



Delta Pearl  
Partners

# Norfolk Island 2024 Household Expenditure Survey – Final Report

Prepared for the Norfolk Island Regional Council

22 September 2024

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# 1. The 2024 Household Expenditure Survey for Norfolk Island

This report details the completion of the 2024 Household Expenditure Survey for Norfolk Island which has been underway since late 2022. This brief final report follows a series of substantive interim reports which have been presented during the life of the project.

As part of measuring inflation, it is necessary to calculate expenditure weights for items in a representative basket of goods. This is because the decision to purchase an item is dependent on both the price of that item and its importance to the consumer. The weight represents the relative importance of each item in the average household budget. The most common method of calculating appropriate weights is to undertake a household expenditure survey (HES).

## 1.1. Background

Between 1990 and 2011, Norfolk Island had its version of the Australian consumer price index (CPI), known as the retail price index (RPI), as required under the Retail Price Index Act 1983 (NI) (clause 2(1)).<sup>1</sup> Between 2011 to 2022, the measurement of the RPI metric ceased for various reasons, particularly data issues.

Since early 2022, Norfolk Island has reinstated and maintained a quarterly RPI, successfully measuring inflation trends specific to Norfolk, rather than relying on mainland estimates. To inform the weight system of the RPI to date, Norfolk Island has used the basket of goods and weight system developed for Norfolk Island in its last HES, which was completed in 2014.

The 2014 basket of goods contains 10 major groups of expenditure categories, with the weights allocated in the table below. The food and non-alcoholic beverages group was allocated by the highest weighting (24%), followed by housing (18%) and transportation (12%). More detail on this process has been provided in earlier reports to the Norfolk Island Regional Council (NIRC) by DeltaPearl Partners.

*Table 1: The 2014 basket of goods groups and weights, Norfolk Island*

Group	Group no.	Group Weight
Food and non-alcoholic beverages	1	0.24
Tobacco and alcohol	2	0.07
Clothing and footwear	3	0.04
Housing	4	0.18
Household contents and services	5	0.09
Health	6	0.04
Transportation	7	0.12
Communication	8	0.03
Recreation	9	0.11
Insurance services	10	0.09

However, since 2014, household spending patterns and expenditure and income composition have changed dramatically, due to technological progress, changes to Norfolk Island's governance, and the

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<sup>1</sup> Clause 2(1) of the Retail Price Index Act 1983 states: "The Minister shall ensure that a retail price index, designed by a statistician qualified and experienced in prices statistics is compiled for each period ending on the last day of March, June, September and December."

impact of COVID-19, among others. Thus, the "basket" data required updating as spending habits have changed. Most jurisdictions do a new Household Expenditure Survey every 5-7 years.

During 2022, DeltaPearl Partners began to scope the requirements for an updated HES for Norfolk Island. Our earlier reports cover the scoping process, including a review of HESs conducted by other small island economies, as well as Australia and New Zealand, Norfolk's neighbouring economies. After an extensive scoping process and investigation of the most suitable methods for conducting the HES in practice, given Norfolk's smaller population and lower budget compared with the ABS or Stats NZ, it was determined to conduct the updated HES in the form of an online digital survey. Given that a very large proportion of Norfolk Island's residents have Wi-Fi and internet access, this format was judged most likely to be accessible to respondents and to be more efficient than a paper version. It was also determined to be more appealing to residents than the use of facilitators, which may have resulted in privacy issues given the small population of the island.

## 1.2. Conducting the 2024 HES

DeltaPearl Partners developed a HES that consisted of two parts, following the practice of other jurisdictions. The two components were:

- an expenditure diary, in which Norfolk Island residents were requested to record daily expenditure items each day for one week; and
- a survey questionnaire, which asked questions about household characteristics and the expenditure categories (e.g., food and beverages, transportation etc.).

Both components were in digital format, although respondents could visit the NIRC office for printouts or assistance with completing the survey online. The diary was launched through Qualtrics, and the survey questionnaire using Survey Monkey. Extensive checking and pre-testing of both was undertaken by both DeltaPearl Partners and NIRC.

The HES was launched in February 2024, following marketing and promotional efforts by NIRC, including radio and newspaper advertising and the development of a website page. The first component, the diary, launched on 5 February 2024 and was available online for 1 week; the second component, the questionnaire, launched on 12 February and ran until 26 February 2024.

Participants were informed that the information requested was collected under the authority of the Norfolk Island Retail Price Index Act 1983 (NI) and that it would inform an updated basket of goods to enable the measurement of inflation for the island. They were also informed that all data would be received anonymously and no individual responses would be available. Completion was voluntary.

