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Department of
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Western Australia.*

Regional Price Index 2019



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Summary

The 2019 Regional Price Index (RPI) is the ninth State Government Index contrasting the cost of a common basket of goods and services at a number of regional locations to the Perth metropolitan region. The RPI is used as the basis for the construction of the public sector district allowance, and by the private sector when considering remuneration packages for remotely located staff.

The RPI provides an insight into differences in regional consumer costs. The 2019 RPI basket of more than 300 goods and services was priced in 39 centres around Western Australia.

In keeping with previous index results, the 2019 RPI results reflect the increased prices of goods and services relative to Perth for regional locations and locations considerably distant from Perth. The middle and southern regions of the state have demonstrated a moderation in prices, reflective of the end of the mining construction boom.

Overall, prices were highest in the Pilbara region, followed by the Kimberley and Gascoyne regions. In the Pilbara, all commodity groups are significantly higher than Perth prices, with housing and health and personal care exceptionally high.

In the Kimberley, prices also remain above Perth prices, most notably in the clothing and education and recreation groups. Clothing was also high in the Gascoyne region, together with education and recreation.

Prices in the Mid West, Goldfields-Esperance, Great Southern and South West regions are all generally comparable to Perth's prices overall. Cigarettes, alcohol and tobacco were noticeably higher in the Mid West and Goldfields-Esperance regions. Education and recreation was above Perth prices in all four regions.

Prices in the Peel have moderated compared to Perth metropolitan prices, apart from education and recreation costs, which remain above Perth prices.

The Wheatbelt region was the only region to be lower overall compared to Perth, with food, clothing, housing, health and personal care and transportation all lower than Perth prices for those groups.

A more detailed breakdown, contrasting the eight commodity groups across regions, is available in the following maps.

Introduction

The Regional Price Index (RPI) is conducted by the Western Australian Department of Primary Industries and Regional Development, funded through the State Government's Royalties for Regions program.

The aim of the project is to create a spatial index, a comparison of location-based prices for a common basket of goods, with Perth as the basis for comparison with each regional location.

The basket of more than 300 goods and services allows for a reasonable estimate of the difference in retail prices across a wide range of household costs. The basket permits the construction of a comparative index of costs, which are indicative of the differences of the cost of living at different locations around the state.

In 2019, 39 locations were surveyed capturing the majority of the population in each of the nine non-metropolitan regions within Western Australia. In the Perth basket of goods, eight supermarkets across four suburbs (two in each locality) were priced for each commodity within the grocery components of the basket. These prices were then averaged to create a representative total for Perth. The representative total for each regional location was then contrasted, using index numbers, to indicate whether prices were more or less expensive than Perth.



Background

The State Government produced the first Regional Price Index in 1998, with a common basket of approximately 500 goods and services across 21 regional locations, capturing the majority of Western Australia's regional population. The project was followed by a second Price Index in 1999 and a third at the end of 2000, printed in 2002. These projects not only contrasted prices between locations (spatial index), but the movement of prices across years (temporal index). This was possible because there were minimal changes to the commodities and services that comprised the basket of goods that was priced over consecutive years.

Due to stakeholder demand, a fourth index was undertaken in 2006, which was released in 2007. The 2007 Regional Price Index used a smaller basket than in previous projects, but was substantial enough to provide a respectable comparison of prices.

A fifth index was commissioned in 2011. The basket size was increased to approximately 500 goods and services (similar to the baskets used from 1998 to 2000). The number of regional locations was increased to 27, incorporating some remote and smaller locations. This was the first index to be formally used in setting the district allowance. It was also the first price collection to use the Community Resource Centre Network (CRCs) to collect prices.

The 2013, 2015, 2017 and 2019 indexes were also collated with the assistance of the CRCs. Prices were collected from 39 regional locations for the 2019 index, and more than 300 goods and services were priced. While the actual number of items priced has decreased from previous years, the accuracy of the index has improved as a direct result of the ability to easily match identical items, by using the websites of major supermarkets and other operators.

Locations

In 2019, regional prices were collected from the following regional locations:

Gascoyne:

Carnarvon and Exmouth.

Goldfields-Esperance:

Esperance, Kalgoorlie, Leinster, Leonora and Norseman.

Great Southern:

Albany, Denmark, Gnowangerup and Katanning.

Kimberley:

Broome, Derby, Fitzroy Crossing, Halls Creek, Kununurra and Wyndham.

Mid West:

Geraldton, Kalbarri, Meekatharra and Mt Magnet.

Peel:

Byford and Mandurah.

Pilbara:

Karratha, Newman, Port Hedland and Tom Price.

South West:

Bridgetown-Greenbushes, Bunbury, Busselton and Margaret River.

Wheatbelt:

Beverley, Dalwallinu, Gingin, Mukinbudin, Narrogin, Northam, Southern Cross and Toodyay.

Perth was represented by average prices collected in **Armadale**, **Innaloo**, **Joondalup** and **Midland**. Where possible, prices were collected from two retail outlets for each of the eight categories of commodities. For example, eight supermarkets were priced in Perth, two in each locality. It is not always possible to find multiple retail/service outlets of the same type in regional locations, so prices were collected from as many outlets as possible to a maximum of two of one type.

The 2019 RPI process made broad use of the information available via the internet. If a specified item was not available in a regional location and a different product specified, that exact item was then priced by major supermarkets across the Perth metropolitan area. This means that while the nominal number of goods and services is less compared to previous years' baskets, the actual accuracy of the index is improved as a result of being able to price identical items across the eight categories.

Basket of goods

The basket of goods consisted of items which are grouped into eight broad categories. The eight categories are derived from the Australian Bureau of Statistics' Consumer Price Index and include:

Food:

Dairy, cereals, meat and seafood, fruit and vegetables, drinks, snacks and confectionery, other foods, meals out and takeaway foods.

Alcohol and tobacco:

Tobacco, beer, wine and spirits.

Clothing:

Male and female clothing (adult and children).

Housing:

Rates and charges, rents, cost of utilities, credit charges and home insurance.

Household equipment and operation:

Kitchen and household utensils, household supplies, household appliances, bedroom furniture and accessories, household services and communication services.

Health:

Hospital, dental, optical and pharmaceutical services.

Transportation:

Motor vehicles, fuel, parts and charges.

Recreation and education:

Newspapers and magazines, audio, visual and computing equipment, sporting goods and services, toys, pets, and primary and secondary education costs.



