



Tasmania Cost of Living Quarterly Report

January – March 2023

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The announcement today of another interest rate rise will plunge more Tasmanians into financial hardship. And with the Federal Budget due to be handed down next week, it begs the question, what else could possibly be required to convince the Federal Government it is time to raise the rate of Jobseeker. The most compelling evidence of financial despair is before us.

The third quarterly 3P Advisory Cost of Living report for the January to March 2023 quarter demonstrates a continual rise in the number of Tasmanians reporting moderate to extreme concern relating to both interest rate and overall cost of living rises. While different people are impacted in different ways due to different spending patterns, up to 91% of Tasmanians are moderately to extremely concerned about the impact on their day to day lives. People are struggling to keep up.

Pressure is building on mortgage payments with an increase of 12% quarter on quarter of those experiencing high levels of concern. And the percentage of Tasmanians who report they couldn't raise \$2000 for something important within a week is sitting at 33% of our population, 15% higher than the Australian average, with another 10% unsure. This data is a strong indicator of the long-term impact of generational poverty and unemployment, which leaves many Tasmanians with no reserves to fall back on, and no-one around them to help financially when an unexpected crisis hits.

Not surprisingly, younger homeowners are most concerned with interest rate rises as seen in the 25–44-year-old group who have significantly lower equity and the double whammy of child care costs. Meanwhile, cost of living concerns overall is peaking in the 45-54 age bracket.

For Tasmanians who are renting, the cost of groceries in addition to unprecedented levels of rent is of concern, with over 90% of renters naming groceries as the area they are feeling the most significant pressure in.

Interest rate concerns are slightly higher amongst Liberal votes and cost of living is peaking amongst Labor voters.

What is worrying is the analysis demonstrates cost of living concerns is higher amongst those living with a health condition or disability. In particular, groceries and electricity costs are more likely to be reported as causing pressure amongst those with a health condition or disability. As expected, the pressure of health care costs is also higher for this group.

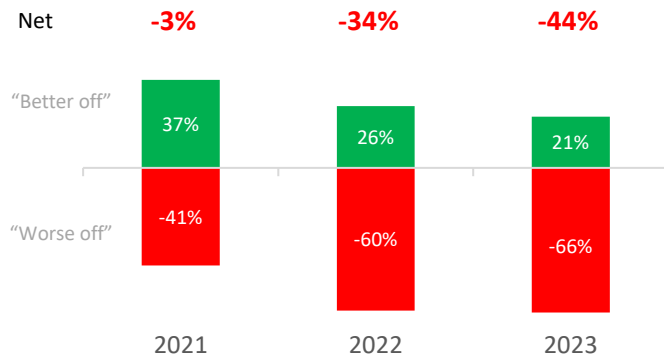
Geographically, Glenorchy, Hobart and Clarence have the highest concerns of interest rate rises and Devonport and Hobart are more likely to hold above average concern relating to cost of living.

You cannot create a strong economy and tackle the cost-of-living crisis impacting all Tasmanians by increasing the level of inequality. With a Federal and State budget due in the next few weeks, many Tasmanians are holding their breath and hoping relief is on its way. With the current commentary coming out of Canberra pre-Federal Budget, for those barely surviving on Jobseeker, an utter loss of hope is more likely to be the sentiment.

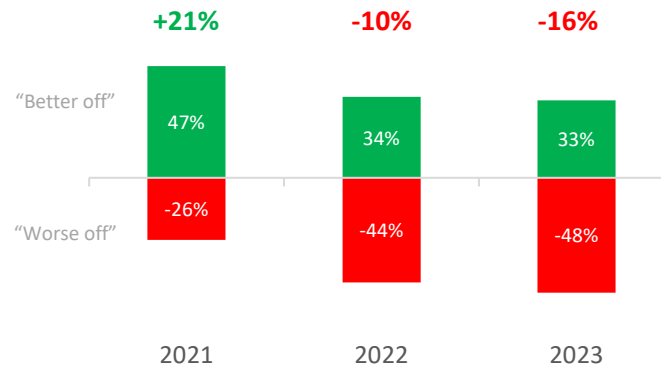
TASMANIAN COMMUNITY SENTIMENT DECLINE CONTINUES TO WORSE IN Q1 2023

- Two thirds of Tasmanians worse off financially than they were a year ago, while both future financial and social outlooks ease lower
- Major purchases under significant pressure, more than doubling the proportion of ‘bad time to buy’ versus 2021 – supply chain challenges still adding to demand challenges

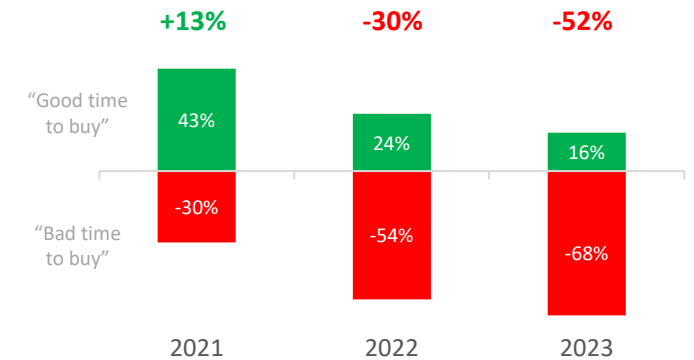
Financial Situation (last 12 months)



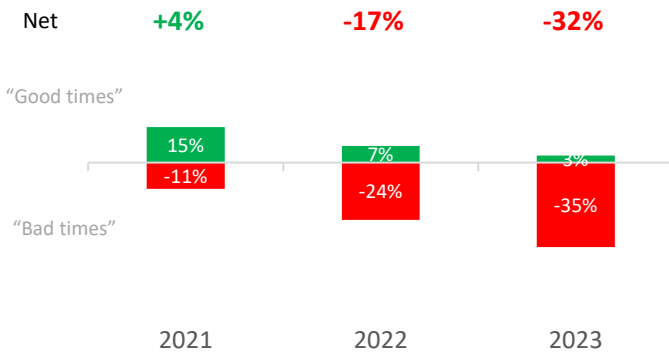
Financial Situation (next 12 months)



