

Cost of Living Report

September 2019

Issue
25

Cost of Living Update
(Including Regional and
Remote Food Costs Update)





Northern Territory Council of Social Service

About NTCOSS

The Northern Territory Council of Social Service (NTCOSS) is a peak body for the Social and Community Sector in the NT and an advocate for social justice on behalf of people and communities in the NT, who may be affected by poverty and disadvantage.

NTCOSS is a member of the nationwide Councils of Social Service (COSS) network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS). The membership of NTCOSS includes community based, not for profit service providers in the social welfare area such as consumer groups, Indigenous and mainstream organisations and interested individuals.

NTCOSS' vision is for

“A fair, inclusive and sustainable Northern Territory where all individuals and communities can participate in and benefit from all aspects of social, cultural and economic life.”

NTCOSS' mission is

“To promote an awareness and understanding of social issues throughout the NT community and to strive towards the development of an equitable and just society.”

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INTRODUCTION

This report examines changes in the cost of living over the past year in the Northern Territory (NT), particularly for low-income, vulnerable and disadvantaged Territorians.

The report focuses on price changes in key expenditure areas, using Darwin, regional NT, Territory-wide and national figures.

The report includes an analysis of cost of living changes for specific income groups, such as Age Pensioners, and Other Government Transfer Recipients (e.g. JobSeeker, Youth Allowance recipients) by examining national data derived from the Australian Bureau of Statistics (ABS) Selected Living Cost Index (SLCI) and Centrelink payment data.

The report also includes an analysis of changes in the ABS Consumer Price Index (CPI) for Darwin across a range of expenditure areas that are most relevant to low income households.

Given that CPI figures only reflect trends for capital cities and Australia as a whole, the report draws on other sources to show trends in expenditure changes and price movement for the NT and regional locations. Regional housing, fuel and transport price and/or expenditure data is highlighted using various sources of information including the NT Government Economic Brief (Fuel) data, NT Government MyFuel NT data, Real Estate Institute of the Northern Territory (REINT) data and Australian Automobile Association (AAA) and SGS Economics and Planning (SGS) Transport Affordability Index (TAI) data.

NTCOSS has attempted to use the most recent figures available – in particular for the regional cost of living snapshot data - to ensure currency of data. Given the variability in the sources of data, there are some different time periods referred to for some cost of living areas (e.g. the most recent CPI, SLCI and REINT data is for the quarter ending June 2020, while NT Government Economic Brief (Fuel) and MYFuel NT data is available up to August 2020).

NTCOSS would like to thank REINT in particular for its generous sharing of reports with us.

September 2020

Glossary: Acronyms used in this Report

AAA	Australian Automobile Association
ABC	Australian Broadcasting Corporation
ABS	Australian Bureau of Statistics
ACOSS	Australian Council of Social Service
ACCC	Australian Competition and Consumer Commission
ANU	Australian National University
CPI	Consumer Price Index
NT	Northern Territory
NTCOSS	Northern Territory Council of Social Service
REINT	Real Estate Institute of the Northern Territory
SGS	SGS Economics and Planning
TAI	Transport Affordability Index
UNSW	University of New South Wales

Note the Term 'JobSeeker Payment' will be use throughout this report rather than Newstart Allowance which was the previous name for this payment.

EXECUTIVE SUMMARY

This report comes at a critical time for the NT in the context of the current COVID-19 pandemic, and with a recently re-elected Government with significant funding constraints due to factors which include the reduction in GST revenue and the pandemic. Examination of data on income levels and cost of living pressures is critical in helping shape and develop responses to address poverty and disadvantage in order to work towards a more fair and just society. During this time some very significant developments have occurred in relation to cost of living issues.

The Coronavirus Supplement payment of \$550 introduced in April 2020 has brought significant cost of living relief by bringing incomes for JobSeeker, Youth Allowance and other selected income support payment recipients above the poverty line (currently \$416 per week¹). For the first time in years many households have been able to enjoy a decent standard of living. Data shows that at population level the JobSeeker and JobKeeper payments have prevented 2.2 million people from experiencing poverty, with approximately 600,000 fewer people in poverty than pre COVID-19 (Philips et al, p. iv). JobSeeker recipients have been the biggest beneficiaries with the Coronavirus Supplement “almost eliminating poverty” for this group, and single parents have also had a significant fall in poverty rates. (Philips et al, p. iv,10).

Benefits gained from the Coronavirus Supplement will be short-lived however as the supplement rate was reduced on 25 September 2020 and will cease after 31 December 2020, cutting roughly \$10M per fortnight from the NT economy and putting the incomes of around 33,000 Territorians on income support payments back below the poverty line (Centrelink 2020a, 2020b). The impact of this will particularly be felt in remote areas where cost of living pressures have been historically high and remain so.

There has been low overall inflation in Darwin over the past year and some price decreases in key areas such as decreases in rents, fuel prices and very significant decreases in both child care and maintenance and repair of homes (due to Federal and Territory Coronavirus stimulus responses) – all contributing to cost of living relief for many households. In some of the regions outside Darwin and in remote areas, however, many costs remain stubbornly high, for example private rents in some regional towns as well as fuel costs.

High fuel prices disproportionately impact people on very low incomes, particularly in the most remote areas where the cost of living has historically been very high and is compounded by the need to travel longer distances. Despite average transport expenditure for Alice Springs households decreasing in the past year, Alice Springs is the most expensive regional town for transport costs, compared with other regional towns assessed by the Transport Affordability Index (AAA & SGS 2020, p.27).

Median private rental prices remain high in the regional areas of Katherine and Alice Springs, despite some downward movement for some housing types and most private rental properties in Katherine and Alice Springs are unaffordable for people who rely on income support payments (REINT 2020, p. 26-27, Anglicare 2020, p.3). Alice Springs is the most expensive or second most expensive place to rent in the NT for four of the five housing types available (REINT 2020, p. 26-27). Even with the Coronavirus Supplement factored in, there were “almost no properties affordable for singles on the JobSeeker Payment or Youth Allowance” in April 2020 (Anglicare 2020, p. 8).

Stimulus measures introduced at the Federal and NT level have contributed to reduced pressures on eligible households. It is important to note that while such measures benefit the economy overall, most of the benefits have been seen in regional rather than remote areas. In addition, the home improvement scheme and the home and business battery scheme benefit home owners or business owners, who are most likely to be in medium to higher income brackets.

NTCOSS acknowledges the motivation of the NT Government in stimulating the economy through such measures, but low-income households have missed out altogether on these schemes. A commensurate home improvement scheme was not offered to assist in improving the quality and quantity of public and social housing. It is imperative that further initiatives are implemented that target support to low income earners and those most in need.

