



Australian Government

Department of Infrastructure,
Transport, Regional Development,
Communications and the Arts



GOVERNMENT OF
WESTERN AUSTRALIA

Department of
Primary Industries and
Regional Development

Indian Ocean Territories Price Index 2021



A report provided by the Western Australian Department of Primary Industries and Regional Development, for the Australian Department of Infrastructure, Transport, Regional Development, Communications and the Arts.

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Cover image: Jetty on Cocos (Keeling) Islands

The Australian Government, through the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, provides funding to the Department of Primary Industries and Regional Development to provide services to the Indian Ocean Territories.

Important disclaimer

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Introduction

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts has responsibility for the Indian Ocean Territories (IOT), with many services provided by service delivery arrangements with the Western Australian Government. In 2011 the then Department of Regional Development and Lands, was approached by the Australian Government to develop and conduct a cost of living index for Christmas and Cocos (Keeling) Islands, known collectively as the IOT. The result of this project was the publication in October 2012 of the first IOT Price Index. A second index was subsequently produced and published in 2020 summarising the 2019 price gaps.

This publication is the result of the 2021 Indian Ocean Territories price collection process.

Christmas Island (CI)

CI is situated in the Indian Ocean, 380km south of Java and 2650km north-west of Perth. Many unique species of plants and animals are found on CI, and two thirds of the island has been declared a national park.

CI covers just 135km² and has a population of 1692. The ethnic composition is approximately 22% Chinese, 17% Australian, 16% Malay and 12% English.¹ The primary economic activities of the island are government services, phosphate mining and a small tourism industry.

The Cocos (Keeling) Islands (CKI)

CKI consist of two flat, low-lying coral atolls divided into 27 coral islands with an area of 14.2km². This remote island community is located 985km southwest of CI and 2950km north-west of Perth. The CKI population of approximately 590 people reside on the two main islands, Cocos (Keeling) Islands (CKI – Home Island) and Cocos (Keeling) Islands (CKI – West Island).² The two islands are very different demographically, with the 420 CKI – Home Island residents principally speaking Cocos Malay and following the Islamic faith. CKI – West Island is the administrative centre for the Islands and as a result consists predominantly of government officers of ethnic European descent, and has the balance of CKI residents.

¹<https://abs.gov.au/census/find-census-data/quickstats/2021/LGA51710>

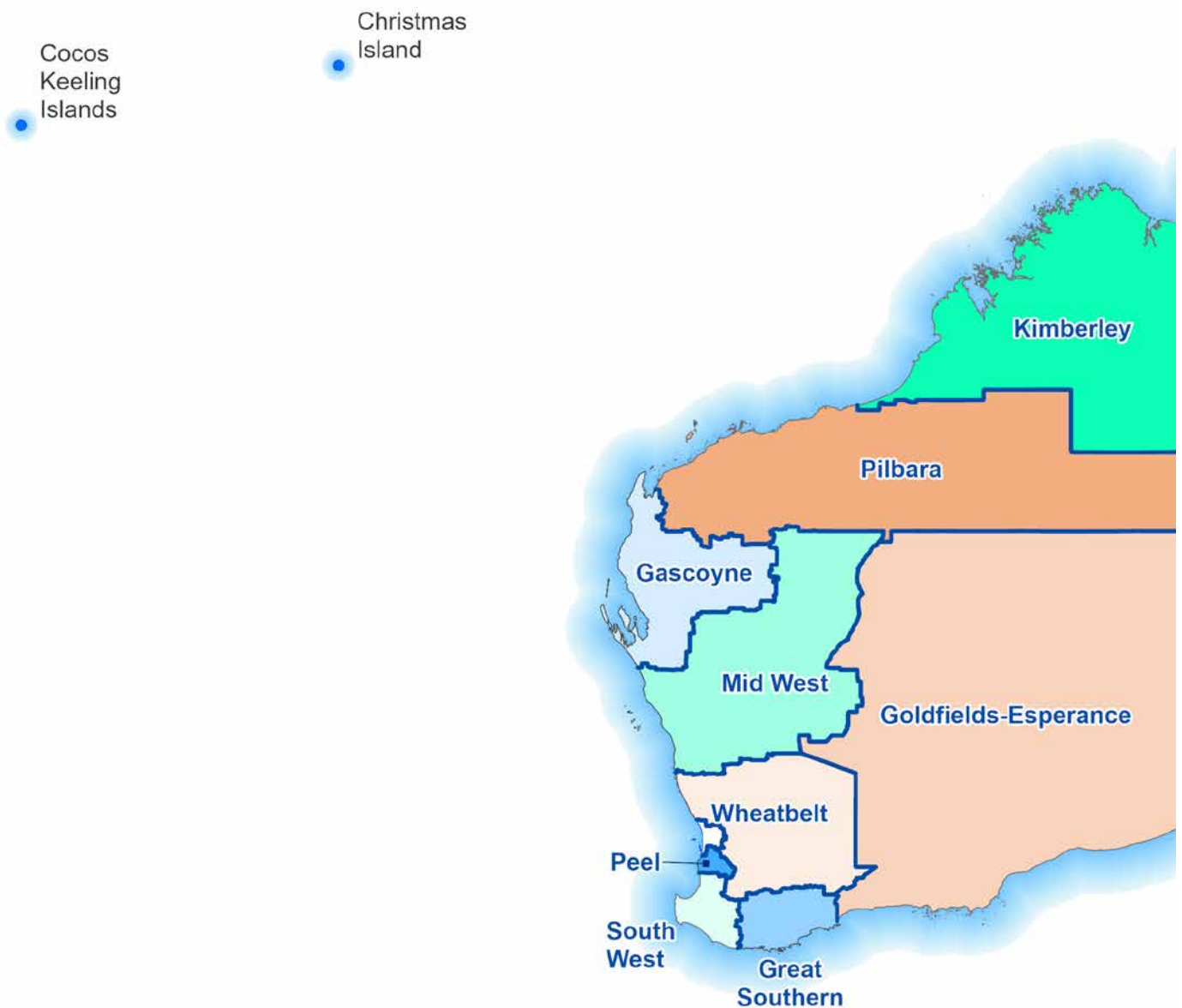
²<https://abs.gov.au/census/find-census-data/quickstats/2021/90102>

