NTCOSS

NT Council of Social Service Inc.

COST OF LIVING REPORT

Tracking changes in the cost of living, particularly for vulnerable and disadvantaged Northern Territorians: The Cost of Food in the Territory

NTCOSS

Issue No.6 November 2014

NTCOSS Cost of Living Report

Issue No. 6, 2014

First published in November 2014 by the
Northern Territory Council of Social Service

1/18 Bauhinia Street (PO Box 1128)
Nightcliff NT, 0814, Australia
Ph (08) 8948 2665
Fax (08) 8948 4590
Email: admin@ntcoss.org.au
Website: www.ntcoss.org.au

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INTRODUCTION

This report tracks changes in the cost of living, particularly for vulnerable and disadvantaged Northern Territorians.

The first part uses the Australian Bureau of Statistics’ Selected Living Cost Indexes (ABS, 2014a) and Consumer Price Index (ABS, 2014d) to show changes in the cost of living in the last quarter and over the last 12 months. The Living Cost Indexes (LCIs) 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, 2014a).

As a summary measure, the Selected Living Cost Indexes are preferred over the better known Consumer Price Index (CPI) because the CPI is technically not a cost of living measure. The CPI tracks changes in the price of a specific basket of goods, but this basket includes goods and services that are not part of the expenditure of all households, and in particular, not part of the expenditure of poor households. This is important when considering the cost of living because if expenditure on bare essentials makes up the vast bulk (or entirety) of expenditure for low income households, then price increases in those areas are has a greater negative impact on some households. Increases in the prices of bare essentials may be masked in the generic CPI by rises or falls in other goods and services in the CPI basket, which may be discretionary items and therefore less relevant to low income households.

The Selected Living Cost Indexes use a different methodology to the CPI (see Explanatory Note 1) and it disaggregates expenditure into a number of different household types (ABS, 2014b), although this *Cost of Living Update* focuses only on the “Aged Pension” and “Other government transfer recipient” figures (hereafter “Other Welfare Recipients"), as these are likely to represent the more disadvantaged households. While the Selected Living Cost Indexes also have limitations in tracking cost of living changes for these groups (see Explanatory Note 2), they do provide a robust statistical base, a long time series, and quarterly tracking of changes – all of which provide useful data for analysis. This report also adds to the Selected Living Cost Indexes figures by putting a dollar value on the percentage changes in the indexes, and by using disaggregated CPI data to summarise change in prices of key items.

The second section of the NTCOSS *Cost of Living Report* contains a more in-depth analysis of cost of living trends in one key area of concern in relation to cost of living pressures on vulnerable and disadvantaged Northern Territorians. This *Report* focuses on the cost of food and using ABS Household Expenditure Survey (2009-10) Data (ABS, 2011a-d) and ABS CPI figures for Darwin, comparing these with national and State/Territory figures, as well as quantitative and qualitative data from a range of other sources.

NTCOSS acknowledges the generous time and resources and advice provided by SACOSS, whose Cost of Living Reports have contributed significantly to the development of this NTCOSS Cost of Living Report.

In particular, this report draws on the: SACOSS (2012), Cost of Living Update No. 6, March 2011

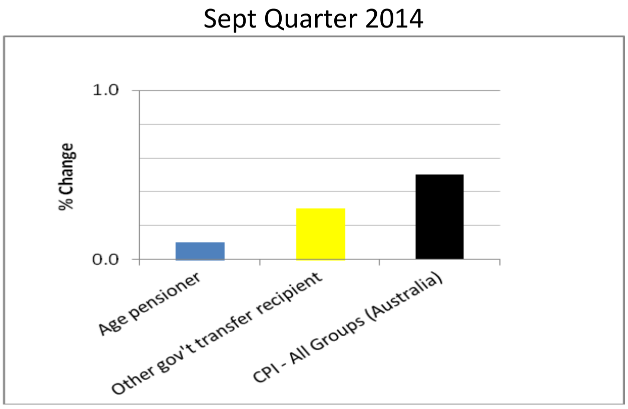
SECTION 1: March Quarter 2014 Cost of Living Changes

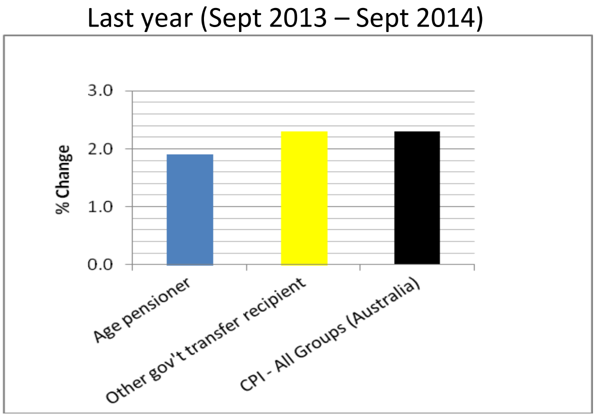
Prices: In the September 2014 quarter, the cost of living (as measured by the ABS Selected Living Cost Indexes (SLCI) rose by 0.1 for Age Pensioners and 0.3 for Other Welfare Recipients, at the national level. In the same period, CPI rose by 0.5 % overall nationally and 0.2% in Darwin. (ABS, 2014a; ABS 2014d).

A major contributor to the cost of living rise for both Age Pensioners and Other Welfare Recipients was food and non-alcoholic beverages (+1.5% and 1.2% respectively), mainly due to rises in fruit prices. The most significant partially offsetting fall for both groups was in Health (-1.5% and 2.0% respectively), "largely driven by a fall in pharmaceutical products due the cyclical effect of a greater proportion of consumers exceeding the Pharmaceutical Benefit Scheme (PBS) safety net." (ABS, 2014c).

Over the last year (September Qtr 2013 – September Qtr 2014) the living cost indexes (SLCI) for Aged Pensioners increased by 1.9%, while for Other Welfare Recipients it increased by 2.3. Nationally, CPI rose by 2.3%. In Darwin the CPI rose by 2.7% in the 12 month period. (ABS 2014a; ABS 2014d).

Figure 1: Increases in Living Costs Sept Qtr 2014 - National Figures





Source: SLCI Figures taken from (ABS, 2014a; ABS 2014d Tables 12 & 13)

The cost of living for Age Pensioners and ? increased at a slower rate than the CPI nationally (2.3%); while the cost of living for Other Welfare Recipients increased at the same rate as the national CPI. The living costs of employees (1.9%) rose at the same rate as for pensioners over the past year (and also under the rate of the national CPI rise (ABS, 2014a).

These overall figures can be disaggregated to track changes in the price of key basic goods and services over the past year in Darwin and nationally (Table 1). Significant trends are evident from the past year, with Darwin prices rising significantly more than prices nationally in a couple of key areas. Health (4.8%) Food and non alcoholic beverages (3.9) and Automotive Fuel (3.8%), for example, all rose faster than the corresponding national CPI for those items (4.7%; 3.5%; -2.5% respectively), and higher than the overall national (2.3%) and Territory (3.6%) CPI rates (ABS 2014d). In addition Darwin rents rose much faster (3.6%), over the past year than the national CPI figure for rent (2.5%) and more than the national CPI (2.3 %), and at the same rate as the overall Darwin CPI.

The figures (Table 1) below compare price changes in a number of basic necessities in Darwin with the national changes in the last quarter, and over the last year, however they do not account for local variations in prices.

Table 1: Cost of Living Changes Sept Qtr 2014 by expenditure type Darwin vs National

Cost of Living Area	Darwin CPI Sept 2014 Qtr change %	National CPI Sept 2014 Qtr change %	Darwin CPI Sept 2013- Sept 2014 change %	National CPI Sept 2013 – Sept 2014 change %
Food (& non-alcoholic beverages)	0.6	1.2	3.9	3.5%
Clothing and footwear	-3.2	-1.0	-2.3	-2.7%
Housing (includes utilities)	-0.3	0.5	1.7	2.3%
• Rent	0.8	0.7	3.6	2.5%
• New Dwelling Purchase – owner/occupiers	0.2	1.1	0.8	3.8%
Health	0.4	-0.2	4.8	4.7%
Education	0.0	0.1	4.7	5.2%
Transport	1.1	-0.1	2.7	0.2%
• Automotive fuel	0.8	-2.5	3.8	-2.5%
Utilities	-4.6	-2.8	0.0	-1.9%
• Electricity	-5.8	-5.1	-1.4	-4.4%
• Water & Sewerage	-0.2	-0.6	4.9	0.4%
CPI All Groups	0.2	0.5	3.6	2.3%

*Source: ABS, 2014d Tables 12 & 13. *includes pharmaceutical products*

Incomes: Given that welfare recipients have very low incomes, it is unlikely that any significant amount of the weekly benefit can be saved, at least for those not able to supplement their government transfer payments with additional income. For someone on the base level of benefits, and assuming they spend all their income, NTCOSS has calculated the dollar value of changes in cost of living over the past year, as shown in Table 2.

Table 2: Cost of Living Change Sept Qtr 2013 –Sept Qtr 2014 Australia

	Base Rate Benefit per week $ (19 Sept 2013)	Base Rate Benefit per week $ (19 Sept 2014)	Selected Living Cost Index change %	Amount per week increase in 'cost of living' $	Amount per week increase in base payment rates $
Aged Pensioner	$404.20	$421.40	1.9%	$7.68	$17.20
Newstart single – no children	$252.70	$259.60	2.3%	$5.81	$6.90
Newstart single – 2 children & FTB A & B	$522.65	$536.82	2.3%	$12.02	$14.17

Newstart Single 2 children figures based on one child under 13 and one b/w 13-19.Sources: Centrelink, 2013 & 2014; ABS 2014a.
For simplicity, supplements & Rent Assistance not included in Table 2, as these can vary from person to person.