Governments have limited capacity to influence cost of fuel, rent, etc, however they do play a role in regulating price in relation to the setting of fees, levies and taxes (e.g. for motor vehicle registration/insurance). It is here that the NT Government could make a significant difference in reducing cost of living pressure for many Territory households.

Governments also have an active role to play in the provision of targeted cost of living relief for low income households, often in the form of concessions, for example on motor vehicle registration, or the provision of incentives for energy-efficiency appliances (Territory level), as well as the setting the rate of income support payments (Federal level) and NTCOSS continues to call for reforms in these areas.

REPORT RECOMMENDATIONS

The following measures would support the long-term sustainability of an appropriate social safety net, adequate income support and targeted concession system for low-income households in the NT.

NTCOSS Recommendations to the Northern Territory Government:

TRANSPORT

Improve affordability for private vehicles owners

1. Extend the Motor Vehicle Registration Concessions to all Commonwealth Health Care Card holders and establish yearly indexation of the Motor Vehicle Registration concession

Make existing bus services more affordable and available

2. Establish Pension/Health Care Card concession rates for users of remote bus services and ensure consistency of fare structures across different services
3. Establish a new fare structure for minibuses, so fares are regulated, e.g. set rate per km, rather than fare by negotiation (where fare structures are displayed for some but not all possible routes)

Develop a Northern Territory Regional and Remote Public Transport Strategy

4. Develop a NT remote public transport strategy to identify gaps, quantify demand and support opportunities for expansion of services to ensure a consistency of services offered across regions.
5. Further develop affordable, flexible and innovative community transport options as part of a suite of approaches required to tackle transport issues in towns and in regional and remote areas of the NT (linked to regional/remote transport strategies)
6. Increase the frequency of public transport services in Alice Springs, where large gaps in services currently exist in the early afternoon

HOUSING

Increase social and affordable housing

1. Commit to a rolling 5 year supply program for more social and affordable housing (NT Shelter 2019, p.1)

Improve energy efficiency for social housing

2. Establish a post-pandemic economic stimulus program focused on energy efficiency (and climate appropriate) upgrades for social housing
3. Greatly expand the requirements and compliance of energy efficient building construction in the NT, including incorporating public and commercial works, and lifting the required energy star rating, which is currently below the national standard

Improve preventative maintenance for housing

4. A substantial and sustained increase in expenditure on preventative maintenance for housing to enable more Housing for Health programs to be rolled out. This will help ensure more Territorian households have access to safe, healthy and functioning housing

NTCOSS Recommendations to the Commonwealth Government:

INCOME SUPPORT AND SUPPLEMENTARY PAYMENTS & EMPLOYMENT SUPPORT

Adequate Income Support Payments

1. NTCOSS endorses the key recommendations contained in the Australian Council of Social Service (ACOSS) 'Raise the Rate for Good' campaign:
 - That the April to September JobSeeker Payment of \$560 per week and Youth Allowance Payment of \$510 per week (boosted by the Coronavirus Supplement) be kept in place until our social security system is fixed for good so that it keeps people out of poverty, with an income of \$500 per week for a single person
 - Ongoing indexation of payments in line with wage movements at least twice per year
 - Establishment of a Social Security Commission to advise the Parliament on the ongoing adequacy of income support payments (ACOSS 2020)
2. Adopt the recommendations supplied in the ACOSS briefing 'Next steps for income support'
3. Increase the Remote Area Allowance, in recognition of the high costs of living experienced by remote area households

Employment Supports

4. Strengthen and increase employment services so that people locked out of the labour market receive the help they need to get paid work.

LIVING COST INDEXES AND INCOMES – NATIONAL FIGURES

SLCI for Income Support Recipients: National Figures

An examination of price movement for goods and services purchased by low-income households helps assess how well the income support system assists them to keep up with rising living costs. The ABS SLCI measures the cost of various baskets of goods which are specific to a number of different household types – such as ‘Age Pension’, ‘Other Government Transfer Recipient’ households, ‘Employee’ households and ‘Self-Funded Retirees’ (ABS 2020a, ABS 2020b). The index is based on national rather than state/territory figures.

SLCI figures are examined in the context of income support payment to see if they are keeping pace with rising living costs. The Living Cost Indexes have been designed to answer the question: ‘By how much would after-tax money incomes need to change to allow households to purchase the same quantity of consumer goods and services that they purchased in the base period?’ (ABS 2020a).

NTCOSS focused on the cost of baskets which apply to ‘Age Pension’ and ‘Other Government Transfer Recipient’ households, given that it is these that are more likely to be representative of low-income and disadvantaged households. Comparisons are also made with expenditure for both Employee households and Self-Funded Retiree households, in order to get a sense of the rate of change in cost of living for low-income households versus higher income households.

Movement in the SLCI National figures June 2019 – June 2020

Table 1a: Changes in SLCI figures over the past year (to June 2020)

National CPI all groups	↓	0.3%	
SLCI for Age Pensioners	↑	1.0%	Above CPI increase
SLCI for Other Government Transfer Recipients	-	0.0%	Above CPI increase
SLCI for Employee Households	↓	2.1%	Below CPI increase
SLCI for Self-funded Retirees	↑	1.1%	Above CPI increase

ABS 2020a; ABS 2020d, Table 10

Table 1b: Changes in SLCI figures over the past quarter (to June 2020)

National CPI all groups	↓	1.9%	
SLCI for Age Pensioners	↓	0.8%	Above CPI increase
SLCI for Other Government Transfer Recipients	↓	1.9%	Same as CPI increase
SLCI for Employee Households	↓	2.6%	Below CPI increase
SLCI for Self-funded Retirees	↓	0.4%	Above CPI increase

ABS 2020a; ABS 2020d, Table 11

How well are Income Support Payments keeping up with rising Living Costs?

The following two tables display change in selected income support payment rates and minimum wage over the past year, including the addition of the Coronavirus Supplement for specific eligible payment recipients, as well as impact on payments and living costs without the supplement.

