, prohibitive, undermining their social well-being. In Victoria, there are fixed prices regardless of the time of day, and we advocate that travel concessions don’t go far enough[28,29]. We need transport to be more affordable and accessible.
- ***Food:*** Reflecting the escalating cost of production, food growers, processors, and distributors are all having to pass on these costs to consumers, given that they are beyond the levels their firms can absorb. Given the continuation of the oligopoly in Supermarkets, and until this changes, what is being done to help those along the Supply Chain grapple with these cost pressures that force them to pass them on?[30,31,32]

TABLE 1: COST OF LIVING – PROBLEMS AND CONSEQUENCES

ELEMENT	PROBLEM	CONSEQUENCE
Housing: Rental cost & availability	• Structural housing undersupply and a fragmented rental market reliant on small-scale investors.	• Continued rental stress, rising rents, and reduced housing security, especially for low- and middle-income households.
Energy: Rising Cost of Energy	• Complex, opaque energy pricing with multiple energy and network cost components that are difficult for consumers to understand or compare, with programs to incentivise home solar+battery being practically available only to homeowners and those with the spare cash available to invest in these systems.	• Renters and lower-income earners are practically excluded from renewable subsidies, leading to higher effective costs and disproportionate impacts on vulnerable households, undermining trust in the government to deliver the energy transition
Insurance: Rising cost of Insurance	• Rising insurance premiums driven by cost pressures, market concentration, and limited pricing transparency.	• Reduced affordability of essential insurance, increasing households' financial vulnerability and risk exposure.
Transport: Access to Transport	• The cost of transport is prohibitive for some in the community (students and pensioners) due to fixed pricing and geographic constraints.	• Higher ongoing transport costs for households, amplifying cost-of-living pressures and reinforcing geographic inequality.
Food: Escalating price increases	• Highly concentrated grocery sector and cost-intensive supply chains are contributing to sustained food price increases.	• Higher food costs for households and reduced supply resilience, disproportionately affecting low-income groups.

2 *Our Plan*

The Australian Democrats (Victoria branch) advocates introducing new bills in the Legislative Council to tackle the cost of living by implementing detailed policy actions.

2.1 *Housing: Accelerate Build-to-Rent in Victoria*

The Build-to-Rent (BTR) element of the broader cost-of-living policy, as detailed in Table 2, is designed to ease pressure on housing supply by making it attractive for investors to build in Victoria. This can be assisted by providing mechanisms that attract institutional investors seeking guaranteed returns on their investments.

TABLE 2: COST OF LIVING – POLICY ACTIONS – BUILD TO RENT

POLICY ELEMENT	ACTION(S)	IMPACT(S)
Housing: *Expansion of Build-to-Rent (BTR) in Victoria*	• Up to 100% Land Tax Concession where: • Rents are pegged to CPI	• Victorians to have access to high-quality, accessible & affordable BTR dwellings • Victoria must be seen as an attractive place to invest and build, targeting institutional

POLICY ELEMENT	ACTION(S)	IMPACT(S)
	• No breaches/ adverse findings as cited by the Building and Plumbing Commission • Meet design, livability and accessibility criteria • Extend Land Tax concession to 40 years. • Reduce dwelling threshold to 25 dwellings. • 7 Year minimum leases. • Stamp Duty Deferral – in effect after 3 years. • 99 Year leases for the use of Government land. • Fast-Track Planning Approvals for 'type-approved BTR'.	investment. • BTR is a gateway to home ownership. • BTR to help ease the cost of living with cost stability.

With a sound investment platform, builders can build high-quality, accessible, and affordable dwellings that are attractive to Victorians. By targeting the BTR market, this policy can increase supply and create a stable rental environment where Victorians can have peace of mind, knowing they can afford where they live. Critically, we do not advocate for 'cheap' or 'low-cost' housing, which often becomes a problematic eyesore. Rather, properties that are well-built, high-quality, and offer greater connections to Victoria's existing and emerging infrastructure.

2.2 *Energy: Transparent Energy Pricing*

Given the unrelenting cost of Energy for Victorians, there needs to be a shift from the unknown to transparent, accountable energy pricing that informs consumers and enables them to switch providers if their existing retailer is not competitive. As outlined in Table 3, this policy element aims to inform Victorians and to create a competitive landscape for energy retailers, especially given the emergence of AI, specifically agentic AI, which retailers should consider to realise dynamic price adjustments.

