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Introduction

This report is the latest in a series tracking changes in the cost of living, particularly for vulnerable and disadvantaged South Australians.

The first part uses the Australian Bureau of Statistics’ Selected Living Cost Indexes (ABS, 2020a) and Consumer Price Index (ABS, 2020b) to show key changes in the cost of living in the last quarter and over the last 12 months.

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. It 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 poor households in particular. When considering the cost of living, this is important 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 crucial whilst price increases or decreases on other discretionary goods are less relevant. However, 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.

The Selected Living Cost Indexes also use a different methodology to CPI (see Appendix: Explanatory Note 1) and they disaggregate expenditure into a number of different household types, although this *Cost of Living Update* focuses only on the “Age Pension” and “Other government transfer recipients” (hereafter “other social security recipients") figures, 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 is useful data for analysis. This report also adds to the Selected Living Cost Indexes by putting a dollar value on the changes, and by using disaggregated CPI data to summarise changes in prices of key items.

These SACOSS *Cost of Living Updates* sometimes contain a second section focussing on an issue of particular relevance to vulnerable and disadvantaged households in South Australia.

This issue adds to and updates data in the March Quarter report on the impact of the COVID-19 crisis on different households. Much of the March Quarter data pre-dated the COVID impacts, but many of the trends we identified in the March Quarter report have played out through the June Quarter.

SECTION 1: June Quarter 2020 Cost of Living Changes

Prices

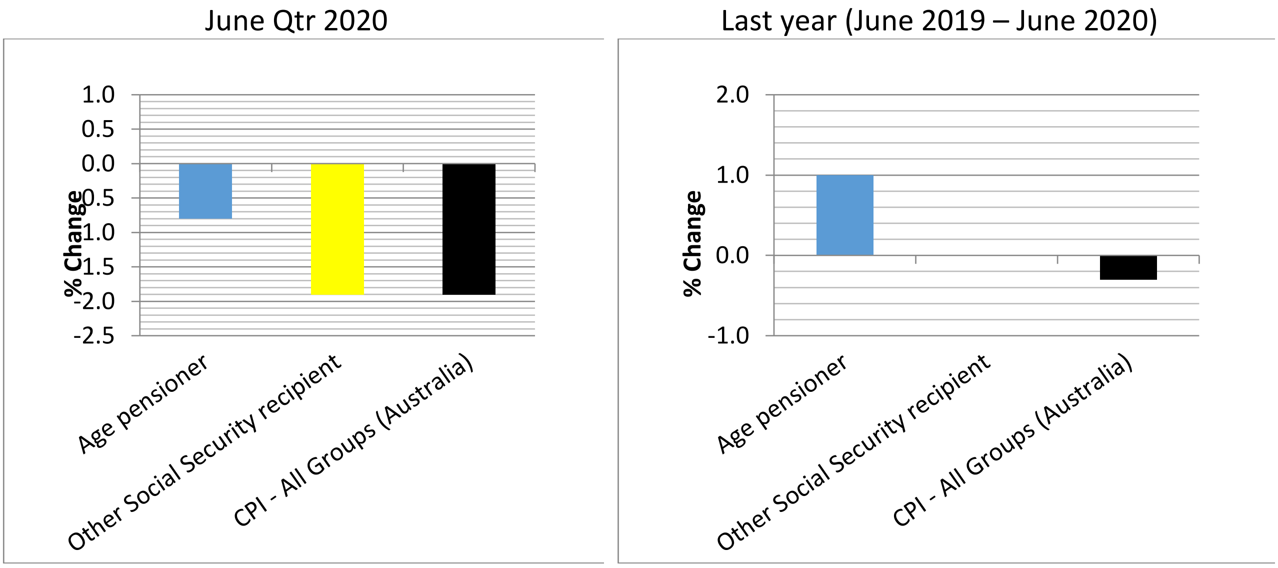
In the June 2020 quarter, the cost of living (as measured by the ABS Selected Living Cost Indexes) for age pensioners *fell* by 0.8%, while for other social security recipients the cost of living *fell* by 1.9% (ABS, 2020b). CPI in the same period fell by 1.9% nationally and by 1.0% in Adelaide (ABS, 2020a).

