

## The Northern Territory Grocery Price Survey

In August 1999, the Legislative Assembly Select Committee on Territory Food Prices presented a report on Food Prices in the Northern Territory. A key recommendation of the report was that Government monitor grocery prices across the Territory with the results to be published on a regular basis. In response, the Northern Territory Government developed the Grocery Price Survey (GPS), a biannual survey that measures the cost of purchasing a fixed basket of supermarket goods. The first survey conducted in June 2000, included 21 stores across the Northern Territory and for comparative purposes, Northern Queensland.

The grocery basket comprises eight subgroups and 28 expenditure classes from the Australian Bureau of Statistics (ABS) Consumer Price Index (CPI). The eight subgroups are Dairy & Related Products, Bread & Cereal Products, Meat & Seafood, Fruit & Vegetables, Non-Alcoholic Drinks & Snacks, Other Food, Household Supplies and Pet Foods.

In 2005, the survey was updated from Series One to Series Two to reflect changing consumer expenditure patterns and changes in the CPI basket. 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 by accessing the web link on page 8.

Since commencement of the GPS, five additional stores have been included in the survey consisting of four supermarkets in Darwin and the sole supermarket at Yulara. Three supermarkets have been removed from the survey due to store closures; Knuckey Street Woolworths in Darwin in 2006, Todd Mall Coles in Alice Springs and Stocklands IGA in Cairns in 2007.

In June 2009, 23 supermarkets across the Territory, Cairns and Mount Isa were included in the survey.

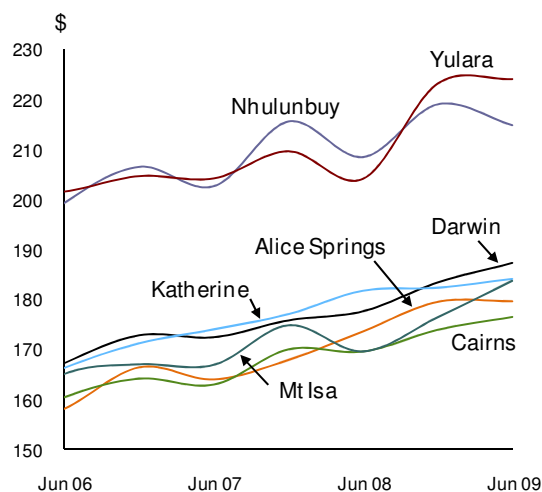
## June 2009 Survey Results

The June 2009 GPS reports that all of the surveyed centres recorded price increases over the past 12 months with the average cost of the survey basket increasing by about \$9.90 since June 2008. The increase was led by higher prices in the categories; 'pet foods', 'meat & seafood', 'non-alcoholic drinks & snacks', 'other food' and 'fruit & vegetables'.

When comparing the June 2009 survey result with June 2008, the average cost of the survey basket in Darwin stores increased by 5.5 per cent. This compares with 5.1 per cent growth reported by the ABS in the 'food' category of the Darwin Consumer Price Index (CPI).

Cairns recorded the lowest basket price of the survey centres, followed by Alice Springs, Mount Isa, Katherine, Darwin, Nhulunbuy and Yulara (see Chart 1).

**Chart 1: Cost to Purchase the Basket of Goods**



Source: NT Treasury

Yulara recorded the largest annual increase in the basket increasing by 10% through the year to June 2009. In other surveyed centres, the cost of the basket increased:

- 8.7% in Mount Isa,
- 5.5% in Darwin,
- 4.4% in Cairns,
- 4.0% in Alice Springs,
- 3.4% in Nhulunbuy and
- 1.6% in Katherine.

Since the Series Two survey began, (December 2005), growth in Alice Springs grocery prices has been relatively stable and has generally reported lower basket prices than in Cairns and Mount Isa. However, since June 2008, prices in Cairns have been consistently lower than in Alice Springs. Given the relatively short time series for grocery price data, it is unclear whether prices in these centres are the result of normal cyclical behaviour or if there are other reasons behind the shift.

