

## Survey Coverage

The Grocery Price Survey (GPS) measures the cost of purchasing a basket of goods at 25 supermarkets across both the Northern Territory and, for comparative purposes, Northern Queensland.

## Moderate price decreases in most centres

The June 2007 GPS reports moderate price decreases in all surveyed centres except for Katherine, broadly consistent with the six monthly movement in the 'food' category of the June 2007 Darwin Consumer Price Index (CPI), as compiled by the ABS. The moderation in the cost of the basket follows strong increases over the previous year.

In Darwin, the cost of the basket decreased by 0.2% in the six months to June 2007, compared to a 3.3% increase in the six months to December 2006 as reported in the last survey. In other centres, the cost of the basket decreased by 1.5% in Alice Springs, 1.9% in Nhulunbuy, 0.2% in Yulara, 0.7% in Cairns and 0.1% in Mount Isa. The cost of the basket increased by 1.6% in Katherine.

In the June 2007 GPS, Yulara once again became the most expensive location to purchase the surveyed basket of groceries, partly due to a substantial decline in Nhulunbuy. The decline in the cost of the basket in Nhulunbuy may in part reflect the winding down of the Alcan G3 refinery expansion, which had exerted significant inflationary pressure on the local economy over the previous two years. Cairns recorded the lowest cost basket of the centres surveyed, followed by Alice Springs, Mount Isa, Darwin, Katherine, Yulara and Nhulunbuy.

## Fruit & Vegetables the main contributor to decline

The Fruit & Vegetable category was the main driver of the lower cost of the total basket in Darwin, Alice Springs, Nhulunbuy, Cairns and Mount Isa. The decrease resulted mainly from falls in a number of fruit prices, most notably bananas. Yulara was the only

centre to report an increase in the cost of the Fruit and Vegetable category.

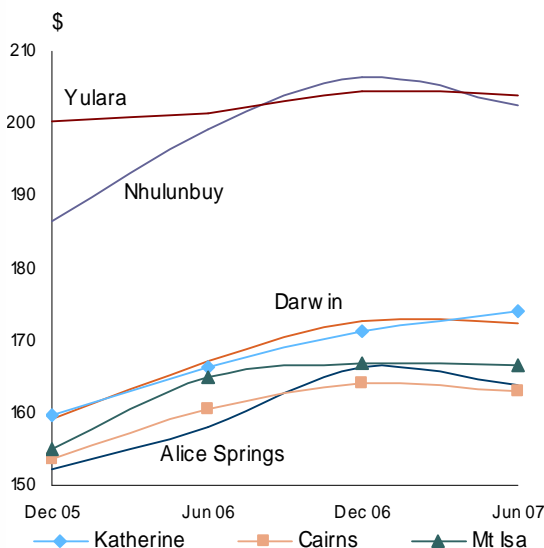
Compared to June 2006, the cost of the basket increased by 3.1% in Darwin, 3.7% in Alice Springs, 4.6% in Katherine, 1.6% in Nhulunbuy, 1.3% in Yulara, 1.5% in Cairns and 1.1% in Mount Isa.

## 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. Data based on the Series Two basket has been collected since December 2005, however the June 2007 survey is the first time Series Two data will be reported on in detail, as Series One is no longer being collected.