IOT Price Index

A price index compares the cost of living between different locations. In this instance, the cost of buying a group of goods and services on IOT islands has been compared with the price of the same goods and services in the Perth metropolitan area. The Perth index is set at 100, with island prices above 100 indicating a higher cost than Perth prices, and prices below 100 indicating the items

are cheaper than in Perth. This is a similar methodology to that used in calculating the Western Australian Regional Price Index.

It is important to note that indexes from different years cannot be directly compared. Each index is a point in time comparison, rather than a time series comparison.



IOT Price Index 2021

	CI
2021 CI	128.6
Food	136.9
Cigarettes, alcohol and tobacco	77.9
Clothing	146.1
Housing	94.2
Household equipment and operation	158.2
Health and personal services	143.4
Transportation	160.7
Education and recreation	107.1

	CKI – West Island	CKI – Home Island	CKI Index
2021 CKI	150.0	143.0	145.1
Food	219.3	243.0	236.2
Cigarettes, Alcohol and Tobacco	16.6	17.8	17.4
Clothing	100.0	230.0	192.4
Housing	90.9	83.5	85.7
Household Equipment and Operation	154.6	127.2	135.1
Health and Personal Services	103.5	122.2	116.8
Transportation	138.0	100.0	111.0
Recreation and Education	165.1	100.0	118.8



Basket of goods and services

The basket of goods and services is made up of approximately 250 items from the following eight categories:

Food:

Dairy products; cereal products; meat and seafood; fruit and vegetables; drinks, snacks and confectionary; other foods; and restaurant and takeaway meals.

Cigarettes, tobacco and alcoholic drinks:

Cigarettes and tobacco, beer, wines and spirits.

Clothing:

Men, women and children's basic clothing items such as briefs, T-shirts, socks, jeans, dresses and plain shirts.

Housing:

Mortgage interest rates; local government charges; goods and services for house maintenance and repairs; private rents; utilities expenditure; financial and insurance services.

Household equipment and operations:

Bedding furniture and linen; major household appliances; small electronic appliances; kitchen and household utensils and tools; household cleaning agents; toiletries and personal products; hairdressing services; and postal, telephone and internet services.

Transportation:

Purchase price of an automobile; fuel; tyres; basic maintenance supplies and service costs; personal and vehicle license fees and comprehensive car insurance.

Health and personal care:

Hospital and medical insurance; optical; dental; and pharmaceuticals including prescription and over-the-counter drugs.

Recreation and education:

Books, newspapers and magazines; electronic appliances; sporting equipment, activities and participation; toys, games and hobbies; veterinary services; and DVD hire.