Weights

The RPI is a weighted index. Weighting is a technique used to give priority to those items considered of greater importance. Not all of the items in the basket of goods are consumed at the same rate. For example, milk may be purchased on a daily or weekly rate depending on the size of the family, where as a car may be purchased every three to five, or ten years depending on circumstances. Some goods may not be essential (e.g. biscuits) and others play an important part of our daily existence (e.g. electricity).

The weights used in this project are based on those used for the Consumer Price Index (CPI) for Perth, produced by the Australian Bureau of Statistics (ABS). The value of the weight, for each category/commodity in the CPI basket is set using a household expenditure survey, also conducted by the ABS for the CPI.

As a result, the consumption patterns are based on the average consumption patterns

for Perth. This is an essential limitation as it is important to use the same weights and the same basket of goods if the resulting indices are to be comparable. The guiding principle of this project is 'to compare the cost of a common basket of goods at different locations around Western Australia'.

Weights were also used to compile the regional index numbers. Regional index numbers are the aggregate of location numbers for a region. A price index should reflect the purchasing patterns of the majority of a population, ensuring the greatest coverage and capturing the most indicative prices from where market forces operate most effectively. As a result, population centres were weighted reflecting their share of the region's population. This allowed prices in larger population centres to be given prominence, reflecting their greater representative share of the population and hence purchasing power.

Regional results – a comparison between 2017 and 2019

Index numbers 2019

	Kimberley	Pilbara	Gascoyne	Mid West	Goldfields-Esperance	Wheatbelt	Peel	South West	Great Southern
Overall	115.6	115.7	107.0	104.6	102.7	99.2	101.4	102.1	101.2
Basket									
Food	112.1	106.1	104.9	104.7	105.1	99.5	101.1	100.6	97.0
Cigarettes, tobacco, alcohol	117.5	107.8	106.5	109.3	107.7	100.9	99.4	100.8	100.1
Clothing	129.0	108.5	119.5	96.1	100.5	96.0	100.0	102.5	99.0
Housing	118.9	132.7	105.8	103.0	101.7	99.3	100.3	102.4	103.8
Household equipment and operation	109.8	108.4	108.4	107.1	101.6	101.7	102.1	102.5	98.7
Health and personal care	110.2	121.4	100.3	102.2	104.0	98.0	100.1	101.4	105.1
Transport	116.0	107.2	102.0	106.5	104.0	99.7	99.3	101.2	100.6
Recreation	120.9	108.6	114.9	103.9	101.2	102.1	106.5	104.0	103.8