Table 2: Selected Income Rates vs SLCI June 2019 – June 2020 (with Coronavirus Supplement*)

Weekly Payments Change over the past 12 months	June 2019 rates	June 2020 rates	Change in Income (with Coronavirus Supplement)*	Change in SLCI (Cost of Living)	Increase in Income above SLCI Change
Age Pension Single, No child	\$463.10	\$472.15	↑ \$9.05	↑ \$4.63	↑ \$4.42
JobSeeker Single, No child*	\$282.25	\$562.25	↑ \$280.00	\$0.00	↑ \$280.00
JobSeeker & FTB A & B, Single 2 child*	\$573.07	\$858.35	↑ \$285.28	\$0.00	↑ \$285.28
Youth Allowance Single No child*	\$231.10	\$509.75	↑ \$278.65	\$0.00	↑ \$278.65
Minimum Wage Single No child	\$719.20	\$740.80	↑ \$21.60	↑ \$15.10	↑ \$36.70

Centrelink 2019, p 2, 5, 13, 25, 28, 34, 40-41; Centrelink 2020a, p. 2, 6, 14, 24, 27, 32-33, 39-41; Centrelink 2020b; Fair Work Commission 2020; ABS 2020a (*Where applicable)

In Tables 2 and 3, the dollar value of changes in cost of living over the past year have been calculated for a single person who is on the base level of payments in the various scenarios. The methodology for calculating the dollar value is based on an assumption that the individual has to spend all of their low income. This dollar value is compared with the relevant change in income over the past year. While this year is unusual given households have received the Coronavirus Supplement, the methodology for calculating a dollar value for the cost of living reflects what expenditure patterns would normally occur.

Table 2 shows that the additional \$550 per fortnight Coronavirus Supplement for eligible recipients has made a significant difference to the lives of millions of Australians. Recipients have reported an increased ability to simply meet basic needs, like the ability to afford food, rent, warm clothing and make repairs to cars, which previously was not possible for many JobSeeker and Youth Allowance recipients (ACOSS 2020b).

Given that the Coronavirus Supplement has begun to be wound back and is planned to cease on 31 December 2020, it is critical to look at how payment changes compare with cost of living changes based on payment rates without the Coronavirus Supplement, as shown in Table 3.

Table 3: Selected Income Rates vs SLCI June 2019 – June 2020 (without Coronavirus Supplement)

Weekly Payments Change over the past 12 months	June 2019 rates	June 2020 rates	Change in Income (w/o Coronavirus Supplement)	Change in SLCI (Cost of Living)	Increase in Income above SLCI Change
JobSeeker Single, No child*	\$282.25	\$287.25	↑ \$5.00	\$0.00	↑ \$5.00
JobSeeker & FTB A & B, Single 2 child*	\$573.07	\$583.35	↑ \$10.28	\$0.00	↑ \$10.28
Youth Allowance Single No child*	\$231.10	\$234.75	↑ \$3.65	\$0.00	↑ \$3.65

Centrelink 2019, p 2, 5, 25, 28, 33-34, 40-41; Centrelink 2020a, p. 2, 6, 24, 27, 33, 39-41; ABS 2020a

Table 3 shows that without the Coronavirus Supplement, JobSeeker and Youth Allowance payments would have increased above cost of living changes, however the base rates for both payments are significantly below the poverty line. In addition, as shown in Table 1a, while the cost of living index for recipients of JobSeeker and Youth Allowance was 0.0% over the past year, this was above the rate of inflation (-0.3%). In addition, other income groups, such as self-funded retirees (SLCI -0.4%) and employees (SLCI -2.1%) received much greater cost of living relief over this period (ABS 2020a, ABS 2020c).

The ACOSS and UNSW [Poverty in Australia Report](#) (2020, p. 9) reported that the single rate of Youth Allowance was \$168 per week below the poverty line and the single rate of JobSeeker was \$117 per week below the poverty line (based on 2018 figures). There has been no real permanent increase in the base rate of the JobSeeker payment for 25 years (ACOSS and UNSW 2020, p. 19).

Comparing the increase in income levels and the increase in cost of living for different income types since 2012 when the SLCI figures first started being maintained, emphasises the widening gap between the Age Pension and JobSeeker and Youth Allowance payments, and the inadequacy of all income support payments in comparison to the Minimum Wage.

Table 4: Change in Base Rates (Single) of Payments vs Cost of Living September 2012 - June 2020

	Age Pension	JobSeeker	Youth Allowance	Minimum Wage
Income Increase comparing Sept 2012 and June 2020 rates	↑ \$94.40	↑ \$42.40	↑ \$33.40	↑ \$134.40
Cost of Living Increase (SLCI) comparing Sept 2012 and June 2020	↑ \$46.97	↑ \$32.41	↑ \$26.58	↑ \$49.48

Centrelink 2012, p. 12,22,24,29; Centrelink 2020a, p. 2, 6, 14, 24, 27, 32-33, 39-41, ABS 2020a

Impact of Coronavirus Supplement on Poverty in Australia

Without the Coronavirus Supplement and JobKeeper payments, there would have been an additional 2.2 million Australians in poverty and an increase in those experiencing housing stress during the COVID-19 pandemic this year (Philips et al p.iv), instead:

- The numbers of people in poverty in Australia has fallen by nearly 600,000 people (32%)
- The poverty gap has fallen by 39%
- The housing stress gap has risen slightly, but would have doubled without a policy response
- Poverty has almost been eliminated for households who relied mostly on the JobSeeker prior to the introduction of the Coronavirus Supplement
- Single parents (20.2%) had the highest poverty rates out of all family groups pre-COVID-19, but have had a significant drop in poverty rates (to 7.6%) due to policy measures

Philips et al p.iv, 10, 23-24

Table 5: Coronavirus Supplement: Impact on Poverty Measures for Specific Population Groups 2020

Policy/Economy	JobSeeker/ Youth Allow,		Sole Parents		Couples with Children	
	% of People in Poverty	Poverty Gap Per year	% of People in Poverty	Poverty Gap Per year	% of People in Poverty	Poverty Gap Per year
Pre-COVID/Pre-COVID	67.3%	\$6201	20.2%	\$1405	3.3%	\$377
COVID June/April-Sep	6.8%	\$241	7.6%	\$469	3.8%	\$312
COVID June/Sep-Dec	23.9%	\$1389	13.1%	\$1133	7.0%	\$732

Philips et al 2020, p. 11-12,15-16

With the return of JobSeeker and Youth Allowance rates to lower levels with the reduction of the Coronavirus Supplement on 25 September 2020:

- 33,835 Coronavirus Supplement recipients in the NT will receive \$300 less per fortnight resulting in a loss of around \$10M to the NT economy each fortnight
- The Federal electorate of Lingiari will see a loss to the economy of roughly \$7M per fortnight, particularly impacting rural, regional and remote populations, with around \$3M per fortnight to be lost in the Solomon electorate (Australian Government 2020e, p.36-37)

Table 6: Income Support recipients eligible for the Coronavirus Supplement: June 2020

	JobSeeker (Newstart)	Youth Allowance (other)	Other Payments ¹	Total Recipients
March 2020	17,372	2905	6524	26,801
June 2020	22,858	3969	7008	33,835

Australian Government 2020a, Australian Government 2020b; Australian Government 2020e

Nationally the reduction in the Coronavirus Supplement from September 25 means:

- The number of people in poverty nationally will rise by 740,000, higher than the pre-COVID period
- The percentage of JobSeeker/Youth Allowance recipients in poverty will rise from 6.8% to 23.9%
- The percentage of couples with children in poverty will rise from 3.8% to 7.0%
- The percentage of sole parents in poverty will rise from 7.6% to 13.1%

Philips et al p.iv, 11-12,15-16,23

In addition, from 1 January 2021, with the cessation of the Coronavirus Supplement entirely, the rate of JobSeeker and other associated payments are flagged to return to their original rate of around \$40 per day, pushing recipients back below the poverty line.