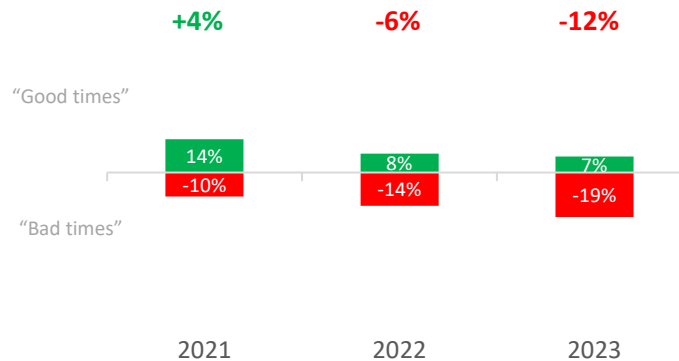
Major Purchases



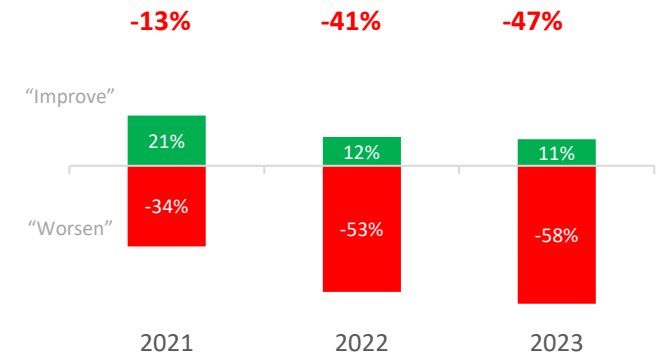
Economic Conditions (next 12 months)



Economic Conditions (next 5 years)



Social Conditions (next 12 months)



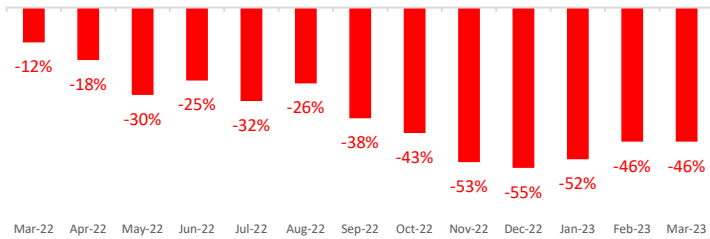


NEGATIVE FINANCIAL SITUATION SENTIMENT PEAKS IN DECEMBER/JANUARY

- Economic Conditions over the next 12 months continues to deteriorate, unrealised fiscal cliff and global uncertainty impacting sentiment
- Perceptions on major purchases and social conditions back at near historical low levels in March 2023

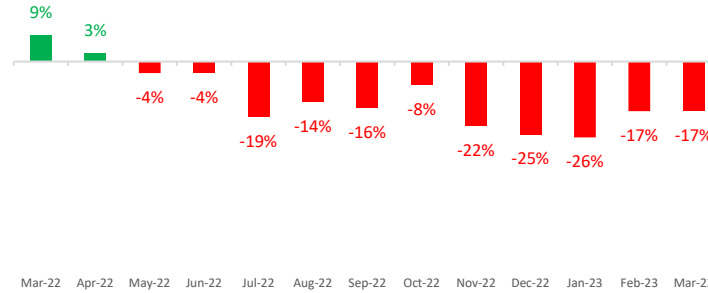
Financial Situation (last 12 months)

3 Month Moving Average (3MMA)



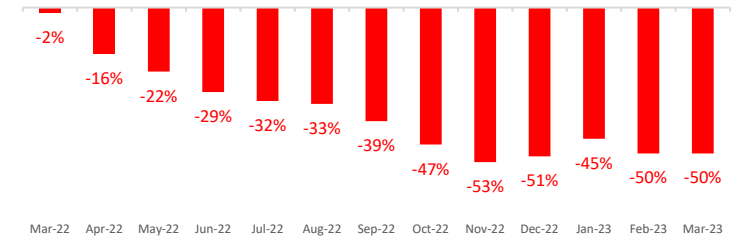
Financial Situation (next 12 months)

3 Month Moving Average (3MMA)



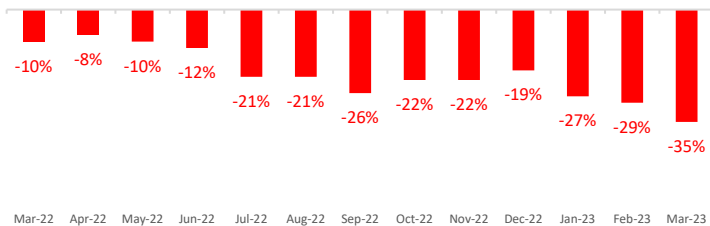
Major Purchases

3 Month Moving Average (3MMA)



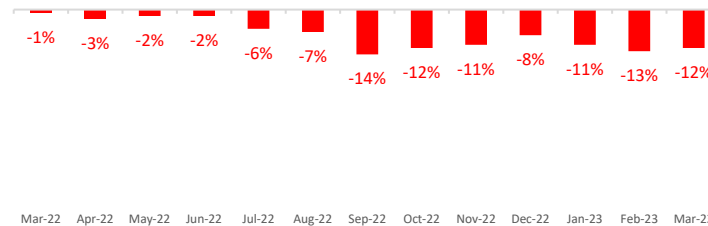
Economic Conditions (next 12 months)

3 Month Moving Average (3MMA)



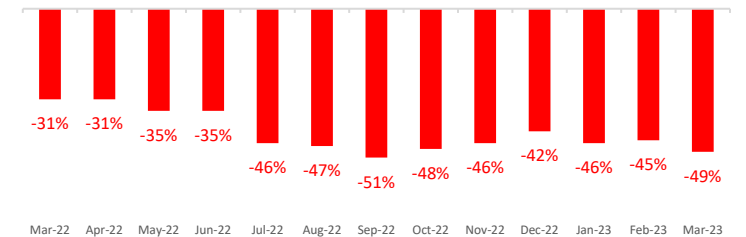
Economic Conditions (next 5 years)

3 Month Moving Average (3MMA)



Social Conditions (next 12 months)