The price comparison process made broad use of the information available via the internet. If a specified item was not available and a different item priced, that exact item was then priced by major supermarkets across the Perth metropolitan area. This means that from previous years, the actual accuracy of the index is improved as a result of being able to price identical items across the eight categories.



Price collection and community consultation

Prices for the basket of goods and services were collected from retail shops and services in late February and early March 2021. At the same time, DPIRD also conducted the 2021 Regional Price Index (RPI), meaning that the IOT price collections were conducted concurrently with the RPI price collections.



Commodity weights

Commodity weights were used to reflect the relative importance of each basket item in the average household budget. The decision to purchase an item is dependent on both the price of that item and its importance to the consumer.

For example, fresh food including meat, fruit and vegetables are diet staples that are given a high priority in the family budget regardless

of price. This is reflected in the calculation of the indices by applying a higher weighting for these products.

The weights assist in determining the degree that the individual items in the basket of goods and services influence the calculation of the index, which is based on weightings used by the Australian Bureau of Statistics for its Consumer Price Index.

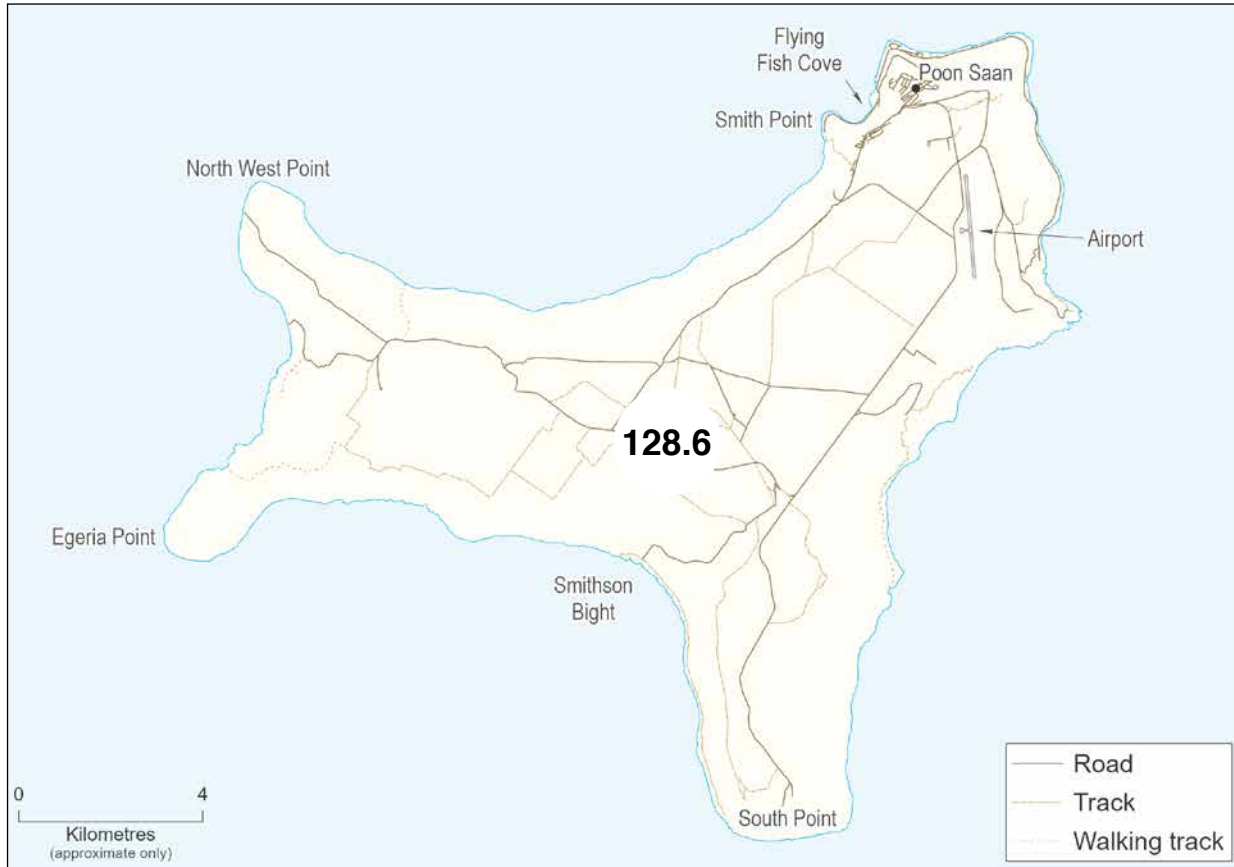
Analysis of index for each Island

CI

The index for CI indicates that the overall cost of purchasing the basket of goods and services in 2021 was 28.6% higher than Perth.