For those whose only source of income is an Age Pension, and who spend all their income, the cost of living over the last year increased by $7.68 a week, while the base rate pension rose by $17.20 per week, in the same period. For single people on Newstart, the cost of living rose by $5.81 per week, and the base Newstart rate rose by $6.90 per week, marginally ahead of the increase in living costs. However, for sole parents with 2 children, receiving Newstart and FTB (A & B), the cost of living rose by $12.02 a week, however their payment rate rose by $14.17 per week (Centrelink 2013 and 2014).

These figures underline the importance of these base payments, but it is likely that with the low Base payment and inadequate indexing that Newstart and other base level benefit payments will continue to lag behind pensions (currently $161 lower p/w), unless the Federal Government commit to increase Newstart and other base level payments by $50 p/w.

SECTION 2: Food Expenditure

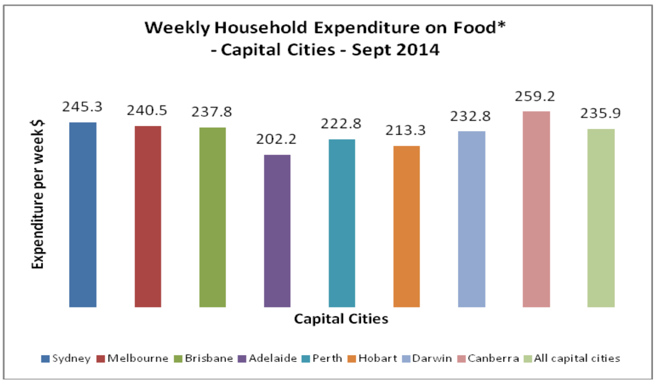
The price of food is a significant cost of living pressure for many people in the Northern Territory. Food expenditure constitutes a significant proportion of household expenditure (behind only housing and transport) (ABS, 2011c), as cited in the NTCOSS Cost of Living Report No. 3, April 2014 (Transport); and food is an essential expenditure item which cannot be avoided and is essential to the health and wellbeing of all Territorians.

National and Northern Territory Food Expenditure – A comparison

Darwin

The 2009-10 ABS *Household Expenditure Survey* (HES) shows that for Darwin households, food expenditure is $232 per week, accounting for 14.65% of weekly expenditure, up from $214 in December 2009 (see Figure 2b). This represents an increase of 8.6% (CPI – All Food) over this period (see Table 6). The following Figure 2a shows how expenditure in Darwin compares with other capital cities.

Figure 2a Weekly Household Expenditure on Food*, Capital Cities Sept 2014



Source: Calculations derived from ABS 2011b, indexed to Darwin CPI (ABS 2014d)
*The HES figure for food includes Non Alcoholic Beverages

Expenditure on Food Items - Darwin

Table 3a: Comparison of food expenditure between capital cities and proportion of weekly expenditure

	Sydney	Melb	Brisb	Adel	Perth	Hobart	Darwin	Canb	All Capitals
Sept 2014 (Weekly)	$245.30	$240.50	$237.80	$202.20	$222.80	$213.30	$232.80	$259.20	$235.90
% household expend	16.88%	17.0%	16.18%	16.58%	15.86%	17.4%	14.65%	15.36%	16.6%

Source: ABS 2011b indexed to September 2014 prices

On the HES and income statistics available, it may not appear that food is a major cost of living issue for households who live in Darwin. Darwin is ranked 5th highest in terms of the rate of expenditure on food ($232.80), compared with all other capital cities, and the expenditure figure is below the national average for all capitals. Darwin also has the lowest percentage of household expenditure on food (Table 3a), which reflects the high average earnings in the NT (Darwin households have the second highest average earnings in the country, behind Canberra; with Darwin also having the second highest average earnings, out of the States and Territories). However, these figures based on 'averages' don't provide an indication of the impact of expenditure on food on low income households, which will be examined further in this report.

Average Household Income in the NT

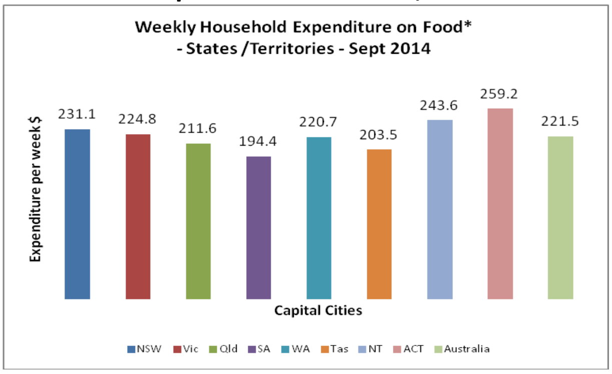
ABS figures from 2011 show that the average (median) household income in the Northern Territory of $87,048 is significantly higher than the national average of $64,16 (ABS (2011f). However, the high NT income figure is due to a concentration of people in high income earning professions such as full time professionals and managers, as well as well paid workers in the mining sector – and does not reflect the incomes of the majority of Territorians.

The Northern Territory median income figures do not take account of regional differences, where for example, the median wage in Alice Springs is $60,112, which is below the national median, and well below the NT median (ABS (2011f)). There are also a large number of people on lower incomes or unemployed in the Northern Territory. A sole parent with 2 children on Newstart (and Family Tax Benefit A & B), for example, would receive $28,140 per annum (base payment rate – see Table 2).

Expenditure on Food Items (Household Expenditure Survey): The NT and National picture
For the NT as a whole, food expenditure for households currently averages $243 per week, [1] (Figure 2a), a rise of almost $20 per week (from $224) over the past five years (HES 2009/10). Expenditure on food represents 14.95% of weekly household expenditure, which is the lowest rate of any State or Territory. There is, however, variation in household expenditure within and between, regions across the NT, as well as between household types, as the following section explores, and so food costs are a major cost of living issue for many households in the NT.

While Darwin ranks fifth out of the cities, the average household expenditure in NT overall, is the second highest out of all the States and Territories ($243.60). Critically the NT is the only jurisdiction where the expenditure on food exceeds the expenditure in its capital city (Darwin, $232.60). In all other states, the capital city expenditure is higher than the state average, while in the ACT, the capital and Territory figures are one and the same.

Figure 2b Weekly Household Expenditure on Food*, States and Territories Sept 2014



Source: Calculations derived from ABS 2011b, indexed to Darwin CPI (ABS 2014d)
*The HES figure for food includes Non Alcoholic Beverages

Table 3b: Comparison of food expenditure between States/Territories and proportion of weekly expenditure

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Aust
Sept 2014 Figures (Weekly) $	$231.10	$224.80	$211.60	$194.40	$220.70	$203.60	$243.60	$259.20	$221.5
% household expend	16.81%	16.92%	15.66%	17.19%	15.97%	17.15%	14.95%	15.36%	16.52 %

Source: ABS 2011b indexed to September 2014 prices

Expenditure on Food Items – Regional and Remote areas of the Northern Territory (outside Darwin).
Table 4 (below) includes the household expenditure figure for the area of the NT outside of Darwin, which gives a more accurate picture of the household costs for families outside of Darwin, than does the overall NT figure. Even this figure of $256.90 per week, underestimates the true nature of household expenditure across many areas of the NT, such as smaller regional towns and remote communities and outstations. (This issue will be explored in a subsequent section below: The NT Market Basket Survey - Regional and remote variations in price).

Table 4 Comparison of Household Expenditure on food* Items across the NT

	Ave. Weekly Expenditure (Sept 2014)	% household expend
Australia	$221.50	16.52%
Darwin	$232.80	14.65%
NT	$243.60	14.95%
NT – outside Darwin*	$256.90	TBC

Source: 2011 *ABS 2011b indexed to September 2014 prices* (*See methodology for calculation below)
*The HES figure for food includes Non Alcoholic Beverages

[1] Source: Calculation of NT figure derived from ABS 2011b (Tables 27A) indexed to Darwin CPI (ABS 2014d). See also Explanatory Notes

Household Expenditure by different household types – National and NT

Different household types experience cost of living pressures, with households in the first two income quintiles nationally, spending more of their income (18% approximately) on food, than households in the upper three income quintiles (even though the overall weekly monetary expenditure figures are greater for these higher income households). Looking at households where the major source of income is an income support payment, the situation is even starker. For households where the main source of income is an age pension, disability and carer payments, unemployment and study payments, family support payments, the percentage of household expenditure on food hovers between 18% and almost 21%. Food expenditure thus puts huge pressure on these households. The Northern Territory figures essentially follow the national figures for households in the first two income quintiles who spend a greater proportion of their income on food, than households in the upper three income quintiles. (Note there is no data on the breakdown by income support recipient status for the NT).