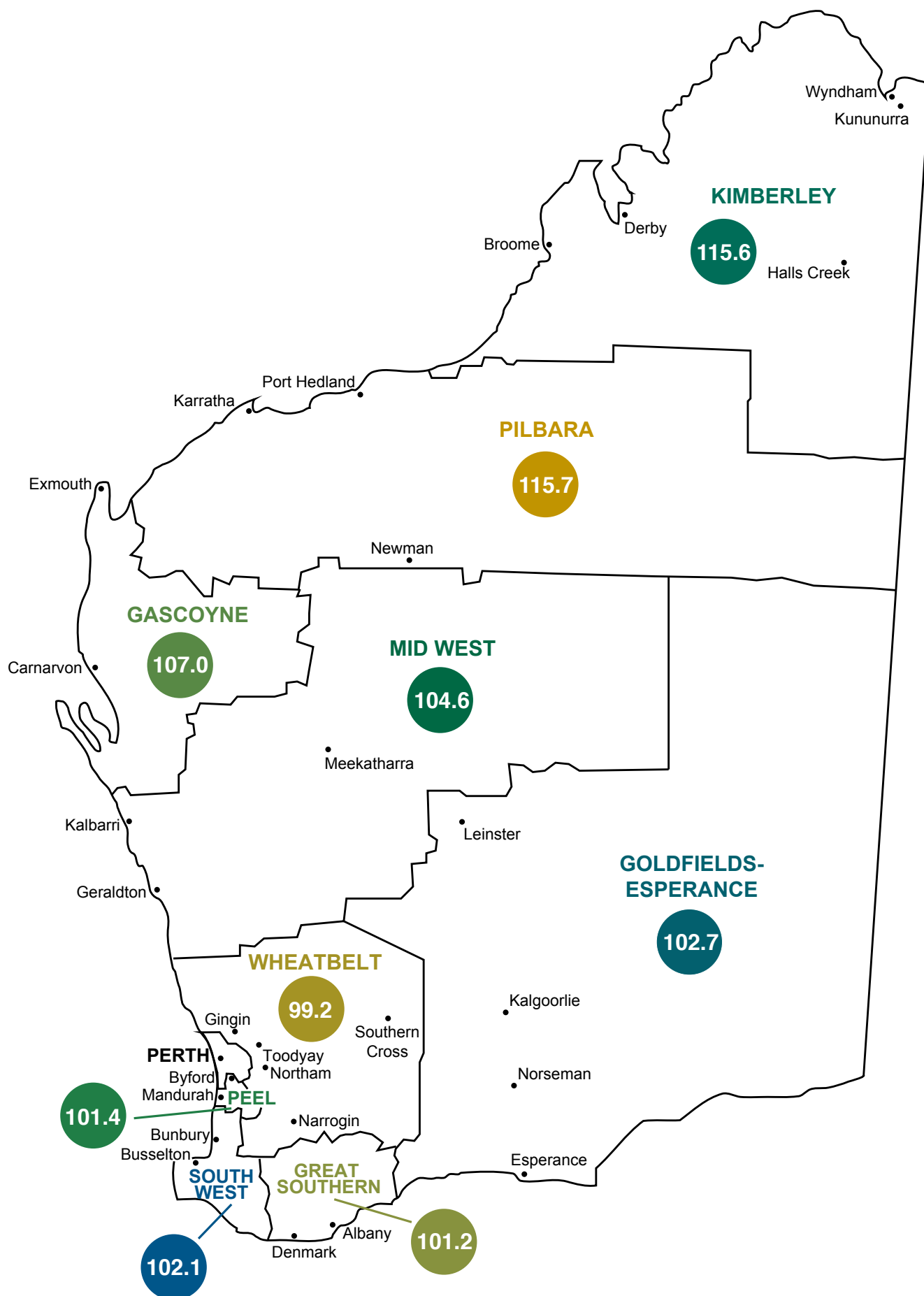
Index numbers 2017

	Kimberley	Pilbara	Gascoyne	Mid West	Goldfields-Esperance	Wheatbelt	Peel	South West	Great Southern
Overall	112.9	110.7	109.1	101.2	101.3	101.7	97.4	101.6	100.2
Basket									
Food	112.4	110.3	108.5	106.4	108.7	104.3	99.5	100.9	99.9
Cigarettes, tobacco, alcohol	109.3	101.6	108.5	106.1	104.3	105.5	100.3	98.5	99.8
Clothing	102.2	103.7	111.5	104.4	99.1	108.4	97.4	105.0	104.2
Housing	117.8	120.6	111.5	94.8	96.5	97.0	93.9	101.4	96.8
Household equipment and operation	113.6	106.1	110.7	103.4	101.4	107.0	102.0	103.5	100.6
Health and personal care	108.1	111.6	107.9	98.5	109.3	102.0	99.1	101.7	107.8
Transport	106.0	101.9	101.7	100.7	100.8	99.5	96.7	101.5	99.5
Recreation	104.2	108.0	110.7	105.2	102.3	102.2	97.9	100.7	104.4

Region and town price indices

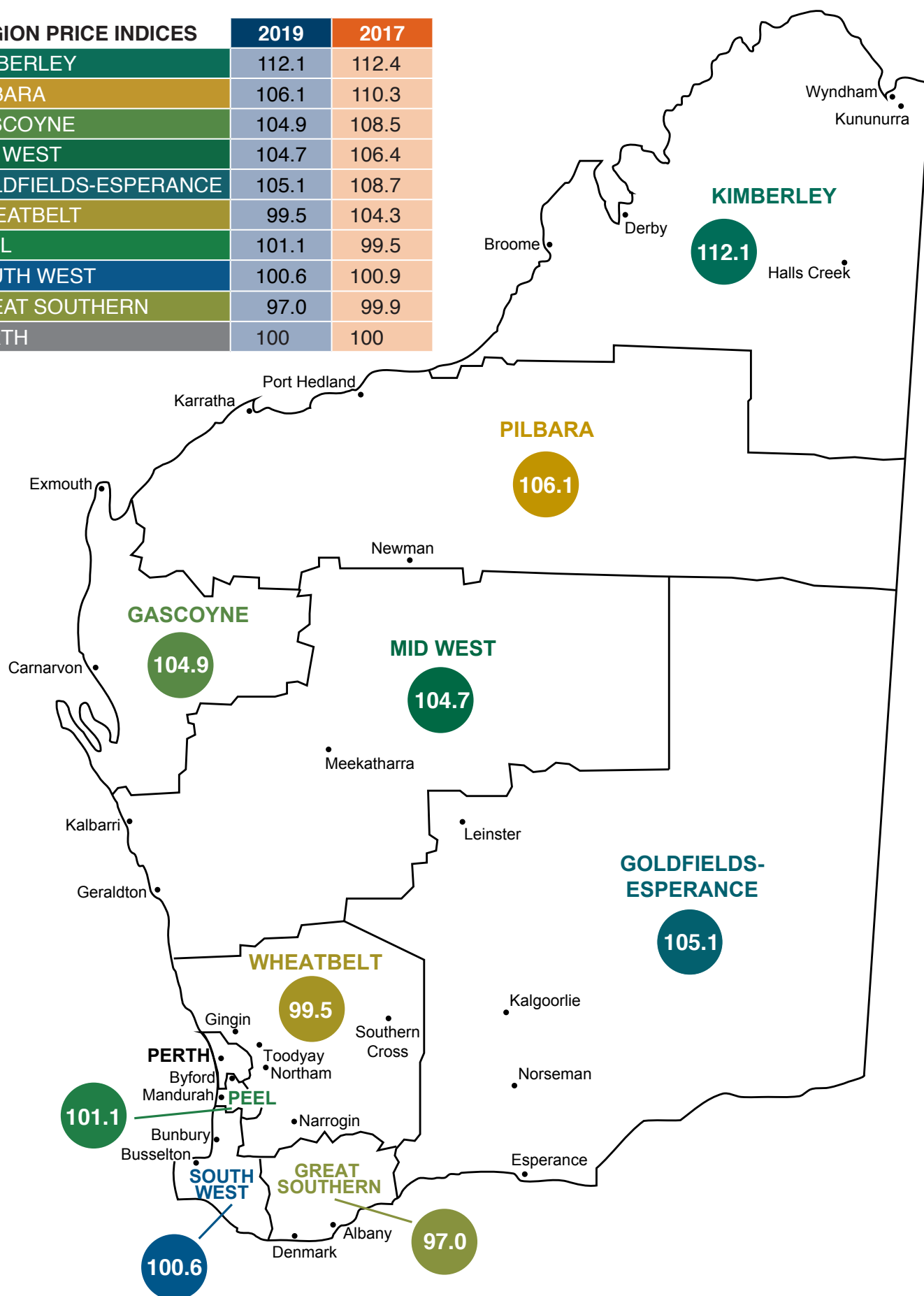
	2019	2017
KIMBERLEY	115.6	112.9
Broome	113.6	109.1
Derby	111.2	118.4
Fitzroy Crossing	121.8	–
Halls Creek	126.9	116.8
Kununurra	110.6	113.7
Wyndham	118.5	113.7
PILBARA	115.7	110.7
Karratha	112.6	110.4
Newman	111.5	107.5
Onslow	113.8	–
Port Hedland	118.7	113.5
Tom Price	120.9	–
GASCOYNE	107.0	109.1
Carnarvon	104.3	105.2
Exmouth	112.2	117.0
MID WEST	104.6	101.2
Geraldton	104.3	100.3
Kalbarri	105.4	104.8
Meekatharra	111.2	120.1
Mt Magnet	102.8	–
GOLDFIELDS-ESPERANCE	102.7	101.3
Esperance	101.7	101.8
Kalgoorlie	102.9	100.8
Leinster	113.4	–
Leonora	103.3	–
Norseman	107.1	109.2
WHEATBELT	99.2	101.7
Beverley	101.2	–
Dalwallinu	101.6	–
Gingin	98.0	105.4
Mukinbudin	100.2	–
Narrogin	98.7	100.8
Northam	98.8	98.7
Southern Cross	101.7	106.3
Toodyay	100.0	104.5
PEEL	101.4	97.4
Byford	103.7	98.2
Mandurah	100.5	97.2
SOUTH WEST	102.1	101.6
Bridgetown-Greenbushes	103.1	–
Bunbury	101.9	102.2
Busselton	101.6	100.1
Margaret River	104.2	–
GREAT SOUTHERN	101.2	100.2
Albany	101.4	99.9
Denmark	102.0	101.6
Gnowangerup	102.3	–
Katanning	97.8	–
PERTH	100.0	100

