

Survey Coverage

The Grocery Price Survey (GPS) measures the cost of purchasing a basket of goods at 23 supermarkets across both the Northern Territory and, for comparative purposes, Northern Queensland. The number of supermarkets included in the survey has decreased by two since December 2007, with the closure of the Todd Mall Coles in Alice Springs and the Stocklands IGA in Cairns.

Significant price variance across all centres

The June 2008 GPS reports a significant range of price variance in all surveyed centres, with the average cost of the survey basket in each region decreasing by 0.4%, led by deflating prices in the 'fruit and vegetables' category. Price movements in this category are often volatile, reflecting variations in seasonal factors affecting supply. Decreases in the cost of the survey basket were reported in Nhulunbuy, Yulara, Mount Isa and Cairns compared to the December 2007 Survey.

In Darwin, the average price of the basket increased by 1.0 per cent in June 2008, broadly consistent with the six monthly movement in the 'food' category of the June 2008 Darwin Consumer Price Index (CPI), as compiled by the ABS. The increase in the cost of the basket follows moderate price increases recorded in the December 2007 survey.

In Darwin, the cost of the basket increased by 1.0% in the six months to June 2008, compared to a 2.0% increase in the six months to December 2007 as reported in the last survey. In other centres, the cost of the basket increased by 3.4% in Alice Springs and 2.6% in Katherine and decreased by 0.3% in Cairns, 2.6% in Yulara and 3.0% in Mount Isa. Nhulunbuy recorded the strongest price decrease of 3.3%.

Despite the strong price decrease, Nhulunbuy remains the most expensive location to purchase the surveyed basket of groceries. Mt Isa recorded the lowest cost basket of the centres surveyed, followed by Cairns, Alice Springs, Darwin, Katherine, Yulara and Nhulunbuy (see chart opposite).

Key categories contributing to growth

In the June 2008 GPS, all surveyed centres reported a decrease in the 'fruit and vegetables' category, ranging from 3.9% in Alice Springs to 15.6% in Mount Isa. Prices for the 'pet foods' category also decreased in all surveyed centres. Dairy & Related Products, Other Food and Household Supplies were the only categories to record consistent price increases across the surveyed centres.

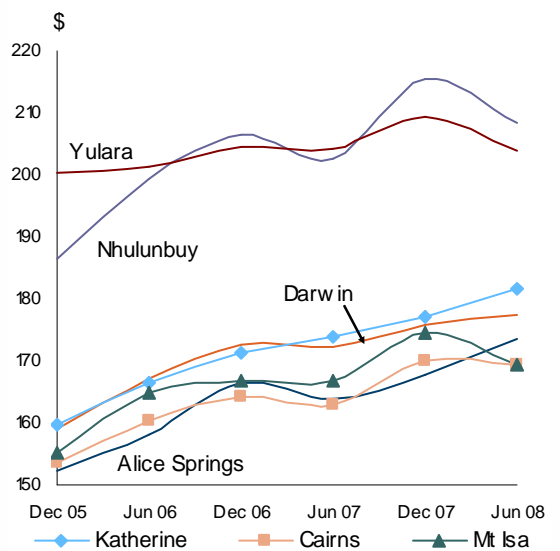
Compared to June 2007, the cost of the basket increased by 3.0% in Darwin, 5.9% in Alice Springs, 4.4% in Katherine, 2.9% in Nhulunbuy, 4.0% in Cairns and 1.6% in Mount Isa. The cost of the basket remained unchanged in Yulara in June 2008 compared with June 2007.

Introduction of Series Two

A review conducted in 2005 resulted in the survey being updated (from Series One to Series Two), which has allowed the basket to remain consistent with changing consumer expenditure patterns.

As the new survey introduced a break in the series, direct analysis can only be reported for the period beginning December 2005, when collection for Series Two began. More details on the changes resulting from the introduction of Series Two can be found on page 6.