While the living cost index fell for both age pensioners and other social security recipients, the fall for age pensioners was not as marked – primarily because paid childcare does not feature in their budgets. For most of the June Quarter, the Australian government provided free childcare as part of its COVID-19 response. Childcare contributes 1.2% of CPI, so free childcare basically takes over 1% off the cost of living in just one item. Obviously this does not apply to all households, not just pensioners, but also others without children for whom the cost of living did not drop as markedly as the index figures suggest.

While, as Table 1 below shows, there were price falls across a range of household commodities. Petrol price decreases (of 19.3% nationally) particularly benefited other social security recipients as automotive fuel comprises a disproportionately large share of their average household budget (4.2%, as opposed to 3.6% of the CPI).

Over the last year (June Qtr 2019 – June Qtr 2020), the living cost indexes for age pensioners *rose* by 1.0%, while there was no change (0%) for other social security recipients (ABS, 2020a), by comparison to the generic CPI fall of 0.3% nationally. Again, this is partly a manifestation of the childcare subsidy. However, given that the Adelaide CPI rose by 0.8% (ABS, 2020b), this probably means that the cost of living for Adelaide pensioners and other social security recipients rose by a little more than the living cost index.

Figure 1: Increases in Living Costs June Qtr 2020



These overall figures can be disaggregated to track changes in the price of key basic goods and services in the last quarter both in Adelaide and nationally. This is particularly important in this quarter because, as Table 1 shows, there are some significant differences between Adelaide and the national averages. This makes the national media focus on on rent and housing costs going down a bit misleading for Adelaide, while food prices and gas prices also increased more in Adelaide.

Table 1: Cost of Living Changes March Qtr 2020 by Expenditure Type

	June Quarter CPI Increase			**Annual CPI Increase** (June 2019 – June 2020)	
	Adelaide %	**Australia %**		**Adelaide %**	**Australia %**
Food	1.0	0.5		5.3	4.1
Fruit and Vegetables	0.2	-0.7		6.7	5.8
Housing	-0.2	-0.7		0.9	0.1
Rent	0.1	-1.3		1.2	-1.2
Utilities	-0.5	-1.7		-0.3	-0.8
• Electricity	-0.8	-2.5		-2.2	-2.5
• Water	0.0	-0.6		1.3	2.3
• Gas	0.0	-0.9		5.3	0.5
Health	0.2	-0.2		0.9	0.9
Transport	-7.4	-6.8		-8.7	-7.5
CPI All Groups	**-1.0**	**-1.9**		**0.8**	**-0.3**

Source: (ABS, 2020b)[1]

Depending on what happens with income, price rises make the cost of living harder, so in that sense Adelaide did not get the same cost of living relief as elsewhere in the June Quarter. However, in this case the less deflated results in Adelaide are a sign of an economy which is slightly more buoyant (i.e. less damaged) than the national average. While the cost of living may have increased more in Adelaide, it may in fact signal good (or better) news for many households.

Incomes

Given that social security recipients have very low incomes, it is unlikely that any or any significant amount of the weekly benefit can be saved – at least for those not able to supplement their government payments with other incomes. For someone on the base level of benefits (with no rent assistance), and assuming that they spend all their income, SACOSS calculates that the dollar value changes in cost of living is as shown in Table 2 below.

[1] As a technical note, CPI data for the June quarter includes imputed values for commodities which were unavailable or largely unavailable for purchase due to government restrictions, for instance, holiday travel and accommodation, sports participation, and recreation and culture spending. However, the only impact on the key commodities listed above is the imputed values for urban transport (due to the decline of public transport), although this is only a minority part of the overall transport spend.

The data for the June Quarter is impacted by the introduction of the Coronavirus Supplement payment of $550 per fortnight from 27 April, but as this is a significant but temporary amount, it is shown separately. There was no Coronavirus Supplement paid for Age Pensioners, although two $750 supplements were paid in March/April and July. However, they have not been included in the following table as the payments were largely outside the quarter and it is the practice to include only regular fortnightly payments.