### Key categories contributing to annual growth

Compared to a year ago, the largest price movement averaged across all centres was in the 'pet foods' category, which increased by 17.6%. Pet food prices increased:

- 37.7% in Yulara,
- 21.3% in Mt Isa,
- 15.1% in Darwin,
- 14.6% in Nhulunbuy,
- 11.2% in Cairns,
- 13.0% in Alice Springs, and
- 10.6% in Katherine.

Following after pet food, prices for 'meat & seafoods' increased by 7.7% averaged across all centres. Meat and seafood prices increased:

- 16.7% in Mt Isa,
- 13.5% in Yulara,
- 6.7% in Cairns,
- 6.4% in Darwin,
- 3.8% in Katherine,
- 3.6% in Alice Springs, and
- 3.5% in Nhulunbuy.

The average price for 'non-alcoholic drinks and snacks' increased by 7.3%, mostly due to changes in packaging size for a number of items in the basket. Mt Isa prices increased by 11.6%, Alice Springs by 10.2% and Cairns by 9.3%.

In annual terms, 'other foods' increased by 7.3%, 'fruit & vegetables' prices increased by 5.8%, 'household supplies' increased by 3.0%, 'bread and cereal products' increased by 2.3% and 'dairy and related products' increased by 0.3%.

The most consistent price decreases were observed in the 'dairy and related products' category. In Nhulunbuy prices decreased by 1.2%, Yulara by 0.8% and Katherine by 0.6%.

Darwin, Alice Springs and Mt Isa recorded price increases in all eight categories in the survey. Yulara and Cairns recorded price increases in seven of the eight categories. Nhulunbuy and Katherine recorded price increases in six categories. (see Table 1).

# grocery price survey

**Table 1: Grocery Price Survey - June 2009<sup>#</sup>**

	annual % Darwin	change	Alice Springs	annual % change	Katherine	annual % change	Nhulunbuy	annual % change	Yulara	annual % change	Cairns	annual % change	Mount Isa	annual % change
<b>Expenditure (\$)</b>														
Dairy & Related Products	18.09	2.6	17.23	1.6	18.10	-0.6	21.10	-1.2	20.84	-0.8	16.06	0.1	16.48	0.6
Bread & Cereal Products	21.91	5.2	21.00	4.1	21.37	-1.5	26.53	5.6	27.75	0.7	20.20	0.0	20.72	2.0
Meat & Seafoods	31.03	6.4	31.03	3.6	31.23	3.8	34.46	3.5	36.51	13.5	28.91	6.7	32.40	16.7
Fruit & Vegetables	30.44	1.9	28.54	2.5	29.90	0.1	37.57	-0.7	35.45	25.5	28.58	2.9	29.60	11.1
Non-Alcoholic Drinks & Snacks	26.73	7.2	26.53	10.2	26.26	1.6	29.13	4.6	35.11	7.6	26.34	9.3	27.24	11.6
Other Food	21.97	7.6	20.93	2.3	21.70	3.5	25.35	7.9	25.55	12.5	21.20	7.8	21.38	8.8
Household Supplies	30.78	5.5	29.47	1.8	29.92	1.6	34.29	2.8	35.63	4.1	29.82	1.7	29.92	3.3
Pet Foods	6.27	15.1	5.86	13.0	6.17	10.6	7.02	14.6	7.49	37.7	5.85	11.2	6.34	21.3
<b>Total Basket (\$)</b>	<b>187.23</b>		<b>180.58</b>		<b>184.66</b>		<b>215.46</b>		<b>224.32</b>		<b>176.96</b>		<b>184.08</b>	
<i>December 2008 (\$)</i>	183.26		179.50		182.31		218.94		223.09		173.78		176.20	
<i>\$ change from December 2008</i>	3.98		1.08		2.35		-3.48		1.23		3.18		7.88	
<i>% change from December 2008</i>	2.2		0.6		1.3		-1.6		0.6		1.8		4.5	
<i>June 2008 (\$)</i>	177.50		173.57		181.71		208.42		203.95		169.45		169.34	
<i>\$ change from June 2008</i>	9.73		7.02		2.95		7.05		20.38		7.51		14.74	
<i>% change from June 2008</i>	5.5		4.0		1.6		3.4		10.0		4.4		8.7	
			<b>Alice Springs</b>		<b>Katherine</b>		<b>Nhulunbuy</b>		<b>Yulara</b>		<b>Cairns</b>		<b>Mount Isa</b>	
<b>Variation from Darwin (\$)</b>														
Dairy and Related Products			-0.87		0.00		3.00		2.74		-2.03		-1.62	
Bread and Cereal Products			-0.92		-0.54		4.62		5.83		-1.71		-1.20	
Meat & Seafoods			0.00		0.20		3.43		5.47		-2.13		1.37	
Fruit & Vegetables			-1.90		-0.54		7.13		5.01		-1.87		-0.84	
Non-Alcoholic Drinks and Snacks			-0.21		-0.47		2.40		8.38		-0.39		0.50	
Other Food			-1.04		-0.27		3.38		3.58		-0.77		-0.59	
Household Supplies			-1.31		-0.85		3.52		4.86		-0.96		-0.85	
Pet Foods			-0.40		-0.09		0.76		1.22		-0.42		0.08	
<b>Total Basket (\$)</b>			-6.65		-2.57		28.23		37.09		-10.27		-3.16	
% variation from Darwin			-3.6		-1.4		15.1		19.8		-5.5		-1.7	
<i>\$ variation from Darwin in December 2008</i>			-3.76		-0.94		35.68		39.83		-9.48		-7.06	
<i>% variation from Darwin in December 2008</i>			-2.0		-0.5		19.5		21.7		-5.2		-3.9	
<i>\$ variation from Darwin in June 2008</i>			-3.93		4.21		30.92		26.44		-8.05		-8.16	
<i>% variation from Darwin in June 2008</i>			-2.2		2.4		17.4		14.9		-4.5		-4.6	

