



Office of the Council for the
Ongoing Government of Tokelau
Tokelau National Statistics Office

June and September 2017 quarter Consumer Price Index of Tokelau

Key facts

The basket of goods and services priced for the Tokelau consumer price index (CPI) has been revised, the CPI for the March 2017 quarter recalculated, and the CPI for the June and September 2017 quarters determined.

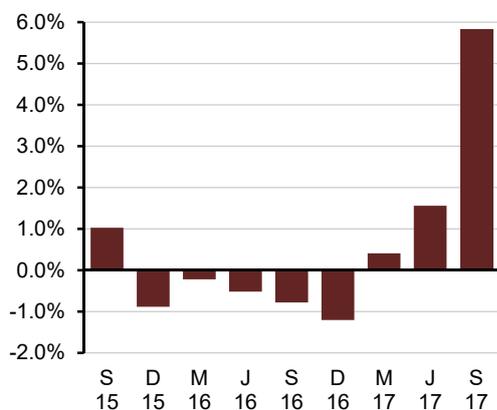
- The CPI rose by 0.4 percent in the March quarter (revised from 0.7 percent), it rose by 1.6 percent in the June quarter, and by 5.8 percent in the September quarter.
- In both June and September quarters, the largest upward contribution came from the Alcoholic beverages and tobacco group. Remaining unchanged in the March quarter, the group contributed 1.3 percent and 3.3 percent to the CPI in June and September, respectively. This results from implementing a national policy of increasing taxation on cigarettes in order to discourage smoking.
- In the June and September quarters, the Food and non-alcoholic beverages group had the second largest movement, contributing 0.6 and 2.5 percent, respectively.
- In the June quarter, the main downward contribution came from the Transport group, contributing minus 0.1 percent. In September the main downward contribution came from the newly included group Recreation and Culture: contributing minus 0.1 percent in the September quarter.

Annual CPI

- From the June 2016 quarter to the June 2017 quarter, the CPI stood at 0.0 percent.
- From the September 2016 quarter to the September 2017 quarter, the CPI increased 6.6 percent. This compares with a 2.1 percent decrease (revised from -1.8 percent) in the year to the March 2017 quarter.

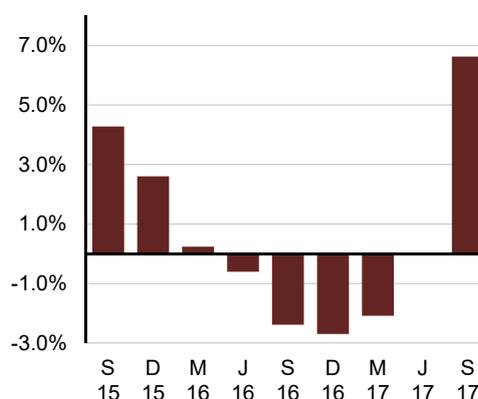
The CPI measures the rate of price change of goods and services purchased by Tokelau households. The Tokelau National Statistics Office (TNSO) collects prices from the co-op and bulk stores on all three atolls, as well as prices from service providers, including transport, energy, and telecommunications.

Consumer price index
Quarterly change



Source: Tokelau National Statistics Office

Consumer price index
Annual change



Source: Tokelau National Statistics Office

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for **National Statistician**

30 October 2017

Commentary

The following sections provide detailed commentary on the consumer price index of Tokelau:

- [CPI rises 0.4, 1.6, and 5.8 percent in the March, June, and September 2017 quarters](#)
- [Alcoholic beverages and tobacco group up as new national policy takes effect](#)
- [Summary of other group movements in the quarterly CPI](#)
- [Impact of items that rose and fell in price](#)
- [CPI decreases 2.1 percent for the year to March 2017, equals zero for the year to June and increases 6.6 percent for the year to September 2017.](#)

CPI rises 0.4, 1.6, and 5.8% in the March, June, and September 2017 quarters

The basket of goods and services priced for the Tokelau consumer price index (CPI) has been revised, the CPI for the March 2017 quarter recalculated, and the CPI for the June and September 2017 quarters determined.

