

Chapter 1: The Quarter the Bill Beat the Pension

The bill came in a plain envelope, the way they always do. Quarterly electricity. You look at the number, then you look at it again, because the first look must have been wrong. It wasn't. And the pension that is meant to carry that bill went up by a few dollars a fortnight back in March.

That gap between what your income did and what your bills did is the whole subject of this book. It is not a feeling. It is arithmetic, and it is measurable, and once you can measure it you can start to fight it.

Why the squeeze is real, not imagined

On the Whirlpool forums there is a long-running thread with a title that says more than any economic report: *The cost of living has quietly wrecked our social life*. The posters in it are not describing bankruptcy or repossession. They are describing erasure. One works out that a trip to the cinema costs about \$25 for snacks he estimates hold fifty cents of actual product. Another prices a restaurant meal at \$38 a head before drinks and parking, roughly \$90 for one evening out. So they stopped going. Not with a decision, exactly, more of a drift.

In the finance version of that same thread, Australians list what has gone: eating out, drinking out, food delivery, all cut, with weekly routines rebuilt around whatever can be cooked at home. In another, people describe switching from bought coffee to instant, and shopping only from the catalogue, buying nothing that is not on special. That is not budgeting. That is rationing, and people are doing it quietly in ordinary suburban kitchens.

I keep the old bills in a shoebox on top of the fridge, which my wife thinks is a filing system and I think is evidence. Last winter I pulled out four years of the same quarter and lined them up on the kitchen table. Same house, same two people, same habits. The number at the bottom had a life of its own.

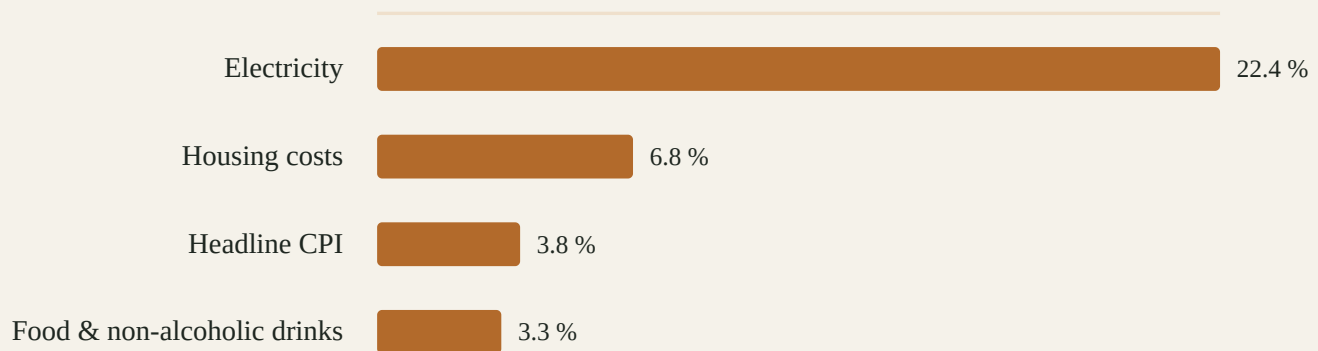
Here is what was happening underneath.

Electricity prices rose 22.4% in the twelve months to June 2026 — the single largest contributor to Australia's annual inflation, driven largely by the withdrawal of Commonwealth and state electricity rebates⁶.

That figure deserves a moment. Much of that rise was not a new fuel cost or a new network charge. It was the removal of a rebate that had been sitting between you and the real price. The bill did not suddenly get worse. It got honest.

Meanwhile headline inflation ran at 3.8% for the year to June 2026, above the Reserve Bank's 2–3% target band, with underlying inflation at 3.6%⁶. Housing costs overall rose 6.8%. Food and non-alcoholic beverages rose 3.3%, with meals out and takeaway the biggest contributor at 4.0% (ABS, 2026-07).

Annual price rises, year to June 2026 (Australia)



Annual price rises, year to June 2026 (Australia)

Look at the shape of that. The number a pension is indexed against is the small one near the bottom. The number that arrives in your letterbox every quarter is the tall one at the top.