Cost to Purchase the Basket of Goods



Source: NT Treasury

grocery price survey

Grocery Price Survey - June 2008[#]

Expenditure (\$)	Darwin	6 mth % Change	Alice Springs	6 mth % Change	Katherine	6 mth % Change	Nhulunbuy	6 mth % Change	Yulara	6 mth % Change	Cairns	6 mth % Change	Mount Isa	6 mth % Change
	Dairy & Related Products	17.64	4.0	16.95	7.0	18.20	7.4	21.35	5.5	21.00	12.7	16.04	2.2	16.37
Bread & Cereal Products	20.83	3.7	20.17	-0.3	21.69	3.2	25.13	0.4	27.55	-13.1	20.20	0.6	20.30	-0.9
Meat & Seafoods	29.17	4.5	29.94	13.6	30.08	8.2	33.28	-10.6	32.18	3.9	27.09	0.2	27.76	-2.5
Fruit & Vegetables	29.87	-6.4	27.84	-3.9	29.87	-8.8	37.83	-9.3	28.24	-12.6	27.78	-6.9	26.64	-15.6
Non-Alcoholic Drinks & Snacks	24.95	3.1	24.07	3.4	25.85	2.5	27.84	-2.7	32.61	-0.8	24.09	2.4	24.41	-3.1
Other Food	20.42	3.0	20.45	5.3	20.96	9.4	23.48	1.9	22.71	1.5	19.67	2.6	19.64	2.6
Household Supplies	29.18	0.4	28.96	4.0	29.47	3.8	33.37	1.6	34.22	0.5	29.31	1.1	28.98	1.9
Pet Foods	5.44	-4.3	5.19	-11.5	5.58	-3.2	6.13	-10.1	5.44	-17.0	5.26	-4.3	5.23	-1.3
Total Basket (\$)	177.50	1.0	173.57	3.4	181.71	2.6	208.42	-3.3	203.95	-2.6	169.45	-0.3	169.34	-3.0
<i>December 2007 (\$)</i>	175.67		167.80		177.04		215.52		209.49		169.88		174.59	
<i>\$ Change from December 2007</i>	1.83		5.77		4.67		-7.10		-5.54		-0.43		-5.25	
<i>% Change from December 2007</i>	1.0		3.4		2.6		-3.3		-2.6		-0.3		-3.0	
<i>June 2007 (\$)</i>	172.30		163.83		173.98		202.61		204.03		162.86		166.66	
<i>\$ Change from June 2007</i>	5.20		9.73		7.72		5.81		-0.09		6.59		2.68	
<i>% Change from June 2007</i>	3.0		5.9		4.4		2.9		0.0		4.0		1.6	

Variation from Darwin (\$)	Alice Springs	Katherine	Nhulunbuy	Yulara	Cairns	Mount Isa
Dairy and Related Products	-0.69	0.56	3.71	3.36	-1.59	-1.26
Bread and Cereal Products	-0.66	0.87	4.31	6.72	-0.63	-0.52
Meat & Seafoods	0.77	0.91	4.11	3.00	-2.08	-1.41
Fruit & Vegetables	-2.03	0.00	7.95	-1.63	-2.09	-3.23
Non-Alcoholic Drinks and Snacks	-0.87	0.91	2.90	7.67	-0.85	-0.54
Other Food	0.03	0.53	3.06	2.29	-0.76	-0.78
Household Supplies	-0.22	0.29	4.20	5.05	0.13	-0.20
Pet Foods	-0.26	0.14	0.68	-0.01	-0.19	-0.21
Total Basket (\$)	-3.93	4.21	30.92	26.44	-8.05	-8.16
% Variation from Darwin	-2.2	2.4	17.4	14.9	-4.5	-4.6
<i>\$ Variation from Darwin in December 2007</i>	-7.88	1.37	39.84	33.81	-5.80	-1.08
<i>% Variation from Darwin in December 2007</i>	-4.5	0.8	22.7	19.2	-3.3	-0.6
<i>\$ Variation from Darwin in June 2007</i>	-8.47	1.68	30.31	31.73	-9.44	-5.64
<i>% Variation from Darwin in June 2007</i>	-4.9	1.0	17.6	18.4	-5.5	-3.3

[#] Calculations may not add up due to rounding.



Darwin

In Darwin, the average cost of the basket in June 2008 was \$177.50, \$8.05 more expensive than in Cairns at \$169.45 (Cairns is included in the survey as it has a similar population size to Darwin). Since December 2007, the cost of the basket has increased by \$1.83 (1.0%) in Darwin and decreased by \$0.43 (0.3%) in Cairns.

Prices increased in six of the eight product categories, with Meat & Seafoods, Bread and Cereal Products and Drinks & Snacks the main drivers of the overall increase of the basket. Fruit & Vegetables and Pet Foods subtracted 1.2 and 0.1 percentage points from growth respectively (see Chart 1).