	CI 2019	CI 2021
Overall RPI	121.6	128.6
Food	131.8	136.9
Cigarettes, alcohol and tobacco	79.0	77.9
Clothing	146.1	146.1
Housing	91.1	94.2
Household equipment and operation	143.8	158.2
Health and personal services	109.6	143.4
Transportation	144.3	160.7
Education and recreation	104.1	107.1

Map 1: CI Price Index 2021



CKI – Home Island

The index for CKI – Home Island indicates that the overall cost of purchasing the basket of goods and services in 2021 was 43% higher than Perth. Groups more expensive relative to Perth included food, clothing and education and recreation. The cigarette and alcohol and housing groups were both relatively less expensive compared to Perth.

	CKI – Home Island 2019	CKI – Home Island 2021
Overall CKI – Home Island Index	145.7	143.0
Food	188.9	243.0
Cigarettes, alcohol, tobacco	25.6	17.8
Clothing	178.9	230.0
Housing	117.8	83.5
Household equipment and operation	185.1	127.2
Health and personal services	106.8	122.2
Transportation	112.1	100.0
Education and recreation	127.2	100.0

Map 2: CKI – Home Island

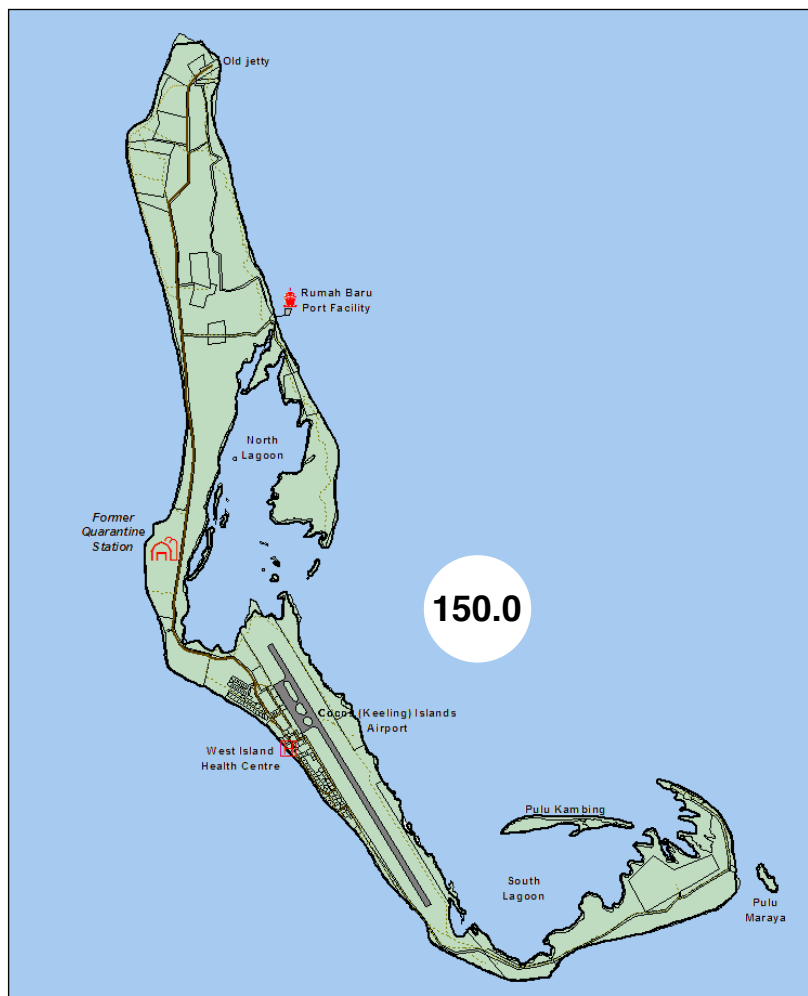


CKI – West Island

The index for CKI – West Island indicates that the overall cost of purchasing the basket of goods and services in 2021 was 50.0% higher than Perth. The groups most expensive relative to Perth prices included food, education and recreation and household equipment. Groups less expensive relative to Perth prices included cigarettes and alcohol and housing.