<sup>#</sup> Calculations may not add up due to rounding.

## Darwin

In Darwin, the average cost of the basket in June 2009 was \$187.23. An increase of \$9.73 (5.5%), compared with (5.1%) CPI food increase since June 2008. The cheapest basket was \$181.77 at Woolworths Palmerston and the most expensive basket was \$195.54 at Coles Northlakes.

The average cost of the basket in Darwin was \$10.27 more expensive than Cairns where the average cost of the basket increased by \$7.51 (4.4%) since June 2008. Cairns is included in the survey for comparison with Darwin as it has a similar population size.

Since June 2008, prices increased in all of the eight product categories, with meat & seafood contributing 1.0 percentage point to annual growth followed by non-alcoholic drinks and snacks. Dairy products reported the lowest price increase contributing 0.3 percentage points (see Chart 2).

## Alice Springs

In Alice Springs, the average cost of the basket in June 2009 was \$180.58, an increase of \$7.02 (4.0%) since June 2008. The cost of the basket in Alice Springs was \$3.50 cheaper than Mount Isa where the cost of the basket increased by \$14.74 (8.7%) since June 2008. Mount Isa is included in the survey for comparison with Alice Springs as it has a similar population size.

In June 2009, the Alice Springs basket was \$6.65 (3.6%) cheaper than in Darwin. Grocery prices are generally lower in Alice Springs than in Darwin, particularly for perishables, reflecting its proximity to southern supply centres.

Since June 2008, prices increased in all eight product categories. Non-alcoholic drinks & snack foods were the main contributor to growth adding 1.4 percentage points. Dairy and related products reported the lowest price increase adding 0.16 percentage points (see Chart 3).

## Katherine

In June 2009, the cost of the basket in Katherine was \$184.66, an increase of \$2.95 (1.6%) since June 2008. This was the lowest annual increase of the centres included in the survey.

There is only one major supermarket in Katherine and in aggregate price changes tend to track those in Darwin. In June 2009, the cost of the basket in Katherine was \$2.57 (1.4%) less than in Darwin.