ACOSS (2020a) has argued for the full Coronavirus Supplement to be maintained until there is a permanent and adequate increase to the rate of JobSeeker and other associated payments. The Coronavirus Supplement provided a strong safety net during the height of the pandemic, lifting people out of poverty (Deloitte Access Economics 2020 p.ii). In the current fiscal environment in the NT, coupled with high living costs, it is imperative that there is a permanent increase in the base rate of JobSeeker and associated payments so that Territorians experiencing vulnerability are not forced back into poverty.

¹ Partner Allowance; Widow Allowance; Sickness Allowance; Austudy; ABSTUDY Living Allowance; Parenting Payment; Farm Household Allowance; Special Benefit

PRICE AND EXPENDITURE CHANGES IN THE NT

Price Movement (CPI) for Goods and Services in Darwin between June 2019 – June 2020

Table 7a: Changes in CPI (All groups) over past year (ending June 2020)

Change in All groups CPI Darwin vs National Figures June Quarter 2020					
June Quarter 2020	Darwin	↓ 2.5%	vs Australia	↓	1.9%
Year ending June 2020	Darwin	↓ 1.8%	vs Australia	↓	0.3%

ABS 2020d, Table 10, 11

CPI changes for Darwin for the year ending June 2020

Over the past year to June 2020, the overall CPI for Darwin decreased at greater rate than the national CPI. This is only the fourth time since records for CPI have been maintained (since September 1981) that there has been negative movement in the CPI over a year and the 1.8% decrease represents the lowest yearly CPI all groups figure for Darwin. This must be seen in the context of the incredibly unusual circumstances facing the whole country in 2020 due to the COVID-19 pandemic.

More than half of the major CPI categories in Darwin saw a decrease:

	Darwin	National
• Furnishings, household equipment/services	↓ 10.7%	↓ 9.8%
• Housing - including utilities	↓ 6.9%	↑ 0.1%
• Transport	↓ 5.5%	↓ 7.5%
• Recreation and culture	↓ 3.7%	↓ 0.3%
• Communication	↓ 3.6%	↓ 3.6%
• Clothing and footwear	↓ 0.2%	↑ 0.5%
• Insurance and Financial Services	↓ 1.4%	↑ 1.7%

There were increases, however for the following major CPI categories:

• Alcohol and tobacco	↑ 8.9%	↑ 8.4%
• Food and non-alcoholic beverages	↑ 3.8%	↑ 4.1%
• Health	↑ 1.2%	↑ 0.9%
• Education	↑ 0.9%	↓ 1.0%

ABS 2020, Table 10

Most CPI changes for Darwin have been broadly in line with national trends. However, the 6.9% decrease in the housing CPI was in stark contrast to the national increase and was due largely to the much greater decrease in the CPI for rents in Darwin (-6.2% vs -1.2% nationally) and the very significant decrease in the CPI for maintenance and repair of the dwelling (-50.0% vs 2.1%). The latter decrease would be a result of the NT Government's Home Improvement Scheme 2020, offering vouchers of \$4000 or \$6000 for physical improvements to land and/or buildings, and repairs and maintenance services as part of a coronavirus stimulus package (ABS 2020d, NT Government 2020c).

Table 7b: Notable CPI Changes, Darwin vs National over the past year to June 2020

Increases in Darwin June 2019 - June 2020	Decreases in Darwin June 2019 - June 2020
<i>Dairy & related products</i> ↑ 5.9% vs Australia ↑ 5.7%	<i>Childcare</i> ↓ 94.8% vs Australia ↓ 94.8%
<i>Meat and seafood</i> ↑ 4.3% vs Australia ↑ 6.1%	Maintenance and repair of the dwelling ↓ 50.0% vs Australia ↓ 2.1%
<i>Fruit</i> ↑ 4.5% vs Australia ↑ 6.3%	<i>Automotive Fuel</i> ↓ 17.7% vs Australia ↓ 22.4%
<i>Vegetables</i> ↑ 4.4% vs Australia ↑ 5.5%	<i>Rents</i> ↓ 6.2% vs Australia ↓ 1.2%
<i>Pharmaceutical products</i> ↑ 2.5% vs Australia ↑ 2.2%	<i>Telecommunication & equipment/services</i> ↓ 3.7% vs Australia ↓ 3.6%

ABS 2020d, Table 10

The huge decrease in the CPI for child care (-94.8%) also occurred nationally, as a result of the Federal Government’s stimulus package provisions for free child care for three months for families whose children had already been enrolled in an approved child care service (Australian Government 2020c). The decrease in CPI for Automotive fuel was “due to low global demand resulting from COVID-19 restrictions” (ABS 2020c) and this has provided some relief to Darwin motorists during 2020. The periodic drop in Urban transport fares of 2.5% (NT Government 2020d) has helped reduce cost of living pressures for low income households, especially those ineligible for the Coronavirus Supplement. The main area with a CPI rise most impacting on low income households was in food and non-alcoholic beverages (3.8%), with utilities (e.g. electricity (0.5%), water and sewerage (0.4%)), having only moderate CPI rises for the year ending June 2020 (ABS 2020d).

The CPI for Rents in Darwin has dropped for 22 quarters in a row (ABS 2020d), but rents are still out of reach for many households. Anglicare’s Rental Affordability Snapshot (2020, p.9). showed that “[d]espite the increase in some welfare payments and modest price decreases in private rentals, particularly in Darwin, it remains extremely difficult for people on low incomes to obtain affordable and appropriate housing in the Northern Territory”. In addition, the movement in CPI for rents for Darwin does not reflect what is happening across the NT outside of Darwin. (See also Housing affordability in Regional Areas of the NT).

The major movement in the CPI for Darwin for the three months of the June 2020 quarter was in relation to the CPI for child care, which decreased by 95.0% (same as nationally) and accounts for the similar decrease in the CPI for child care for the full year ending June 2020. In the same way the CPI for maintenance and repair of the dwelling decreased 50.4% and accounts for the similar decrease in the CPI for this area for the full year ending June 2020 (ABS 2020d, Table 11).