Further, 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 2007<sup>#</sup>

Expenditure (\$)	Darwin		Alice Springs		Katherine		Nhulunbuy		Yulara		Cairns		Mount Isa	
		6 mth % Change		6 mth % Change		6 mth % Change		6 mth % Change		6 mth % Change		6 mth % Change		6 mth % Change
Dairy & Related Products	15.86	2.2	14.87	0.7	15.13	-1.4	18.17	-0.6	17.65	-3.3	14.35	1.7	14.57	-0.4
Bread & Cereal Products	19.53	2.7	18.76	3.4	20.34	6.7	21.94	2.9	27.73	7.5	18.84	4.9	19.00	5.5
Meat & Seafoods	28.09	0.7	25.95	-5.6	29.52	5.7	33.71	0.6	31.01	-6.6	26.07	-1.7	27.23	-0.4
Fruit & Vegetables	31.16	-8.4	28.73	-10.6	31.66	-1.7	39.54	-8.9	32.94	10.6	28.98	-8.2	29.25	-8.6
Non-Alcoholic Drinks & Snacks	23.80	4.7	23.03	5.6	24.26	5.8	26.71	-2.7	31.27	-5.6	22.69	1.8	23.36	5.6
Other Food	19.09	0.9	18.15	-1.8	19.02	0.1	23.90	8.7	23.76	4.8	18.53	1.4	18.85	2.1
Household Supplies	29.27	0.7	29.23	3.9	28.12	-3.0	33.01	-3.2	34.86	-1.9	28.41	0.8	29.26	1.8
Pet Foods	5.49	-0.2	5.10	-3.9	5.93	3.3	5.63	-12.4	4.83	-21.6	5.00	-3.4	5.15	-6.1
<b>Total Basket (\$)</b>	<b>172.30</b>	<b>-0.2</b>	<b>163.83</b>	<b>-1.5</b>	<b>173.98</b>	<b>1.6</b>	<b>202.61</b>	<b>-1.9</b>	<b>204.03</b>	<b>-0.2</b>	<b>162.86</b>	<b>-0.7</b>	<b>166.66</b>	<b>-0.1</b>
<i>December 2006 (\$)*</i>	172.68		166.31		171.20		206.48		204.50		164.05		166.77	
<i>\$ Change from December 2006</i>	-0.38		-2.47		2.78		-3.87		-0.47		-1.19		-0.11	
<i>% Change from December 2006</i>	-0.2		-1.5		1.6		-1.9		-0.2		-0.7		-0.1	
<i>June 2006 (\$)</i>	167.14		157.96		166.29		199.33		201.39		160.39		164.85	
<i>\$ Change from June 2006</i>	5.16		5.87		7.69		3.28		2.64		2.47		1.81	
<i>% Change from June 2006</i>	3.1		3.7		4.6		1.6		1.3		1.5		1.1	

	Alice Springs	Katherine	Nhulunbuy	Yulara	Cairns	Mount Isa
<b>Variation from Darwin (\$)</b>						
Dairy and Related Products	-0.99	-0.73	2.31	1.79	-1.51	-1.29
Bread and Cereal Products	-0.77	0.81	2.41	8.19	-0.69	-0.53
Meat & Seafoods	-2.14	1.43	5.63	2.92	-2.02	-0.86
Fruit & Vegetables	-2.43	0.49	8.38	1.78	-2.19	-1.91
Non-Alcoholic Drinks and Snacks	-0.77	0.46	2.91	7.48	-1.11	-0.44
Other Food	-0.94	-0.07	4.81	4.66	-0.57	-0.25
Household Supplies	-0.04	-1.15	3.74	5.59	-0.86	-0.01
Pet Foods	-0.39	0.44	0.13	-0.67	-0.50	-0.35
<b>Total Basket (\$)</b>	<b>-8.47</b>	<b>1.68</b>	<b>30.31</b>	<b>31.73</b>	<b>-9.44</b>	<b>-5.64</b>
% Variation from Darwin	-4.9	1.0	17.6	18.4	-5.5	-3.3
<i>\$ Variation from Darwin in December 2006*</i>	-6.37	-1.48	33.80	31.82	-8.63	-5.91
<i>% Variation from Darwin in December 2006</i>	-3.7	-0.9	19.6	18.4	-5.0	-3.4
<i>\$ Variation from Darwin in June 2006*</i>	-9.18	-0.85	32.19	34.25	-6.75	-2.29
<i>% Variation from Darwin in June 2006</i>	-5.5	-0.5	19.3	20.5	-4.0	-1.4

\*Adjusted to reflect change in CPI between June 2007 and December 2006.

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



## Darwin

In Darwin, the average cost of the basket in June 2007 was \$172.30, \$9.44 more expensive than in Cairns at \$162.86. Since December 2006, the cost of the basket has decreased by \$0.38 (0.2%) in Darwin and by \$1.19 (0.7%) in Cairns.

The decreased cost of the basket was driven by the Fruit & Vegetables category, down by 8.4%, subtracting 1.6 percentage points from overall growth in the Darwin basket. The fall in cost was partially offset by moderate increases in six other categories (see Chart 1).

In Darwin, the cheapest basket was at Casuarina Coles, at \$168.08, and the most expensive basket was at Nightcliff Woolworths, at \$175.46.

## Alice Springs

The average cost of the basket in Alice Springs was \$163.83 in the latest survey, \$2.82 cheaper than in Mount Isa. Since December 2006, the cost of the basket decreased by \$2.47 (1.5%) in Alice Springs compared to an \$0.11 (0.1%) decrease in Mount Isa. The basket was \$8.47 (4.9%) cheaper than in Darwin, compared to \$6.37 (3.7%) cheaper in the December 2006 survey.