In Darwin, the cheapest basket was at Coolalinga Woolworths, at \$173.77, and the most expensive basket was at Humpty Doo Woolworths, at \$183.62.

Alice Springs

The average cost of the basket in Alice Springs was \$173.57 in the latest survey, \$4.23 more expensive than in Mount Isa (Mount Isa is included in the survey as it has a similar population size to Alice Springs). Since December 2007, the cost of the basket increased by \$5.77 (3.4%) in Alice Springs compared to a \$5.25 (3.0%) decrease in Mount Isa. The Alice Springs basket was \$3.93 (2.2%) cheaper than in Darwin, compared to \$7.88 (4.5%) cheaper in the December 2007 survey.

Meat & Seafoods, Dairy & Related Products and Household Supplies were the main contributors to the increased cost of the basket, adding 2.1, 0.7 and 0.7 percentage points to growth respectively. Prices of Fruit & Vegetables and Pet Foods decreased in the latest survey (see Chart 2).

Grocery prices in Alice Springs are generally lower than in Darwin, particularly for perishables, reflecting its proximity to southern supply centres.

Katherine

Note: There is only one major supermarket in Katherine (Woolworths).

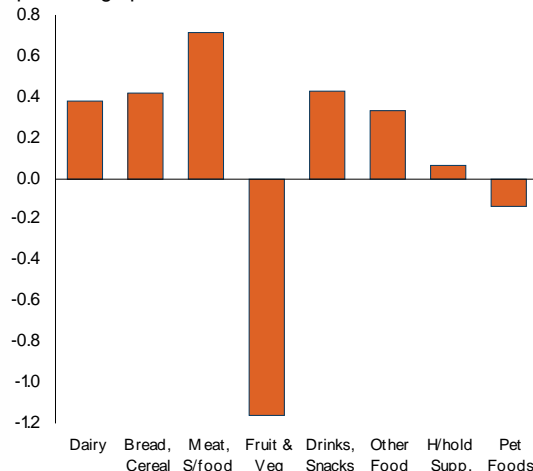
In Katherine, the cost of the basket was \$181.71, \$4.21 (2.4%) more expensive than in Darwin. Since December 2007 the cost of the basket increased by \$4.67 (2.6%).

Prices increased in six of the eight categories, with Meat & Seafoods, Household Supplies and Dairy & Related Products being the main drivers of the increased cost of the basket. Prices in the Fruit & Vegetables and Pet Foods categories decreased in the latest survey (see Chart 3).

In aggregate, price changes in Katherine tend to track those in Darwin, however the direction and magnitude of changes within categories can differ significantly between the two centres.

Chart 1: Darwin

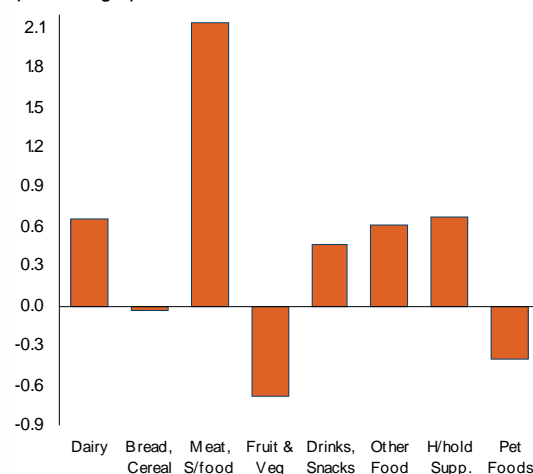
(% point contribution to 6 monthly change)
percentage points



Source: NT Treasury

Chart 2: Alice Springs

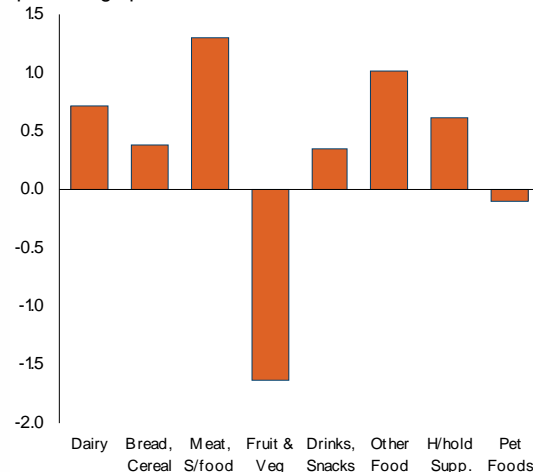
(% point contribution to 6 monthly change)
percentage points



Source: NT Treasury

Chart 3: Katherine

(% point contribution to 6 monthly change)
percentage points



Source: NT Treasury

Nhulunbuy

Note: Only one major supermarket is surveyed in Nhulunbuy (Woolworths).