Map 1: Region and town price indices



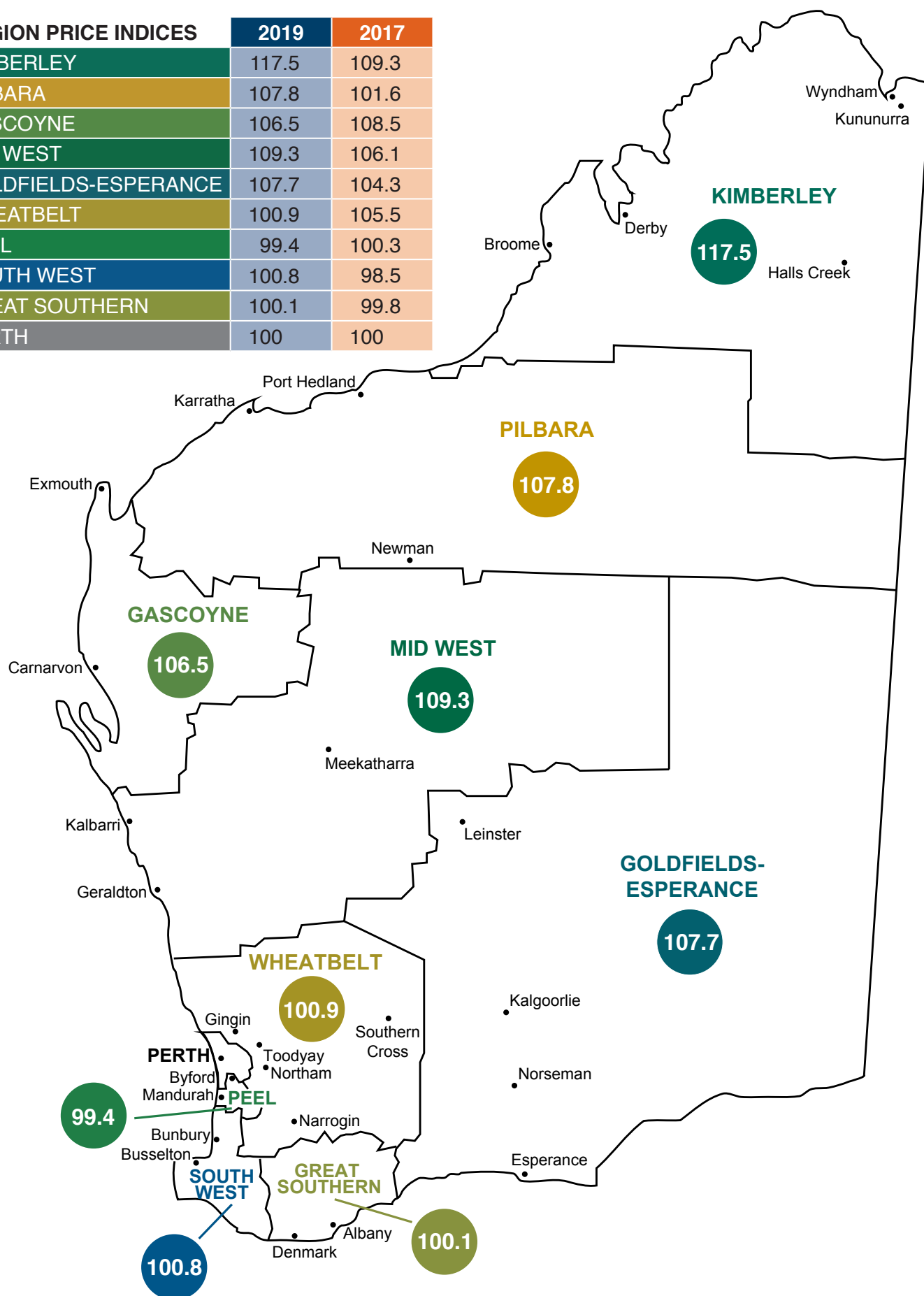
Map 2: Food commodity group

REGION PRICE INDICES	2019	2017
KIMBERLEY	112.1	112.4
PILBARA	106.1	110.3
GASCOYNE	104.9	108.5
MID WEST	104.7	106.4
GOLDFIELDS-ESPERANCE	105.1	108.7
WHEATBELT	99.5	104.3
PEEL	101.1	99.5
SOUTH WEST	100.6	100.9
GREAT SOUTHERN	97.0	99.9
PERTH	100	100