- The consumer price index (CPI) rose by 0.4 percent in the March quarter (revised from 0.7 percent), it rose by 1.6 percent in the June quarter, and by 5.8 percent in the September quarter.
- In June and September, the largest upward contribution came from the Alcoholic beverages and tobacco group, contributing 1.3 percent and 3.3 percent, respectively (see heading below).
- In both June and September quarters, the Food and non-alcoholic beverages had the next largest movement, contributing 0.6 and 2.5 percent, respectively.

The main individual upward contributions to the Food subgroup (contributing 0.5 percent in June and 2.2 percent in September) came from higher prices recorded for:

- lamb chops (up 58 percent in June)
- canned tuna (up 13 percent in June)
- noodles (up 17 percent in June)
- baby formula (up 28 percent in June)
- chicken (up 19 percent in September)
- lamb chops (up 38 percent in September)
- mutton flaps (up 48 percent in September)
- flour (up 24 percent in September).

Key individual downward contributions to the Food subgroup came from lower prices for:

- chicken (down 5.5 percent in June)
- sausages (down 17 percent in June)
- sugar (down 5.5 percent in June)
- onions (down 28 percent in June)
- rice (down 13 percent in September)
- corned beef (down 13 percent in September)
- sugar (down 5.8 percent in September)
- tomato sauce (down 19 percent in September)

The Non-alcoholic beverages subgroup contributed 0.1 percent to the CPI of the June quarter, and 0.3 percent to the September quarter CPI. This was mainly influenced by the price of instant coffee (up 15 percent in June) and long-life milk (up 5.8 percent in September).

Group	Quarterly percentage points contribution to CPI: March	June	September 2017
01. Food and non-alcoholic beverages	1.2	0.6	2.5
02. Alcoholic beverages and tobacco	-0.0	1.3	3.3
03. Clothing and footwear	0.0	0.0	-0.1
04. Housing, water, electricity, gas and other fuels	-0.0	-0.0	0.0
05. Furnishings, household equipment and routine household maintenance	0.4	-0.1	-0.0
07. Transport	-0.3	-0.1	0.1
08. Communication	-1.1	0.0	0.0
09. Recreation and culture	N/A	-0.0	-0.1
12. Miscellaneous goods and services	0.2	-0.1	0.2
Overall CPI	0.4	1.6	5.8

Note: Percentages may not sum to total due to rounding.

Alcoholic beverages and tobacco group up as new national policy takes effect

In the June and September quarters, the largest upward CPI contribution came from the Alcoholic beverages and tobacco group. After remaining unchanged in the March quarter, prices in this group went up in June and September by 4.9 percent and 12 percent, respectively. This is the result of implementing a national policy of increasing taxation on cigarettes in order to discourage smoking. As a result, in 2017 the price is increasing from \$6.75 on average throughout 2016, to \$9.60 for a packet of 20 sticks in all of Tokelau, by the time the implementation is complete.

For the year to the March 2017 quarter, Alcoholic beverages and tobacco prices rose only 0.3 percent, but rose 5.1 and 19.4 percent in the year to June and September, respectively. This also reflects the increased taxation on cigarettes, as above.

Summary of other group movements in the quarterly CPI

In the June 2017 quarter, prices in the Clothing and footwear group rose 0.2 percent and went down 2.4 percent in the September quarter.

After the 23 percent drop recorded in the March quarter for prices in the Communication group, there was no further change in the June and September quarters.

Housing, water, electricity, gas, and other fuels group prices dropped by 0.5 percent in the June quarter but rose again by the same percentage in the September quarter.

Prices in the Furnishings, household equipment, and routine household maintenance group dropped 1.0 percent in the June quarter and a further 0.5 percent in the September quarter.

Prices in the Transport group fell 1.7 percent in the June quarter but rose 1.0 percent in the September quarter. This is in part due to a drop in the price of petrol (down 1.6 percent in June and down 2.1 percent in September). The new item airfares Apia-Auckland went down 3.3 percent in June, but up 9.5 percent in the September quarter.