Table 2: Cost of Living Changes June Qtr 2019 – June Qtr 2020

	Base Allowance + Supplements (30 June 19)	Selected Living Cost Index Change	Living Cost Change per week	Base Allowance + Supplements (3o June 20)	Change in Rates of Same Benefits	Net Result $pw
Age Pensioner (Single)	$463.10	1.0%	$4.63	$472.15	$9.05	$4.42
Newstart/Jobseeker + two FTB children[2]	$573.07	0.0%	$0	$588.18	$15.11	-$15.11
Jobseeker with COVID-19 Supp	$573.07			$863.18	$290.11	$290.11

(Source: Calculated from (Centrelink, 2019, 2020), (ABS, 2020a). See Explanatory Note 3 in the Appendix here)

That is to say, for those whose only source of income is a base-rate Age Pension (with the Energy Supplement) and who spend all their income, the cost of living over the last year increased by $4.63 per week, which was below the $9.05 rise in the pension – leaving them $4.42 a week better off than they were a year ago. The cost of living for a single person on Jobseeker (formerly Newstart) with two children had no nett increase over the year, while payments went up by $15.11 per week – leaving them that much better off than a year ago (not counting the Coronavirus Supplement).

The relative improvement in the purchasing power of the base rate payments for JobSeeker recipients was due in part to the provision of free childcare and modest FTB increases, but also because the payment rates increased with indexation based on previous inflation. That gives a good result for this quarter, but means that in later quarters the current deflation may keep payments below future inflation rates – and that may well be in periods where the Coronavirus Supplement is not (currently) scheduled to be paid.

Obviously the table above also shows the absolute importance of the Coronavirus Supplement to income support. It is the first substantial (if temporary) increase in over a quarter of a century to the rate of support for those looking for work. And while the increase looks substantial in this table, for many people this was the first time in ages that they have been able to go to the supermarket without having to fear they won't be able to pay when they get to the checkout, or to be able to pay their bills ontime – bills they had previously struggled with on impossibly low incomes.

In the analysis of The Australia Institute, "never before in our country's history have so many people been lifted out of poverty so quickly" – on their figures, the Coronavirus Supplement

[2] From 20 March 2020, the JobSeeker payment replaced the Newstart Allowance for those over 22 years old and looking for work. This change pre-dated COVID-19 and is not related to the Coronavirus Supplement.

increase to JobSeeker raised 42,000 South Australians out of poverty (and 425,000 nationally). However, with the coronavirus slated to decrease by $150 a week in September, they estimate that 22,000 South Australians will be plunged back into poverty (TAI, 2020).

Whatever happens in the course of the pandemic, it is imperative that the base rate of JobSeeker be increased so those who can't find work are not forced to live in poverty while they await not just economic recovery, but a full employment economy – which was far from the reality in South Australia even before COVID-19.

SECTION 2: COVID-19 Response Impacts

SACOSS' *Cost of Living Updates* are premised on the fact that cost of living pressures impact differently on different households (and that headline statistics based on averages hide these different impacts). The ABS *Selected Living Cost Indexes* are based on the same premise, but the coronavirus crisis has been so immense that in many ways it has overwhelmed the traditional statistics. The SACOSS Update in March went beyond the ABS categories to identify the impacts for different groups, with some element of speculation – not least because some of the March quarter data was pre-COVID-19 impacts. That report summarised changes in two key tables: the first looking at what was happening (or likely to be happen) in different areas of household expenditure (price and usage), the second looked at what was happening for households with different income sources and different labour market positions. This section updates that analysis with the June Quarter data.

Prices and Expenditures

Given uncertainty in data around some expenditures, and changes in COVID-19 restrictions at different times during the quarter which would impact on consumption/expenditure possibilities, it is not possible with any degree of certainty to quantify changes in cost of living – particularly at a state level. As with our last report, the best we believe is possible is to track broad directions of prices and usage, without any attempt to present final expenditure data. Table 3 presents this broad mapping for the average household – largely based on the SACOSS Cost of Living essentials presented in Table 2, plus other key ABS expenditure categories. The diagonal arrows represent variations where some households may experience an increase/decrease in usage depending on their circumstances.

Notwithstanding the various data caveats, significant conclusions can still be drawn. While there are a number of red arrows in Table 3 suggesting increases in price or usage, many of these are for smaller expenditures. By contrast, when the largest household expenditures are considered there is either little change or potential household savings. Food is perhaps an exception as there were notable price rises (see Table 1), but if we accept that providing a greater proportion of food at home (as opposed to take-away or eating-out) will result in cost savings (not counting unpaid household labour), then food costs may not have increased. In that case, none of the largest four household expenditures are likely to have increased in the June Quarter, and two, (transport and recreation expenses) would have significantly decreased with falls in both price and usage.

For many average households there was also a significant additional saving due to the provision of free childcare. This is not a big expenditure item for many lower income households (either because it is not relevant or is too expensive), but it is a significant expense for dual income middle and higher income households. With the government initiative of free childcare (not quite going through the whole quarter), the ABS recorded a huge (95%) decrease in childcare prices in Adelaide in the June Quarter.