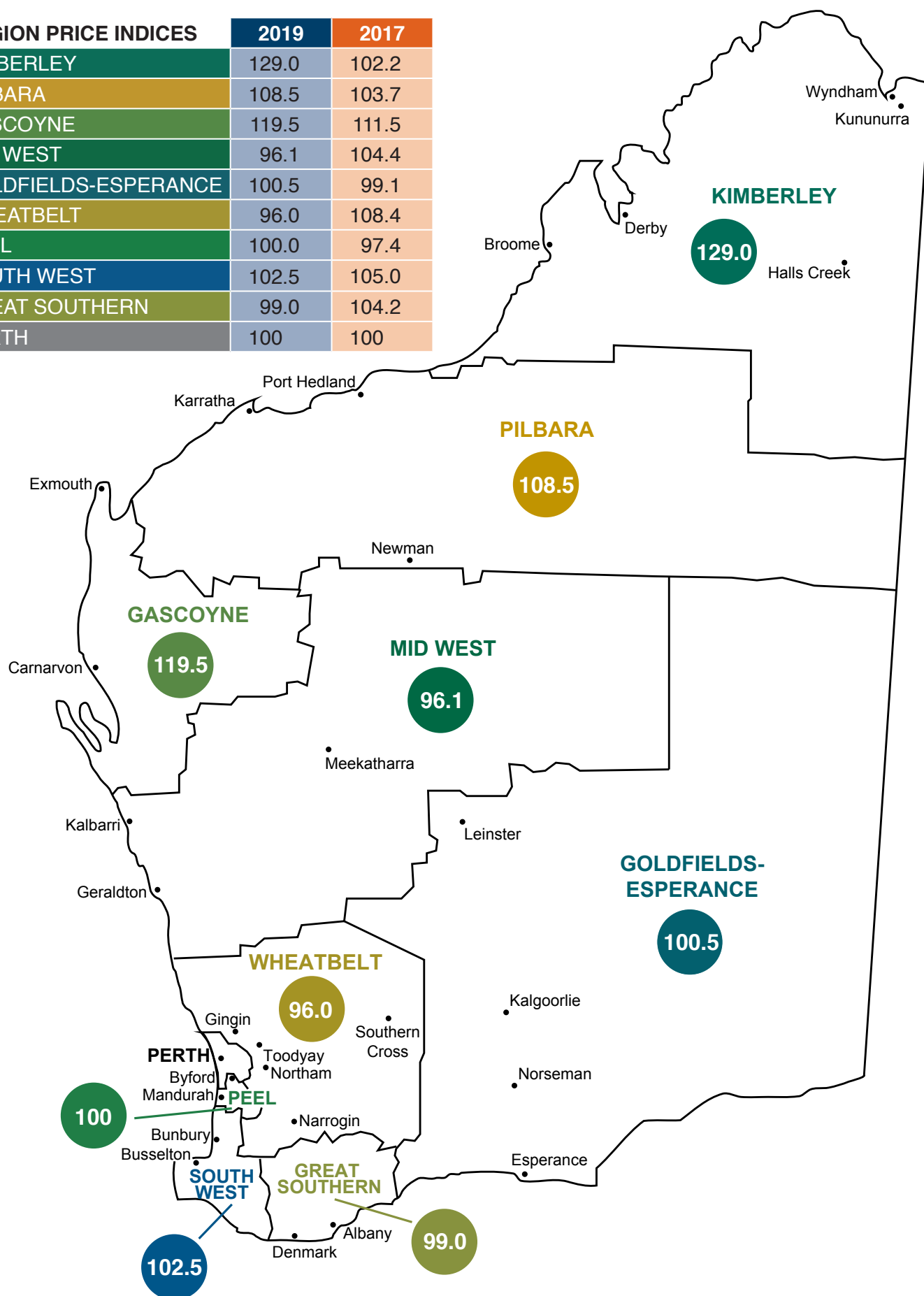
Map 3: Cigarettes, alcohol and tobacco commodity group

REGION PRICE INDICES	2019	2017
KIMBERLEY	117.5	109.3
PILBARA	107.8	101.6
GASCOYNE	106.5	108.5
MID WEST	109.3	106.1
GOLDFIELDS-ESPERANCE	107.7	104.3
WHEATBELT	100.9	105.5
PEEL	99.4	100.3
SOUTH WEST	100.8	98.5
GREAT SOUTHERN	100.1	99.8
PERTH	100	100



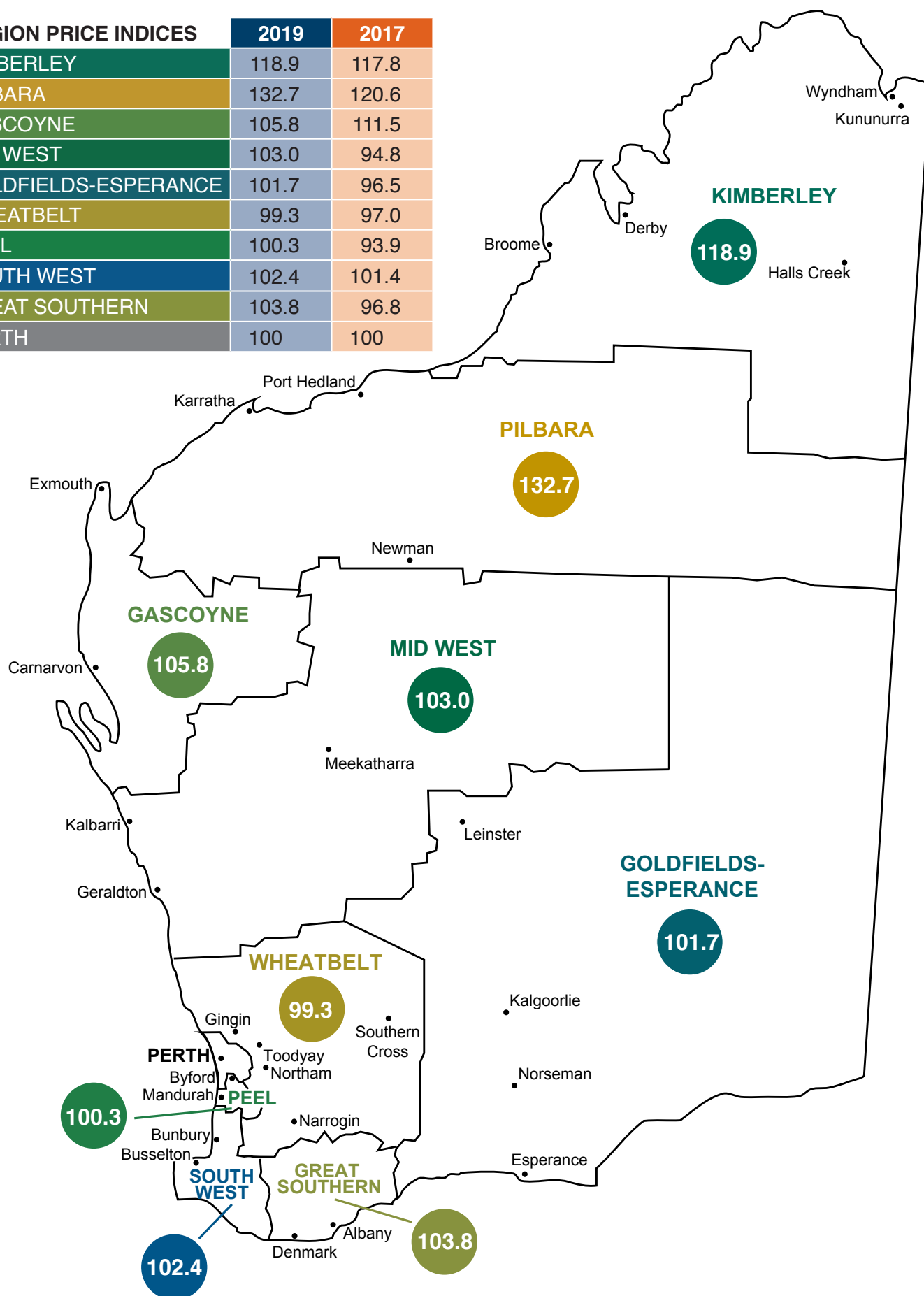
Map 4: Clothing commodity group

REGION PRICE INDICES	2019	2017
KIMBERLEY	129.0	102.2
PILBARA	108.5	103.7
GASCOYNE	119.5	111.5
MID WEST	96.1	104.4
GOLDFIELDS-ESPERANCE	100.5	99.1
WHEATBELT	96.0	108.4
PEEL	100.0	97.4
SOUTH WEST	102.5	105.0
GREAT SOUTHERN	99.0	104.2
PERTH	100	100