Indicators of Cost of Living changes across the NT

While CPI figures are maintained for capital cities only, some CPI (sub) categories do reflect price changes across regional areas or the NT as a whole - such as the CPI for water & sewerage (up 0.4%) and electricity (up 0.5%) over the past year ending June 2020 (ABS 2020d) due to the uniform tariff rates applied in the NT. The decrease in the Darwin CPI for Child Care (-94.8% (ABS 2020d) over the year would reflect the drop in costs for all households in the NT who received free child care during the three-month period which covered most of the June quarter. Free public transport fares applied across the NT from late March until the end of June, contributing to the 2.5% drop in CPI (ABS 2020d) which would also reflect price changes in Palmerston and Alice Springs which also have public buses.

The drastic drop in the Darwin CPI for 'maintenance and repair of the dwelling' (-50%) would have been enjoyed by households outside of Darwin as well, though in this case the benefits were only available to homeowners (and only those who successfully applied for the home improvement scheme) and as a result the scheme provided cost of living relief to relatively well-off households (and also improves the value of their assets). Measures, however, must be put in place to directly relieve cost of living pressures for low income households as well – which are often related to housing.

High rates of overcrowding in Urban, Town Camp and Remote Public Housing household have a direct correlation to food security, including access to fresh and healthy food; the capacity of housing and health hardware to cope with the number of residents, and the capacity of existing infrastructure for the safe storage and preparation of fresh food. These pressures all add to cost of living expenses in terms of repairs, maintenance and food costs for households who are often on very low incomes ([NTCOSS 2020b](#), p.69-70).

The NT Government's \$30M Home Improvement Scheme and the Home and Business Battery Scheme (NT Government 2020c, NT Government 2020e) have primarily benefited households in regional areas rather than remote areas (given very low homeownership rates in remote areas). NTCOSS understands the motivation of the NT Government in stimulating the economy, however such schemes do not assist the needs of low-income households, especially those in remote areas.

If a similar level of funding as the \$30M for the Home Improvement Scheme was immediately invested to improve the quality and quantity of public and social housing, it would also greatly stimulate the NT economy, which is desperately required. An opportunity exists for the re-elected NT Government to consider such [measures](#) that directly reduce living costs for low-income households.

It is notable that while the Federal Government is proposing tax cuts, a campaign by progressive think tank The Australia Institute (and backed by forty political, economic and social policy luminaries) is opposing these cuts and is instead demanding the Government "look towards more social spending rather than bringing forward legislated income tax cuts" (ABC 2020). Former Reserve Bank governor Bernie Fraser has stated his support for investment in social housing, describing that "...providing social housing would be a tremendous economic stimulus, and would also do lasting benefit of the social kind, given that it would be occurring in a situation of sharp shortages of social housing and increasing homelessness throughout the whole community" (ABC 2020).

Housing Affordability across Regional Areas of the NT

CPI data for Darwin rents does not reflect price changes across other parts of the NT meaning regional data on actual rents paid is critical. Movement both up and down in median rental prices have occurred across the various regions in the NT in the past year (see Regional Cost of Living Snapshots).

Summary: Regional Centres of the NT: Weekly Private Median Rental Figures June 2020

- **3BR Houses** Darwin North East has the highest median rental price for 3BR houses (\$550), with Alice Springs having the second highest (\$505). Palmerston and Darwin North have the lowest available median rental 3BR houses at \$390 per week
- **4BR Houses** Alice Springs has the highest median rental for 4 BR houses (\$675), with Inner Darwin second highest (\$650). Katherine has the lowest available 4BR houses at \$450 per week
- **1BR Units** Inner Darwin has the highest median rental price for 1BR units (\$320), with Alice Springs second highest (\$310). Palmerston has the lowest available 1BR units at \$217
- **2BR Units** Alice Springs and Inner Darwin have the highest median rental price for 2BR units (\$400). Palmerston has the lowest available median rental 2BR units at \$298 per week
- **3BR Units** Inner Darwin has the highest median rental for 3 BR units (\$530), while Darwin North has the second highest (\$470). Palmerston has the lowest available median rental 3BR units at \$360 per week (REINT 2020a, p.26-27).

Housing affordability is also influenced by income levels. The Anglicare Australia Annual Rental Affordability Survey assesses whether private rental housing is both affordable (i.e. won't put the household in housing stress) and appropriate (i.e. suitable size). The 2020 survey found only 42 of 1159 rental properties (4%) in the NT were "suitable for at least one household type living on income support payments [base rate] without placing them in housing stress". Even when the full Coronavirus Supplement was added, only 136 properties (12%) were available and affordable and almost none were affordable for singles on JobSeeker Payment or Youth Allowance – particularly in Alice Springs and Katherine (Anglicare 2020, p. 3,6,8).

Rent prices in Darwin and Palmerston have dropped considerably over the past decade (NTCOSS 2020, p. 66). The REINT (2020, p.3) highlighted the low median rent in the unit market in Darwin which may be concerning for some, but that opportunities exist for first home buyers (and investors). The median unit sales price for Darwin for the June quarter 2020 is the lowest out of all capital cities.

Table 8: Unit Median Rental, Comparison of all Capital Cities, June quarter 2020

Sydney	Melbourne	Bris	Adel	Perth	Hobart	Greater Darwin	Canberra
\$647,000	\$540,000	\$369,500	\$315,000	\$370,000	\$385,000	\$280,000	\$439,250

REINT 2020a, p.3

Rent Affordability for residents of Urban, Town Camp and Remote Public Housing

As highlighted in the previous cost of living report ([NTCOSS 2020b](#), p.69) even with rent currently rebated to 25% of household income for residents of Urban, Town Camp and Remote Public Housing, a recipient of the base rate of the JobSeeker Payment (\$287.25, i.e. without the Coronavirus Supplement) would have an insufficient amount of \$215 per week left over to live on. With the issue of overcrowding and the 72 per cent increase in families on the public housing waitlist in Alice Springs and Greater Darwin from 2000-2015 (NTCOSS 2020c, p.7) progress in this area is urgently required.