TABLE 3: COST OF LIVING – POLICY ACTIONS – TRANSPARENT ENERGY PRICING

POLICY ELEMENT	ACTION(S)	IMPACT(S)
Energy: Rising Cost of Energy	• Standardise bill breakdowns that show: • Wholesale energy cost • Network Charges • Environmental Cost • Retail Margin • Bring AusNet back under government ownership to ensure transmission planning and development benefit the public and ensure an orderly transition as coal exits • Energy Retailers to:	• Improve transparency and trust. • Strengthen competition in the energy market (reward customer-centricity). • Enable better consumer decision-making. • Apply Downward pressure on prices over time, due to market forces.

POLICY ELEMENT	ACTION(S)	IMPACT(S)
	• Publish near-real-time wholesale cost indicators • Provide live pricing dashboards • Dynamic energy pricing adjustments: • Quarterly updates (instead of annual) • Trigger mechanism when wholesale prices shift significantly, e.g., by > 10%.	

Given the real-world impacts of Energy, an evidence-based approach is needed drives market competition. The aim is to have an energy market that responds to pricing and dynamically offers it to Victorians, so Victorians do not pay above-market rates for an extended period.

2.3 *Insurance: Transparent & Competitive Insurance Pricing*

Given the unrelenting cost of Energy for Victorians, there needs to be a shift from the unknown cost of insurance to a scenario where Victorians are reliably informed, with market pressure to provide insights to consumers as to the real cost of premiums, as well as making clear what they are doing to drive costs down, as outlined in Table 4.

TABLE 4: COST OF LIVING – POLICY ACTIONS – TRANSPARENT & COMPETITIVE INSURANCE PRICING

POLICY ELEMENT	ACTION(S)	IMPACT(S)
Insurance: Rising cost of Insurance	• Standardise bill breakdowns across all insurers that show: • Claims cost (including disasters & risk) • Reinsurance cost • Administrative Costs • Profit/ Margin • Insurance firms must explain when premiums rise above a threshold, e.g., > 10%, insurers must provide: • A plain English justification • Outline what they are doing to stabilise and/or reduce premiums in the future • Outline the risk trends and their mitigations. • Offer mutual and not-for-profit insurers incentives to have below-market insurance premiums through: • Payroll Tax: Reduction from the current 4.85% • Stamp Duty: Reduction from the current ~10% across insurance categories.	• Promote the true cost of insurance. • Accountability for insurance premium increases. • Incentivising Mutual and Not-for-Profit Insurers. • Strengthen competition in the insurance market (reward customer-centricity). • Enable better consumer decision-making. • Apply Downward pressure on prices over time, due to market forces.

If Victorians are informed about the real cost of insurance and what their insurer is doing to mitigate rising premiums, then consumers can make informed decisions about their insurer. This policy element also assists mutual and not-for-profit insurers by providing a structural mechanism to reduce the cost of operating their businesses through lower payroll tax and stamp duty. Further modelling is required to determine the reductions in payroll tax and stamp duty; however, they will be aligned with the insurance sold to consumers at below-market rates.

2.4 *Transport: Access to Public Transport*

Affordable transport is essential for economic participation, education and social inclusion. However, rising energy costs and static pricing structures in Victoria have increased the financial burden on households, specifically for those who rely on public transport. The current fare structures are predominantly fixed, with limited responsiveness to demand, time of use, or individual circumstances. Victorians need a more dynamic, socially responsive approach to address transport costs, as detailed in Table 5.

TABLE 5: COST OF LIVING – POLICY ACTIONS – ACCESS TO PUBLIC TRANSPORT

POLICY ELEMENT	ACTION(S)	IMPACT(S)
Transport: Access to Transport	• Free transport for all students up to the age of 22 • Free transport for pensioners. • Introduce dynamic (time-of-day) pricing for peak/off-peak periods. • Standardised travel cost across all zones. • Implement daily & weekly caps for transport. • Establish a transport hardship mechanism to provide reduced or free travel for those experiencing temporary economic disadvantage. • Discounted travel for job seekers; a temporary arrangement whilst unemployed, yet not eligible for concession relief.	• Lower transport costs for households, particularly vulnerable groups. • Improved access to employment, education, and essential services. • Reduced geographic inequality across Victoria. • Increased public transport usage and more efficient network utilisation.