Since June 2008, prices increased in six of the eight product categories. Meat & seafood and other food were the main contributors to growth adding 0.7 and 0.4 percentage points respectively. Price decreases were reported in two product categories with bread and cereal products subtracting 0.2 percentage points (see Chart 4).

Chart 2: Darwin

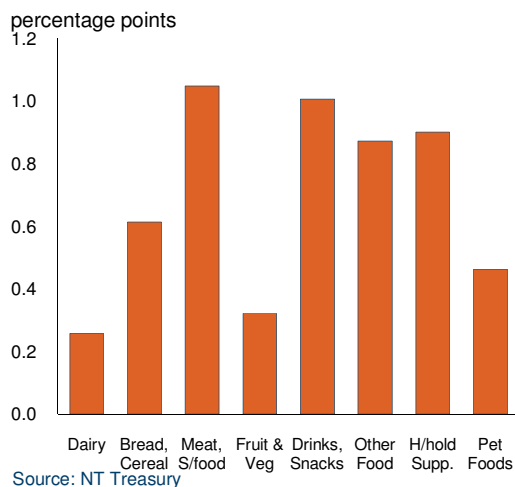


Chart 3: Alice Springs

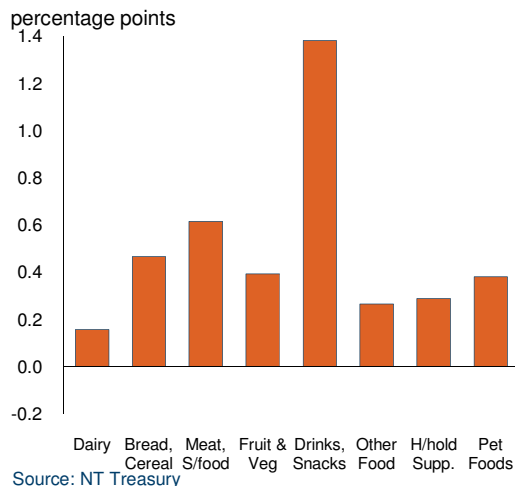
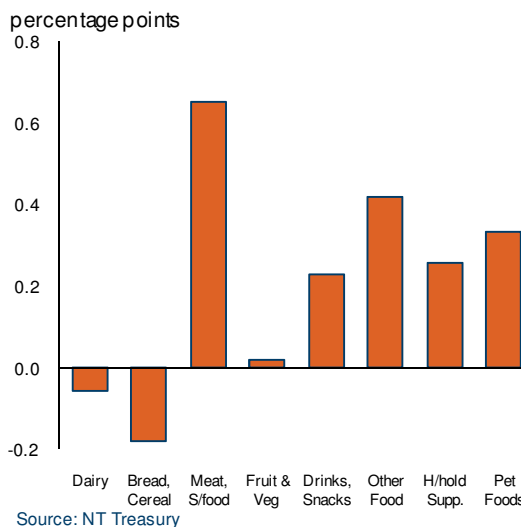


Chart 4: Katherine

(% point contribution to annual change)



## Nhulunbuy

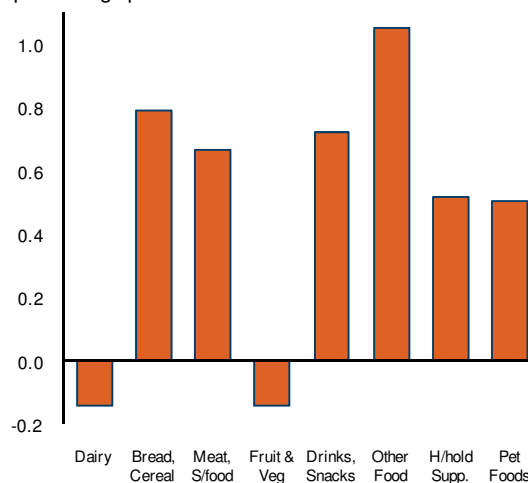
In Nhulunbuy, the cost of the basket in June 2009 was \$215.46, an increase of \$7.05 (3.4%) since June 2008 and the second most expensive basket of the surveyed centres.