Fuel Affordability across the NT

Table 9: Fuel Price Changes for the year ending August 2020 (NTG Economic Brief Data)

Unleaded Fuel	Current Price	Price Change
Darwin	117.9 cents/L	↓ 21.3 cents/L (15.3%)
Katherine	135.0 cents/L	↓ 28.9 cents/L (17.6%)
Tennant Creek	172.9 cents/L	↓ 17.4 cents/L (9.1%)
Alice Springs	172.0 cents/L	↓ 16.1 cents/L (8.6%)
Australia	121.6 cents/L	↓ 18.6 cents/L (13.2%)
Diesel		
Darwin	117.0 cents/L	↓ 29.7 cents/L (20.2%),
Regional NT	164.2 cents/L	↓ 21.1 cents/L (11.4%)
Australia	120.1 cents/L	↓ 27.2 cents/L (-18.5%)

*Note the figures for Katherine, Tennant Creek and Alice Springs are regional figures for these areas
NT Government 2019, p.1, 2; 2020a, p.1,2*

Fuel Price comparison across regions

- Unleaded Fuel prices in the Darwin region are much cheaper than in Katherine, Tennant Creek, and Alice Springs (NT Government 2020a, p.1).
- Diesel prices in the Darwin region (117.0 cents per litre) are much cheaper than the regional average for the NT (164.2 cents per litre), and are marginally cheaper than the average national price (120.1 cents per litre) (NT Government 2020a, p.2).

MyFuel NT Data from across the NT including remote areas

MyFuel NT figures need to be interpreted with some caution, as the average figures supplied do not provide a weighted average. Despite the limitations in the data, the My Fuel App is a useful tool for getting a picture of fuel prices across all regions and many remote communities across the NT. In particular, the data does reveal the extraordinarily high prices charged in some areas of the NT, at particular points in time, as Table 9 shows.

Table 10: My Fuel Highest Price Data at 1 September 2020

Fuel Type	Highest Price(s)	Region
Unleaded Fuel	250 cents/L	Central Australian region
	250 cents/L	Katherine
Low Aromatic Fuel	290 cents/L	East Arnhem
	255 cents/L	Tiwi Islands
Diesel	260 cents/L	East Arnhem
	250 cents/L	Katherine
	250 cents/L	Central Australian Region

NT Government, 2020b

In addition, the variation in prices within the same region are at times extraordinary. These prices for Low Aromatic Fuel were found in the East Arnhem region on the same day on 8 September 2020:

- 290.0 cents per litre, Milyakburra
- 264.0 cents per litre, Gapuwiyak
- 260.0 cents per litre, Galiwinku
- 103.9 cents per litre in Alyangula
- 173.6 cents per litre, Nhulunbuy

NT Government 2020

Transport Affordability for Alice Springs and Darwin

While the CPI figures only cover capital cities and examine movement in price only (not expenditure), quarterly data from the Transport Affordability Index² examines expenditure in all eight capital cities and seven regional towns, including Alice Springs.

Between June 2019 and June 2020, average expenditure in Alice Springs fell by \$20 per week (driven in large part by a \$12 drop in fuel expenditure in the last quarter, but despite this Alice Springs still has the highest transport expenditure in a comparison of the 7 regions across the country (from six states and the NT) (AAA & SGS 2020, p.27). **Alice Springs is the second least affordable region** in terms of proportion of average income required for transport expenditure (AAA & SGS 2020, p.27). Only two regional centres, Alice Springs and Launceston, had transport costs that “were less affordable than their city counterpart” (AAA & SGS 2020, p. 27).

Despite Darwin households’ average expenditure being \$11 higher than in Alice Springs, Darwin households have the second lowest expenditure level on transport costs out of all capital cities (AAA & SGS 2020, p.27). **Darwin is the second most affordable capital city** in terms of terms of proportion of average income required for transport expenditure (AAA & SGS 2020, p.27).

Table 11: Transport Expenditure Darwin & Alice Springs Significant Changes June 2019–June 2020

Darwin Transport Expenditure		
Transport Total	\$300.51 per week	↓ \$13.68 (4.4%)
Insurance	\$31.65 per week	↑ \$4.21 p/w (15.3%)
Fuel	\$59.14 per week	↓ \$13.46 p/w (18.5%)
Car loan payments	\$127.83 per week	↓ \$4.86 p/w (3.7%)
Alice Springs Transport Expenditure		
Transport Total	\$288.90 per week	↓ \$20.27 p/w (6.6%)
Fuel	\$70.17 per week	↓ \$14.26 p/w (16.9%)
Car loan Payments	\$127.83 per week	↓ \$4.86 p/w (3.7%)

AAA & SGS 2019, p.27; AAA & SGS 2020, p.27

Transport Expenditure in Darwin and Alice Springs: A comparison

- Expenditure on insurance costs is \$5.82 higher per week in Darwin than Alice Springs
- Expenditure on servicing and tyres is \$3.19 per week higher in Alice Springs than Darwin
- Expenditure on fuel is \$11.03 higher per week in Alice Springs than Darwin (due to higher fuel prices in Alice Springs and most regional centre households drive further than city counterparts)
- If costs remain the same all year around, the average yearly spend on transport in Darwin is \$15,627 per household vs \$15,023 for Alice Springs (difference of \$604) (AAA & SGS 2020, p.27)

NOTE: Regional households generally spend more on fuel as they drive further on average than their capital city counterparts. The exceptions are Wagga Wagga and Townsville (AAA & SGS 2020, p.16)

² The TAI figures are based on transport costs for a “hypothetical household” which is “a couple with children, the most common type of household in Australia according to the 2016 census. The couple consists of a 38-year-old woman and a 36-year-old man, which are the average ages for men and women in Australia. They live in a detached house and have two cars. Both are employed” (AAA & SGS 2020)

REGIONAL COST OF LIVING SNAPSHOT: DARWIN

Consumer Price Index – over the past year (ending June 2020)

CPI decreased by 1.8% in Darwin in the last year, compared to a 0.3% decrease nationally.

Some **price decreases** have occurred in key expenditure areas:

- Child care ↓ 94.8%
- Maintenance and repair of the dwelling ↓ 50.0%
- Automotive fuel ↓ 17.7%
- Rents ↓ 6.2%
- Telecommunication & equipment/services ↓ 3.7%

Conversely, the CPI for Food & non-alcoholic beverages increased ↑ 3.8% along with some sub categories of food (e.g. dairy, meat and seafood, fruit and vegetables) (ABS 2020d, Table 10)

Child care and Fuel CPI decrease in the June quarter brings some relief for Darwin households

The extremely significant decreases in CPI for child care and maintenance and repair of dwelling (a result of Federal and Territory Government Coronavirus Stimulus responses) were a result exclusively of change in the June quarter (ABS 2020).