Table 5a: Food* Expenditure – Expenditure and proportion of household income by Household Type, Australia

	Ave. Weekly Expend $ Dec 2009	Ave. Weekly Expend March 2014 $	Food and non alcoholic beverages as % of H/hold Expend
Lowest Income Quintile	$102.46	$111.10	18.32%
Second Income Quintile	$148.92	$161.50	18.27%
Third Income Quintile	$195.89	$212.50	16.75%
Fourth Income Quintile	$245.88	$266.70	16.62%
Highest Income Quintile	$328.07	$355.90	15.19%
All Households	$204.20	$221.50	16.52%
Welfare Recipients	$119.78	$129.90	19.54%
• Age Pension	$117.69	$127.70	20.84%
• Disability and Carer Payments	$131.22	$142.30	18.05%
• Unemployment/Study Payments	$146.23	$158.60	20.51%
• Family Support Payments	$163.04	$176.90	19.54%

*Source: Figures taken from ABS 2011b (Tables 3A, 11A), with 2014 figures based on 2009 figures indexed using National CPI Figures for *food & non alcoholic beverages (ABS 2014d)*

Table 5b: Food Expenses - Expenditure and proportion of household income by Household Type, NT

	Food and non alcoholic beverages – Expenditure (NT)		Food and non alcoholic beverages as % of H/hold Expend
	Ave. Weekly Expend $ Dec 2009	Ave. Weekly Spend $ Sept 2014	
Lowest Income Quintile*	$107.74*	$117.00*	20.79%
Second Income Quintile	$144.64	$157.10	17.57%
Third Income Quintile	$206.63	$224.40	14.52%
Fourth Income Quintile	$258.12	$280.40	15.82%
Highest Income Quintile	$294.82	$320.20	13.36%
All households	$224.23	$243.60	14.95%

Source: ABS (2011c). 2014 figures based on 2009 figures indexed using Darwin CPI Figures (ABS 2014d). Note: Figures not available for Darwin

**The lowest income quintile figures estimate has a relative standard error of 25% to 50% and should be used with caution*

The NT Market Basket Survey - Regional and remote variations in price
Each year, a Market Basket Survey (MBS) of remote stores in the NT takes place, and in the most recent one available (2013*), seventy-two rural and remote stores were surveyed – as well as a supermarket and corner store in the major town/city in each of the district centres, to allow for a comparison of prices. In the survey, a standard food basket is priced in each of the stores, which is sufficient to provide foods for a hypothetical family of 6[2] for a fortnight (p.3). *(*At the time of writing of this report, the 2014 MBS had not been publicly released).*

Table 6 Market Basket Survey – Summary Table

	Ave Cost of Food Basket (weekly) $
Remote Store	$782
District Centre Corner Store	$771
District Centre Supermarket	$556
Most Expensive District (Alice Springs)	$794
Least Expensive District (Barkly)	$752

Source: Compiled from MBS (2014) p. 3

The findings of the MBS reinforce the large differences in food prices across various parts of the NT:

- On average, the food basket in remote stores in 2013 was 49% more expensive than in the Darwin supermarket, and 1% more expensive than the average of the district centre corner store (p.3)
- The cheapest supermarket for nearly the whole period of the MBS has been in Alice Springs.(p.3)
- Average costs rose in 2013, with the average cost of the food basket increasing by 3% in remote stores and 4% in district centre supermarkets. (p.3)
- Stark differences are also evident in the proportion of family income required to purchase the food basket for remote residents and other areas of the NT. The proportion of family income required to purchase the food basket was 34% in remote stores, and 23% in a Darwin supermarket. (p.3).
- Between 2000 and 2013 the cost of the food basket in remote stores increased by 53% ($511 to $782), while the average cost of the basket in district centre supermarkets increased by 44% ($383 to $553). (p. 21,23)
- At the same time the CPI for food and non alcoholic beverages in Darwin increased by 54.3, and the CPI – 'All Goods' Darwin was 52.7. While the MBS does not sample the breadth of goods that the CPI encompasses, the price increases for the MBS goods in remote areas are going up at a similar rate to the CPI for food, but given the fact the prices were so high to begin with, they are still having a huge impact on affordability of food and cost of living pressures for people in remote areas.
- The cost difference between remote stores and the Darwin supermarket was greatest in 2012 and 2013 when the food basket cost 49% more in remote stores. (p.24)

Households who depend on remote stores for their shopping are spending more than one third of their income on food and are paying nearly 50% more on food than households who shop at Darwin supermarkets. In addition, prices in remote stores have risen at a greater rate (53%) than prices in district centre stores (44%) since 2000.

<u>Some positive developments have been emerging over the period of the MBS (2013) Survey:</u>

- The number of varieties of fresh fruit and vegetables increased in remote stores from 2000 to 2013. (p.29)
- 81% of fresh fruits and 80% of fresh vegetables were rated to be of 'good' quality across the fresh fruit and vegetables surveyed in 2013[3] (p.3)
- "On average 94% of items in the food basket were available, or usually available, in the remote stores surveyed." (p.10)
- "The price of the 'healthier' meal items (meat and vegetable canned meal and apple) increased less than the cost of the food basket from 2000-2013. In addition, there has been a greater increase in the cost of some 'unhealthy' products compared to some healthier products in remote stores (p.30), e.g. the pie and coke both increased more than the food basket price from 2000 to 2013", and cigarettes and tobacco had the

[2] The income for the family is based on the premise that the three adult household members are in receipt of income support payments (Explanatory Notes 7).
[3] The average no. of fresh fruit varieties available in remote stores was 10 (highest in survey history), and same as in 2009 and 2010. The average no. of fresh vegetable varieties available in remote stores was 17 (also highest in survey history and the same as in 2009 and 2010.

greatest percentage cost increase from 2000 to 2013 (163% - including a 22% increase in 2013)[4]. (p.27) The increase in costs of some 'unhealthy' items is a positive and significant development.

The MBS data, however, does throw up a whole number of questions about equity and disparity of prices. The tables below show the breakdown of expenditure for each food type for the remote and regional districts. On first glance, it could appear that there is a fair level of parity between remote stores across the 5 regions, with average prices hovering between $752 and $794; however Table 8 reveals the true disparity between corner stores and supermarkets in remote communities, where the same exact basket of goods costs $972 on average in an East Arnhem corner store, but $589 on average from a supermarket in the same district; and incredibly $493 on average from a supermarket in Alice Springs, which is nearly twice the price (1 factor of 1.97). Examination of an individual product reveals that the same milk goods cost $233 on average in East Arnhem in a corner store but $88 in a Supermarket in East Arnhem, and as low as $81 in Katherine – which is nearly a threefold difference in price.

These price differences are extraordinary – and if we are ever to achieve a fair and just Northern Territory, this issue must be addressed as a matter of extreme urgency. If it is possible to have a Government led solution to reduce the price of petrol in Darwin, then similar resolve must be shown to address disparities in relation to food prices.

The following three tables come from the 2013 Market Basket Survey (2013)

Table 7: (Table 10 from 2013 MBS) Cost of food basket by district, supermarkets and corner stores, 2012

	Alice Springs	Barkly	Darwin	East Arnhem	Katherine	NT Average
Breads & cereals						
Supermarket	$97	$113	$104	$90	$103	$101
Corner Store	$104	$108	-	$142	$112	$117
Fruit						
Supermarket	$104	$115	$126	$163	$146	$131
Corner Store	$148	$217	-	$204	$201	$192
Vegetables						
Supermarket	$96	$107	$100	$128	$116	$109
Corner Store	$106	$149	-	$192	$161	$152
Meat & alternative						
Supermarket	$92	$103	$85	$98	$99	$95
Corner Store	$102	$104	-	$150	$114	$117
Dairy						
Supermarket	$82	$134	$85	$88	$81	$94
Corner Store	$123	$130	-	$233	$143	$157
Other foods						
Supermarket	$23	$32	$25	$22	$25	$25
Corner Store	$29	$30	-	$51	$36	$36
Total basket						
Supermarket	**$493**	**$605**	**$524**	**$589**	**$570**	**$556**
Corner Store	**$611**	**$737**	**-**	**$972**	**$767**	**$771**

Supermarket

- The average cost of the basket in the supermarkets was $556.
- Barkly had the most expensive supermarket food basket ($605); Alice Springs the cheapest ($493).

Corner store

- The average cost of the basket in the corner stores was 39% higher than the district centre supermarkets ($771 compared to $556).
- East Arnhem had the most expensive corner store food basket ($972); Alice Springs the cheapest ($611).

Due to rounding of numbers the sum of food groups does not equal the total basket cost in some instances in Table 10. (MBS (2013, p.11 of MBS)

[4] A contributing factor to cigarettes and tobacco price was the increase in excise (tax) on tobacco products b/w 2009 and 2010 (MBS, 2013, p.30)

Table 8 (Table 9 from 2013 MBS): Average cost of food basket by district, remote stores, 2013

	Alice Springs Remote	Barkly Remote	Darwin Remote	East Arnhem Remote	Katherine Remote	Remote Store Average
Breads & cereals	$118	$123	$121	$125	$124	$121
Fruit	$195	$178	$181	$168	$183	$185
Vegetables	$168	$139	$155	$146	$165	$161
Meat & alternative	$118	$119	$118	$131	$121	$120
Dairy	$157	$151	$154	$164	$153	$156
Other foods	$38	$41	$39	$42	$40	$39
Total basket	**$794**	**$752**	**$768**	**$777**	**$787**	**$782**
Number of stores	**24**	**4**	**16**	**8**	**20**	**72**

- The average cost of the food basket ranged from $752 in the Barkly remote stores to $794 in Alice Springs remote stores.
- The average cost of the food basket in all remote stores surveyed was $782. *(MBS (2013, p.10).*
  Note: Due to rounding of numbers the sum of food groups does not equal the total basket cost in some instances in Table 9

Table 9 (Table 12 from 2013 MBS): Cost of food basket by district, supermarkets and corner stores, 2013

	Alice Springs	Barkly	Darwin	East Arnhem	Katherine	NT Average
Remote Store	$794	$752	$768	$777	$787	$782
Corner Store	$611	$737	-	$972	$767	$771
Supermarket	$493	$605	$524	$589	$570	$556
% difference from						
Corner Store	30%	2%	-	-20%	26%	1%
Supermarket	61%	24%	47%	32%	38%	41%

- The average cost of the food basket in remote stores was 41% higher than the average of NT district centre supermarkets and 1% higher than the average of NT district centre corner stores (Table 9).
- The cost of the food basket, on average, in remote stores was higher than the supermarket in the corresponding district centre.
- On average, the cost of the food basket in remote store was higher than the corner store in the corresponding district centre in all
- districts except East Arnhem (MBS 2013, p.29)[5]

(MBS (2013, p.13)

Over the time period that the MBS has been in place, households in remote areas have had to spend a very large proportion of their household income on food. In the 2013 MBS, 34% of income was required to purchase the food basket in remote stores. There has not been much variation in the proportion of income required to purchase the food basket in remote stores between 2000 and 2013, with the percentage in 2013 being between 34% (2013) and 38% during the time period of the survey (MBS 2013, p.29).