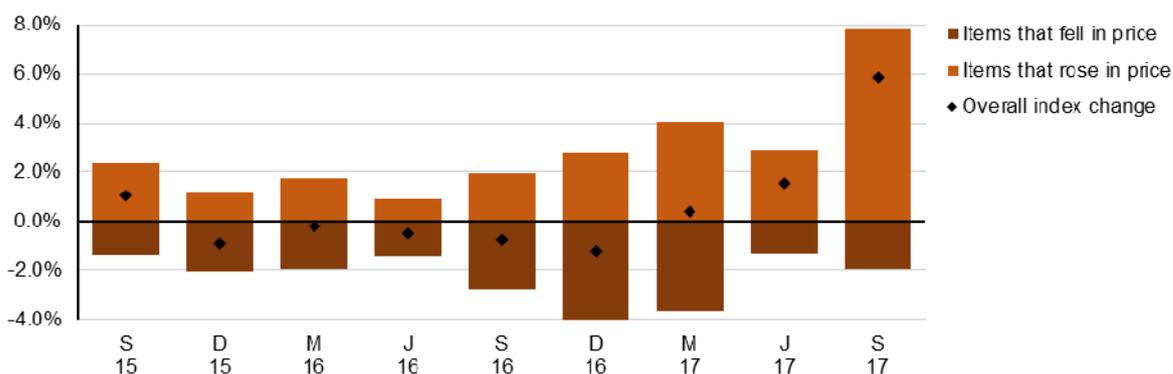
The Miscellaneous goods and services group prices fell by 1.4 percent in the June quarter, and rose by 4.3 percent in the September quarter.

Prices in the newly recorded group Recreation and Culture showed a drop of 1.5 percent in the June quarter, and a further drop of 4.9 percent in the September quarter. Items included in this group are flat-screen TVs and laptop computers sourced from New Zealand.

Impact of items that rose and fell in price

The graph below shows the impact of items that rose and fell in price over time: the overall impact was a 0.4 (revised), 1.6, and 5.8 percent increase in the CPI for the March, June, and September 2017 quarters, respectively.

Percentage points contribution to consumer price index over time
Quarterly change September 2017 quarter