Darwin NT Economic Brief Fuel Prices Data (August 2019 – August 2020)			Commentary
Unleaded 91	117.9 cents/L	↓ 21.3 cents/L (15.3%)	Fuel Prices Down
Diesel	117.0 cents/L	↓ 29.7 cents/L (20.2%)	

Note: Economic Brief Fuel price data is a bit different to Darwin CPI figures as only two fuel types are shown (CPI reflect all fuel types NT Government 2019 p.1,2; NT Government 2020a, p.1,2)

Darwin Transport Expenditure and Areas of Significant Price Change (June 2019 - June 2020)			Commentary
	Current Expenditure	Price Change	Weekly Transport Expenditure \$300.51 Down \$13.68 (4.4%)
Insurance	\$31.65 per week	↑ \$4.21 p/w (15.3%)	
Fuel	\$59.14 per week	↓ \$13.46 p/w (18.5%)	
Car loan payments	\$127.83 per week	↓ \$4.86 p/w (3.7%)	

AAA & SGS 2019, p.27; AAA & SGS 2020, p.27

Darwin Median Rental Prices (June 2019 - June 2020)			
Rental Prices: Lowest available* Weekly Median House & Unit Prices			Commentary
1BR Units	\$229.60 per week (Darwin North)	↑ \$4.60 p/w (2.0%)	Some Prices Up
2BR Units	\$320 per week (Darwin North)	↑ \$20 p/w (6.7%)	
3BR Houses	\$390 per week (Darwin North)	↓ \$20 p/w (4.9%)	Some Prices Stable/Down
2BR Units	\$320 per week (Darwin North Coastal)	↓ \$10 p/w (3.0%)	
3BR Units	\$380 per week Darwin North	No change	
4BR Houses	\$550 per week Darwin North	No change	
Darwin Median Housing Sales Prices			
Lowest available* Median House & Unit Prices (June 2019 - June 2020)			Commentary
3BR Houses	\$440,000 Darwin North	↓ \$15,000 (3.3%)	Houses Prices Down
4BR Houses	\$242,000 Darwin North	↑ \$37,000 (18.0%)	Unit Prices Up

Note: Darwin rental figures are available for 4 suburb areas and the lowest rental price is chosen REINT 2019 p. 5,7,26-27, REINT 2020a p.5,7,26-27

REGIONAL COST OF LIVING SNAPSHOTS: PALMERSTON AND KATHERINE REGIONS

Palmerston

Palmerston Median Rental Prices			
Weekly Median Rental Prices (June 2019 – June 2020)			Commentary
3BR Houses	\$390 per week	↓ \$10 (2.5%)	Most Prices Stable/Down
4BR Houses	\$497.50 per week	↓ \$12.50 (2.5%)	
1BR Units	\$217 per week	↓ \$103 (32.2%)	
2BR Units	\$298 per week	↑ \$8 (2.8%)	
3BR Units	\$360 per week	No change	
Palmerston Median Housing Sales Prices			
Median House & Unit Prices (June 2019 – June 2020)			Commentary
Houses	\$442,000	↓ \$8,000 (1.8%)	Sales Prices Down
Units	\$230,000	↓ \$76,000 (24.8%)	

REINT 2019 p. 5,7,26-27, REINT 2020a, p.5,7,26-27

Katherine Region

Katherine region NT Economic Brief Fuel Prices Data (August 2019 – August 2020)			Commentary
Unleaded 91	135.0 cents/L	↓ 28.9 cents/L (17.6%)	Fuel Prices Down

NT Government 2019 p.1; NT Government 2020a, p.1

Katherine Median Rental Prices			
Weekly Median Rental Prices (June 2019 – June 2020)			Commentary
1BR Units	\$270 per week	↑ \$70 (35.0%)	Some Prices Up
2BR Units	\$350 per week	↑ \$50 (16.7%)	
3BR Houses	\$400 per week	↓ \$25 (5.9%)	Some Prices Down
4BR House	\$450 per week	↓ \$245 (35.3%)	
3BR Units	\$390 per week	↓ \$135 (25.7%)	
Katherine Median Housing Sales Prices			
Median House & Unit Prices (June 2019 – June 2020)			Commentary
Houses	\$349,000	↓ \$1000 (0.3%)	House Prices Down and Unit Prices Up
Units	\$260,000	↑ \$70,000 (36.8%)	

REINT 2019 p. 5,7,26-27, REINT 2020a, p.5,7,26-27

Note: Katherine figures show very substantial drops in median rental prices for 4-bedroom houses and 3 bedroom units, however these falls must be seen in the broader context, as median prices are now closer to what they were during 2018, before massive rises during the year ending June 2019 which saw the median rent for 4-bedroom houses increase \$195 (from \$500 to \$695 per week) and 3- bedroom units rise \$175 (from \$350 to \$525 per week) (REINT 2018a, p. 24-25, REINT 2018b, p.24-25, REINT 2019, p.26-27).

REGIONAL COST OF LIVING SNAPSHOTS: TENNANT CREEK AND ALICE SPRINGS REGIONS

Tennant Creek region

Tennant Creek Region Economic Brief Fuel Prices Data (August 2019 – August 2020)			Commentary
Unleaded 91	172.9 cents/L	↓ 17.4 cents/L (9.1%)	Fuel Prices Down

NT Government 2019 p.1; NT Government 2020a, p.1

Tennant Creek Median Housing Sales Prices (June 2019 – June 2020)			Commentary
Houses	\$310,000	↑ \$30,000 (10.7%)	House Prices Up
% change for units		Nil Unit sales in past year	

*Note: Median Rental figures are not displayed in the REINT Real Estate Local Market (RELM) report for Tennant Creek due to a small pool of properties very little turnover in private rental properties
REINT 2019, p.5; REINT 2020a, p.5*

Alice Springs Region

Alice Springs Creek Region Economic Brief Fuel Prices Data (August 2019 - August 2020)			Commentary
Unleaded 91	189.0 cents/L	↓ 16.1 cents/L (8.6%)	Fuel Prices Down

NT Government 2019 p.1; NT Government 2020a, p.1

Alice Springs Transport Expenditure and Areas of Significant Price Change (June 2019 – June 2020)			Commentary
	Current Expenditure	Price Change	Weekly Transport Expenditure \$288.90 Down \$20.27 (6.6%)
Car Loan Payments	\$127.83 per week	↓ \$4.86 p/w (3.7%)	
Fuel	\$70.17 per week	↓ \$14.26 p/w (16.9%)	

AAA & SGS 2019, p.27; AAA & SGS 2020, p.27

Weekly Median Rental Prices (June 2019 – June 2020)			Commentary
4BR Houses	\$675 per week	↑ \$45 p/w (7.1%)	Some Prices Up
1BR Units	\$310 per week	↑ \$10 p/w (3.3%)	
2BR Units	\$400 per week	↑ \$20 p/w (5.3%)	
3BR Houses	\$505 per week	↓ \$5 p/w (2.9%)	Some Prices Down
3BR Units	\$450 per week	↓ \$10 p/w (2.2%)	
Alice Springs Median Housing Sales Prices (June 2019 – June 2020)			Commentary
Median House & Unit Prices (June 2019 – June 2020)			
Houses Sales	\$471,500	↑ \$29,500 (6.7%)	Sales Prices Up
Unit Sales	\$337,500	↑ \$12,500 (3.7%)	

REINT 2019 p. 5,7,26-27, REINT 2020a p.5,7,26-27

REMOTE FUEL PRICES COST OF LIVING SNAPSHOT

Fuel Prices in Remote Parts of the NT: MYFuel NT Data at Sep 2020

While some regional areas have seen average price decreases in the past year, motorists in most remote areas still pay extraordinarily high fuel prices.