Fruit & Vegetables and Meat & Seafoods were the main contributors to the decreased cost of the basket, subtracting 2.0 and 0.9 percentage points from growth respectively. These were partly offset by moderate increases in Bread & Cereal, Non-Alcoholic Drinks & Snacks and Household Supplies (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 grocery store in Katherine (Woolworths).*

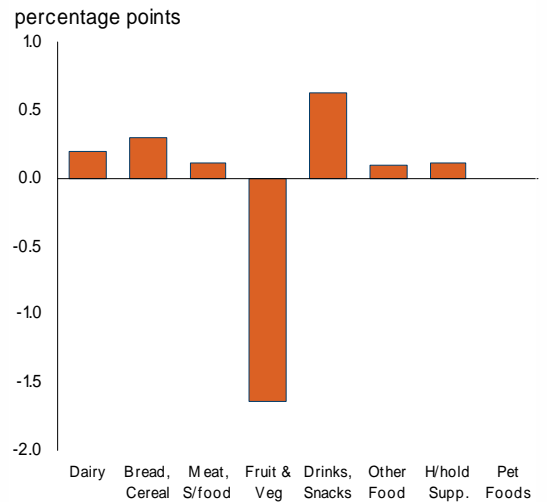
In Katherine, the cost of the basket was \$173.98, \$1.68 more expensive than in Darwin. Since December 2006 the cost of the basket increased by \$2.78 (1.6%).

Prices increased in five of the eight categories, with Meat & Seafoods, Non-Alcoholic Drinks & Snacks and Bread & Cereal Products being the main drivers of the increased cost of the total basket (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**

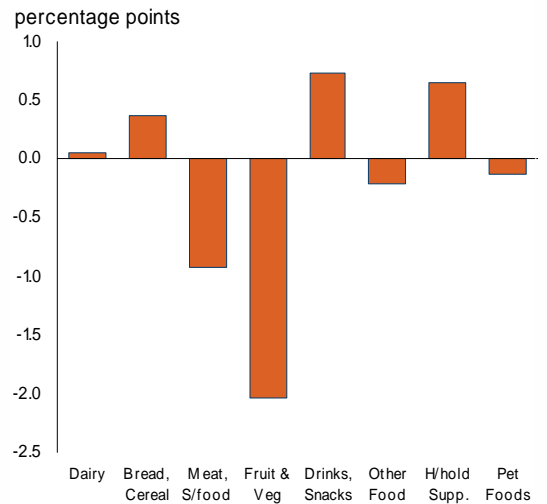
(% point contribution to 6 monthly change)



Source: NT Treasury

**Chart 2: Alice Springs**

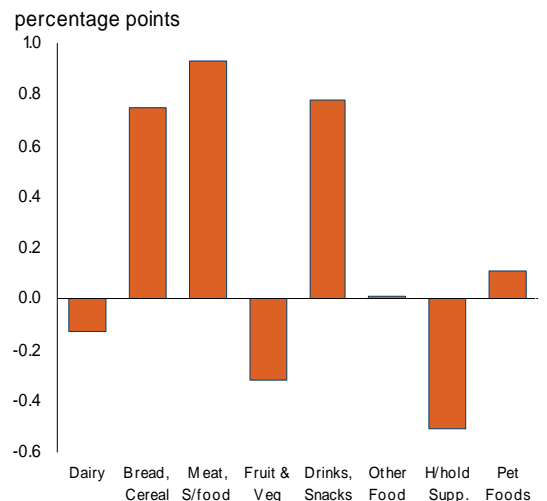
(% point contribution to 6 monthly change)



Source: NT Treasury

**Chart 3: Katherine**

(% point contribution to 6 monthly change)



Source: NT Treasury

## Nhulunbuy

*Note: Only one major grocery store is surveyed in Nhulunbuy (Woolworths).*

In Nhulunbuy, the cost of the basket was \$202.61, \$30.31 more expensive than in Darwin. Since December 2006, the cost of the basket decreased by \$3.87 (1.9%).

Nhulunbuy recorded price decreases in five out of the eight categories, with Fruit & Vegetables being the largest contributor to the overall decrease in the cost of the basket, subtracting 1.9 percentage points from growth (see Chart 4).

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. The fall in the cost of the basket over the past six months may in part reflect the winding down of the Alcan G3 expansion, which had exerted significant inflationary pressure on the local economy over the previous two years.