NT Government Grocery Price Survey June 2012

Pricing information gathered through the NT Government Department of Treasury and Finance biannual survey of grocery prices in NT supermarkets corroborates the information in relation to the higher costs of food in remote areas. While the Surveys no longer take place, the results from the most recent survey, the *Grocery Price Survey* - June 2012 (NTG, 2012b) reinforces much of the above discussion – with prices in Darwin ($203) and Alice Springs ($204) the cheapest [6], followed by Katherine ($212), with prices in the two remote regions surveyed being significantly higher - Nhulunbuy ($250 p/w) and Yulara ($256 per week).

The link between income and poor nutrition and health outcomes: Examining the cost of food

On top of the impact on cost of living issues, food costs also directly impact on health outcomes for many people. For some people in low income households, skipping meals or regularly going without adequate food might be a

[5] It must be noted that there are a relatively small number of corner stores included in this survey and the variation between the average cost of the food basket in remote stores and the 'corner store' in each district varied greatly (see Table 9 in this report).

[6] The NTG (2012b) survey found that Darwin supermarkets had the cheapest prices, with Alice Springs second cheapest (whereas the 2013 MBS found the Alice Springs supermarkets were cheapest).

choice they make to ensure their children are fed, which may be compromising their required nutritional intake.

Research from around the world has consistently shown that the poor are more likely to suffer ill health than well-off members of society. Jan et al (2012) note that chronic illness and disability is associated with economic hardship, which of itself then affects health behaviours “thereby completing a cycle in which poor health leads to poverty, which then leads to poor health”. There are well established links between a poor diet and chronic diseases like obesity, diabetes, heart disease and some cancers (AIHW, 2014)[7]. For people with poor health, inadequate diet can further exacerbate existing health conditions, such as diabetes or kidney disease.

Improving the availability, variety, quality and affordability of fruits and vegetables has been a priority identified in both Northern Territory and national nutrition policies (MBS 2012, p. 25-26), in order to improve the very low (or non-existent) daily intake of fruit and vegetables by Aboriginal people in remote areas. The 2012 MBS cites strong evidence which suggests that “an adequate intake of fruits and vegetables is protective against diseases such as coronary heart disease, hypertension, type 2 diabetes, stroke and some cancers.” In addition, the 2012 MBS refers to national surveys showing that “many Australians do not consume the recommended amounts of fruit and vegetables and the rates of people who are not meeting the recommended daily intake of fruit and vegetables is higher amongst Aboriginal people than non-Aboriginal people”(p.25-26).

It is important then, to also examine the impact of changes in price of ‘healthy’ food items and data in this Cost of Living Report can be used to track the cost of healthy foods over a period of time, to see if these food items are becoming more, or less, affordable, for example, the price of fruit and vegetables and fresh meats. However, the ‘healthy’ food categories do include unhealthy foods, so this has its limitations. It must also be noted that as SACOSS (2011) point out, “what constitutes a healthy diet is debatable” (see for instance, Russell, 2009).

However, we do know that in Darwin, the price of takeaway and fast foods rose faster (87.7%) than the CPI All Food(60.4), and the All Darwin CPI (56.2) and faster than any other major food category over the past 15 years (see Figure 5 on p. 12 below). But some healthy food has also risen at a much greater rate than the ‘All Food’ CPI, rising 70.7% over the last 15 years, with fruit and vegetable prices having risen 70.7% since September 1999, with significant price volatility since December 2005 (prior to then, the price of fruit and vegetables had been closely tracking the All Food CPI. As always, where a price rises faster than CPI, it creates particular problems for those on incomes where rises are tied to CPI such as those on Newstart, Youth or Widows Allowance, and many low wage earners with limited industrial bargaining power. So it is a significant concern that the price of fruit and vegetables has fluctuated over the last 9 years, contributing to cost of living pressures for low income households at times.
A number of studies noted by Kettings et al (2009) highlight that low income Australians are less likely to buy and eat healthy food, and are not eating foods in line with broad public health recommendations. While there are complex array of factors, cost is a factor. Kettings et al’s own study estimates that those on income support would need to spend approximately one-third of their weekly income to afford a healthy diet (p 566, 570). This is exactly the reality facing households in remote Aboriginal communities, as highlighted earlier. The price of food creates a significant barrier to public health campaigns aimed at improving the diets of the Australian population. In addition food pricing also constitutes a clear social justice issue.

In addition, transport is a significant issue related to access to food, with a lack of access to private transport or public buses forcing many people to rely on taxis and minibuses to transport them to shopping centres, where high costs eat into household budgets; or people rely on smaller stores (or even petrol stations) which may be closer to where they live, and therefore easier to access – but where prices are higher, and choice of fresh foods limited, with fast food an easy option. Therefore addressing access to food, must also involve addressing access to transport.

Summary of Food Price Movements for Darwin
It is important to note that because CPI figures are only collected in capital cities, the data is limited in its ability to look at cost of living pressures outside of the city. As covered earlier, the cost of food is significantly higher in regional centres and remote communities of the NT. There are often real issues as well, for people living in Town

[7] http://www.aihw.gov.au/chronic-disease-determinants/

Camps (Community Living Areas) across regional centres, in accessing affordable and nutritious food due to transport costs involved. Nonetheless the CPI data provides useful information for analysis.

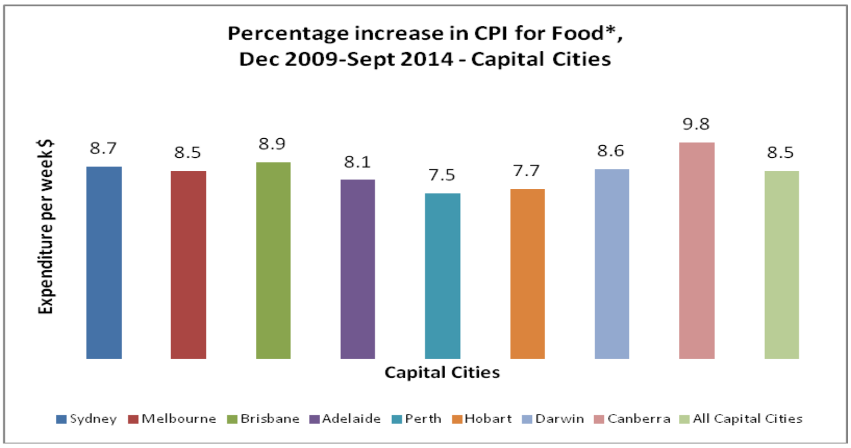
Table 10: Increases in Food Expenditure over the last 5 years* (since Dec 2009), Darwin and the NT

(NT 2009/10 base figure $)	NT Average Weekly Expend $ Dec 2009	CPI Increase Darwin for each category % Dec 2009-Sept 2014	NT Estimated Current Average Weekly Expend $ Sept 2014	Increased expenditure per week $ compared with Dec 2009	Increase in yearly expenditure compared with Dec 2009	Actual expenditure for whole year $ - current
All Food – rest of NT (excl Darwin)	$236.55	*8.6%	$256.90	$20.35	$1058	$13,359
All Food – NT	$224.23	*8.6%	$243.60	$19.37	$1007	$12769
All Food – Darwin	$214.35	8.6%	$232.80	$18.55	$965	$12,105

Source: Derived from (ABS 2011b) NOTE: Darwin CPI used as state CPI figures are not available in ABS data

Table 10 expands on the 'All food 2014" figures to show that, based on previous expenditure patterns, NT households are spending $19.37 more on food overall, per week, than in December 2009. While this may not appear a great amount of money, it does in fact equate to an additional $1015 for a full year for households. Darwin households are now spending $18.55 more on food overall, per week, compared to in December 2009, which equates to an additional $972 per year. However, the area of the NT excluding Darwin, has had the greatest increase in expenditure, of $20 per week, equating to an additional $1058 per year on their food bill.

Figure 3a Percentage Increase in CPI for Food over the last 5* years, Capital Cities



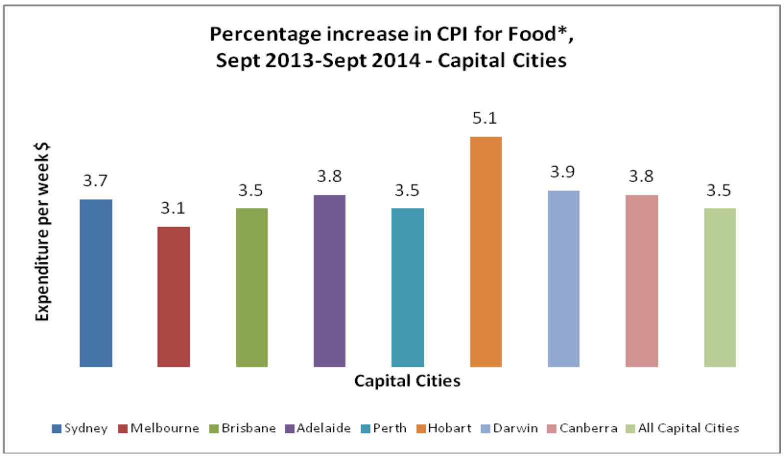
Source: Calculations derived from ABS 2011b indexed to Darwin CPI Sept 2014 prices (ABS 2014d)
**Period covered is Dec 2009 (when last HES survey done until Sept 2014).*

While the increase in the CPI for food in Darwin over the last 5 years, is not in itself a cause for major concern, as it is well under the general CPI figure for Darwin of 14.0%, (and lower than all the other States and Territories) and the NT, but Darwin in particular, has the highest average wage levels in the country.