Only one major supermarket is surveyed in Nhulunbuy and in general the cost of goods, especially perishables, is higher than Darwin. Higher prices in Nhulunbuy are due to; limited economies of scale, limited competition and higher freight costs. In June 2009, the cost of the basket in Nhulunbuy was \$28.23 (15.1%) more expensive than in Darwin.

Since June 2008, prices increased in six of the eight categories in the survey basket. Price increases in other foods contributed 1.1 percentage points to growth while price decreases in fruit and vegetables and dairy products each subtracted 0.1 percentage points (see Chart 5).

**Chart 5: Nhulunbuy**

(% point contribution to annual change)  
percentage points



## Yulara

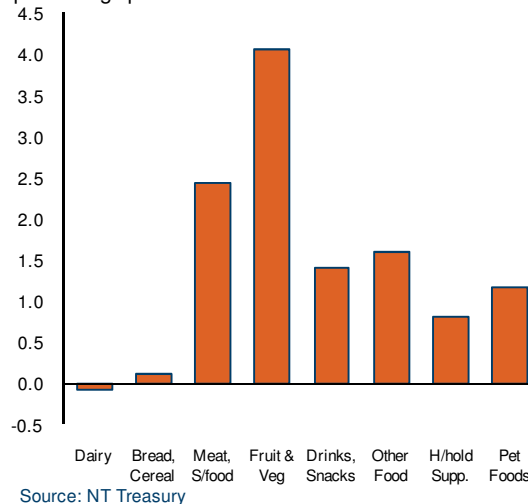
In Yulara, the cost of the basket in June 2009 was \$224.32, an increase of \$20.38 since June 2008 and the most expensive basket of the surveyed centres. Yulara also had the highest annual price increase (10%) of the surveyed centres.

There is one supermarket in Yulara and in general the cost of goods, especially perishables, is higher than Darwin. Higher prices in Yulara are due to; limited economies of scale, limited competition and higher freight costs. In June 2009, the cost of the basket in Yulara was \$37.09 (19.8%) more expensive than in Darwin.

Since June 2008, price increases were recorded in seven of the eight categories, with fruit & vegetables and meat & seafood the main drivers, adding 4.1 and 2.4 percentage points to growth respectively. Lower prices for dairy & related products subtracted 0.1 percentage points (see Chart 6).

**Chart 6: Yulara**

(% point contribution to annual change)  
percentage points



## Cairns

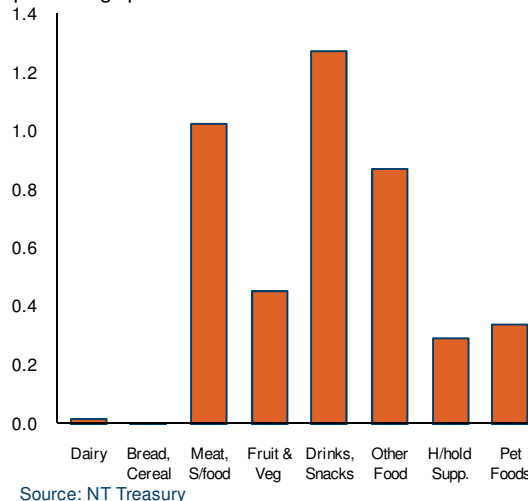
In Cairns, the average cost of the basket in June 2009 was \$176.96, an increase of \$7.51 (4.4%) since June 2008 and the cheapest basket of the surveyed centres.

As previously noted, Cairns is included in the survey for comparison with Darwin as it has a similar population size. In aggregate, prices in Darwin and Cairns tend to track each other, though there can be some variation in individual categories. In June 2009, the average cost of the basket in Cairns was \$10.27 cheaper than in Darwin.

Since June 2008, prices increased in seven of the eight categories. Non-alcoholic drinks and snacks and meat & seafood contributed 1.3 and 1.0 percentage points to growth respectively. Bread & cereal products recorded no change in price over the year (see Chart 7).