3 Month Moving Average (3MMA)



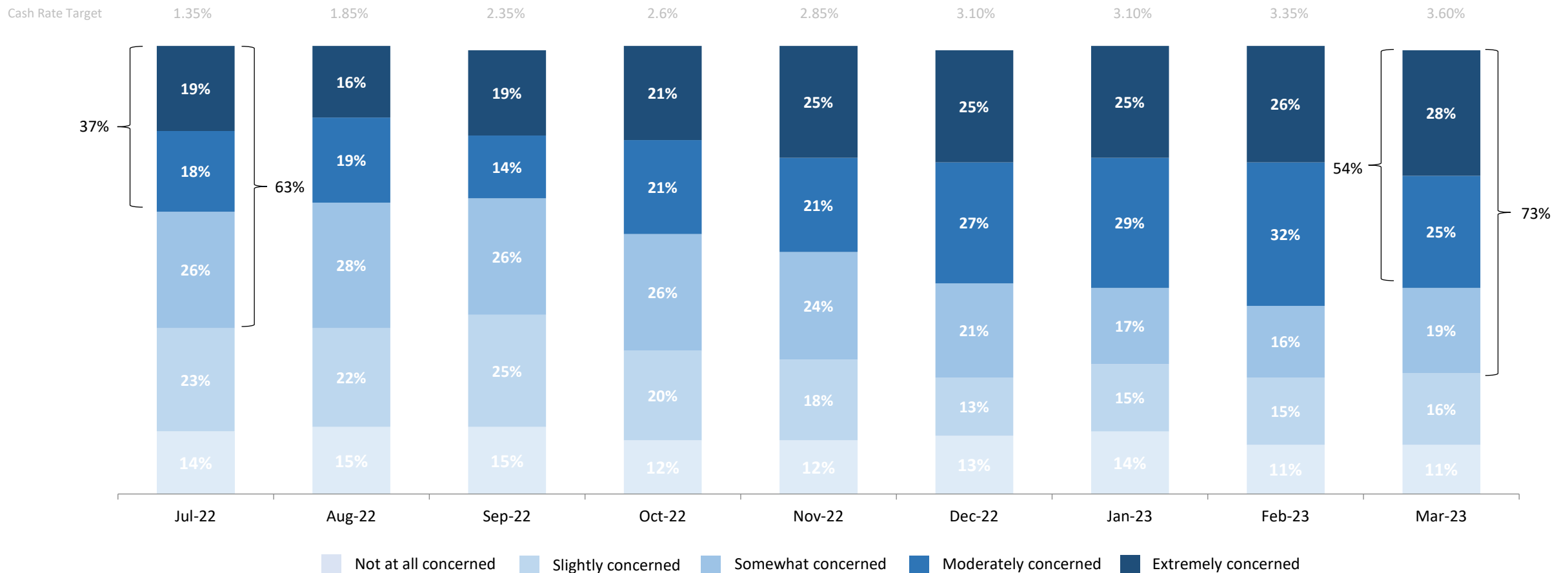
Note: 3MMA (n=~194)



INTENSITY OF CONCERN CONTINUES TO GROW AS THE CASH RATE CONTINUES TO CLIMB

- Over half now moderately-to-extremely concerned, but later series somewhat impacted by ‘stability’ in January – caused by no RBA Meeting
- Global uncertainty, lower inflation figures and bulk of fixed rate cliff downside yet to be realised makes additional rate hikes the lowest probability in this cycle

Interest Rate Concern Trend (3MMA)

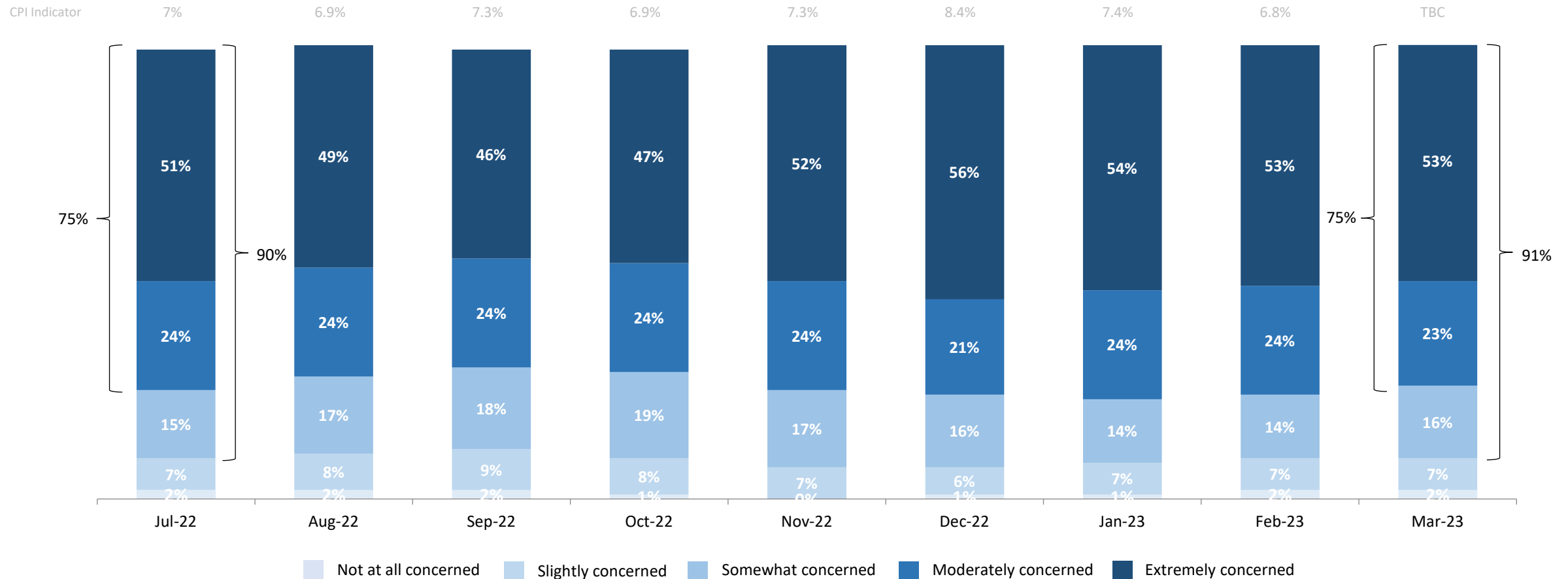


Question(s): How concerned are you by the prospect of rising interest rates?
 Sample: 3MMA (~208)

CPI PEAKS IN DECEMBER, BUT LEVEL OF CONCERN STEADY AND LIKELY TO REMAIN ‘STICKY’

- Vast majority of Tasmanians showing concern, with three quarters indicating moderate-to-extreme concern with the cost of living
- Despite the monthly decline in inflation, highly complex and broad-based inflation dynamics will ensure annual figure remains outside of RBA target band over mid term

Cost of Living Concern Trend (3MMA)