	CKI – West Island 2019	CKI – West Island 2021
CKI – West Island Index	142.7	150.0
Food	190.5	219.3
Cigarettes, alcohol, tobacco	35.1	16.6
Clothing	133.3	100.0
Housing	129.8	90.9
Household equipment and operation	133.7	154.6
Health and personal services	81.5	103.5
Transportation	99.9	138.0
Education and recreation	154.6	165.1

Map 3: CKI – West Island

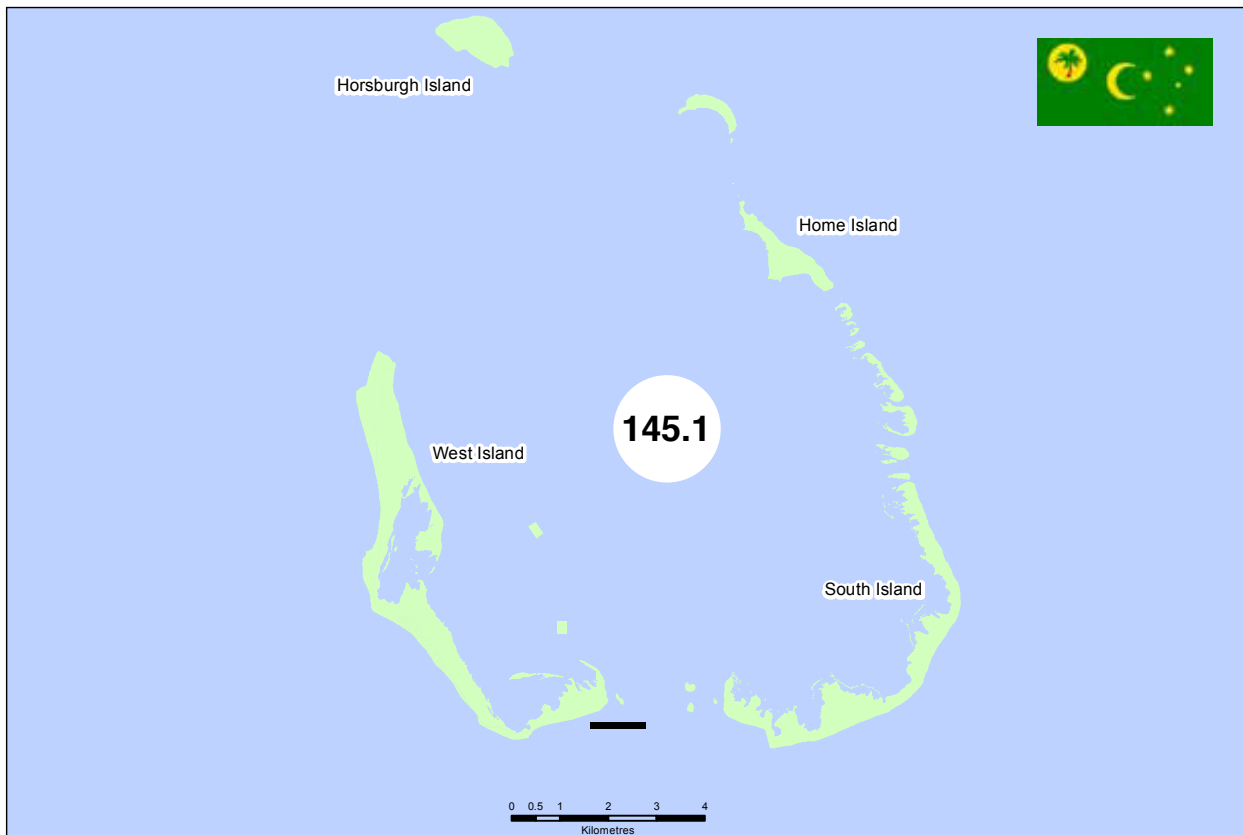


CKI Index

The CKI Index takes the above price differentials from each island and weights them according to population distribution. As CKI – Home Island has the majority of CKI residents (71.1% of the CKI population, compared to CKI – West Island’s 28.9%), this means that the CKI – Home Island prices impact the CKI index more heavily.

	CKI 2019	CKI 2021
Overall CKI Index	145.1	145.1
Food	189.2	236.2
Cigarettes, alcohol, tobacco	27.4	17.4
Clothing	170.1	192.4
Housing	120.1	85.7
Household equipment and operation	175.2	135.1
Health and personal services	101.9	116.8
Transportation	109.7	111.0
Education and recreation	132.5	118.8

Map 4: CKI Price Index 2021





Christmas Island