Highest Prices for each fuel type by region at 1 September 2020

	Tiwi Islands	East Arnhem	Top End Rural	Litchfield
Unleaded 91	241 cents/L	N/A	190 cents/L	121.9 cents/L
Low Aromatic Fuel	255 cents/L	290 cents/L	243 cents/L	N/A
Diesel	241 cents/L	260 cents/L	243 cents/L	122 cents/L

NT Government 2020b

Other Highest Prices in regional areas at 1 September 2020

	Barkly	Katherine	Central Australia
Unleaded 91	177.2 cents/L	250 cents/L	250 cents/L
Low Aromatic Fuel	205 cents/L	220 cents/L	240 cents/L
Diesel	205 cents/L	250 cents/L	250 cents/L

NT Government 2020b

Note: While the MyFuel NT data on fuel prices provides an average price per month for each region, the prices are not weighted in terms of how many consumers are buying fuel at particular prices – so it reflects an average of the various prices offered at the bowser, rather than the average people are actually paying, so it doesn't provide a true 'cost of living' measure. The price information, however, is useful for seeing what many people have to pay at a particular point in time, in particular the prices in remote communities.

Gaps in Data

There are major challenges in accessing data for a jurisdiction that is so large and diverse – meaning that Darwin and/or NT average figures cannot represent price or expenditure patterns for regional and remote areas. Some gaps in data within this report are mentioned here.

NT Government Economic Brief Fuel Price Data

- Palmerston fuel prices are not included in the Economic Brief Fuel Price Data, nor are diesel prices for Katherine, Tennant Creek and Alice Springs (though the Economic Brief fuel data is dependent on what is available through the Australian institute for Petroleum and the ACCC).

Gaps in Data in MyFuel NT Data

- While the MYFuel NT provides comprehensive up to date information on fuel prices and covers all remote areas, the price data is limited by the fact that it doesn't provide 'weighted average' data which reflects volume of sales at different prices (while the Economic Brief data does).

Transport Expenditure figures for regional areas of the NT

- Transport expenditure figures are only available for Darwin and Alice Springs – and not other regional areas, or remote communities.

EXPLANATORY NOTES

1. CPI and Living Cost Indexes

The ABS SLCI uses a different methodology to the CPI. CPI is based on acquisition (i.e. the price at the time of acquisition of a product) while the living cost index is based on actual expenditure. This is particularly relevant in relation to housing costs where CPI traces changes in house prices, while the SLCI traces changes in the amount expended each week on housing (e.g. mortgage repayments). Further information is available in the Explanatory Notes to the SLCIs (ABS 2020b).

In that sense, the SLCIs are not a simple disaggregation of CPI and the two are not strictly comparable. However, both indexes are used to measure changes in the cost of living over time (although that is not what CPI was designed for) and given the general usage of the CPI measure and its powerful political and economic status, it is useful to compare the two and highlight the differences for different household types (Adapted from SACOSS 2014, p.9).

The SLCIs are preferred, as a summary measure, over the more well-known CPI, because the CPI is technically not a cost of living measure, as it tracks changes in the price of a specific basket of goods. However, this basket includes goods and services that are not necessarily part of the expenditure of all households - in particular for many low-income households (SACOSS 2014, p.4).

2. Limitations of the Selected Living Cost Indexes (SLCIs)

The SLCIs are more nuanced than the generic CPI in that they measure changes for different household types, but there are still a number of problems with using those indexes to show cost of living changes faced by the most vulnerable and disadvantaged in the NT. While it is safe to assume that welfare recipients are among the most vulnerable and disadvantaged, household-based data for multi-person households does not indicate the distribution of power, money and expenditure within a household. This may therefore hide particular (and often gendered) structures of vulnerability and disadvantage. Further, the living cost indexes are not state-based, so particular NT trends or circumstances may not show up (adapted from SACOSS 2014, p.9).

At the more technical level, the SLCIs are for households whose predominant income is from the described source (e.g. Aged Pension or government transfers), though many households in these categories have other sources of income, or more than one welfare recipient in the same household. Like the CPI, the SLCIs figures reflect broad averages, but do not reflect the experience of the poorest in those categories (Adapted from SACOSS 2014, p.9).

Another example of this “averaging problem” is that expenditures on some items, like housing, are too low to reflect the real expenditures and changes for the most vulnerable in the housing market – again, because the worst-case scenarios are “averaged out” across the whole of the population by those in the category with other resources. For instance, if one pensioner owned their own home outright, they would generally be in a better financial position than a pensioner who pays market rent. As an example, if the market rent was \$300 per week, the expenditure on rent between the two households would be averaged out to \$150 per week (much less than what the renting pensioner was actually paying) in order to provide a whole of population expenditure figure on rent

to be included in calculations for the SLCI (adapted from SACOSS 2014, p. 9).

The weightings in the SLCIs are also based on a set point in time (from the 2016-17 Household Final Consumption Expenditure data ABS 2019a) and can't be changed until the next survey. In the meantime, the price of some necessities may increase rapidly, forcing people to change expenditure patterns to cover the increased cost. Alternatively, or additionally, expenditure patterns may change for a variety of other reasons. However, the weighting in the indexes does not change and therefore does not track the expenditure substitutions and the impact that has on cost of living and lifestyle (adapted from SACOSS 2014, p.9).

The SLCIs household income figures are based on households that are the average size for that household type: which for Aged Pensioners is 1.52 and Other Government Transfer recipients 2.57 (ABS, 2018b). This makes comparison with allowances difficult. This report primarily focuses on single person households or a single person with two children (to align to the other welfare recipient household average of 2.57 persons). However, this is a proxy rather than statistical correlation (adapted from SACOSS 2014, p. 9-10). While the SLCIs do have some limitations, in terms of tracking cost of living changes overall they provide a "robust statistical base, quarterly tracking of changes and a long time series, which all provide valuable data for analysis" (SACOSS 2014, p.10).

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