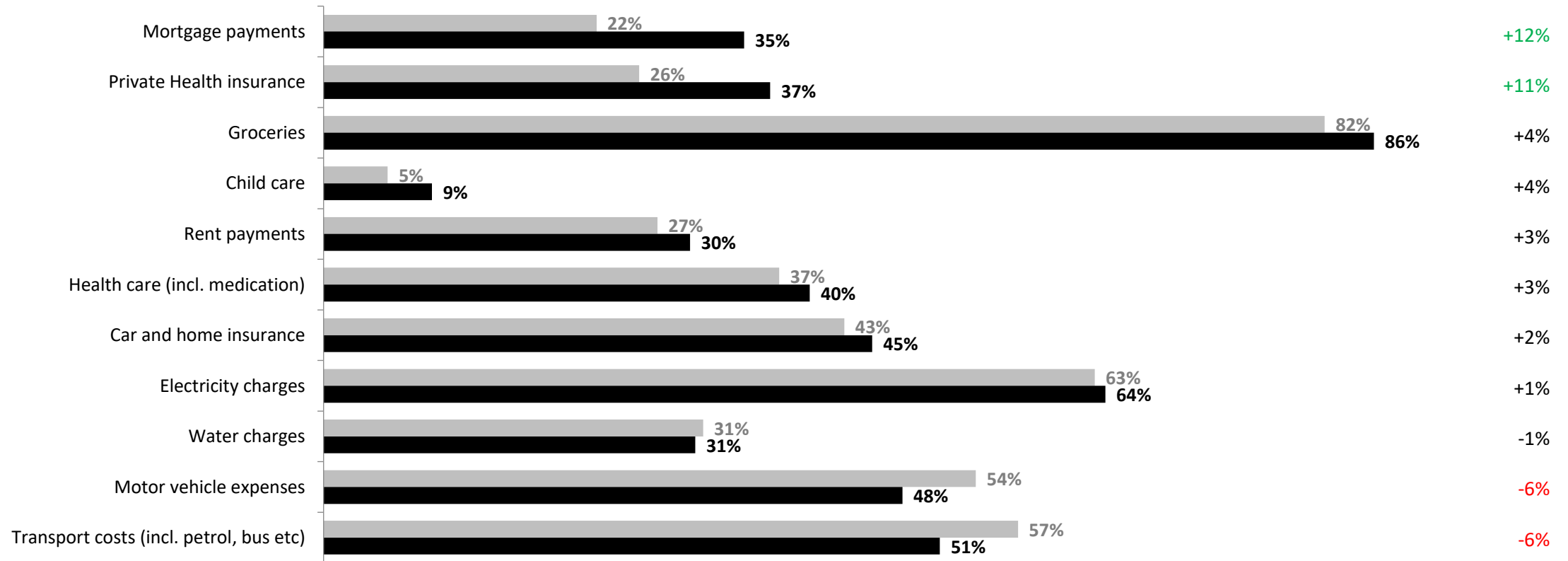


PRESSURE BUILDING ON MORTGAGE HOLDERS, WHILE TRANSPORT & VEHICLE EXPENSES EASES

- Majority of other pressures with higher penetration than mid-2022, however entirely possible they have worsened for those exposed
- Unleaded and Diesel fuels falling by ~10% over the period

Cost of Living Pressure - July 2022 vs. March 2023

May-July 2022 (n=210) January-March 2023 (n=213)



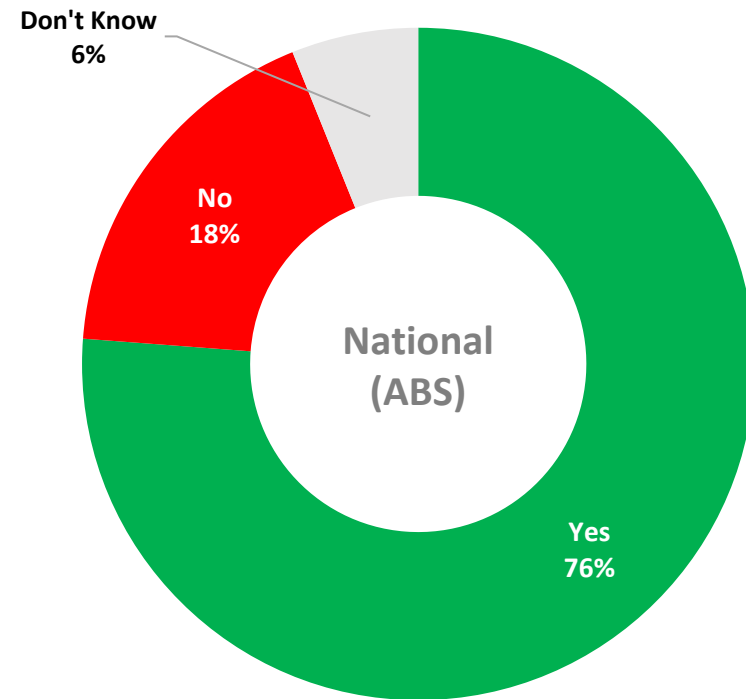
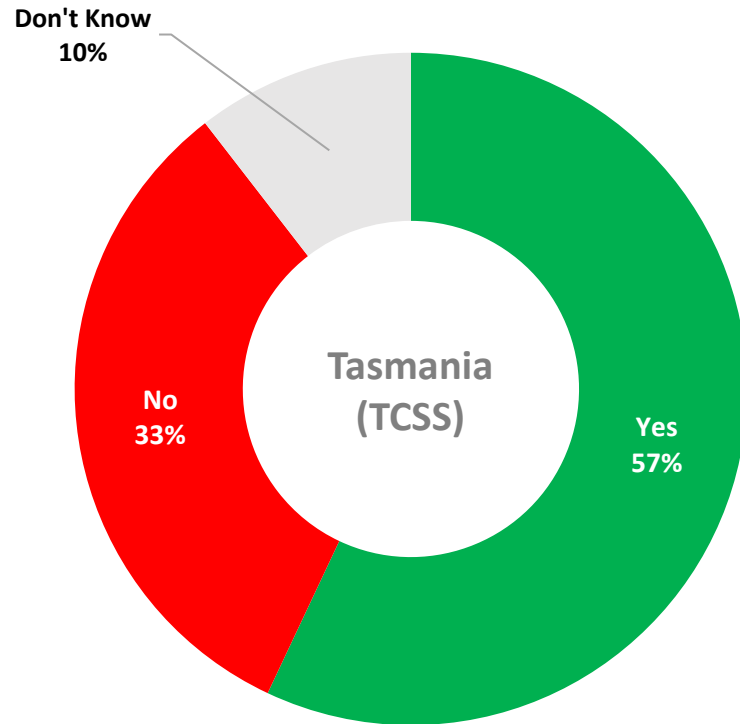
Question(s): Which of the following are you feeling significant cost of living pressure(s) on?