In Nhulunbuy, the cost of the basket was \$208.42, \$30.92 (17.4%) more expensive than in Darwin and was the most expensive basket of the surveyed centres. Since December 2007, the cost of the basket decreased by \$7.10 (3.3%).

Nhulunbuy recorded price decreases in four out of the eight categories, with Meat & Seafood and Fruit & Vegetables being the largest detractors from growth contributing to the overall decrease in the cost of the basket (see Chart 4). Price increases were recorded for the Dairy & Related Products, Household Supplies, Other Food and Bread & Cereal Products categories.

In general, the cost of goods in Nhulunbuy is substantially higher than in Darwin, due to higher freight costs, especially for perishables, and limited economies of scale and competition.

Yulara

Note: There is only one supermarket in Yulara (IGA).

In Yulara, the cost of the basket was \$203.95, \$26.44 more expensive than in Darwin. The cost of the basket in Yulara decreased by \$5.54 (2.6%) compared to December 2007.

Price decreases were recorded in four of the eight categories, with Bread & Cereal Products and Fruit & Vegetables the main drivers, subtracting 2.0 percentage points each from total growth in the basket. Pet Foods also reported a notable decrease in the latest survey. Dairy & Related Products and Meat & Seafood categories reported modest price increases in the June 2008 survey, contributing 1.1 and 0.6 percentage points to growth respectively (see Chart 5).

Yulara IGA was introduced to the survey in June 2002 and, for similar reasons to Nhulunbuy, has significantly higher prices than Darwin. This reflects the combination of remoteness as well as lack of competition and economies of scale.

Cairns

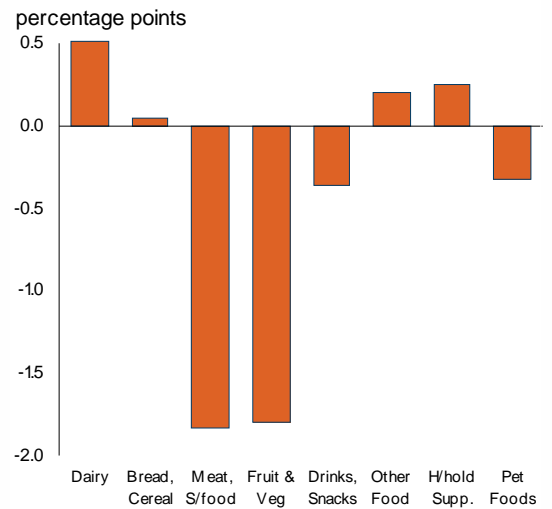
Note: Cairns is included in the survey as it has a population size comparable to Darwin.

In Cairns, the cost of the basket decreased by \$0.43 (0.3%) to \$169.45 in the latest survey. As previously noted, the basket was \$8.05 cheaper in Cairns than in Darwin.

In aggregate, prices in Darwin and Cairns tend to track each other, though there can be some variation in individual categories. The overall decrease in Cairns was primarily driven by a strong decrease in the Fruit & Vegetables category, with the Pet Foods category also reporting a slight decrease. All other categories reported moderate price increases (see Chart 6).

Chart 4: Nhulunbuy

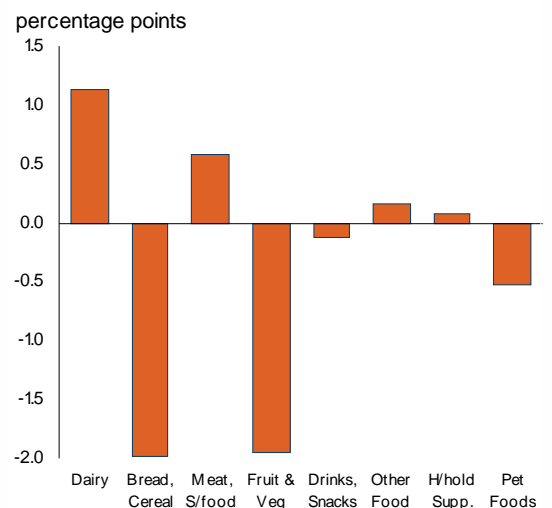
(% point contribution to 6 monthly change)