Access to public transport is a strategic enabler for Victorians across all categories, and, given the cost-of-living pressures, there needs to be a more dynamic and innovative approach to transport. Being dynamic, a student can be assisted during periods of not having full employment. Similarly, for those suffering temporary hardship or seeking a job who don't qualify for a concession card, greater access to public transport can be the difference between remaining financially stable and mitigating financial risk.

2.5 *Food: Food Cost Management*

Rising food prices are being driven by increasing production, processing, and distribution costs across the supply chain. Farmers, manufacturers, and distributors are facing sustained cost pressures, especially in Energy, labour, and logistics, which they are increasingly unable to absorb. As a result, these costs are passed through to consumers, contributing to ongoing increases in the cost of essential goods. Table 6 details the specific actions that we seek to establish in response to this societal problem.

At the same time, Australia's highly concentrated supermarket sector limits competitive pressures within the retail market. This imbalance reduces suppliers' bargaining power and contributes to pricing outcomes that are often opaque or fail to reflect underlying costs. Without targeted interventions, food affordability will continue to deteriorate, disproportionately impacting low-income households and weakening overall supply chain resilience.

TABLE 6: COST OF LIVING – POLICY ACTIONS – FOOD COST MANAGEMENT

POLICY ELEMENT	ACTION(S)	IMPACT(S)
Food: Escalating price increases	• Food Pricing Transparency Framework • Require major supermarket chains to disclose price increases on essential goods where increases exceed 10% within 6 months • Publish aggregated farmgate-to-retail price spreads across key categories • Mandatory Fair Dealing Code (with enforcement) • Introduce a maximum supplier payment term of 30 days from the invoice date • Prohibit unilateral contract changes and unfair deduction practices • Apply financial penalties for non-compliance, enforced through a Victorian regulatory mechanism • Targeted Cost Relief for Food Producers: • Provide a payroll tax reduction of up to 50% for eligible SMEs in food manufacturing, processing, and distribution • Apply to businesses with annual wages below $10 million operating in Victoria • Introduce energy rebates of 10–15% for electricity used in refrigeration, irrigation, and processing (Time-limited support, e.g., reviewed annually and linked to ongoing cost pressures) • Victorian Food Supply Resilience Fund: • Establish a $200–300 million fund (over 4 years) to invest in: Regional processing facilities, Cold-chain logistics and storage, Local distribution hubs • Provide co-investment grants (up to 30–50%) for eligible projects • Support Alternative Food Markets: • Provide grants of up to $250,000 for co-operatives, farmers' markets, and direct-to-consumer platforms. • Streamline planning approvals and permits for local food retailing. • Introduce rate or fee waivers for community-based food markets	• Improve transparency and accountability in food pricing • Apply downward pressure on grocery price increases • Strengthen supplier bargaining power and cash flow stability • Reduce production costs across the supply chain • Limit cost pass-through to consumers over time • Improve supply chain resilience and efficiency • Increase competition and access to lower-cost food options • Support regional economies and local food systems

3 The Evidence

Evidence consistently demonstrates that cost-of-living pressures in Victoria are not temporary or cyclical but the result of structural issues across housing, energy, food, transport, and insurance markets. National and state-level data show sustained increases in the cost of essential goods and services, alongside rising financial stress, particularly for low- and middle-income households[33].

Research indicates that a combination of supply constraints, market concentration, pricing opacity, and rising input costs across key sectors drives these pressures. These factors interact to create a system in which cost increases are regularly passed through to consumers, with limited downward pressure from competition or transparency[34].

If these structural issues remain unaddressed, the evidence suggests that:

- Household financial stress will continue to increase, reducing disposable income and economic security[35]
- Inequality will deepen, particularly between renters and homeowners, and between inner and outer suburban communities[36]
- Access to essential services, including housing, transport, and insurance, will become increasingly constrained[37]
- Economic participation will decline, as cost barriers limit access to work, education, and mobility[38]
- Demand for government support services will increase, placing additional pressure on public finances[39]

Conversely, evidence[40] from comparable policy interventions demonstrates that addressing transparency, competition, and supply constraints can:

- Improve market efficiency and consumer outcomes
- Reduce sustained price pressures over time
- Strengthen supply chain resilience
- Enhance economic participation and social inclusion

At its core, the evidence demonstrates that:

Cost-of-living pressures cannot be resolved *solely* through short-term relief measures. Without structural reform, price increases will persist.

Addressing the underlying design of markets, how prices are set, how supply is enabled, and how competition functions is essential to delivering sustainable cost-of-living relief for Victorians.

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