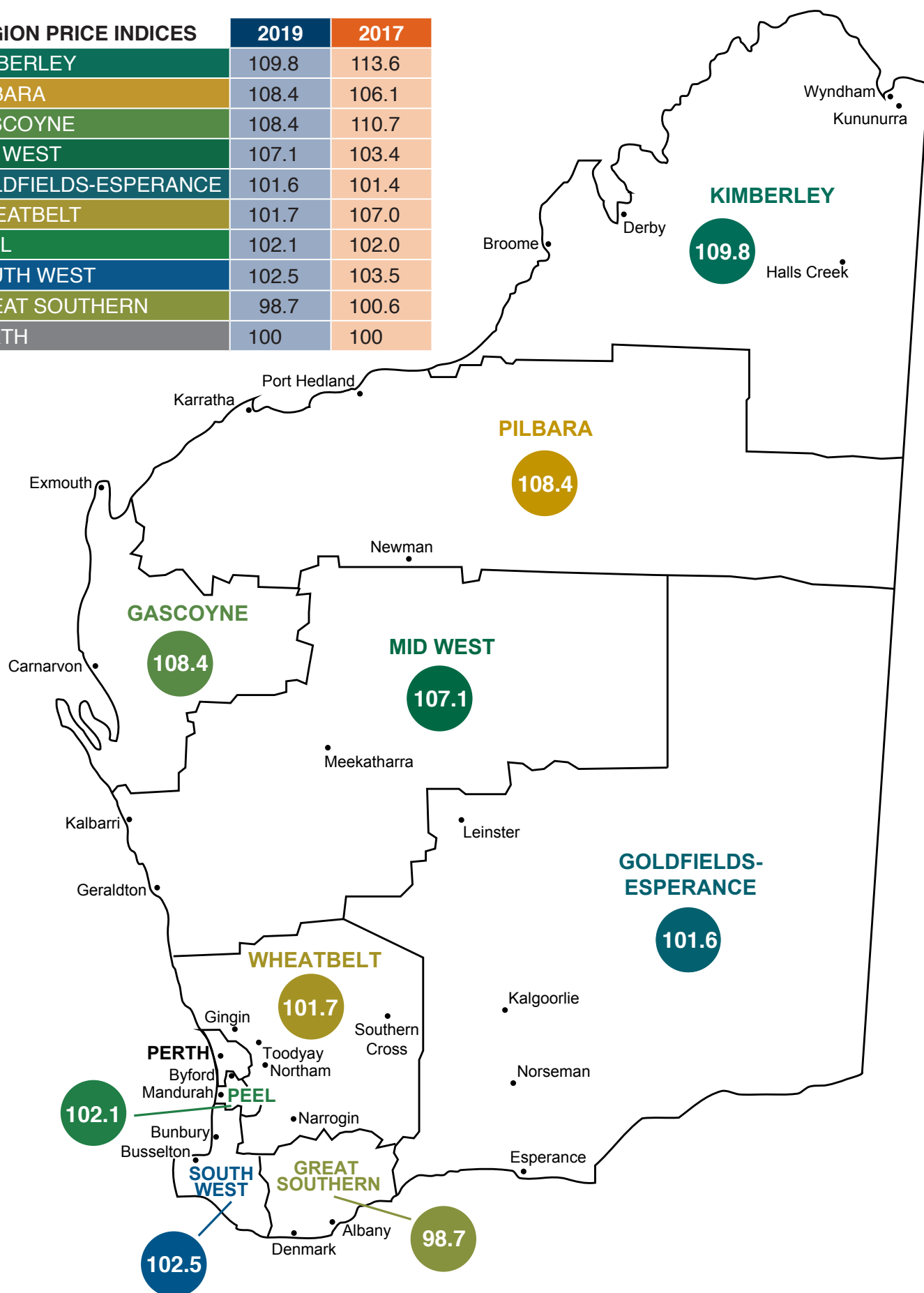
Map 5: Housing commodity group

REGION PRICE INDICES	2019	2017
KIMBERLEY	118.9	117.8
PILBARA	132.7	120.6
GASCOYNE	105.8	111.5
MID WEST	103.0	94.8
GOLDFIELDS-ESPERANCE	101.7	96.5
WHEATBELT	99.3	97.0
PEEL	100.3	93.9
SOUTH WEST	102.4	101.4
GREAT SOUTHERN	103.8	96.8
PERTH	100	100