The concern however, is that, while there is no territory wide or regional CPI figures available, earlier sections of this report have highlighted the high costs of food across the remote and some regional areas of the Territory – which places significant cost of living pressure on many households. This means that any rise in the CPI across the NT will have a damaging effect on the budgets of families already struggling to meet their food costs (where households spend up to 35% of their income per week on food alone).

In addition, over the past year, food prices in Darwin (and by process of deduction, across the NT as well) have risen by 3.9% (see Table 3b), which is at a rate not seen in a 12 month period since 2011. The increase over the past 12 months may be a temporary 'blip' but it will be important to monitor if it is indicative of a continuing upward trend.

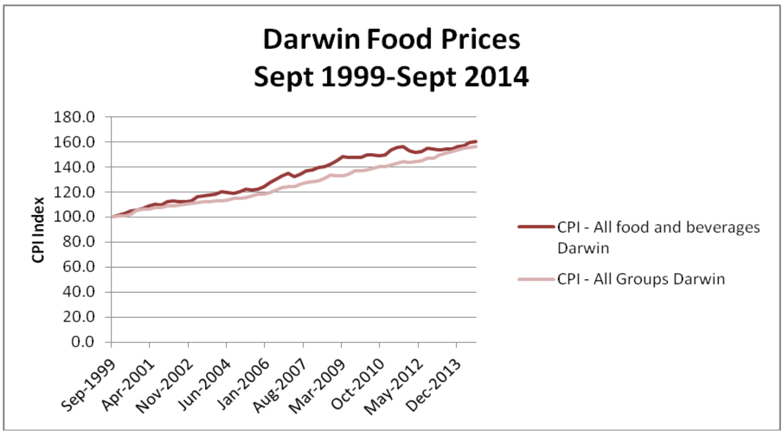
Figure 3b Percentage Increase in CPI for Food* over the past year, Capital Cities



Source: Calculations derived from ABS 2011b indexed to Darwin CPI Sept 2014 prices (ABS 2014d)

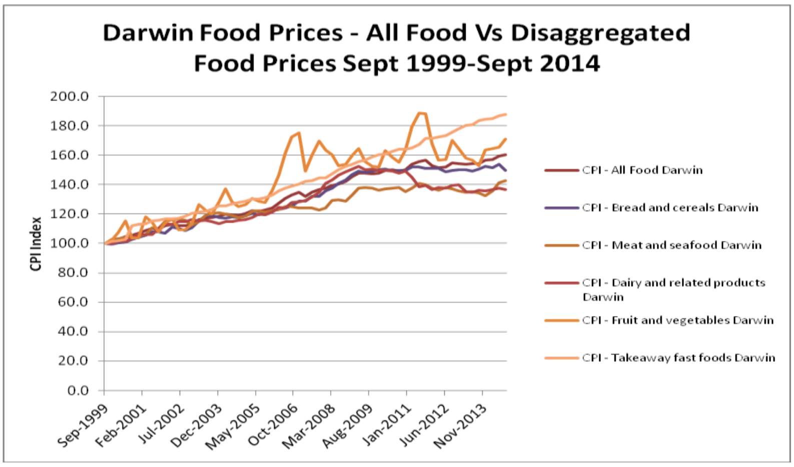
The CPI for 'All Food' prices in Darwin over the last year rose faster (3.9%) than the national CPI for 'All Food' of 3.5%, as well as the general Darwin CPI of 3.6%, and much faster than the national CPI of 2.3%. This follows the trends evident in the CPI data for food prices over recent years, which are shown in Figure 4, and reveals that over the last fifteen years there has been a general trend of food costs for consumers following or just above the same basic trend line of the CPI. (Although between June 2007 and Sept 2011, there was a larger gap between the rise in food prices and the rise in the general CPI (Darwin)).

Figure 4: CPI Food and CPI All groups, Darwin Dec 2009 – Sept 2014



Source: ABS (2014d, Table 13)

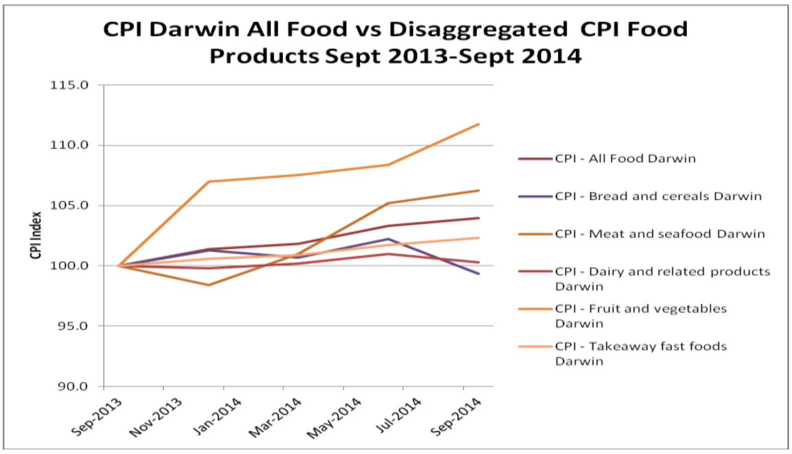
Figure 5: Food Prices: CPI Food and CPI All groups, Darwin Sept 1999 – Sept 2014



Source: ABS (2014d, Table 13)

The graphs in Figure 5 present a more detailed picture of what has been happening to food prices in Darwin over the last 15 years, by showing various sub-categories of food prices. Figure 5 shows that the two main drivers of the increase in food prices are rises in the price of fruit and vegetables (which can be volatile in price) and takeaway fast foods. In addition over the past year the drivers of the price rises have been meat and seafood and fruit and vegetables (see Figure 6).

Figure 6 CPI Darwin All food vs Disaggregated CPI Food, Sept 2013 - Sept 2014



Source: ABS (2014d, Table 13)

Figures 6 and 7, however, only shows price rises for the various food services relative to CPI, and do not show the relative importance of each of those items. A large price rise may not matter for a small expenditure item, but a small rise in a substantial expenditure item may have a significant impact on a low income earner. Table 11 below lists the relative importance of each expenditure line in terms of percentage of overall food expenditure, and then shows how much each of these items has gone up in the last year, the last five years and the last fifteen years.

Table 11 Food Expenditure changes in over the last 1, 5 and15 years and importance of expenditure area, Darwin

	% increase in CPI for related category			HES Category	
CPI Expenditure Category - Darwin	Price change last year (Sept 2013 – Sept 2014)	Price change over the last 5* years (*Dec 2009-Sept 2014)	Price change since Sept 1999 (% increase)	% of food expenditure	Household Expenditure Survey (HES) Category Darwin
Food and non alcoholic beverages	3.90%	*8.6%*	*60.4%*	100%	Food and non alcoholic beverages
Bread and cereal products CPI	-0.7%	-0.4%	49.6%	8.14%	Bakery products, flour and cereals
Meat and seafood	6.3%	5.1%	42.9%	14.92%	Meat including fish and seafood*
Dairy and related products	0.3%	-8.8%	36.6%	7.18%	Dairy Products
Fruit and vegetables	11.8%	12.4%	70.7%	12.21%	Fruit and Nuts and Vegetables
Non-alcoholic beverages	1.3%	13.5%	56.0%	8.81%	Non-alcoholic beverages
Takeaway and fast foods	2.3%	17.1%	87.7%	30.57%	Meals out and fast foods
CPI All Groups Darwin	*2.6%*	*14.0%*	*56.2%*	-	-

Source: Derived from ABS (2011d), and ABS (2014d, Table 12 or 13)??

**Explanatory Note: The HES figures, there are two separate categories of 'Meat excluding fish and seafood" and "Fish and seafood'. Given the CPI groups 'meat and' fish and seafood' together , these two categories have been combined in this table for the HES figures. In the same way "Fruit and Nuts" and "Vegetables" are combined in the HES category.*

The percentages in the above table will not add up to 100%, as not all CPI and HES categories are included – only the major ones are included

The price increases in fruit and vegetables over the last 15 years is significant, as not only have the prices risen much faster (70%) than the 'CPI - All Food" (60.4%), but the 12.21 % of household food expenditure is a significant portion of the household budget. While meat and seafood prices make up a slightly greater proportion of household food expenditure (14.92%), prices for this category increased by only 42.9%, which is well under the 'All-Food CPI', and so has not had the same impact on cost of living pressures. Takeaway and fast food expenditure has increased even more than that for fruit and vegetables, and makes up 3% of household food expenditure, but this price increase should act as a disincentive to purchase these less healthy items.