The overall general deflation recorded in the June Quarter, plus the changes in expenditure tracked in Table 3 suggest that living cost increases should not have been a big concern in the quarter. Or more accurately, any cost of living concerns in the quarter were more likely to arise from income issues than price increases. This is discussed in relation to Table 4.

Table 3: Direction of Price and Usage Changes in the June Quarter

	% of H/hold Expend	Price Change	Usage Change	Commentary
Food	**17.6%**	↑	→	The usage (i.e. total number of meals eaten) will likely not change much, and while there were price increases, for many households overall expenditure may be less due to increased household production.
Fruit and Vegetables	2.2%	↑	→	
Eating Out	5.4%	↑	↓	
Housing	**18.4%**	↘	→	Same usage (number of houses), but with low mortgages interest rates, rent steady, and possibility of payment deferrals housing costs were largely steady in the June quarter.
Rent	21.2%*	→	→	
Utilities	**5%**			Usage of utilities may have increased with more people at home self-isolating, though prices came down during the quarter.
• Electricity		↓	↗	
• Water	1.4%	→	↗	
• Gas		→	↗	
Alcohol and Tobacco	**2.3%**	↑	↗	Alcohol and tobacco prices increased 1.7% in June Qtr, and consumption may have increased (Wade, 2020).
Clothing and Footwear	**3.1%**	↑	?	Prices increased by 0.4% in June Qtr, but expenditure may have started recovering as shops began reopening.
Health	**6.1%**	→	→	A small rise in health prices in June Quarter, mainly medical and dental with some offset from PBS subsidies.
Transport	**13.5%**	↓	↘	Cheap petrol (19% price drop) and decrease usage from staying at home probably mean significant savings.
Communication	**3.4%**	↓	↗	Increased usage from home work, schooling and play, offset by a price drop of 1.3% in June Qtr.
Recreation	**11.1%**	↓	↓	Significant fall in expenditure due to lack of activities, and a small price drop (0.3%) imputed in June Qtr.
Education	**3.1%**	↓	?	A 1.9% price drop in June, but there may have been increased expenditure on supplies for home-schooling.

Source: Household expenditure data from ABS (2017), unless otherwise stated price data from CPI (ABS, 2020b), usage data based on SACOSS analysis of changes.
The rent figure as percent of total expenditure has been recalculated from the ABS average across all households to be an average across renter households only.

Different Household Types

The price and expenditure changes above are based on broad assumptions about the average household. However, the economic impacts of the responses to the coronavirus are not spread evenly and will crucially depend on what is happening to household income. Below is an update of the table from the March Quarter which attempted to track the broad direction of impacts for different household types, as well as noting the impacts of government responses that impact on those households. The summary is presented in Table 4, followed by a brief explanation for the directions indicated.

Table 4: Impact on Different Household Types

	Income	Expenditure	Govt Support
Workers Retaining Jobs & Hours			
Normal Conditions	↗	→	
Working from Home	→	↘	
Workers Losing Hours	↓	↓	May be eligible for JobKeeper payments, but this still represents a loss of income.
Workers Stood Down	↓	↓	May be eligible for government JobKeeper payment, otherwise eligible for the enhanced JobSeeker payment (see below).
Previously Unemployed	↑	→	Payments increased by a $275 p.w. COVID-19 supplement.
Students	↗	→	Students on Centrelink Allowances received the COVID-19 supplement.
Non-resident workers/students	↘	→	SA government and university package of support measures for international students.
Age Pensioners	↑	→	Two stand-alone government stimulus payment of $750 paid in March and July, otherwise income unchanged.
Self-funded Retirees	↓	↘	No specific income support measures, but the age pension remains in place as a safety net.

Despite the enforced cuts to some expenditure and the deflation of the June Quarter this table shows that some, in particular workers losing employment hours, non-residents and self-funded retirees who are worse off. However, there are some "winners" (at least in terms of household budgets) – which again is important in targeting income supports, although it is not a straight correlation. For instance, the boosting of payments for those who were unemployed was warranted not because of change of circumstances (other than the impossibility of getting a job), but because the previous level of Newstart/JobSeeker was completely inadequate. Further, the lack of direct support for self-funded retirees does not take account of potential tax changes which may apply (for instance, delays in land tax in SA), and arguably additional support is not warranted because the government already provides a safety net if self-funded retirees income and assets fall below a certain level. It is called the Age Pension.