Source: NT Treasury

Chart 5: Yulara

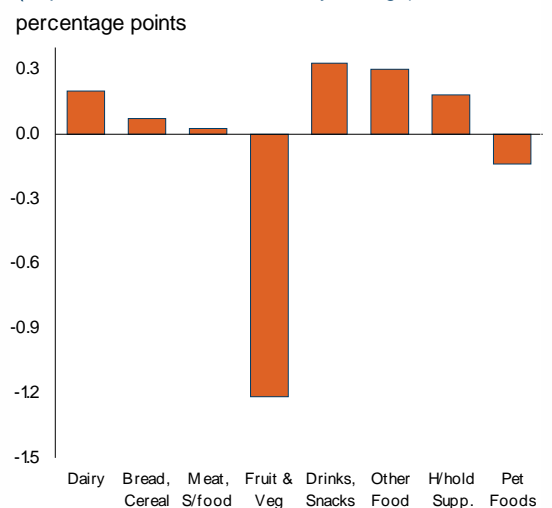
(% point contribution to 6 monthly change)



Source: NT Treasury

Chart 6: Cairns

(% point contribution to 6 monthly change)



Source: NT Treasury

Mount Isa

Note: Mount Isa is included in the survey as it has a population size comparable to Alice Springs.

In June 2008, the cost of the basket in Mount Isa was \$169.34, a decrease of \$5.25 (3.0%) compared to the previous survey. The cost of the basket in Mount Isa was \$4.23 (2.4%) less expensive than in Alice Springs.

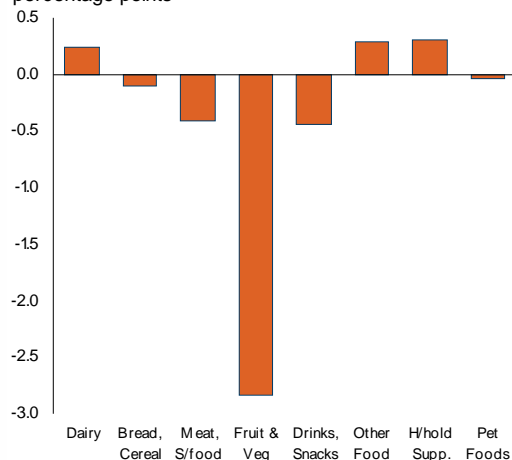
The decreased cost of the basket in Mount Isa was driven by price decreases in five of the eight categories, with the Fruit & Vegetable category the most significant contributor, subtracting 2.8 percentage points from growth. Price increases were recorded in Dairy & Related Products, Other Food and Household Supplies (see Chart 7).

Overall Results

- The results for June 2008 are in line with the general principle that people purchasing an average basket of goods at supermarkets in towns more remote from major supply centres and larger population centres face higher prices than those living closer to major centres (see Chart 8). This reflects higher freight costs, which have recently been affected by significantly higher fuel prices, as well as the smaller market size and reduced competition in these centres.
- Prices for Fruit & Vegetables and Meat & Seafood (which together typically make up around one-third of the cost of the basket) are highly volatile, reflecting variations in seasonal and other factors affecting supply. As such, variations in prices in these categories can have a substantial impact on the overall cost of the basket in any one survey period.
- Of the stores surveyed in the Territory in the latest period, the cheapest basket was at Coles in Alice Springs at \$173.22 and the highest cost basket was at Nhulunbuy Woolworths at \$208.42. In Darwin, the cheapest basket was at Coolalinga Woolworths (\$173.77) and the most expensive basket was at Humpty Doo Woolworths (\$183.62).
- Since data collection for Series Two began in December 2005, Alice Springs has recorded the highest average annual increase in the cost of the basket, while Yulara reports the lowest average annual increase. Darwin's average annual increase of 4.5% is equal third highest of the centres surveyed with Nhulunbuy and above the average annual increase of all the surveyed centres of 4.4% (see table opposite).