## Yulara

*Note: There is only one grocery store in Yulara (IGA).*

In Yulara, the cost of the basket was \$204.03. Yulara has the most expensive basket of the surveyed centres, and was \$31.73 more expensive than in Darwin. The cost of the basket in Yulara decreased by \$0.47 (0.2%) compared to the previous survey.

Price decreases were recorded in five of the eight categories, with Meat & Seafoods and Non-Alcoholic Drinks & Snacks the main drivers of the overall decrease in the cost of the basket. In contrast to most other centres in the survey, Yulara reported a significant increase in the Fruit & Vegetable category, adding 1.5 percentage points to total growth (see Chart 5).

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

## Cairns

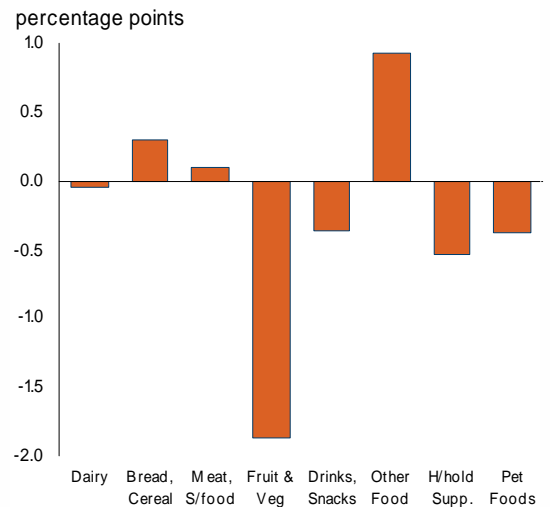
*Note: Cairns is included in the survey as it has a population comparable to Darwin.*

In Cairns, the cost of the basket decreased by \$1.19 (0.7%) to \$162.86 in the latest survey. As previously noted, the basket was \$9.44 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. Similar to most other centres, the overall decrease in Cairns was driven by a significant decrease in the Fruit & Vegetable category, subtracting 1.6 percentage points from total growth in the basket. The decrease was partially offset by moderate increases in five other categories (see Chart 6).

**Chart 4: Nhulunbuy**

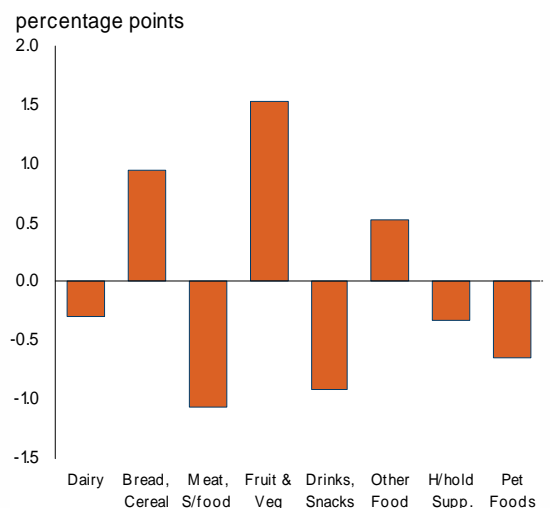
(% point contribution to 6 monthly change)



Source: NT Treasury

**Chart 5: Yulara**

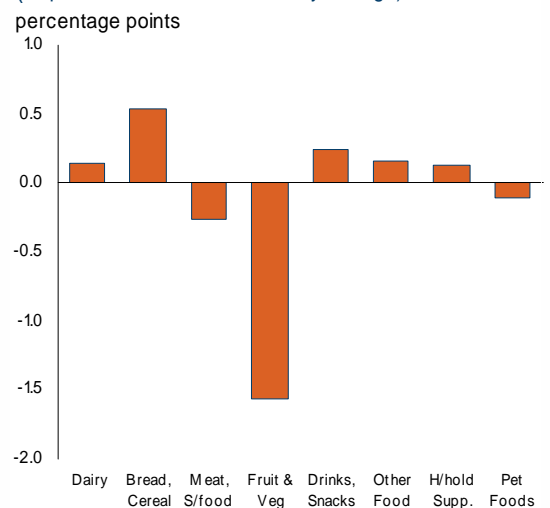
(% point contribution to 6 monthly change)



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 comparable to Alice Springs.*

In June 2007, the cost of the basket in Mount Isa was \$166.66, a decrease of \$0.11 (0.1%) compared to the previous survey. The cost of the basket in Mount Isa was \$2.82 more expensive than Alice Springs.