Explanation of Impacts on Different Households

Workers Retaining Jobs and Hours

While the coronavirus response has caused widespread economic impact, the majority of workers remain employed and with hours unchanged. Given that the Living Cost Index for employee households went down by 2.6% in the June Quarter, those with the same income and expenditure will be better off.

For those working from home, their income is probably unchanged but they would have some extra expenses from working from home (e.g. extra electricity, water, telecommunications). These expenses may be offset (to varying degrees) by travel savings, less recreation spending or falling prices so there is probably still a net household saving. However, some households have had to purchase new furniture, computer hardware or other tools to enable working from home, and this may add substantially to expenditure for those households.

There are also some workers whose income has increased. The initial ABS data showed that during March, some 13% of workers nationally worked increased hours (ABS, 2020c), so if that continued those people would have been working harder and increasing their incomes. Further, if someone was working very few hours a week, but was still an eligible JobKeeper employee, the flat rate of $750 per week may be more income than they received regularly.

Overall, for those who have retained their jobs and ordinary hours, there are probably few significant cost-of-living impacts (and even some financial gains) from the coronavirus crisis (although there are obviously a range of other stresses).

Workers Losing Hours

ABS data shows that the underemployment rate fell in the month of June with 4,800 South Australians underemployed, but neither numbers nor the rate (13.5%) had not recovered to pre-COVID levels (ABS, 2020d).

The impact on the household budget will depend on the extent of loss of hours for each person and whether those people were eligible for JobKeeper payments – or (if their income fell enough) for JobSeeker. However, as we noted in March, with average the average full-time wage being $1659, a full-time worker would need to lose just over half their hours before hitting the $750 a week floor provided by the JobKeeper payment (although the JobKeeper payment may allow a business to keep the employees with more hours). If the employees only lost a quarter of their hours, they would lose a quarter of their income.

If the employer or employee was not eligible for JobKeeper, the employee may fall back to the JobSeeker payment to supplement their wages which is an even lower income floor.

In all these cases there is a significant loss of income which would not be offset by the relatively minor savings represented in the 2.6% fall in the employee living cost index.

Workers Stood Down

ABS data showed that there was an increase in the number of jobs in the South Australian economy towards the end of the June Quarter, but the total jobs figure remained 37,100 below the pre-COVID levels in March. There is little doubt that, despite the income support initiatives implemented by the government, those who were stood down from work will be massively worse-off as a result of the crisis.

Even those eligible for the JobKeeper payment who retained a connection to a workplace would (if they did not obtain other employment) have been significantly worse-off because, as noted above the JobKeeper payment is significantly below the average wage.

Unfortunately, there are also many people whose work disappeared who would not have been eligible for the JobKeeper payment – for instance, if they were employed as a casual and had worked for less than 12 months with an employer, or did not work for a business which qualified. These people would only have been entitled to the lesser JobSeeker payment at $283 per week, plus the $275 Coronavirus Supplement.

Previously Unemployed Workers
See Section 1 of this report.

Australian Students
There is probably no large change in living costs for most students. Much tertiary study was already online, but if isolation increased in data usage and home costs this may have been outweighed by transport and other savings from not being on-campus or outside. However, income may have been a different matter with various changes in income support payments and hours worked (especially given that many of the jobs that students do are in hospitality and retail sectors which were hardest hit by shutdowns). The end result would depend on the student's circumstances, but broadly:

- No change for students relying on part-time work where that work did not change
- Substantial loss of income for students relying on part-time work where that work stopped or reduced in hours
- Increase in income for students receiving Centrelink income support payments (e.g. Youth Allowance, Abstudy Living Allowance or JobSeeker payment) as they would have received the Coronavirus supplement.

Non-resident workers/students
For those non-residents (i.e. overseas students and temporary visa workers) living in Australia, there were no formal change in circumstances or entitlements. In that sense, those who have and retained work would have been unaffected. However, may non-residents work in precarious employment in hospitality and retail which suffered the brunt of job losses, or in agricultural labour where travel to regions was curtailed for part of the quarter. These non-residents would have lost employment, but were not entitled to Centrelink support or the coronavirus supplement, so would have been arguably among those worst impacted by the COVID-19 responses. For full details of how these groups miss out on support, see ACOSS' briefing paper *Who Misses Out on Access to Australia's Safety Net Under COVID-19* (ACOSS, 2020).