Recent Initiatives: NT and Nationally
AMSANT Fresh Food Summit, May 2010
The 2010 AMSANT Fresh Food Summit, covered a number of broad issues which included: "the future of stores on remote communities; the costs to health due to poor food supplies; and the issue of fresh food subsidies". The Summit highlighted some of the particular issues facing remote stores, such as

- "the high cost of running remote stores"
- "high freight costs"; and
- "lack of buying power"

The summit also highlighted the Arnhem Land Progress Association (ALPA) nutrition strategy[8], its 100% subsidisation of freight for fruit and vegetables and its preferential pricing policy; as well as the Outback Stores policy of reducing tobacco sales – which could provide lessons for other stores in the NT.
As a result of the summit, 16 recommendations were made, some of which directly relate to food pricing, as follows:
<u>Recommendation 8:</u> That AMSANT supports urgent research to carry out a cost-benefit analysis of subsidising the cost of fruit and vegetables with equivalent of, say, 1% of annual running cost of running clinics, that is, say $10,000 per $1M.
<u>Recommendation 9:</u> That AMSANT promotes research into freight, logistics and packaging and good food subsidies into remote communities to build an evidence base towards achieving food security (i.e. availability of good food).
<u>Recommendation 10:</u> AMSANT encourages Outback, ALPA and other stores to work together to source competitively priced fresh food through joint purchasing.
<u>Recommendation 12:</u> AMSANT calls on all governments to improve transport networks and infrastructure in remote areas both as a long term mechanism to reduce freight costs, as well as allow capacity to build large scale horticultural projects such as that proposed by Centrefarm.
<u>Recommendation 15:</u> That this Summit believes the NT Market Basket Survey is too restricted and should extend to monitoring prices and availability across a wider range of fruit and vegetables, carried out independently by the primary health care sector represented by AMSANT.[9]

Aboriginal organisations have continued to highlight the need to address a number of the recommendations made at the Fresh Food Summit, (including through the Stronger Futures submission process), but many of the issues identified remain unchanged.

'Everybody's Business' - Report into Remote Aboriginal and Torres Strait Community Stores - House of Representatives, Aboriginal and Torres Strait Islander Affairs Committee, (2009)
This 2009 House of Representatives Committee made a number of recommendations in relation to the cost of food in remote areas, which included for the Australian Government to support community garden, traditional food and farming projects in remote Indigenous communities for the local production of food… (Rec. 18) and to look at arrangements for locally grown or harvested produce to be distributed through local stores (Rec. 19). In addition, the Committee recommended the Australian Government consider transparent cross-subsidisation models, if appropriate (Recommendation 13); and future consideration be given to a freight subsidy for fresh produce for the Torres Strait (Rec. 23). In addition the committee recommended the Australian Government commission a regional cost of living study for Aboriginal and Torres Strait Islanders living in remote communities in Australia and report by the end of 2010 (Rec 21). (p.xv11-xix). The issues highlighted in this report remain just as relevant today.

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[8] ALPA Nutrition Strategy, http://www.alpa.asn.au/pages/Health-%26amp%3B-Nutrition-Strategy.html
[9] The MBS (2013, p.30), notes the survey limitations, including the fact that the "food basket contains a relatively small number of items (32)".

Centrefarm Model – including 'Growing to Grow' Proposal

In light of the recommendations above, it is interesting to note the model for community gardens proposed by Centrefarm[10] in 2008. Centrefarm have developed a model, 'Growing-to-Grow' (G2G), which provides "governance, operational cover, technology transfer, marketing, sales, distribution and logistics assistance", to support the ongoing maintenance of remote community gardens (Lange, 2010[11]). In addition, and particularly critical to sustainability, their model addresses the reality of the "departure of key personnel", by ensuring that there is an "overarching entity to provide "interim management and maintain community energy and involvement." The benefit of this model is that it ends the cyclical wastage that has been such a common occurrence with community gardens in the past. (Lange, 2010).

While the cost of core-funding for the model would be significant, it would reduce "the wastage evident in the current cyclical demise pattern" (Lange, 2010). In addition, the "short and long term benefit of guaranteeing the gardens as a source of work, training, nutrition and in some cases commercial enterprise, would afford other major health and welfare savings." Centrefarm were also presenters at the AMSANT Fresh Food Summit, where the "determination of Aboriginal stakeholders to pursue the establishment of community farms to grow and distribute fresh food from Aboriginal lands throughout the NT was clear… [which highlighted] the positive effects of healthy diets…if funding and energy could be put into local fresh produce production, distribution and most importantly consumption". (Lange 2010).To date, Centrefarm has been unsuccessful in obtaining funding to develop the Growing to Grow model.

Centrefarm currently run and support ccommercial farming operations on Aboriginal land (e.g. Ti Tree, Ali Curung) - and further options like this could be pursued. There is currently a gap in terms of the 'work experience farm' (which would double as the community garden). If appropriate funding was sourced, these gardens could become commercial in time , as long as the ground water is sufficient – which it is in many remote communities (Lange, 2014) .

The Centrefarm model (including the 'Growing to Grow' model) could serve as a basis for progressing the development of some of the goals from the 'Everybody's Business' report (cited above) in relation to support for community garden, traditional food and farming projects in remote Indigenous communities and arrangements for this locally grown or harvested produce to be distributed through local stores (Lange 2014).

Menzies School of Health Research: Stores Healthy Options Project in Remote Indigenous Communities (SHOP@RIC)

This is a current project which is testing "the impact and cost effectiveness of a store-based price reduction intervention (with or without an in-store nutrition education intervention) in

- promoting the purchase of fruit, vegetables and low joule soft drinks/water; and
- reducing the purchase of sweetened soft drinks

among residents in remote Aboriginal communities in the NT.

Menzies (2014) have cited the " growing evidence on the potential of price subsidies to support healthy food choices", and in this project, which is still underway, a price discount of 20% has been applied to "fresh and frozen fruit and vegetables, low joule soft drinks and water", across twenty remote community stores in the NT. The study is taking place over a six month period, and is also assessing the benefit of an "in-store nutrition education strategy" as well (in ten of the communities). The findings of this research on cost-effective interventions for nutrition improvement, among a socio-economically disadvantaged population in a real-life setting, will have significant implications for informing policy and practice in this critical area.

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[10] Centrefarm, is a non-profit company, set up by traditional owners through the Central Land Council, which is designed to create wealth and develop economies on Aboriginal land in central Australia through the establishment of commercial agriculture and agro-forestry.

[11] *http://www.remoteindigenousgardens.net/2010/10/centrefarm-growing-to-grow-model-from-rig-news-9/*

Arnhem Land Progress Association (ALPA) Stores - Health & Nutrition Strategy Fruit and Vegetable Promotion
A positive initiative in relation to making healthy food more affordable for people on remote communities is the strategy put in place in the Arnhem Land Progress Association (ALPA) Stores. ALPA Stores (11 in the NT) have fruit and vegetable prices similar to Darwin supermarkets due to their 100% freight subsidy on fresh fruit and vegetables. "ALPA has been independently subsidizing (no government funding) these vital food groups for over 30 years and will continue to do so in an effort to increase consumption of fruit and vegetables and hence work towards preventing chronic diseases." On top of this ALPA now also "subsidise all freight on frozen, tinned and dried vegetables", again making prices in these stores for these products more comparable to Darwin prices. (ALPA 2014) See Full Health and Nutrition Strategy: http://www.alpa.asn.au/pages/Health-%26amp%3B-Nutrition-Strategy.html

Outback Stores - Nutrition Strategy Goals
Another positive initiative in relation to making healthy food more affordable, is that of the Outback Stores, who oversee 23 stores in remote communities in the NT. One of the goals of their Nutrition Strategy is: "A nutritious, affordable and quality food supply." (Goal 1, Outback Stores, 2014, p.3). in order to achieve this, they "Employ effective pricing strategies favouring the affordability of healthy food lines". (p.3). In additions they have as an objectives to "Develop and implement in store promotion strategies that support consumer knowledge about nutrition and health by biasing the stocking, pricing, marketing and promotion of healthy foods, while discouraging the promotion of, limiting the range and sale of nutrient poor food and drinks"; and to ""Develop and implement policies that create supportive environments for health outcomes, such as promoting only nutritious foods to children" (under Goal 2, Outback Stores, 2014, p.4).

Food Security in Remote Indigenous Communities Auditor's Report to the Department of the Prime Minister and Cabinet, 2014
The recently released Audit Report to the Department of Prime Minister and Cabinet (DPMC), highlights a number of initiatives that have been undertaken to improve access to nutritious food in remote communities. While some progress is being made, the report also acknowledges that more needs to be done. Some of the initiatives include:

COAG's 2009 National Strategy for Food Security in Remote Indigenous Communities (the Strategy) which was **"**designed to provide a coordinated response aimed at developing a secure, sustainable and healthy food supply to remote Indigenous communities, and increasing the purchase and consumption of this healthy food by Indigenous Australians." (p.12)

Five actions were identified, with four* of them, to be completed by mid-2010[12]

1. The development of national standards for stores and takeaways*
2. A national quality improvement scheme*
3. The transition of community stores registered under state legislation to the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*
4. A national healthy eating action plan for remote Indigenous communities (completed)*
5. A related national workforce action plan* (p.12)

According to the Audit Report, the COAG Strategy has made only a limited contribution to food security as a number of the activities were not completed as planned , apart from the national healthy eating action plan for remote Indigenous communities . The Audit Report highlights that "With no framework established to coordinate food security initiatives, the Australian Government's food security initiatives have operated in isolation from each other and are mostly focused in the NT"(p. 14).

The Community Stores Licensing Scheme NT, which sits under the SFNT Act, has been in place in the NT for several years now. This scheme is intended to enhance the contribution of community stores to achieving a reasonable ongoing level of access to a range of food, drink and grocery items that is reasonably priced, safe and of sufficient quantity and quality to meet nutritional and related household needs. In relation to licensing, "the Department of Prime Minister and Cabinet (DPMC), has adopted the processes developed by the former FaHCSIA to support the

[12] No further action on other elements of the Strategy has been undertaken since responsibility for Indigenous Affairs was transferred to DPMC in September 2013

administration of the Community Stores Licensing Scheme and licences have now been awarded to 97 out of an expected 110 community stores" (p.14). Given that majority of stores that require it, are now licensed, DPMC will now focus more on the ongoing regulation of community stores . The Audit Report notes that there is general acceptance by licencees interviewed by the ANAO of the licensing scheme and recognition that the scheme has had a positive impact on the range of healthy food and store operations in the NT. (p.19).