AS CONSUMER 'WAR CHESTS' ERODE, ACCESS TO LUMP SUMS LIKELY TO COME UNDER PRESSURE

- Tasmanians are well below the national average, with just over half able to raise \$2000 within a week
- A third of Tasmanians could not raise \$2000 for something important within a week, almost double the national level

Ability to raise \$2000 for something important within a week

September 2022-to-March 2023 (n=468) | ABS May 2021 (n=3,371)





Subgroup Analysis

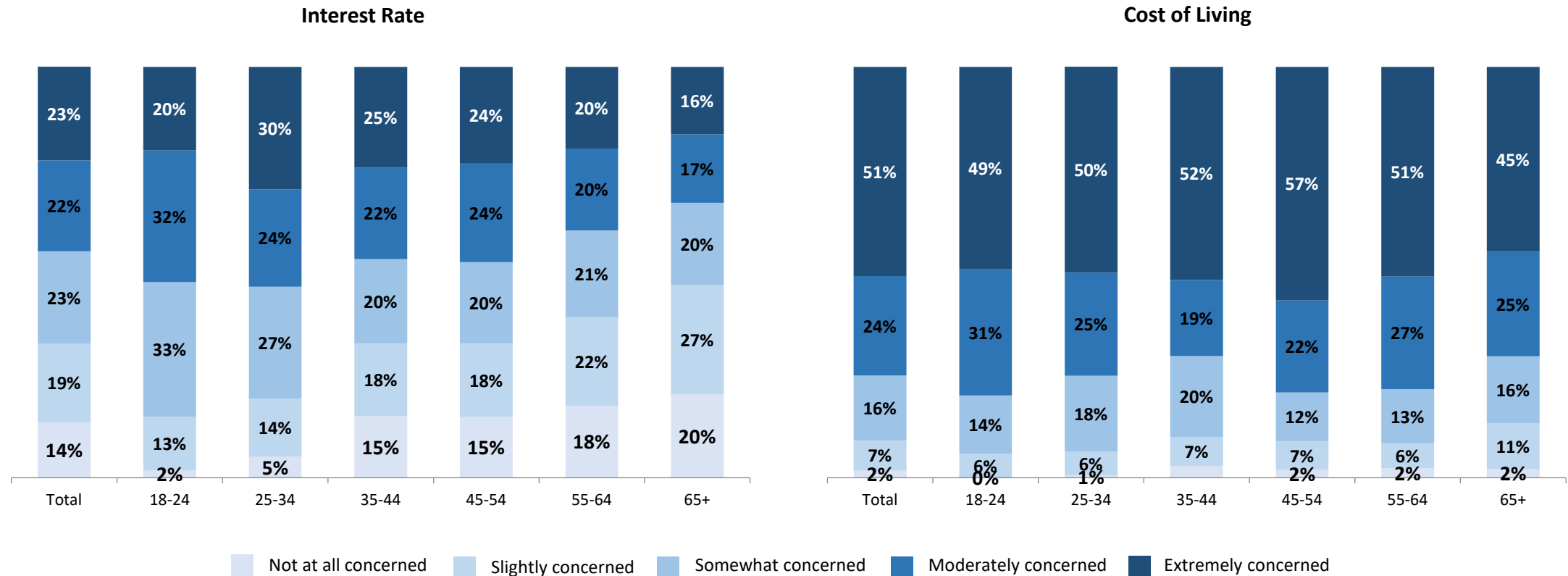


INTEREST RATE CONCERN CONCENTRATED IN THOSE UNDER 35, COST OF LIVING MORE BALANCED

- Younger cohorts, either intending to enter or recently entering home ownership, most worried of impact of borrowing power, negative equity, etc.
- Cost of living concerns peak with those in 45-54 age bracket, high levels of consumption and lower probability of intergenerational wealth transfer

Concerns x Age

Total (n=780) 18-24 (n=158) 25-34 (n=158) 35-44 (n=158) 45-54 (n=158) 55-64 (n=158) 65+ (n=158)



Question(s): How concerned are you by the prospect of rising interest rates/increases in cost of living? Please enter your age:

CONSISTENT COST OF LIVING PRESSURE ACROSS GROCERY, PEAKING IN CHILDREARING COHORT

- 25-44 childrearing cohort with additional double whammy of significantly lower equity and child care costs
- Car and home insurance a significant challenge for older cohorts – but most likely accounts for significant asset price appreciation

Cost of Living Pressure x Age Group

Total (n=780) 18-24 (n=158) 25-34 (n=158) 35-44 (n=158) 45-54 (n=158) 55-64 (n=158) 65+ (n=158)

	Total	18-24	25-34	35-44	45-54	55-64	65+
Groceries	85%	84%	87%	90%	83%	84%	81%
Electricity charges	63%	43%	58%	70%	70%	64%	61%
Transport costs (incl. petrol, bus etc)	55%	54%	53%	56%	53%	57%	55%
Motor vehicle expenses	50%	42%	38%	55%	49%	56%	56%
Car and home insurance	42%	21%	31%	42%	39%	53%	52%
Health care (incl. medication)	36%	32%	28%	38%	38%	36%	39%
Private Health insurance	31%	22%	24%	26%	27%	40%	44%
Rent payments	30%	61%	37%	34%	35%	16%	13%
Water charges	28%	24%	26%	27%	23%	31%	35%
Mortgage payments	25%	24%	40%	35%	29%	15%	8%
Child care	7%	9%	16%	14%	3%	1%	1%