**Chart 7: Cairns**

(% point contribution to annual change)  
percentage points



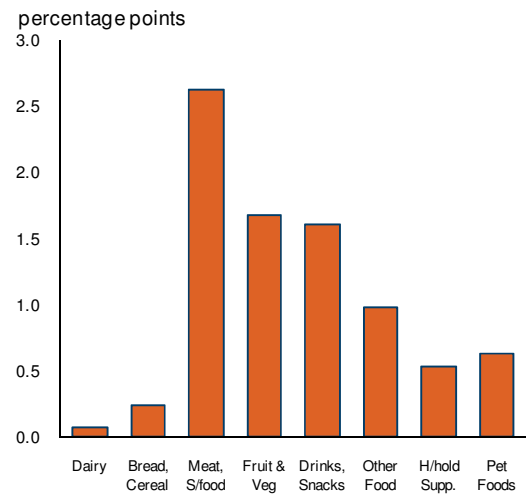
## Mount Isa

In Mount Isa, the average cost of the basket in June 2009 was \$184.08, an increase of \$14.74 since June 2008. Mount Isa had the second highest annual price increase (8.7%) of the surveyed centres.

As previously noted, Mount Isa is included in the survey for comparison with Alice Springs because of similarities in remote location and population size. In June 2009, the average cost of the basket in Mount Isa was \$3.50 (1.9%) more expensive than in Alice Springs.

Since June 2008, prices increased in all of the eight product categories, with meat & seafood and fruit & vegetables contributing 2.6 and 1.7 percentage points to growth respectively. Dairy & related products and bread & cereal products reported the lowest price increases contributing 0.1 and 0.2 percentage points to growth respectively (see Chart 8).

**Chart 8: Mt Isa**  
(% point contribution to annual change)



## Overall Results for June 2009

### Grocery Price Survey

Results for the June 2009 grocery price survey are in line with those of previous surveys:

- Queensland centres generally have lower grocery prices than in the Northern Territory due to their relative proximity to major grocery suppliers, cheaper petrol prices and lower transport costs.
- Higher prices in remote areas in the Territory reflect additional freight costs as well as smaller market size and reduced competition. People buying groceries in more remote centres face higher prices than those living closer to major centres (see Chart 9).
- Prices for meat & seafood and fruit & vegetables (which together typically make up around one-third of the cost of the basket) are highly volatile. As such, price movement in these categories can have a substantial impact on the overall cost of the basket in any one survey period.

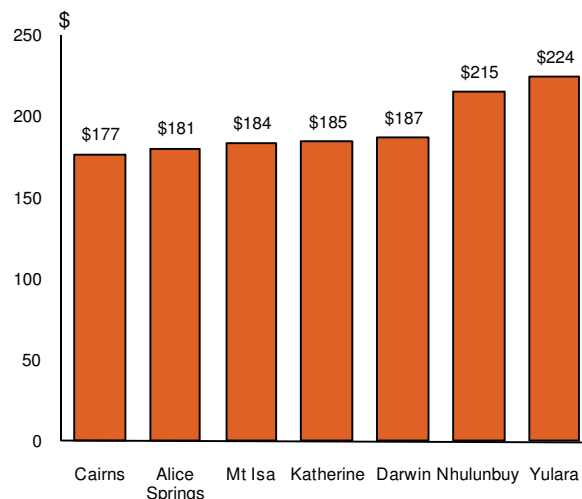
Of the surveyed centres in the Territory in June 2009:

- The cheapest average cost of the survey basket was \$180.58, in Alice Springs.
- The most expensive basket was \$224.32, at Yulara.
- Yulara recorded the highest annual increase (10%) in the cost of the basket.
- Katherine recorded the lowest annual increase (1.6%) in the cost of the basket.

Since Series Two data collection began (December 2005) the average annual growth of all the surveyed centres was 3.4% (see Table 2).

Of the Darwin stores surveyed in June 2009, the cheapest basket was in Palmerston Woolworths (\$181.77) and the most expensive basket (\$195.54) was at Coles Northlakes (see Table 3).