Chart 7: Mt Isa

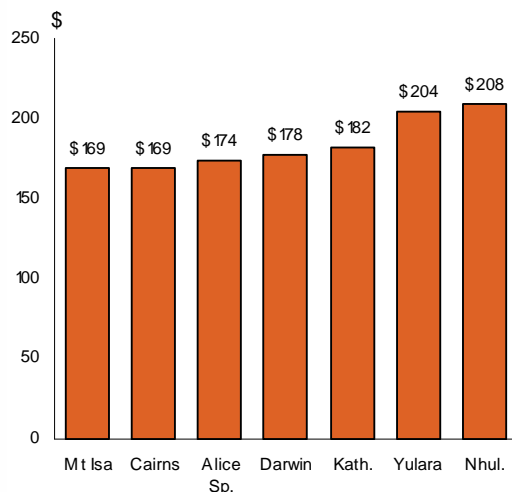
(% point contribution to 6 monthly change)
percentage points



Source: NT Treasury

Chart 8: Cost of Grocery Basket

(December 2007)



Source: NT Treasury

Growth in Cost of the Basket

(% change)

	Six months to Jun 2008	Year to Jun 2008	Average annual growth since Dec 2005
Darwin	1.0	3.0	4.5
Alice Springs	3.4	5.9	5.4
Katherine	2.6	4.4	5.3
Nhulunbuy	-3.3	2.9	4.5
Cairns	-0.3	4.0	4.0
Mount Isa	-3.0	1.6	3.6
Yulara	-2.6	0.0	0.7
All Stores	0.6	3.6	4.4

Source: NT Treasury

GROCERY PRICE SURVEY – SERIES TWO New Household Expenditure Data Released

Every five years the Australian Bureau of Statistics (ABS) conducts the Household Expenditure Survey (HES), which provides updated information on consumer preferences and expenditure patterns by jurisdiction and capital city. HES data is used to determine the items and weightings used to estimate the cost of a 'standard' basket of goods in the Grocery Price Survey.

In August 2005 the ABS released the *Household Expenditure Survey, 2003-04* (Cat. No. 6535.0.55.001). In order to ensure that the Treasury basket of goods remains consistent with consumer spending patterns, Treasury reviewed and updated items and weightings in the basket based on the new HES data. This is the first time the basket and its weightings have been updated since the Grocery Price Survey commenced in 2000.

The review involved updating the 10 sub-groups, and 29 expenditure classes (and items within the classes) in the original survey. The rationale for examining these categories is that, to update the survey over time, there is a requirement for the items in the expenditure classes to broadly correlate with detailed quarterly Consumer Price Index data published by the ABS.

Changes resulting from the review include:

- the Personal Care Products expenditure class

being incorporated into the Household Supplies expenditure class;

- the Pharmaceuticals expenditure class being removed from the basket;
- 26 items being deleted from the survey and 30 new items being introduced (the basket now has 136 items);

Pharmaceuticals were removed from the survey as it is not possible to accurately update expenditure on supermarket-sourced pharmaceuticals using available 15th series CPI data. This is because the Pharmaceuticals sub-group in the CPI is dominated by prescription drugs which are not dispensed at supermarkets.

The introduction of Series Two represents a break in the Grocery Price Survey series. As such, analysis can only be reported for the period beginning December 2005, when collection of the Series Two basket began.

For further information on the survey methodology and the recent changes introduced see *Grocery Price Survey Technical Paper – December 2005*, available at:

http://www.nt.gov.au/ntt/economics/econ_nt_gpsurvey.shtml

Cost of Total Basket by Outlet*

Supermarkets			Jun-2008		Dec-2007		Jun-2007		Dec-2006		2 year average	
			\$	Rank ¹	\$	Rank ¹	\$	Rank ¹	\$	Rank ¹	\$	Rank ¹
Mount Isa	Coles		167.85	1	176.82	19	162.22	4	164.80	3	167.92	4
Cairns	Coles	Central	168.04	2	172.02	5	160.86	2	165.02	4	166.49	1
Cairns	Bi-Lo	Central	169.37	3	170.28	4	164.43	6	165.12	5	167.30	2
Mount Isa	Woolworths		170.83	4	172.35	6	171.09	14	168.73	9	170.75	7
Cairns	Woolworths	Stocklands	170.93	5	172.55	7	167.61	8	166.38	6	169.37	6
Alice Springs	Coles		173.22	6	166.15	2	164.37	5	166.67	7	167.60	3
Darwin	Woolworths	Coolalinga	173.77	7	175.77	14	174.45	19	172.90	18	174.22	13
Alice Springs	Woolworths		173.92	8	169.44	3	165.62	7	164.34	2	168.33	5
Darwin	Woolworths	Hibiscus	174.06	9	175.93	16	175.03	21	169.47	10	173.62	9
Darwin	Woolworths	Palmerston	174.73	10	175.86	15	175.05	22	173.63	20	174.82	16
Darwin	Woolworths	Cavenagh St	174.87	11	175.34	12	172.50	16	172.68	16	173.85	10
Darwin	Coles	City	175.56	12	177.27	21	170.76	13	172.78	17	174.09	11
Darwin	Coles	Palmerston	176.42	13	175.28	11	171.32	15	174.43	22	174.36	14
Darwin	Coles	Northlakes	177.24	14	173.63	9	169.75	12	171.54	14	173.04	8
Darwin	Woolworths	Nightcliff	177.46	15	176.71	18	175.46	23	171.90	15	175.38	18
Darwin	Coles	Karama	178.57	16	175.54	13	169.25	10	173.38	19	174.19	12
Darwin	Woolworths	Casuarina	178.94	17	177.83	22	174.85	20	170.73	11	175.59	19
Darwin	Coles	Bradshaw Tce	179.58	18	173.20	8	169.49	11	176.40	23	174.67	15
Katherine	Woolworths		181.71	19	177.04	20	173.98	18	171.20	13	175.98	20
Darwin	Coles	Casuarina	182.70	20	174.78	10	168.08	9	173.93	21	174.87	17
Darwin	Woolworths	Humpty Doo	183.62	21	176.62	17	173.91	17	171.08	12	176.31	21
Yulara	IGA		203.95	22	209.49	23	204.03	25	204.50	24	205.49	22
Nhulunbuy	Woolworths		208.42	23	215.52	24	202.61	24	206.48	25	208.26	23
Cairns	IGA	Stocklands	n.a.	n.a.	164.65	1	158.53	1	159.70	1	n.a.	n.a.
Alice Springs	Coles	Todd Mall	n.a.	n.a.	n.a.	n.a.	161.51	3	167.90	8	n.a.	n.a.
Darwin	Woolworths	Knuckey St	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

*Expenditures figures adjusted to reflect CPI estimates for each previous period.

1 Ranked from cheapest to most expensive.

Source: NT Treasury

Cost of Grocery Basket - June 2008

Expenditure (\$)	Alice						
	Darwin	Springs	Katherine	Nhulunbuy	Yulara	Cairns	Mount Isa
Dairy & Related Products	17.64	16.95	18.20	21.35	21.00	16.04	16.37
Bread & Cereal Products	20.83	20.17	21.69	25.13	27.55	20.20	20.30
Meat & Seafoods	29.17	29.94	30.08	33.28	32.18	27.09	27.76
Fruit & Vegetables	29.87	27.84	29.87	37.83	28.24	27.78	26.64
Non-Alcoholic Drinks & Snacks	24.95	24.07	25.85	27.84	32.61	24.09	24.41
Other Food	20.42	20.45	20.96	23.48	22.71	19.67	19.64
Household Supplies	29.18	28.96	29.47	33.37	34.22	29.31	28.98
Pet Foods	5.44	5.19	5.58	6.13	5.44	5.26	5.23
Total*	177.50	173.57	181.71	208.42	203.95	169.45	169.34

Variation from Darwin (\$)

Dairy & Related Products	-0.69	0.56	3.71	3.36	-1.59	-1.26
Bread & Cereal Products	-0.66	0.87	4.31	6.72	-0.63	-0.52
Meat & Seafoods	0.77	0.91	4.11	3.00	-2.08	-1.41
Fruit & Vegetables	-2.03	0.00	7.95	-1.63	-2.09	-3.23
Non-Alcoholic Drinks & Snacks	-0.87	0.91	2.90	7.67	-0.85	-0.54
Other Food	0.03	0.53	3.06	2.29	-0.76	-0.78
Household Supplies	-0.22	0.29	4.20	5.05	0.13	-0.20
Pet Foods	-0.26	0.14	0.68	-0.01	-0.19	-0.21
Total	-3.93	4.21	30.92	26.44	-8.05	-8.16
% Variation from Darwin	-2.2%	2.4%	17.4%	14.9%	-4.5%	-4.6%

*may not add due to rounding

Source: NT Treasury