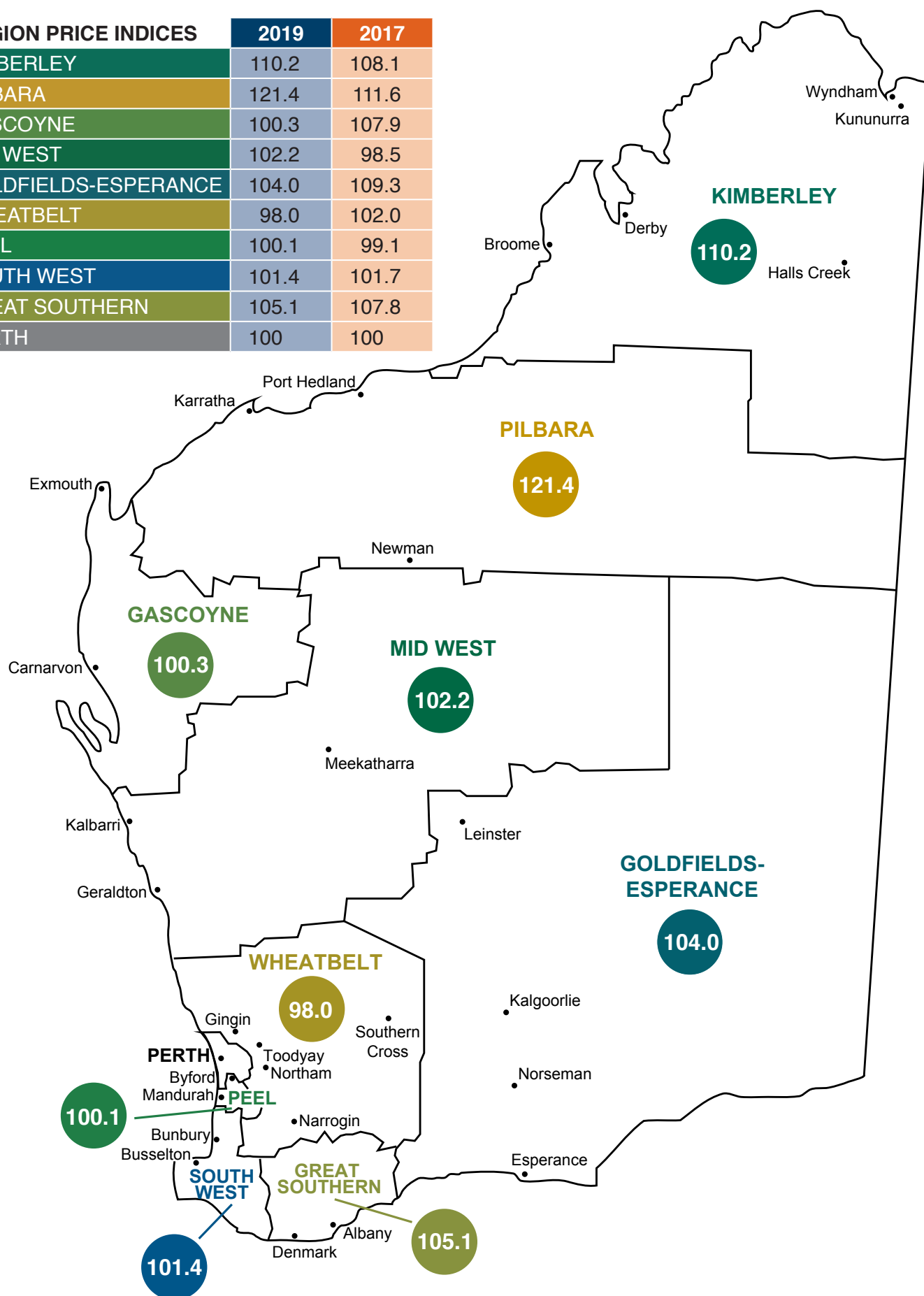
Map 6: Household equipment and operation commodity group

REGION PRICE INDICES	2019	2017
KIMBERLEY	109.8	113.6
PILBARA	108.4	106.1
GASCOYNE	108.4	110.7
MID WEST	107.1	103.4
GOLDFIELDS-ESPERANCE	101.6	101.4
WHEATBELT	101.7	107.0
PEEL	102.1	102.0
SOUTH WEST	102.5	103.5
GREAT SOUTHERN	98.7	100.6
PERTH	100	100



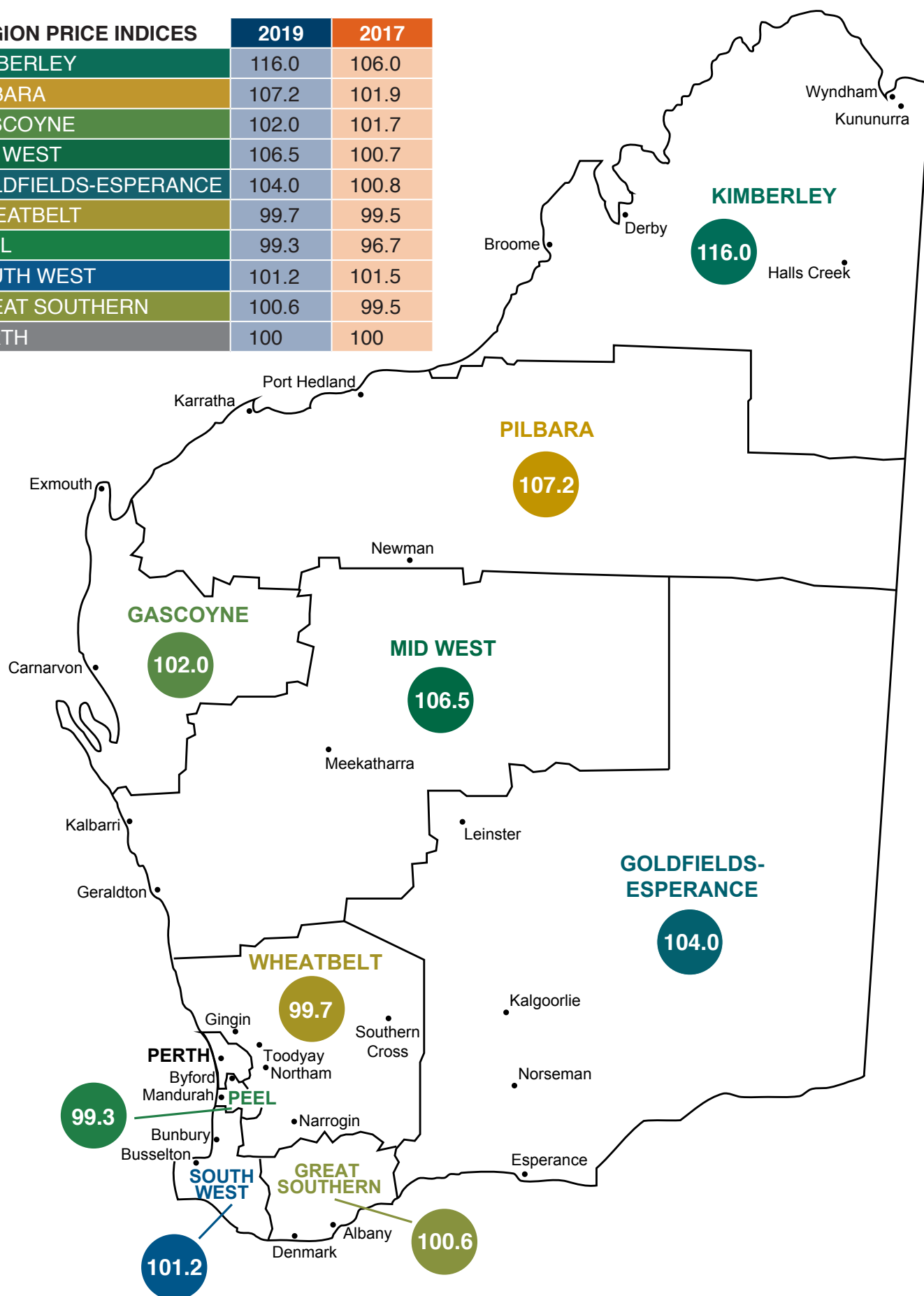
Map 7: Health and personal care commodity group