Significantly higher

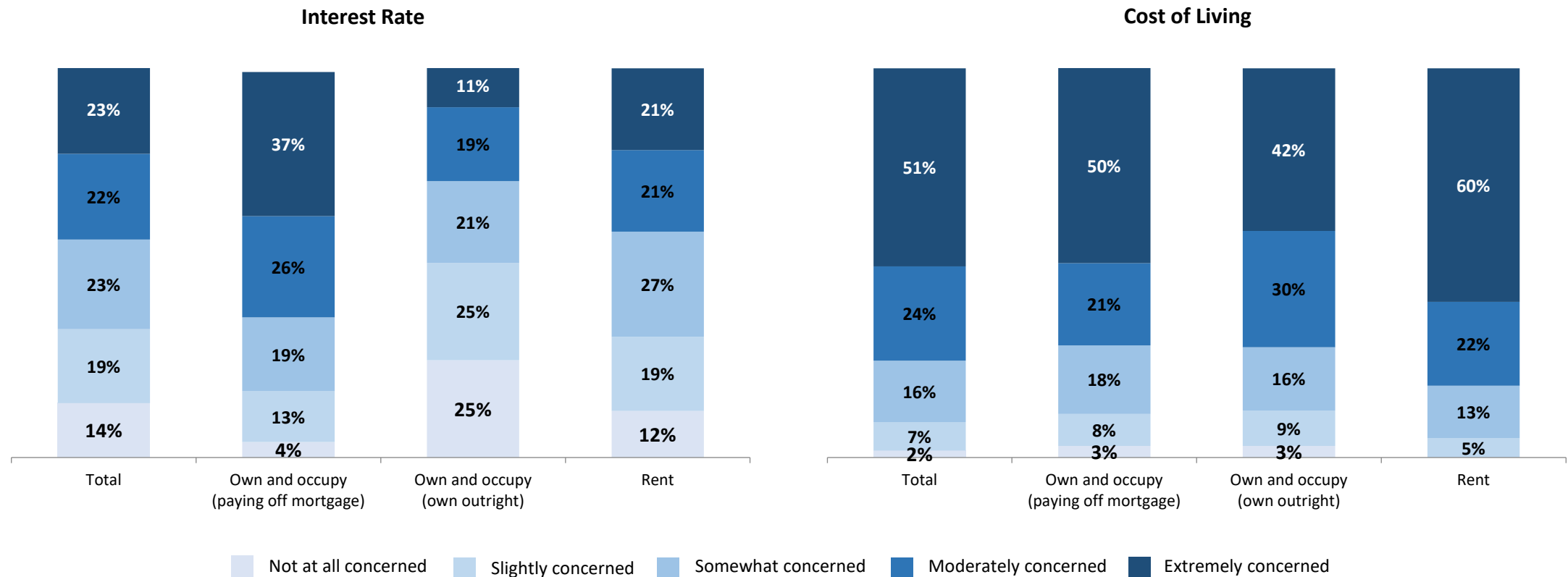
Significantly lower

ALMOST TWO THIRDS OF MORTGAGE HOLDERS WITH HIGH LEVELS OF CONCERN ON INTEREST RATES

- Trickle-down and accessibility impacts not lost on renters, while owner-occupiers vastly different – 1 in 4 with no concern whatsoever
- Cost of living concern skews towards Renters, ~50% higher than those who own their home outright

Concerns x Dwelling Type

Total (n=708) Own and occupy - paying off mortgage (n=239) Own and occupy - own the dwelling outright (n=233) Renting (n=279)



GROCERY IMPACT SIGNIFICANTLY HIGHER WITH RENTERS, OTHER TOP 3 SIMILAR ACROSS DWELLINGS

- 72% of those with a mortgage feeling the cost of living pressure from changes to interest rates
- A number of areas remain below average with Renters, but more likely indicative overall penetration (i.e. lack of cover)

Cost of Living Pressure x Dwelling Type

Total (n=568) Own and occupy - paying off mortgage (n=158) Own and occupy - own the dwelling outright (n=183) Renting (n=207)

		Own and occupy (paying off mortgage)	Own and occupy (own outright)	Renting
Groceries	85%	83%	81%	90%
Electricity charges	63%	65%	59%	65%
Transport costs (incl. petrol, bus etc)	55%	52%	53%	57%
Motor vehicle expenses	50%	47%	55%	48%
Car and home insurance	42%	45%	56%	28%
Health care (incl. medication)	36%	30%	37%	39%
Private Health insurance	31%	35%	44%	17%
Rent payments	30%	4%	4%	73%
Water charges	28%	38%	36%	14%
Mortgage payments	25%	72%	5%	5%
Child care	7%	13%	3%	6%

Significantly higher

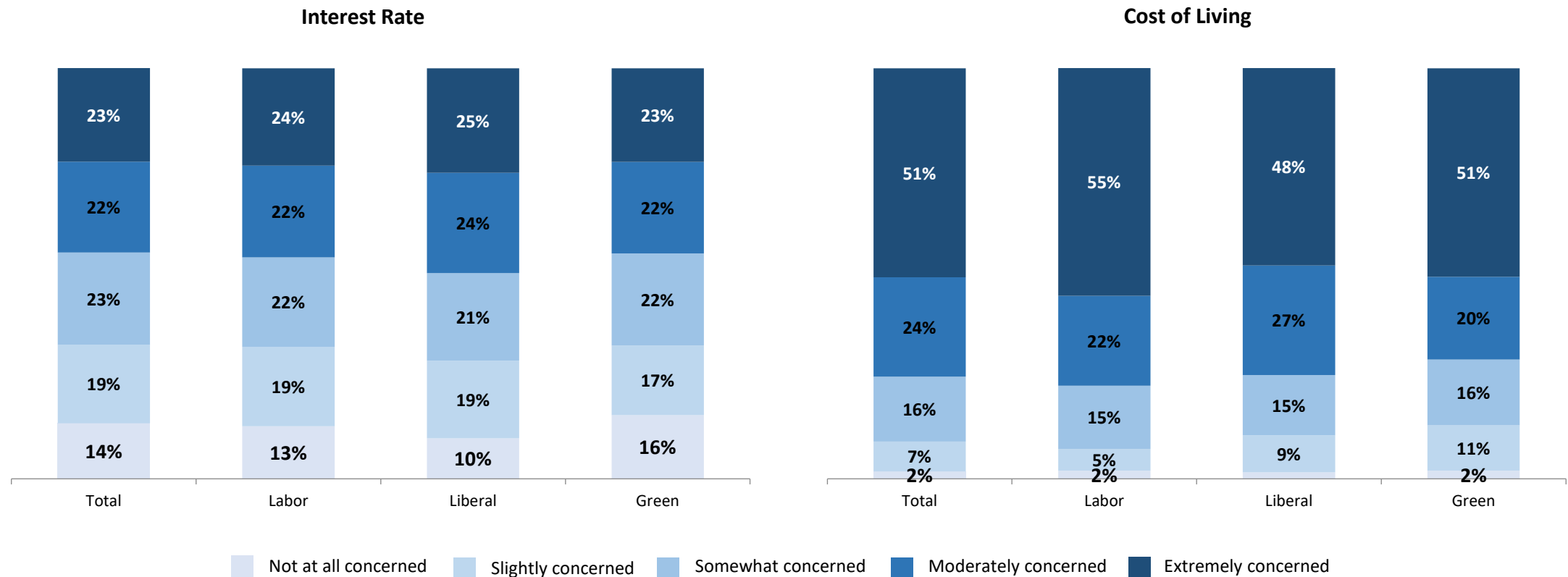
Significantly lower

INTEREST RATE CONCERN SLIGHTLY HIGHER AMONGST LIBERAL VOTERS

- Extremely concerned with cost of living peaking amongst Labor voters, similar mix across affiliations on top 2 basis (i.e. moderately-to-extremely concerned)
- Interest rate concern balanced across party affiliation

Concerns x Party Affiliation

Total (n=780) Labor (n=320) Liberal (n=178) Green (n=103)