The South Australian government also announced a package of measures to support international students. The package included a $10m fund for students in the Vocational Education and Training and the 3 public universities in South Australia, to be distributed through the universities, plus a

$500 emergency grant to other tertiary students and a one-off $200 payment to assist SA families providing homestays for international students (StudyAdelaide, 2020).

Age Pensioners
See Section 1 of this report.

Self-funded Retirees
As with age pensioners, the impact of COVID-19 on household expenditure of self-funded retirees would be minimal or a cost saving as travel and recreation is not possible. The Selected Living Cost Index for self-funded retirees decreased by 0.4% for the quarter. This was much less than for other household types – again, in part because of lack of childcare costs, but also a relatively lower expenditure on petrol (so not getting the gains of lower fuel prices).

However, unlike pensioners, the incomes of self-funded retirees may have decreased because of falls in the stock market and housing prices, reductions in interest rates, reductions in share dividends from companies facing economic difficulties, or from renters unable to pay normal rent due to their own loss of income. The impacts would be different depending on the source of wealth underpinning their retirement incomes and again, the age pension remains as an ultimate safety net.

Conclusion

The deflation of prices in the June Quarter coincided with social isolation measures that saw many people largely confined to their homes while many businesses and industries also shut down. For some households who retained income, it was often difficult to spend money (although ABS data shows this was mainly the case in April and retail sales recovered through May and June (ABS, 2020f)). However, the result of deflation and flat expenditure is that the cost of living story for the June Quarter was entirely about income. Those who maintained their income through the June Quarter would have found themselves better off financially, while those whose jobs disappeared or had hours reduced would obviously have struggled with cost of living – despite the deflated prices and ongoing measures to protect consumers from housing eviction and utility disconnection.

This trend will continue into the beginning of the current (September) Quarter, but may begin to change as the quarter progresses. While some jobs and hours are returning (ABS, 2020d), it remains to be seen what will happen with prices. More importantly though, with a number of income supports like JobKeeper and the coronavirus supplement for JobSeeker and other payments being wound back in September ,and with some of the consumer protections also ending (potentially with a hangover of deferred payments and increased debts), the cost of living at the end of the September quarter will likely look very different to the June Quarter for may households.

APPENDIX: Explanatory Notes

1. CPI and Living Cost Indexes
The ABS Selected Living Cost Indexes 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, 2020a).

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 South Australia. While it is safe to assume that social security recipients are among the most vulnerable and disadvantaged, any household-based data for multi-person households says 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 South Australian 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 2015-16 *Household Expenditure Survey*) add up to well over the actual social security 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 social security 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 *Household Expenditure Survey*), but over time the price of some necessities may increase rapidly, forcing people to change expenditure patterns to cover the increased cost. There is some adjustment of weightings for this, but these can't be checked without a new survey. 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: 1.51 people for aged pensioners, and 2.46 for other social security recipients (ABS, 2019b). This makes comparison with allowances difficult. This *Update* focuses on single person households for age pensioners, and a single person with two children (to align to the other social security recipient household average of 2.46 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. Income Support Payment Calculations – March 2020

Even using the base rate of benefits, the calculation of the relevant weekly incomes is difficult because of the complexity of the income support system which means that payment eligibility and rates change depending on the exact circumstances of the household (e.g. age of children, assets). The calculation is also complex because of changes over time in eligibility and available benefits. However, based on an assumption of a single Aged Pensioner and a single Jobseeker (formerly Newstart) recipient with two children (aged 10 and 14) – with neither receiving Commonwealth Rent Assistance, the basic income supports payments are as follows:

Rates at 30 June 2019

	Base Rate	Pension Supple-ment	Energy Supple-ment	FTB A Child u13	FTB A Child 13-15	FTB B	Pharmac Benefit	TOTAL PAYMENT
Aged Pension	$421.80	34.25	7.05					$463.10
Newstart - 2 children	$300.55		4.75	91.42	118.93	54.32	3.1	$573.07

Rates at 30 June 2020

	Base Rate	Pension Supple-ment	Energy Supple-ment	FTB A Child u13	FTB A Child 13-15	FTB B	Pharmac Benefit	TOTAL PAYMENT
Aged Pension	$430.30	34.80	7.05					$472.15
Newstart - 2 children	$306.00		4.75	94.78	123.27	56.28	3.1	$588.18

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