The Audit Report, however, does suggest improvements to data collection processes, given current constraints which reduce the ability of DPMC to assess the effectiveness of the licensing scheme over time; and have "little focus on the measurement of results which makes changes in availability and access to healthy food arising from initiatives difficult to track" (p.15). The Audit Report documented other developments in relation to improving access to food, with funding to provide targeted assistance to community stores in selected communities, including assistance to store owners and operators in the NT (through the Strengthening Remote Stores grants; and the Aboriginals Benefit Account Stores Infrastructure Program – which involves "the construction of 12 new stores, the refurbishment of six existing stores, and upgrades to or the construction of 10 houses for store managers in 18 communities in the NT" (p.12-13). The Audit Report provided details about some progress having been made in this project, but progress has been slow (p. 16).

The Audit Report argues that even with the above initiatives, the overall effectiveness of specific food security initiatives, and achieving long-term food security consistent with the Australian Government's policy objectives, is often influenced by a range of other factors. While current activities have focused mainly on the supply of affordable and healthy food to remote communities through community stores, "Food security is also related to the purchase and consumption of healthy food and needs to be supported by initiatives focused on education and behavioural change." (p.16). With the recent changes to government administrative arrangements with food security initiatives now forming part of the Safety and Wellbeing Programme under the new Indigenous Advancement Strategy (IAS). (p.13), the Audit Report asserts that there are opportunities for DPMC to adopt a more integrated approach to food security, with a greater focus on complementary activities that also encourage changes in consumer purchasing and consumption patterns (p.16).

The ANAO made four recommendations in the Audit Report, which relate to the DPMC. In summary form these are:
1 providing options to the Australian Government in relation to the parts of the Strategy that are yet to be completed;
2 improving the effectiveness of its administration of the Community Stores Licensing Scheme through ensuring the consistency of current store requirements with the SFNT Act
3 better capturing, consolidating and using performance information to assess regulatory outcomes; and
4 considering the departmental grants assessment processes to ensure consistency with published guidelines. (p.16-17). For Recommendations in full – see footnote[13]

Federal Government Budget – Impact on Food Expenditure for Low Income Households

Reductions in Income Support Payments

The recent Federal Budget released (May 2014) has a number of budget changes of enormous concern to NTCOSS and the COSS Network across the country. The proposals, if passed by Parliament, will result in a large number of people on income support payments and low income households being much worse off financially. According to the Australian Council of Social Service (ACOSS) "The people that will particularly be affected are those under 30 looking for work, people with disabilities, carers, single parents and struggling low income pensioners and families. The income losses sustained by many people relying on income support and family payments are large and crippling. (ACOSS (2014b)). (See Appendix for summary of changes to pension allowance and benefit levels).

(See also http://www.acoss.org.au/images/uploads/ACOSS_2014-15_Budget_analysis_-_WEB.pdf

[13] Full Recommendations on p. http://www.anao.gov.au/~/media/Files/Audit%20Reports/2014%202015/Report%202/AuditReport_2014-2015_2.PDF

ACOSS National Conference Resolution on the May 2014 Federal Budget

NTCOSS endorses the ACOSS National Conference Resolution on the May 2014 Federal Budget which calls on the Federal Parliament of Australia to reject divisive and unfair budget proposals that severely impact on the most vulnerable people in our community.

The resolution reads:

"We call on the Australian Government to work with us in designing policy that is sustainable, inclusive and fair. The Government and the Parliament should abandon the following divisive and unfair proposed budget measures that severely impact on the most vulnerable people in our community:

- *Removal of the income support safety net for many young job seekers;*
- *Measures that erode the value of income support for people at risk of poverty;*
- *Reductions in family tax benefits for low and moderate income earners;*
- *Increases in user charges for essential health services, including GP payments, medicines and tests;*
- *Withdrawal of federal funding to essential social services;*
- *Silencing of advocacy organisations working to ensure that the voices of disadvantaged and marginalised groups are heard." (ACOSS Conference, June 2014)*

CONCLUSION

Food costs constitute a substantial and unavoidable weekly expenditure item for households across the Northern Territory. For households living in remote areas, the costs are even higher – eating into an even larger proportion of household income (over one third). The continuing disparity between prices in larger supermarkets and those in remote areas, has a direct and detrimental impact on the health and wellbeing of the many Territory individuals and families – and must be addressed as a matter of urgency.

In addition, and alarmingly, this report also reveals that households who heavily rely on corner stores for their food shopping are almost paying as much for their basket of goods, as are households in remote areas. The price disparity between corner stores and supermarkets just a few short kilometres down the road is absolutely staggering – and also demands immediate attention.

There have been a number of initiatives at a national and Territory level, in recent years, which have attempted to, or begun addressing the need for more fresh food at affordable prices to be made available in remote areas. Certainly there has been progress made in terms of more fresh fruit and vegetables now consistently available in remote stores across the NT. And the proportion of household income in remote areas going on food has come down slightly (but is still far too high). However, many initiatives have not fulfilled their objectives (such as the COAG 2009 National Strategy for Food Security in Remote Indigenous Communities), and further resourcing is required to move forward on these and other strategies.

At present, there is a real opportunity, however, to learn from the currently underway (near completion) Stores Healthy Options Project in Remote Indigenous Communities (SHOP@RIC), looking at the impact of subsidisation of healthy foods in remote areas. NTCOSS urges the NT and Federal Governments to closely examine the outcome of this research, to inform future initiatives across the NT.

In addition, NTCOSS believes that the way forward is not just about seeking reductions in the price of food items currently available on the shelf of remote and corner stores, but that initiatives that support local food production must become a real priority – such as community garden, traditional food and farming projects in remote communities, where the produce is distributed through local stores (as per recommendations in the 'Everybody's Business' report. In developing any such programs, lessons learned from the experience of remote organisations (such as Centrefarm) and communities will assist in informing evidence based approaches.

As highlighted earlier in the report, there is a link between access to transport and access to fresh and healthy food, and addressing access to transport is paramount to assisting many Territory households to have better access to healthy food choices. NTCOSS believes there must be support for local transport solutions in regional and remote areas, which assist community members to access stores where there is greater variety and cheaper prices.[14]

On top of this, current policy proposals being put forward by the Federal Government in relation to income support payments at the national level, have the potential to drive more vulnerable people into poverty and poor health outcomes. Given the already high proportion of household income going towards food in remote areas, any decrease in income for these households would be disastrous. Any policy changes must take the needs of low income households into consideration and look and new and innovative ways to address issues. As part of this, there must be adequate financial support for all income support recipients.

There are many challenges facing the Northern Territory in terms of ensuring access of good quality, fresh food to all Territorians and addressing the extraordinary price disparities between some areas of the NT. Addressing these issues is essential if we are to achieve a fair and just Northern Territory. If the NT Government can facilitate swift and decisive action through stakeholder engagement to reduce the price of fuel in Darwin, then there is an opportunity for it to do similar in relation to food. The opportunities are there to implement evidence based initiatives that will have a long term positive impact in terms of food access and price parity, which could bring immediate and future benefits in terms of health and wellbeing across all of the Territory.

RECOMMENDATIONS:

That the NT Government:

1. Commence a process for the development of a forum for addressing food pricing in the NT, to establish engagement between community, industry, research bodies and government to address price disparities between major supermarkets and remote and corner stores.

2. Work towards implementation of the AMSANT Food Summit Interim Report May 2010, recommendations.

3. Work with the Australian Government, to support community garden, traditional food and farming projects in remote Indigenous communities for the local production of food and to look at arrangements for locally grown or harvested produce to be distributed through local stores (as per recommendations in the 'Everybody's Business' Report) - with reference to the Centrefarm model (including its 'Growing to Grow' proposal).

4. Address transport issues[15] which impact on the cost of food for households in the NT – including support of local transport solutions in regional and remote areas, which assist community members to access stores where there is greater variety and cheaper prices.[16]

5. Work with the Federal Government to find alternatives to its proposed budget measure which will see job seekers cut off from payments for 6 months; and

6. Work with the Federal Government in relation to increasing Newstart Payments by $50 per week.

[14] For example, the Tennant Creek Transport service assists in transporting community members to the town supermarket, which helps reduce reliance on smaller fast food outlets or petrol stations for access to food.
[15] Refer also to the Recommendations in the NTCOSS (2014) Cost of Living Update, No.3, April 2014 (Transport)
[16] For example, the Tennant Creek Transport service assists in transporting community members to the town supermarket, which helps reduce reliance on smaller fast food outlets or petrol stations for access to food.

EXPLANATORY NOTES

1. CPI and Living Cost Indexes

The ABS Selected Living Cost Indexes (SLCI) uses a different methodology to the CPI in that the 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 Selected Living Cost Indexes (ABS, 2013b).

In that sense, the Selected Living Cost Indexes 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.

2. Limitations of the Selected Living Cost Indexes

The Selected Living Cost Indexes 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 Northern Territory. While it is safe to assume that welfare recipients are among the most vulnerable and disadvantaged, any household-based data for multi-person households indicates nothing about distribution of power, money and expenditure within a household and may therefore hide particular (and often gendered) structures of vulnerability and disadvantage. Further, the living cost indexes are not state-based, so particular Northern Territory trends or circumstances may not show up.

At the more technical level, the Selected Living Cost Indexes are for households whose predominant income is from the described source (e.g. aged pension or government transfers). However, the expenditures that formed the base data and weighting (from the 2009-*10 Household Expenditure Survey*) add up to well over the actual welfare payments available (even including other government payments like rent assistance, utilities allowance and family tax benefits). Clearly many households in these categories have other sources of income, or more than one welfare recipient in the same household. Like the CPI, the Living Cost Index figures reflect broad averages (even if more nuanced), but do not reflect the experience of the poorest in those categories.