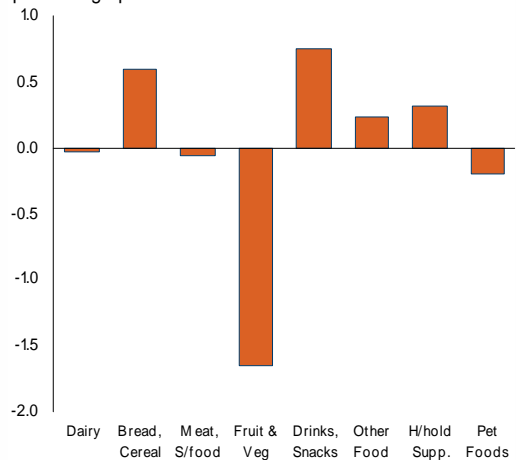
In Mount Isa, the decrease was driven by the Fruit & Vegetable category, which subtracted 1.7 percentage points from total growth in the cost of the basket. The decrease was partially offset by increases in four other categories (see Chart 7).

## Overall Results

- The results for June 2007 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 & Seafoods (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 Todd Mall Coles in Alice Springs (formerly Bi-Lo) at \$161.51 and the highest cost basket was at Yulara IGA at \$204.03. In Darwin, the cheapest basket was at Casuarina Coles (\$168.08), and the most expensive basket was at Nightcliff Woolworths (\$175.46).
- Since data collection for Series Two began in December 2005, Katherine 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 5.4% is the second highest of the centres surveyed and above the average annual increase of all the surveyed centres of 5.0% (see table opposite).

**Chart 7: Mt Isa**

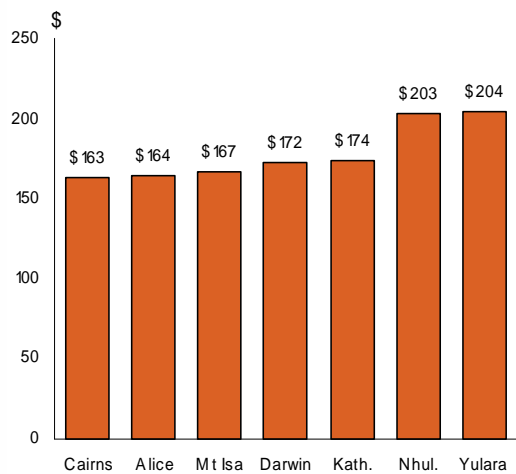
(% point contribution to 6 monthly change)  
percentage points



Source: NT Treasury

**Chart 8: Cost of Grocery Basket**

(June 2007)



Source: NT Treasury

## Growth in Cost of the Basket

(% change)

	Six months to Jun 2007	Year to Jun 2007	Average annual growth since Dec 2005
Darwin	-0.2	3.1	5.4
Alice Springs	-1.5	3.7	5.0
Katherine	1.6	4.6	5.9
Nhulunbuy	-1.9	1.6	5.7
Cairns	-0.7	1.5	4.0
Mount Isa	-0.1	1.1	4.9
Yulara	-0.2	1.3	1.2
<b>All Stores</b>	<b>-0.4</b>	<b>2.7</b>	<b>5.0</b>

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 grocery store-sourced pharmaceuticals using available 15<sup>th</sup> series CPI data. This is because the Pharmaceuticals sub-group in the CPI is dominated by prescription drugs which are not dispensed at grocery stores.