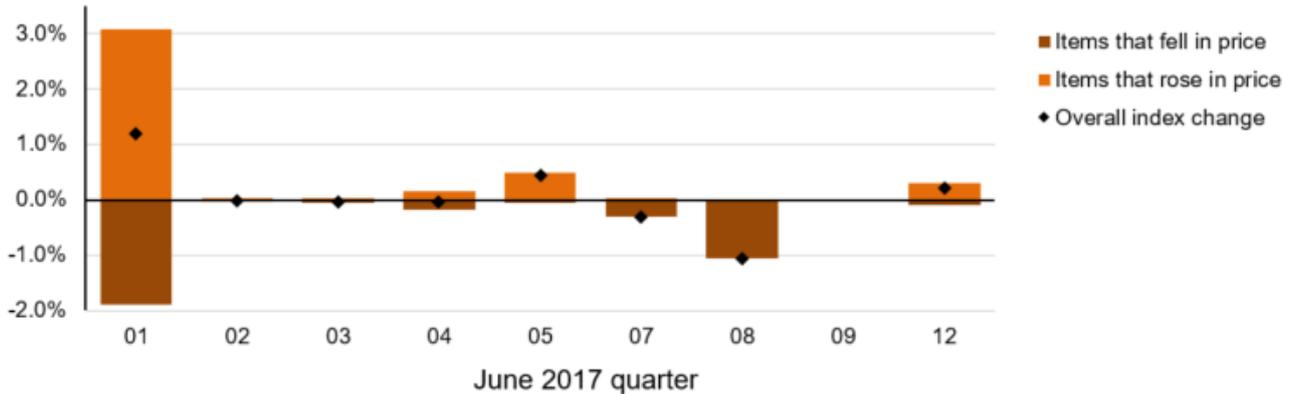


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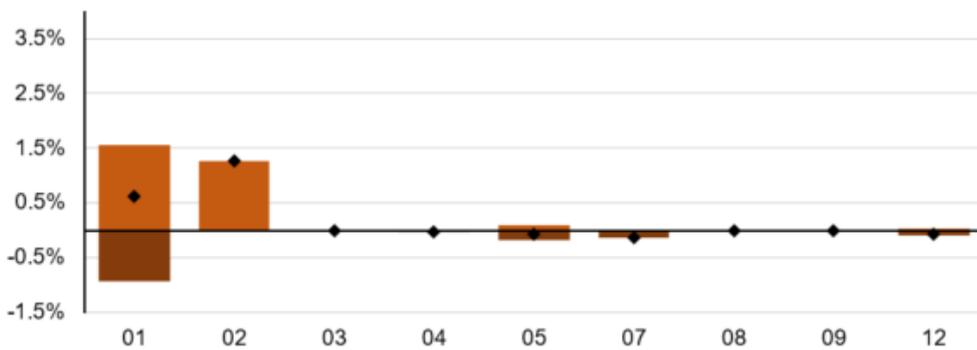
Source: Tokelau National Statistics Office

The following graphs show the impact of items that rose and fell in price by group in the March (revised), June, and September 2017 quarters. Note the absence of change in the Alcoholic beverages and tobacco group in March, and the increasing subsequent change as the new tobacco tax policy is being implemented gradually in the three nuku (villages).

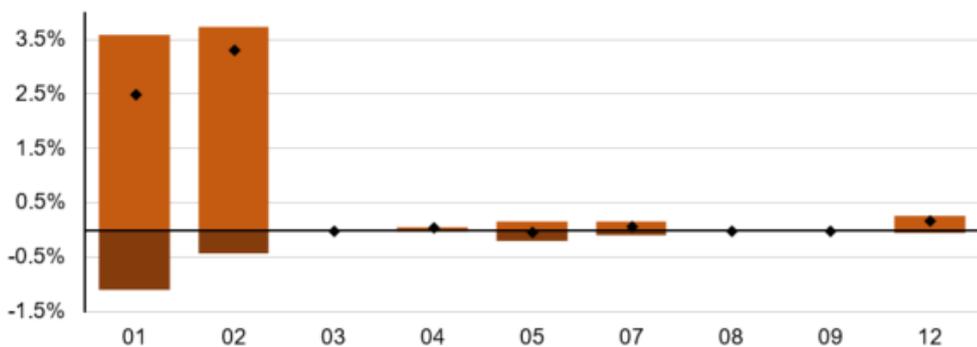
Percentage points contribution to consumer price index by group
March 2017 quarter (R)



June 2017 quarter



September 2017 quarter



- | | |
|--|--|
| 01 Food and non-alcoholic beverages | 05 Furnishings, household equipment, and routine household maintenance |
| 02 Alcoholic beverages and tobacco | 07 Transport |
| 03 Clothing and footwear | 08 Communication |
| 04 Housing, water, electricity, gas, and other fuels | 09 Recreation and culture |
| | 12 Miscellaneous goods and services |

Source: Tokelau National Statistics Office

CPI decreases 2.1 percent for the year to March 2017, equals zero for the year to June and increases 6.6 percent for the year to September 2017

From the June 2016 quarter to the June 2017 quarter, the CPI did not change. From the September 2016 quarter to the September 2017 quarter, the CPI increased 6.6 percent. This compares with a 2.1 percent decrease (revised from minus 1.8 percent) in the year to the March 2017 quarter.

As a result of reviewing the basket of goods and services as of the March 2017 quarter, it is not possible to compare individual items until the March 2018 quarter: some items were removed and others added, and the weights of remaining items changed. We can however look at movements at group level.

Upward contributions came from the groups:

- Transport: up 5.3, 5.7 and 1.4 percent in the year to March, June and September quarters, respectively
- Alcoholic beverages and tobacco: up 0.3, 5.1 and 19 percent in the year to March, June and September quarters, respectively.
- Food and non-alcoholic beverages: although down 1.4 percent in March (revised from +0.1 percent) the group went up 1.2 and 10 percent in the year to the June and September quarters.
- Clothing and footwear: up 0.1 percent and 1.3 percent in the year to March and June quarters, but down 6.4 percent in the year to the September quarter.