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" 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 has to pay market rents – but if the market rent were $300 per week, the average expenditure on rent between the two would be $150 per week, much less than what the renting pensioner was actually paying.

The weightings in the Selected Living Cost Indexes are also based on a set point in time (from the 2009-10 *Household Expenditure Survey*) 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 so does not track the expenditure substitutions and the impact that has on cost of living and lifestyle.

Finally, the Selected Living Cost Indexes' household income figures are based on households that are the average size for that household type: 1.52 people for the Aged Pensioners, and 2.57 for the Other Welfare Recipients (ABS, 2013b). This makes comparison with allowances difficult. This Report generally 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.

It is inevitable that any summary measure will have limitations, and as noted in the main text, the Selected Living Cost Indexes provide a robust statistical base, a long time series, and quarterly tracking of changes in the cost of living which is somewhat sensitive to low income earners.

3. Use of Darwin CPI with NT figures

State & Territory CPI figures are not available through the ABS. Darwin CPI figures are used to calculate current expenditure figures from the 2009-10 HES Expenditure Data. Given the relatively similar expenditure figures for Darwin and the NT as a whole, use of the Darwin CPI provides a fairly accurate basis for deriving the figures, and the Darwin CPI is the only available approximate.

4. Pension and Newstart (and Family Tax Benefit) Calculations for Table 2

Age Pension figures based on maximum payment for single pensioner ($366.85), plus maximum rate of the Pension Supplement ($30.60 p/w), as at 19 September 2013 and Household Assistance Package (HAS) payments ($6.75); and $383, plus Pension Supplement ($31.45 p/w); and HAS ($6.95) as at 19 September 2014.

Newstart single no children figures based on maximum payment for single Newstart recipient ($248.50) and HAS ($4.20), as at 19 September 2013; and $255.25, plus HAS ($4.35) as at 19 September 2014.

Newstart single with children figures based on maximum payment for single Newstart recipient ($268.90) and HAS ($4.60), as at 19 September 2013; and ($276.20), and HAS ($4.70) as at 19 September2014; AND
FTB A figures based on maximum payment for parent with one child under 13 ($86.10) and one secondary student between 13-19 ($112) as at 19 September 2013; and $88.41 and $115.01 as at 19 September 2014; AND
FTB B figures based on $51.10 maximum payable to family with youngest child over 5, as at 19 September 2013 (assuming income test requirements are met); and $52.50 as at 19 September 2014.

5. Guide to CPI and HES Categories

CPI descriptions:	**HES descriptions:**
FOOD AND NON-ALCOHOLIC BEVERAGES	**FOOD AND NON-ALCOHOLIC BEVERAGES**
Bread and cereal products	Food and non-alcoholic beverages nfd*
Bread Cakes and biscuits	Bakery products, flours and cereals
Breakfast cereals	Meat (excluding fish and seafood)
Other cereal products	Fish and seafood
Meat and seafoods	Eggs and egg products
Beef and veal	Dairy products
Pork	Edible oils and fats
Lamb and goat	Fruit and nuts
Poultry	Vegetables
Other meats	Condiments – confectionary, food additives and prepared meals
Dairy and related products	Non-alcoholic beverages
Milk	Meals out and fast foods
Icecream and other dairy products	Other food and non-alcoholic beverages
Fruit and vegetables	
Fruit	*not further defined
Vegetables	
Food products n.e.c.	
Eggs	
Jams, honey and spreads	
Food additives and condiments	
Non-alcoholic beverages	
Coffee, tea and cocoa	
Waters, soft drinks and juices	
Meals and takeaway foods	
Restaurant meals	
Take away fast foods	
Source: ABS (2011)	*Source: ABS 2011b (Table 3A)*

6. Calculation of Average Earnings Figures

The average earning figures have been calculated based on the following table from ABS census data (2011), showing median weekly incomes. The weekly household figures were used (and multiplied by 52 weeks), to align with the focus of this report on household expenditure.

Median weekly incomes	Alice Springs	%	Northern Territory	%	Australia	%
People aged 15 years and over						
Personal	481	--	745	--	577	--
Family	1,156	--	1,759	--	1,481	--
Household	900	--	1,674	--	1,234	--

http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/SSC70005?opendocument&navpos=220

7. Market Basket Survey

"In 1995 the then Northern Territory (NT) Department of Health and Community Services developed the NT Food and Nutrition Policy. One of the strategies identified in this policy was to develop a tool to monitor food cost, availability, variety and quality in remote community stores. The tool developed was the Market Basket Survey (MBS) and the first survey of a sample of remote stores was conducted in 1998 and the first Territory wide survey was done in 2000." (2013, p. 4).

"The MBS includes a 'food basket' that consists of foods that meet the average energy and recommended nutrient needs of a hypothetical family of 6 people for a fortnight. The family was chosen to represent a cross-section of people who had important nutrient requirements because of their age and sex. The family consists of:

- a grandmother aged 60 years,
- a man aged 35 years,
- a woman aged 33 years,
- a male aged 14 years,
- a girl aged 8 years, and
- a boy aged 4 years." (p.4)

The foods that make up the basket to feed this family can be found in Appendix A of the MBS 2013, while more information on the Fortnightly Income for Hypothetical Family of 6 can be found at Appendix B of the MBS 2013.

In terms of developing the market basket, "The actual selection of brands and sizes was made in consultation with the leading grocery suppliers in the NT and with input from nutritionists regarding their observations in communities. The most commonly sold items were the ones included in the food basket." (MBS 2012, p.5). "In addition to collecting information on cost, the MBS also collects information on store management, employment of Aboriginal people, existence of a store nutrition policy, community development initiatives by the store (e.g. sponsorship and donations), nutrition promotions and store worker training." (MBS 2012, p.5).

"As part of the survey, a major supermarket and corner store in each of the district centres are also surveyed to enable comparison of prices between urban and remote districts. The corner store is a small suburban supermarket that provides a benchmark store with a similar buying power to the remote stores. The income for the hypothetical family was determined by obtaining Centrelink and Family Assistance figures from the Centrelink website." (MBS 2012, p.5).

The 2013 MBS is the fourteenth annual survey of remote community stores in the Northern Territory. As the 2012 MBS (p.25) highlighted, "Since the inception of the MBS, a number of changes have occurred that have the potential to impact the results of this survey. In early 2007 the Australian Government announced the establishment of Outback Stores, a company set up to manage stores on behalf of remote communities to ensure their commercial viability and a reliable supply of healthy, affordable food. Outback Stores began operating in its first store in May 2007."

“In June 2007 the Australian Government announced the NT Emergency Response (NTER) in response to the *Little Children are Sacred* report.6 Amongst the measures introduced in the NTER were Income Management (IM) and the licensing of remote stores by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). By September 2007, the first community store was licensed and IM had commenced in that community. There was a gradual roll out of these initiatives to other communities and in January 2012, shortly before commencement of the 2012 MBS, 91 stores were licensed.” (MBS 2012, p.25)

“The licensing of community stores was designed to improve both the management of stores and the quality of food they provide. As part of licensing conditions stores are expected to have a reasonable range of groceries and consumer items, including healthy food and drinks. The introduction of IM and stores licensing, along with an increase in the number of stores managed by Outback Stores, is therefore likely to have had an impact on some of the information monitored through this survey since 2007.” (MBS 2012, p.25)

“The Darwin supermarket and corner store were used as the benchmark against which remote community stores are compared. The Darwin stores were chosen because the Darwin region is where the majority of Territorians live and similar surveys in other states use their capital city supermarket prices as the benchmark. The ‘corner stores’ (small suburban supermarkets) provide a benchmark store with a similar buying power to remote stores. (MBS 2012, p.26).

8. Excerpts from ‘Everybody’s Business’ ***House of Reps, Aboriginal and Torres Strait Islander Affairs Committee, 2009***

Fresh food access and supply (Section 4)

Recommendation 13 The Committee recommends that the Australian Government establish a national remote Indigenous food supply chain coordination office to:

- support individual communities or regional groupings of communities to develop supply models by examining the possibilities appropriate to them,

- facilitate the establishment of cooperative arrangements including transparent cross-subsidisation models, if appropriate,

- assist to develop supply models that deliver healthy perishables to remote communities weekly where possible, and
- disseminate information on options for supply models to remote Indigenous communities.

Recommendation 17 The Committee recommends that the Australian Government support community garden, traditional food and farming projects in remote Indigenous communities for the local production of food, particularly in schools, where it is demonstrated that long term sustainability can be attained.

Recommendation 19 The Committee recommends that the Australian Government examine ways to facilitate remote Indigenous communities undertaking collaborative arrangements with stores to distribute and /or sell locally grown or harvested produce.

Fresh food access and supply (Section 4)

Cost of living in remote Indigenous communities—the price of health (Section 5)

Recommendation 21 The Committee recommends that the Australian Government commission a regional cost of living study for Aboriginal and Torres Strait Islanders living in remote communities in Australia and report by the end of 2010.

Recommendation 22 The Committee recommends the Australian Bureau of Statistics consider expanding the Household Expenditure Survey to capture Indigenous specific data and remote community data.

Recommendation 23 The Committee recommends that, following implementation of supply chain coordination and efficiencies, the Australian Government give consideration to a freight subsidy for fresh produce for the Torres Strait.

(Source: House of Representatives, Aboriginal and Torres Strait Islander Affairs Committee, (2009) Everybody’s Business Remote Aboriginal and Torres Strait Community Stores, The Parliament of the Commonwealth of Australia Nov 2009, Canberra, p xvii-xix)

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