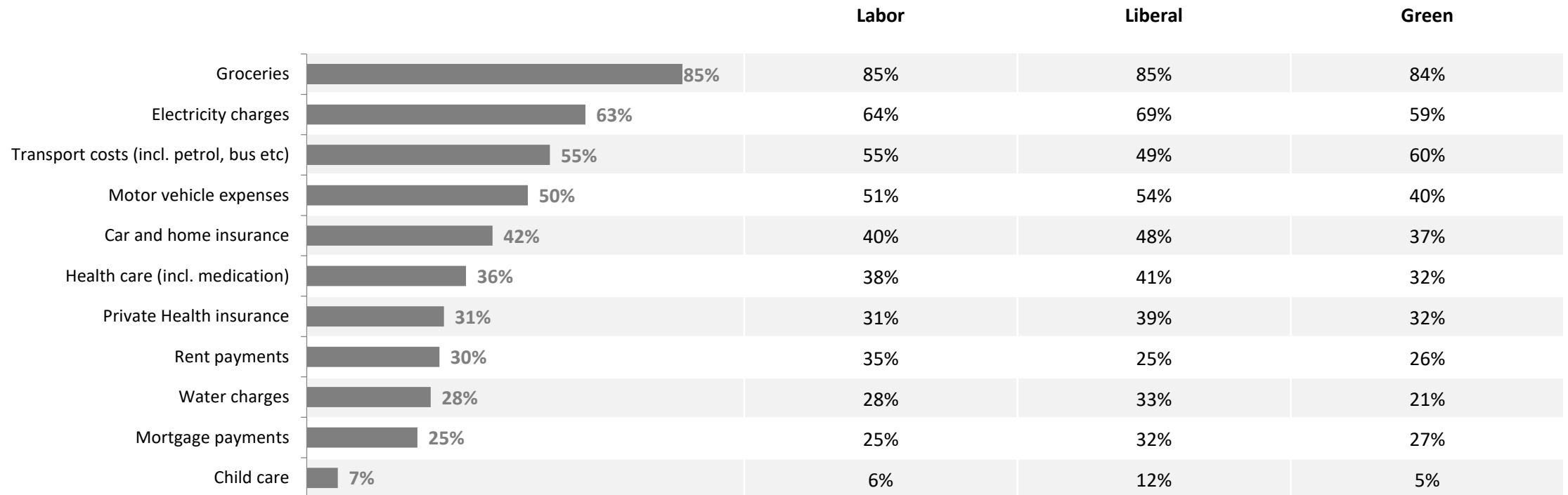




NO SIGNIFICANT DIFFERENCES ACROSS PARTIES, INDICATIVE OF BROAD-BASED IMPACT

Cost of Living Pressure x Party Affiliation

Total (n=780) Labor (n=320) Liberal (n=178) Green (n=103)



Significantly higher

Significantly lower

Question(s): Which of the following are you feeling significant cost of living pressure(s) on? With which political party do you most identify?

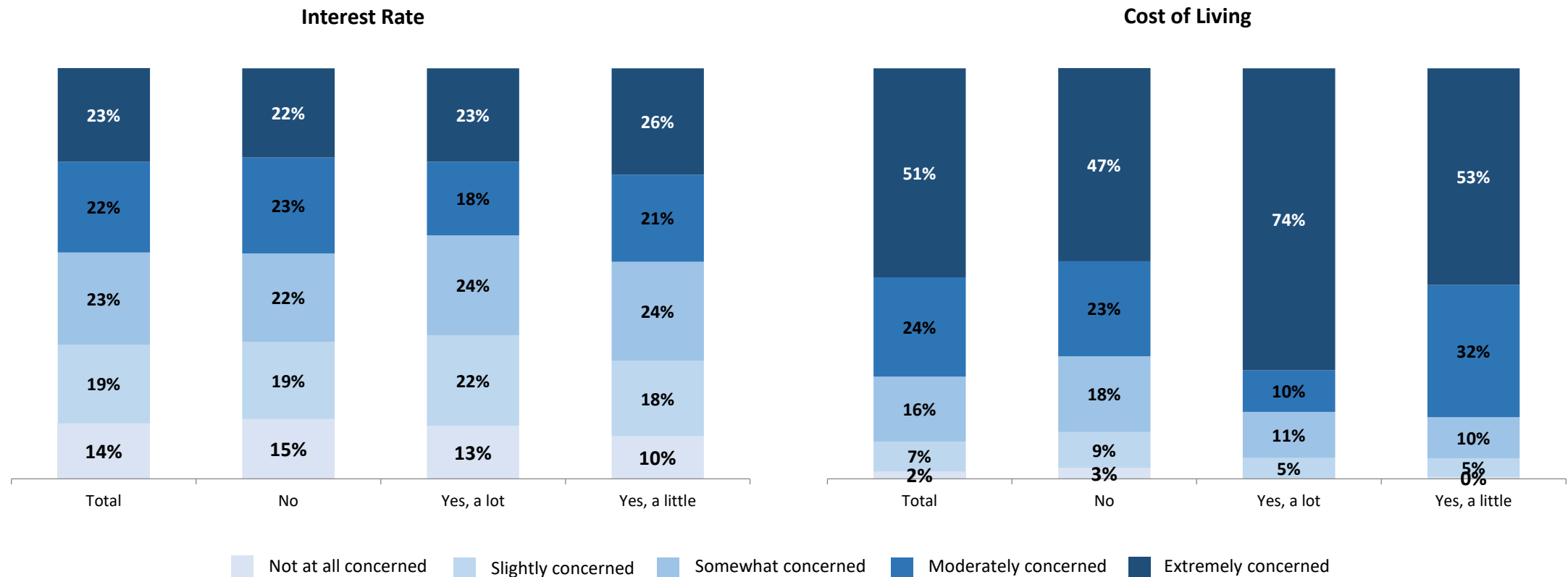


COST OF LIVING CONCERNS HIGHER AMONGST THOSE WITH HEALTH CONDITION OR DISABILITY

- Three quarters of those with a health condition or disability that limits their activity a lot are 'extremely concerned' about cost of living
- More balanced concern relating to interest rates

Concerns x Health Condition or Disability

Total (n=780) None (n=320) Yes, a lot (n=79) Yes, a little (n=198)



Question(s): How concerned are you by the prospect of rising interest rates/increases in cost of living? Do you have a health condition or disability that limits your activity?