**Chart 9: Cost of Grocery Basket (June 2009)**



Source: NT Treasury

**Table 2: Growth in Cost of the Basket**

	Average annual growth since		
	Six months to Jun 2009	Year to Jun 2009	Dec 2005
Darwin	2.2	5.5	3.7
Alice Springs	0.6	4.0	3.9
Katherine	1.3	1.6	3.3
Nhulunbuy	-1.6	3.4	3.3
Cairns	1.8	4.4	3.2
Mount Isa	4.5	8.7	3.9
Yulara	0.6	10.0	2.5
<b>All Stores</b>	<b>1.3</b>	<b>5.4</b>	<b>3.4</b>

Source: NT Treasury

**Table 3: Cost of Total Basket by Outlet\***

			Jun-2009		Dec-2008		Jun-2008		Dec-2007		2 year average	
<b>Supermarkets</b>			\$	Rank <sup>1</sup>	\$	Rank <sup>1</sup>	\$	Rank <sup>1</sup>	\$	Rank <sup>1</sup>	\$	Rank <sup>1</sup>
Cairns	Woolworths	Stocklands	174.23	1	175.19	3	170.93	5	172.55	6	173.23	2
Cairns	Bi-Lo	Central	176.23	2	171.97	1	169.37	3	170.28	3	171.96	1
Alice Springs	Woolworths		178.81	3	178.64	7	173.92	8	169.44	2	175.20	5
Cairns	Coles	Central	180.41	4	174.18	2	168.04	2	172.02	4	173.67	3
Mount Isa	Woolworths		180.93	5	176.36	5	170.83	4	172.35	5	175.12	4
Darwin	Woolworths	Palmerston	181.77	6	183.42	15	174.73	10	175.86	14	178.94	10
Alice Springs	Coles		182.36	7	180.36	10	173.22	6	166.15	1	175.52	6
Darwin	Woolworths	Cavenagh St	184.01	8	179.45	8	174.87	11	175.34	11	178.41	9
Katherine	Woolworths		184.66	9	182.31	14	181.71	19	177.04	19	181.43	15
Darwin	Woolworths	Coolalinga	184.94	10	177.82	6	173.77	7	175.77	13	178.08	8
Darwin	Woolworths	Humpty Doo	185.11	11	181.60	12	183.62	21	176.62	16	181.74	17
Darwin	Woolworths	Hibiscus	185.79	12	180.75	11	174.06	9	175.93	15	179.13	11
Darwin	Woolworths	Casuarina	187.07	13	181.91	13	178.94	17	177.83	21	181.44	16
Mount Isa	Coles		187.23	14	176.04	4	167.85	1	176.82	18	176.98	7
Darwin	Woolworths	Nightcliff	187.44	15	179.76	9	177.46	15	176.71	17	180.34	12
Darwin	Coles	Palmerston	187.60	16	185.53	18	176.42	13	175.28	10	181.21	13
Darwin	Coles	Bradshaw Tce	188.09	17	189.31	21	179.58	18	173.20	7	182.55	19
Darwin	Coles	City	188.25	18	184.49	17	175.56	12	177.27	20	181.39	14
Darwin	Coles	Karama	188.81	19	185.74	19	178.57	16	175.54	12	182.16	18
Darwin	Coles	Casuarina	189.60	20	188.70	20	182.70	20	174.78	9	183.94	21
Darwin	Coles	Northlakes	195.54	21	183.85	16	177.24	14	173.63	8	182.56	20
Nhulunbuy	Woolworths		215.46	22	218.94	22	208.42	23	215.52	23	214.58	22
Yulara	IGA		224.32	23	223.09	23	203.95	22	209.49	22	215.21	23

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

<sup>1</sup> Ranked from cheapest to most expensive.

Source: NT Treasury

## GROCERY PRICE SURVEY – SERIES TWO Household Expenditure Data Release

Every six years the 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.

For further information on the survey methodology and the changes introduced see Grocery Price Survey Technical Paper – December 2005, available at: [http://www.nt.gov.au/ntt/economics/econ\\_nt\\_gpsurvey.shtml](http://www.nt.gov.au/ntt/economics/econ_nt_gpsurvey.shtml)