

Director  
Prices development  
Economic Analyses and Reporting  
Australian Bureau of Statistics  
Locked Bag 10  
Belconnen ACT, 2616

12<sup>th</sup> March

Dear Director,

Submission to the 16<sup>th</sup> series review of the Consumer Price Index

Re: Review of the CPI to enable the data to be used to determine the cost of a healthy diet in Australia

The cost of healthy food is increasing globally. The ACCC Enquiry into the cost of groceries confirmed this trend. Our own research using CPI data (ANZJPH 2008) indicates that the cost of healthy staple foods has increased 20% above the rate of inflation while the cost of many unhealthy foods has in fact decreased by the same margin. This increase in food cost will be exacerbated by the impact of climate change, particularly in Australia one of the driest continents on earth.

Almost in tandem, the weight and waist lines of Australian are increasing. It is well known that the prevalence of obesity and other diet related diseases such as diabetes is increasing in all sectors of the Australian population. The most significant increases have been seen in those of low income or with fewer socio-economic resources. While we are still unravelling the drivers of this increase in our waist lines and decline in our health the basic issues are poor diet and insufficient exercise. Cost is one of the most important determinants of our food purchases and dietary habits. The increasing cost of healthy food will have an important impact on the dietary choices of Australians and ultimately their health.

It is important that we ensure both a good supply of healthy, affordable food but also that everyone has good physical and economic access to healthy food i.e. people can get to shops to buy food and that they have enough money to make these purchases. In order that policies can be put in place to ensure economic access to healthy food it is essential to estimate the cost of a healthy diet.



Data from the only major study of food cost in Australia, the Healthy Food Access Basket survey in Queensland, indicates that the cost of a basket of food to meet the nutritional needs of a family of 6 (2 adults, teenage son, young boy, baby and older woman) ranged from \$446.37 to \$554.18 depending on where you bought it. This amounts \$37 to \$46 per person per week. These are very important data for policy makers to have. They provide benchmarks for policy and programme development.

What we need is a standard method for determining the cost of a healthy diet that can be used to set budgetary standards, monitor the cost of healthy food and assess the aggregate differences in healthy and unhealthy baskets. The development of a standard method for estimating the cost of a healthy diet should ideally occur in tandem with the Henry Review of taxation so that economic and social policies proceeding from this Review can utilise the cost of healthy diet data.

A great opportunity is available to develop a method for assessing the cost of a healthy diet using food cost data already collected by the ABS to determine the Consumer Price Index (CPI). To calculate the CPI the ABS collects price data on a basket of foods which includes the majority of the healthy foods required to meet nutritional requirements. This basket could be amended to ensure all the core foods were represented.

What is further required to take this forward is the development of a methodology and access to the CPI data. I and my colleagues have already completed a body of research on food cost and would be keen to undertake the research that is required to get the methodology up and running. I see as pivotal the immediate articulation of this research into policy and practice. I anticipate that we would apply for funding through ARC or NHMRC to undertake this research.

I appreciate the economic and political sensitivities in the ABS providing outside organisations with disaggregated CPI data. It would be possible however once a methodology for the determining the cost of a healthy diet has been developed, for the ABS to apply this methodology to the CPI data in house and so not compromise the confidentiality of the data set.

Our submission to the current review of the CPI highlights an opportunity for the ABS to use the CPI data to develop a measure of the cost of a healthy diet. This is of great important for health and equity for the Australian population.

Your sincerely,

With kind regards



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