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

## Cost of Total Basket by Outlet\*

Supermarkets			Jun-2007		Dec-2006		Jun-2006		Dec-2005		2 year average	
			\$	Rank <sup>1</sup>	\$	Rank <sup>1</sup>	\$	Rank <sup>1</sup>	\$	Rank <sup>1</sup>	\$	Rank <sup>1</sup>
Cairns	IGA	Stocklands	158.53	1	159.70	1	157.00	2	153.85	4	157.27	1
Cairns	Coles	Central	160.86	2	165.02	4	163.75	9	154.24	7	160.97	5
Alice Springs	Coles	Todd Mall	161.51	3	167.90	8	155.18	1	150.30	1	158.72	2
Mount Isa	Coles		162.22	4	164.80	3	163.11	7	153.94	5	161.02	6
Alice Springs	Coles		164.37	5	166.67	7	160.06	5	154.33	8	161.36	7
Cairns	Bi-Lo	Central	164.43	6	165.12	5	157.25	3	152.22	3	159.75	3
Alice Springs	Woolworths		165.62	7	164.34	2	158.64	4	152.11	2	160.18	4
Cairns	Woolworths	Stocklands	167.61	8	166.38	6	163.58	8	154.21	6	162.94	8
Darwin	Coles	Casuarina	168.08	9	173.93	21	166.30	17	158.89	17	166.80	11
Darwin	Coles	Karama	169.25	10	173.38	19	168.78	21	159.09	18	167.63	16
Darwin	Coles	Bradshaw Tce	169.49	11	176.40	23	166.14	14	156.33	10	167.09	13
Darwin	Coles	Northlakes	169.75	12	171.54	14	167.42	19	157.26	11	166.49	10
Darwin	Coles	City	170.76	13	172.78	17	171.47	24	158.63	14	168.41	21
Mount Isa	Woolworths		171.09	14	168.73	9	166.59	18	156.10	9	165.63	9
Darwin	Coles	Palmerston	171.32	15	174.43	22	165.28	11	158.88	16	167.48	15
Darwin	Woolworths	Cavenagh St	172.50	16	172.68	16	170.70	22	161.64	23	169.38	23
Darwin	Woolworths	Humpty Doo	173.91	17	171.08	12	163.06	6	159.36	19	166.85	12
Katherine	Woolworths		173.98	18	171.20	13	166.29	16	159.67	20	167.79	17
Darwin	Woolworths	Coolalinga	174.45	19	172.90	18	166.21	15	158.83	15	168.10	20
Darwin	Woolworths	Casuarina	174.85	20	170.73	11	167.74	20	158.09	12	167.85	18
Darwin	Woolworths	Hibiscus	175.03	21	169.47	10	164.28	10	160.34	22	167.28	14
Darwin	Woolworths	Palmerston	175.05	22	173.63	20	165.92	13	160.25	21	168.71	22
Darwin	Woolworths	Nightcliff	175.46	23	171.90	15	165.90	12	158.30	13	167.89	19
Nhulunbuy	Woolworths		202.61	24	206.48	25	199.33	25	186.50	25	198.73	24
Yulara	IGA		204.03	25	204.50	24	201.39	26	200.30	26	202.56	25
Darwin	Woolworths	Knuckey St	n.a.	n.a.	n.a.	n.a.	170.79	23	162.16	24	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 2007

Expenditure (\$)	Alice						
	Darwin	Spring	Katherine	Nhulunbuy	Yulara	Cairns	Mount Isa
Dairy & Related Products	15.86	14.87	15.13	18.17	17.65	14.35	14.57
Bread & Cereal Products	19.53	18.76	20.34	21.94	27.73	18.84	19.00
Meat & Seafoods	28.09	25.95	29.52	33.71	31.01	26.07	27.23
Fruit & Vegetables	31.16	28.73	31.66	39.54	32.94	28.98	29.25
Non-Alcoholic Drinks & Snacks	23.80	23.03	24.26	26.71	31.27	22.69	23.36
Other Food	19.09	18.15	19.02	23.90	23.76	18.53	18.85
Household Supplies	29.27	29.23	28.12	33.01	34.86	28.41	29.26
Pet Foods	5.49	5.10	5.93	5.63	4.83	5.00	5.15
<b>Total*</b>	<b>172.30</b>	<b>163.83</b>	<b>173.98</b>	<b>202.61</b>	<b>204.03</b>	<b>162.86</b>	<b>166.66</b>

### Variation from Darwin (\$)

Dairy & Related Products	-0.99	-0.73	2.31	1.79	-1.51	-1.29
Bread & Cereal Products	-0.77	0.81	2.41	8.19	-0.69	-0.53
Meat & Seafoods	-2.14	1.43	5.63	2.92	-2.02	-0.86
Fruit & Vegetables	-2.43	0.49	8.38	1.78	-2.19	-1.91
Non-Alcoholic Drinks & Snacks	-0.77	0.46	2.91	7.48	-1.11	-0.44
Other Food	-0.94	-0.07	4.81	4.66	-0.57	-0.25
Household Supplies	-0.04	-1.15	3.74	5.59	-0.86	-0.01
Pet Foods	-0.39	0.44	0.13	-0.67	-0.50	-0.35
<b>Total</b>	<b>-8.47</b>	<b>1.68</b>	<b>30.31</b>	<b>31.73</b>	<b>-9.44</b>	<b>-5.64</b>
% Variation from Darwin	-4.9%	1.0%	17.6%	18.4%	-5.5%	-3.3%

\*may not add due to rounding

Source: NT Treasury