REGION PRICE INDICES	2019	2017
KIMBERLEY	110.2	108.1
PILBARA	121.4	111.6
GASCOYNE	100.3	107.9
MID WEST	102.2	98.5
GOLDFIELDS-ESPERANCE	104.0	109.3
WHEATBELT	98.0	102.0
PEEL	100.1	99.1
SOUTH WEST	101.4	101.7
GREAT SOUTHERN	105.1	107.8
PERTH	100	100



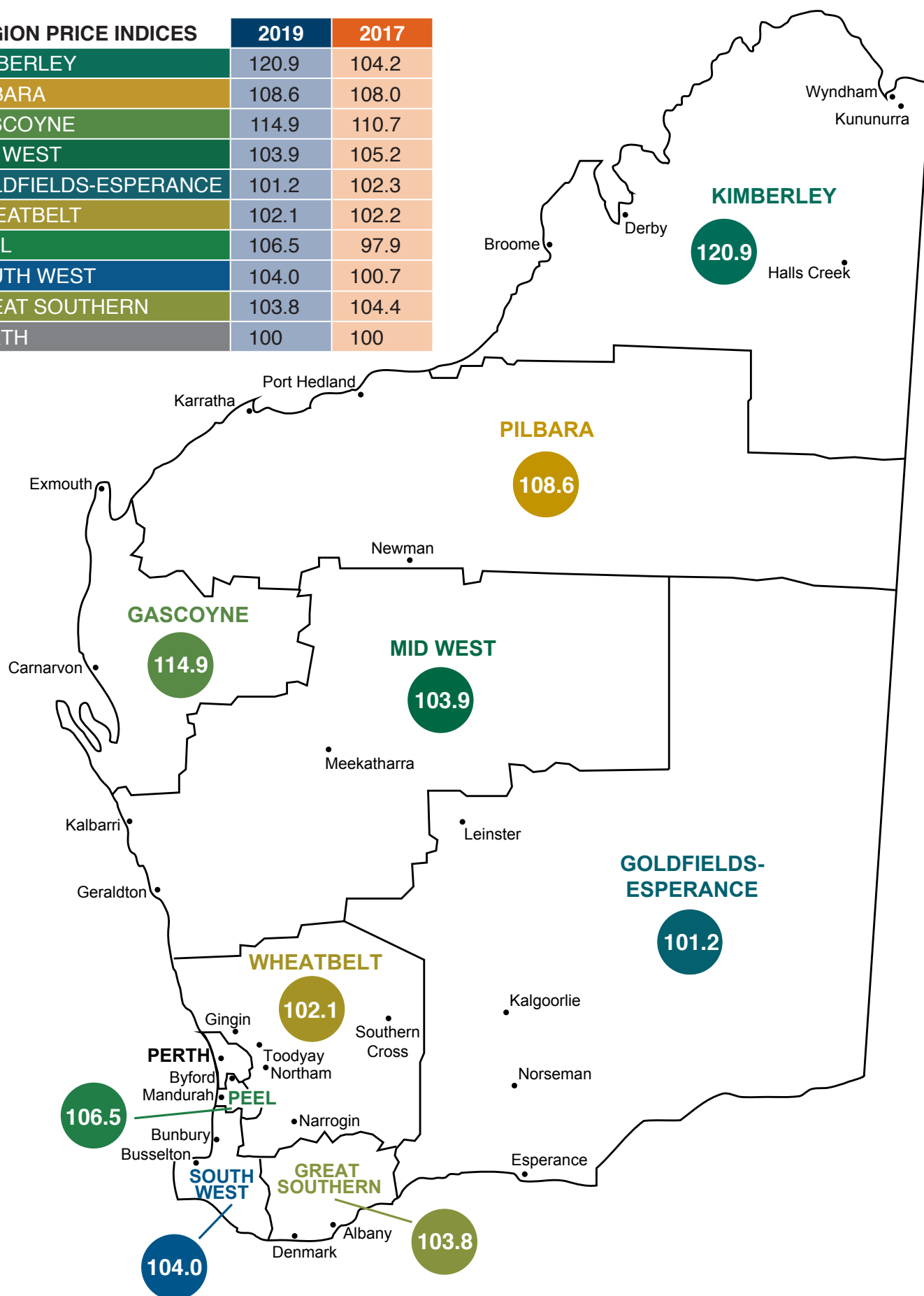
Map 8: Transport commodity group

REGION PRICE INDICES	2019	2017
KIMBERLEY	116.0	106.0
PILBARA	107.2	101.9
GASCOYNE	102.0	101.7
MID WEST	106.5	100.7
GOLDFIELDS-ESPERANCE	104.0	100.8
WHEATBELT	99.7	99.5
PEEL	99.3	96.7
SOUTH WEST	101.2	101.5
GREAT SOUTHERN	100.6	99.5
PERTH	100	100



Map 9: Recreation and education commodity group

REGION PRICE INDICES	2019	2017
KIMBERLEY	120.9	104.2
PILBARA	108.6	108.0
GASCOYNE	114.9	110.7
MID WEST	103.9	105.2
GOLDFIELDS-ESPERANCE	101.2	102.3
WHEATBELT	102.1	102.2
PEEL	106.5	97.9
SOUTH WEST	104.0	100.7
GREAT SOUTHERN	103.8	104.4
PERTH	100	100





The Department of Primary Industries and Regional Development
wishes to acknowledge the contribution of the
Goomalling Community Resource Centre
in preparation of the 2019 Regional Price Index.

