



We The People
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We the People 351 Inflation and the Cost of Living

Good Day to you. I speak with many people each week and one common conversation topic crops up about money and that's the cost of living, rising prices and coping with expenses. Staying ahead or even just keeping up is like a dog chasing its tail or so it seems. I know in my life, every time I open a bill it seems far higher than the last and this spawns my own conspiracy theories usually involving government, politicians, banks and foreign investment buying up the countries best assets making life more expensive. Some are indeed to blame especially with the dreadful efficiency levels of governments and bureaucracies but there is more to it. Malcolm Fraser said, "**life wasn't meant to be easy**" and he was right even though very wealthy. When times are tough financially a regular and measured indicator is the rise in soft gambling such as the lottery or scratch-its. This is because we humans spend a little in the hope we will win and it promotes a dream even though we know it's a long shot, after all 'someone has to win' don't they. For me it's the regular RSL prize home lottery and long before its drawn I have mentally sold the prize and divided up the proceeds accordingly including buying a Tesla three for myself.

Now the government publishes the **Consumer Price Index or CPI** but we already know how things are going when we pay \$9 a kilo for truss tomatoes or \$3 for a lone avocado at Woolworths. Most of us doubt the published figure anyway. Less known is **the Selected Living Cost Index or LCI**. Neither of these measures are universally applicable because each of us has a different life style, different finance structures and different wants and needs. For the record, have you noticed how "**wants**" are always more expensive than "**needs**" and so back to the Tesla. Nonetheless these measures are a guide. The CPI is the price of a known basket of goods and services while the SLCI represents the purchasing power of the after tax incomes of households. The CPI uses the "**Acquisitions Method**" while the SLCI uses the "**Outlays method**".....have you glazed over yet? In any case the SLCI seems to be more appropriate and is usually higher than the CPI because you select the category you occupy as this differs for most of us and hence the title '**selective**'. Life is expensive but once you reach for the credit card in desperation you are entering an unknown galaxy going where even Captain Kirk and the Starship Enterprise haven't been. While the credit card can be a useful tool in life it's very easy to lose control and you end up paying over 20% interest which is simply crazy. So where to from here? Well in the end its about making best use of what you have and living within ones means so budgeting is paramount and this is where I have some very good news for you.

On the Gold Coast there is a matched savings program for lower income earners that matches up to \$500 for education costs and provides a free group budgeting course called Saver Plus Program. It's a fantastic initiative of the Brotherhood of St. Laurence and ANZ, delivered in partnership with both the Smith Family and the Benevolent Society on the Gold Coast. The participants feedback is excellent and the current representative is Jasmin Dorrington. Jasmin is well known to me and says the program is life changing with 80% achieving more control over their finances, 78% feel better equipped for unexpected expenses and 87% continue to save. Even those who are already good savers are positively surprised how much they get out of the program. Apart from the money, you receive the life skills in budgeting you need to stay afloat financially and I personally recommend Jasmin who practices what she preaches. You can find her on the internet under the Saver Plus program or by calling **1300 610 355**.

Until next time this is Kent Bayley