What indexation never covers

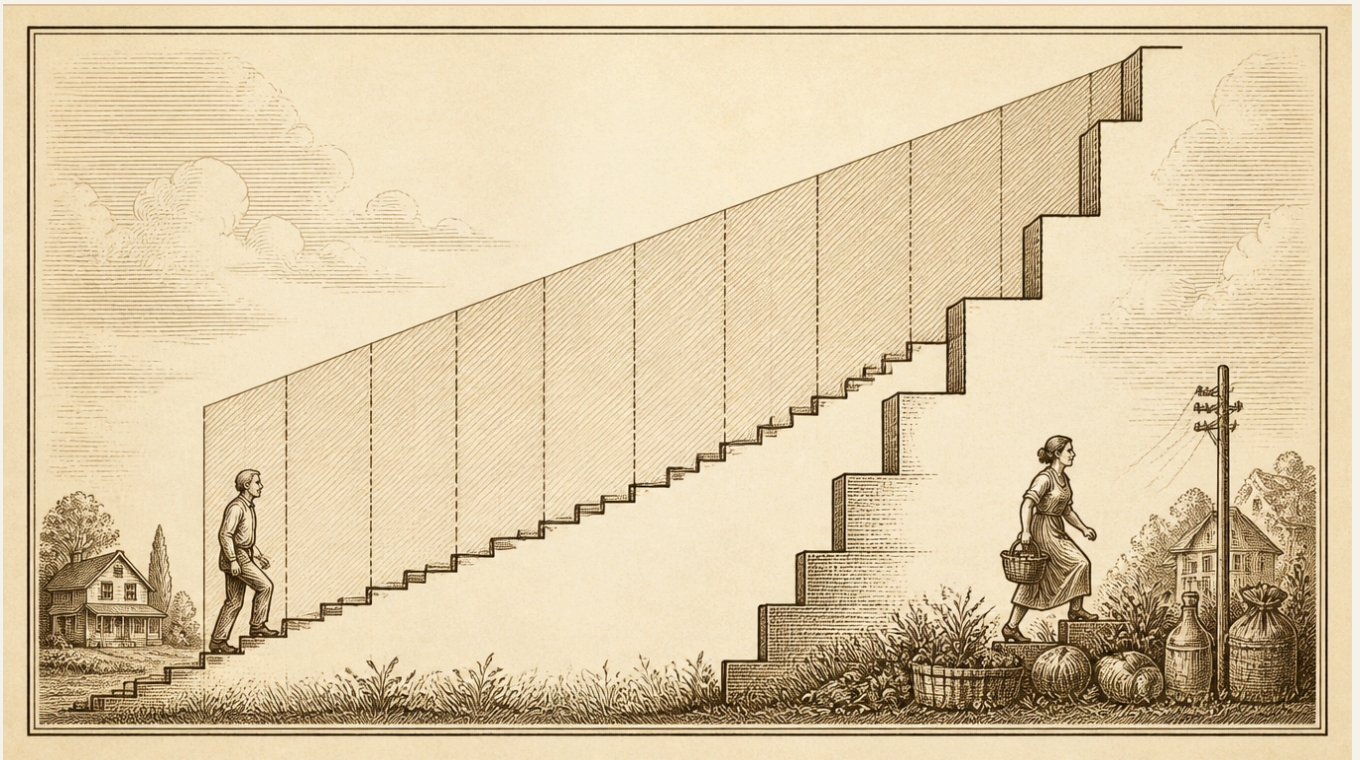
Now we can name the thing.

The Indexation Gap: your income is adjusted against an average of everything, while your household spends its money on the handful of items rising fastest. Averages don't pay bills. Line items do.

A pension household is not an average household. You are home most of the day, so you use more heating and cooling and light than the working couple down the street. You run older appliances, because replacing a working fridge feels like vandalism. You buy less discretionary rubbish, which sounds virtuous until you realise it means a *higher share* of your spending sits in the categories that are climbing hardest: power, food, rates, insurance, medicine.

The superannuation industry itself has admitted this in public. When ASFA lifted its Retirement Standard lump sums in 2026 — to about \$630,000 for a single person and \$730,000 for a couple — it explained the increase by pointing at retiree cost pressures outpacing Age Pension indexation, citing electricity up 21%, domestic travel up 9.6%, property rates up 6.2% and private rents up 3.9%^{5, 11}.

Read that again. The benchmark moved because the pension could not keep up. That is the gap, stated by the industry, in its own numbers.



There is a second layer most people never see. From 20 March 2026 Australian deeming rates rose, the lower rate from 0.75% to 1.25% and the upper rate from 2.75% to 3.25%¹⁶. Deeming is the government's assumption about what your savings earn, whether they earn it or not. A higher assumed income can reduce your assessed Age Pension even if your term deposit did nothing of the sort. So your income can be trimmed at one end while your bills are pushed at the other, in the same calendar year, without you doing a single thing wrong.

And the ASFA benchmarks carry a blind spot worth knowing: they assume retirees own their home outright¹⁷. If you rent, the whole standard understates your position, in a market where combined capital-city median advertised rent reached about \$724 a week in early 2026, up roughly 42.9% over five years¹⁸.

None of this is your household mismanaging money. It is a structure. Which is exactly why the private guilt is so misplaced.

The one household you can still control

Here is the part I want you to hold onto.

You cannot move the deeming rate. You cannot restore a rebate. You cannot make the supermarket kinder — we'll see in the next chapter exactly what it has been doing while you weren't looking. What you can do is change the *quantity* of the expensive things your house consumes, and the *waste* it throws away, and the *replacement buying* it does out of habit.

Cost is price multiplied by quantity. The price side belongs to somebody else. The quantity side has always belonged to you, and nobody has ever taken it away.

That distinction matters emotionally as much as financially. Foodbank's research found that almost half of food-insecure Australian households say embarrassment, stigma or shame stops them seeking help¹². Shame is what happens when a person mistakes a structural squeeze for a personal failure. You have not failed. You have been priced at.

So we start with measurement, not sacrifice. Before you cut anything, know what it costs.

- ✓ Pull your last four electricity bills and write the total dollars and total kilowatt-hours for each on one sheet of paper.
- ✓ Do the same for the same quarter last year. You want the seasonal comparison, not the neighbouring quarter.
- ✓ Divide dollars by kilowatt-hours for each bill. That is your true unit rate, and it will have moved more than you think.
- ✓ Circle the single largest bill in your house that you have never once questioned.
- ✓ Write one sentence at the bottom: "This quarter my household spent \$_____ on power and \$_____ on food."

That sheet of paper is your baseline. Everything in the rest of this book is measured against it. Without it, every saving you make is a guess, and guesses do not survive a bad quarter.

Ask yourself one honest question before you turn the page. When you last cut something to save money, did you ever check whether it actually worked?

Because the power bill, brutal as it is, at least tells you the truth in kilowatt-hours. The grocery docket does not. It can grow longer while the trolley grows lighter, and there is a reason for that which has nothing to do with your appetite.