THOSE WITH HEALTH CONDITION OR DISABILITY MORE EXPOSED TO RENTAL THAN MORTGAGE PRESSURE

- Grocery and electricity cost of living pressures more prevalent amongst those with a health condition or disability impacting activity
- Health insurance balanced, but Health care cost of living pressure up amongst those with a condition or disability that limits them a little

Cost of Living Pressure x Health Condition or Disability

Total (n=780) None (n=320) Yes, a lot (n=79) Yes, a little (n=198)

		None	Yes, a lot	Yes, a little
Groceries	85%	82%	94%	90%
Electricity charges	63%	59%	69%	70%
Transport costs (incl. petrol, bus etc)	55%	54%	42%	63%
Motor vehicle expenses	50%	50%	56%	48%
Car and home insurance	42%	40%	55%	42%
Health care (incl. medication)	36%	29%	46%	48%
Private Health insurance	31%	32%	26%	32%
Rent payments	30%	25%	37%	38%
Water charges	28%	28%	28%	29%
Mortgage payments	25%	31%	13%	18%
Child care	7%	9%	0%	6%

Significantly higher

Significantly lower



Catchment Analysis

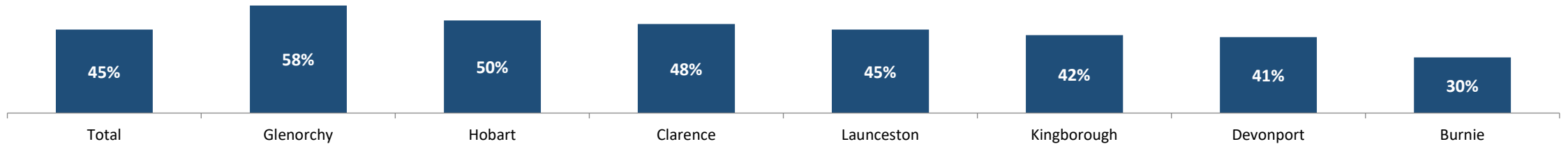
INTEREST RATE CONCERN ABOVE AVERAGE IN GLENORCHY, HOBART AND CLARENCE

- Launceston LGA indicative of Tasmanian average, with other LGAs with low sample levels coming in below average
- Devonport and Hobart LGAs more likely to hold above average ‘high concern’ relating to cost of living

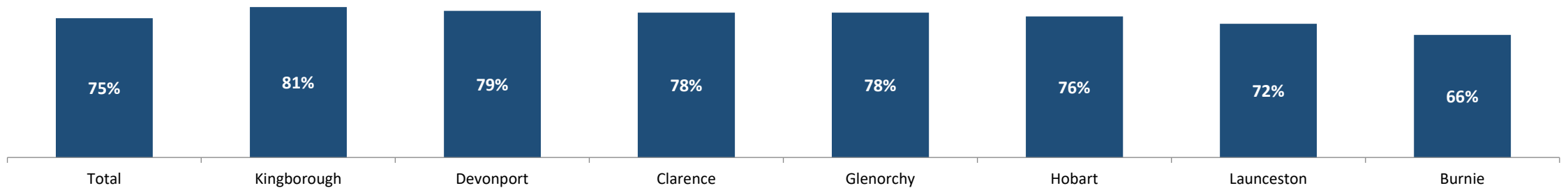
High Concern For Interest Rates/Cost of Living (T2B) x LGA

Total (n=780) Launceston (n=106) Hobart (n=104) Glenorchy (n=87) Clarence (n=66) Devonport (n=59) Kingborough (n=41*) Burnie (n=40*)
 LGAs n<40 excluded

Interest Rates



Cost of Living



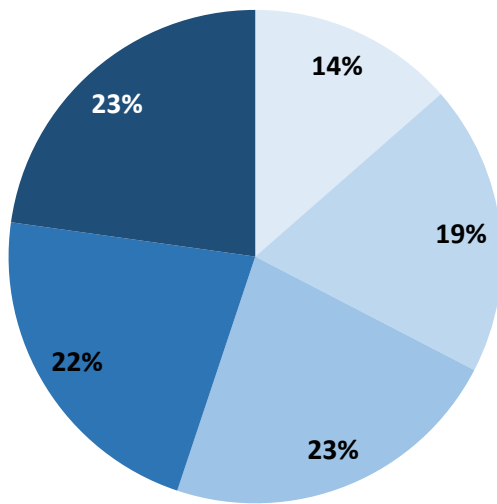


Appendix

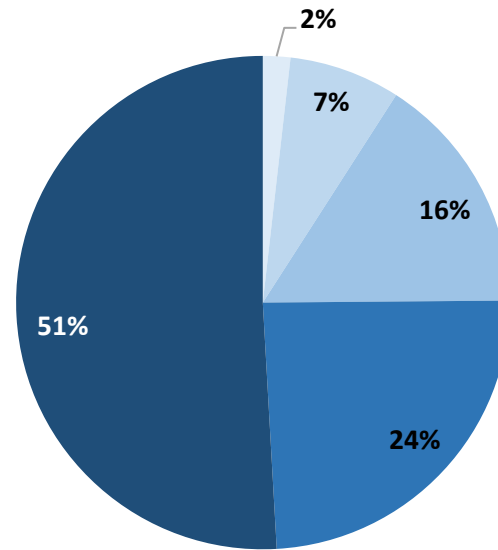
INTEREST RATE & COST OF LIVING CONCERNS VERY HIGH FOR TASMANIANS

- One in four moderately-to-extremely concerned about interest rates, while cost of living pressure continues to be more broad-based - three quarters of Tasmanians
- Top cost of living pressures remain the same, with groceries, electricity, transport and motor vehicle expenses impacting over half of all Tasmanians

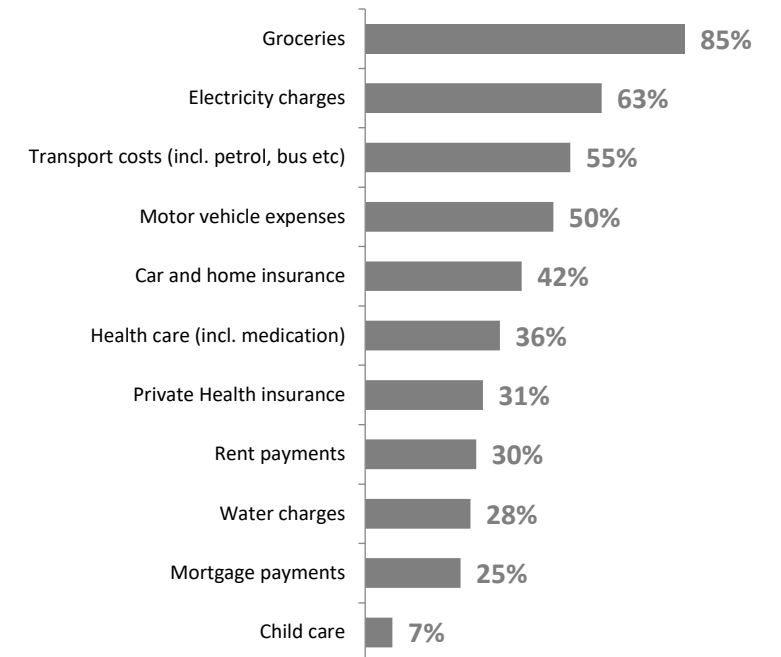
Interest Rate Concern



Cost of Living Concern



Cost of Living Pressures



Not at all concerned
 Slightly concerned
 Somewhat concerned
 Moderately concerned
 Extremely concerned