Downward contributions came from the groups:

- Communication: down 23 percent in the year to March, June and September quarters (due to a significant drop in Internet prices in December 2016)
- Furnishings, household equipment and routine household maintenance: down 14 percent (revised from 16 percent), down 14 percent and down 8.9 percent in the year to March, June and September quarters, respectively
- Housing, water, electricity, gas and other fuels: down 0.8 percent, down 0.1, and down 0.1 percent in the year to March, June and September quarters, respectively.
- Miscellaneous goods and services: down 2.0 percent (revised from 6.9 percent) and down 3.6 percent but up 2.1 percent in the year to March, June and September quarters, respectively.

Definitions

About the consumer price index

The consumer price index (CPI) measures the changing price of a fixed basket of goods and services purchased by households. The selection and relative importance of the goods and services in the CPI basket represents the overall expenditure pattern of households in Tokelau.

The aim of the CPI is to measure price changes of the same sample of products at each outlet over time. When there is a change in the size or quality of any of the goods or services in the basket, an adjustment is made to ensure that the price change shown in the CPI is not affected by the change in size or quality.

The 2017 review

The CPI of Tokelau has been published quarterly since 2012 (base year). Rebasing was done early in 2017. The basket of goods and services was revised on the basis of the 2015/16 Household Income and Expenditure Survey (HIES) in Tokelau.

In addition to items available from the cooperative stores on the atolls, the CPI now incorporates for example the cost of a return flight Apia-Auckland; a few more items of furniture and appliances available from Apia.

It also includes indices for items such as clothing (as calculated by Samoa Bureau of Statistics, SBS), and laptop computers and flat screen TVs (as calculated by Statistics New Zealand). The price of monthly subscription to satellite TV is included, but not yet the cost of mobile phone calls.

All items in the basket of goods and services were (re)weighted by their relative importance based on HIES.

An updated listing of the representative goods and services monitored in the CPI basket, and the sources and methods used to compile various parts of the CPI, are available in the “Technical notes: Consumer Price Index” at <http://TokelauNSO.tk> (October 2017 version).

More definitions

A **price index** measures the change in price between time periods for a given set of goods and services. It summarises a set of prices for a variety of goods and services collected from a number of outlets.

The **index reference** period is the benchmark to which prices in other periods are compared (eg if the index number in a later period is 1.500, prices have increased by 50 percent since the index reference period). The Tokelau CPI has as index reference period the June 2012 quarter (=1.000).

Upward/downward contributions: Items mentioned in this release are often those that made a large contribution to the overall movement in the CPI. An item's contribution is a combination of its weight in the index (its relative importance, based on its share of household spending on goods and services covered by the CPI) and the magnitude of price movement. If two items record the same percentage rise in price, then the item with the larger CPI weighting will make a larger contribution to the overall movement. This contribution is also referred to as points (or index points) contribution.

Reference period

Prices for the June and September 2017 quarters were collected in May and August 2017, respectively, by staff working for the nuku administrative centres as well as TNSO staff in Apia.

A number of corrections to earlier prices and their imputations were also made in August, leading to the revised values for the March quarter. Somewhat different weightings have also been applied.

Price influencers

Price changes may be influenced by external events. Factors that affected the quarterly and the annual March 2017 CPI include:

- Tokelau uses the New Zealand dollar as its currency; so changes in the strength of the New Zealand dollar over the Samoan tala can change Tokelau's buying power in Samoa. Changes are likely to affect the prices of goods sold in Tokelau.
- Since 2013 nearly all goods sold in Tokelau have been sourced directly from Samoa, however many of these goods are re-exports, originating from various other countries including China, Australia, and New Zealand. This has an ongoing impact on price levels by introducing price fluctuation between quarters. These fluctuations can be caused both by local demand, and by international variables including demand, availability, seasonal effect, and changes in exchange rates. Changes in availability or price in Samoa have a strong influence on the Tokelau CPI.

- Each nuku sets pricing policy (such as for cigarettes, alcoholic and non-alcoholic drinks) independently, and this can change at any point. In July 2017, General Fono (Parliament) approved a national 325 percent tax increase on cigarettes, in an effort to reduce smoking and hence the prevalence of non-communicable diseases. Because cigarettes have a relatively large weight in the CPI, any change in their price cigarettes will significantly impact the overall CPI movement as seen in 2017.

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