In more detail, the process of developing the HES involved the following steps, which was completed over a 14 month period:

- *Scope requirements for an updated HES (case studies and best practice review):* the comparisons with a range of other small island jurisdictions as well as Australia and New Zealand, are provided in an earlier report to NIRC. Based on common practice and the advice of the ABS, it was determined to develop a two-part HES, involving a survey questionnaire and an expenditure diary. The questionnaire would ask demographic questions and questions about expenditure on the 10 groups of goods and services; the diary would request residents to record their detailed expenditure over a period of 7 days.
- *Determine delivery and operational issues:* the pros and cons of a range of alternative delivery methods were assessed, ranging from facilitators and paper copies through to digital survey instruments. As noted briefly, the latter was recommended given the high level of Internet access on the island and the need to preserve privacy among the small population of residents. A number of operational issues, including privacy and whether to offer incentives, were also considered.
- *Develop survey questionnaire:* the survey questionnaire was based on a review of the earlier HES for Norfolk (1982 and 2014) and the questionnaires developed by the ABS, NZ Stats and

St Helena's Office of Statistics, with feedback from the ABS and NIRC. Similarly, the diary format was based on a review of best practice by neighbouring countries and small island economies. The final survey questionnaire consisted of 23 questions, with some introductory demographic / household questions, followed by questions relating to categories of expenditure (e.g., transport, communication, housing, food and beverages, and so on).

- *Seek expert advice:* An ABS expert who manages the equivalent of the HES for mainland Australia reviewed the survey and provided advice on format, delivery, and operational issues.
- *NIRC feedback:* throughout the process, feedback was sought from relevant NIRC staff, who were also provided with an interim report for formal feedback. A lengthy consideration was given by NIRC and the Administrator to the appropriate format of the survey, including whether to rely on facilitators and paper copies instead of a digital delivery. Ultimately, it was determined that the small population and privacy issues did not justify the facilitator approach.
- *Determine appropriate digital platforms:* Having determined that the survey would be in digital format, DeltaPearl investigated the appropriate platforms to allow for the delivery of the questionnaire and diary and collation of data. After investigating and testing various platforms, Survey Monkey was selected for the questionnaire, and Qualtrics for the diary. Links to both were incorporated into a HES page on NIRC's website for ease of access.
- *Develop and test the digital questionnaire and diary:* the online digital versions of the questionnaire and diary, including instructions, were developed using Survey Monkey and Qualtrics, respectively. Extensive internal testing and testing by NIRC took place, with feedback and comments incorporated to update the digital versions.
- *Establish launch dates:* It was determined to run the HES after Christmas 2022 to avoid the impact of Christmas spending on the basket of goods. Thus, as noted above, dates in early February 2023 were established for launch of the survey.
- *Promotion and marketing:* NIRC undertook a thorough promotion and marketing campaign, including development of a website page for the HES, newspaper and radio advertisements, and disseminating survey links via peak bodies. A video was prepared by DeltaPearl with survey instructions that NIRC included on the HES website in November 2023; and newspaper advertisements were included in the November, December and January issues of the Norfolk Fuss newsletter.
- *Launch of the HES:* The HES was launched on 5 February 2024. The diary launched first, followed by the survey questionnaire, which remained online until mid-February 2023.
- *Data collation and development of the new basket of goods:* Finally, data collation and analysis of the diary and questionnaire responses took place from mid-February 2024, as reported in the completion report delivered to NIRC, and the new basket of goods was developed.

The last two steps are discussed in more detail below.

### 1.3. Completion of the HES and the new basket of goods

DeltaPearl Partners has completed the HES, collated the responses from the diary (part 1) and the questionnaire (part 2), and developed an updated basket of ~250 goods, using the same 10 groups of expenditure categories based on the diary and survey responses, and undertaking comparisons of weights used by jurisdictions for robustness / sense-checking.

The HES consisted of a survey questionnaire and an expenditure diary. Both components were voluntary. NIRC undertook promotion of the process. Useable responses numbered 21 along with 250 diary entries. Response rates for Norfolk Island's previous HES in 2014 are not reported. Several of the small island economies that conduct similar surveys do not report response rates publicly, although the Cook Islands reported that fewer than 100 responses were received for its most recent HES. The

Norfolk Island response rate was adequate to calculate an updated basket and weights when combined with two years of historic pricing data collated through the RPI, and cross referencing the HES framework from the International Monetary Fund and updates undertaken in other jurisdictions for robustness and sense-checking.

In terms of results, some goods have been removed from the old basket, and other new items have been added. Technology-related goods, which are included under communication and recreation, have been a key area of change, with the removal of outdate products, such as ipods, TV repair services, and Blu-ray players in particular, and the addition of music and TV subscription services (e.g., Spotify and Netflix) and satellite internet services (Starlink), among other changes. E-cigarettes have been added to the tobacco and alcohol grouping, and air fryers have been added to the household contents and services group. Weightings for each of the individual items and the 10 groups within the basket have been developed.

DeltaPearl Partners has retained the 10 groups (as per the table above) from the previous HES because a review of other HES by small island jurisdictions, Australia and New Zealand, indicated that the 10 groups were sensible and in line with common practice, and therefore considered sound.

The new basket and weightings for the groups are being provided to NIRC and will be able to inform the next quarterly RPI update in March 2024.

## **1.4. Methodology for shifting from an old to a new basket**

Based on the advice from the ABS, DeltaPearl Partners have adopted the methodology specified by the International Monetary Fund (also used by the ABS) in shifting from the old 2014 basket to the new 2024 and beyond basket. The IMF's *Consumer Price Index Manual: Concepts and Methods* (2020)<sup>2</sup> details internationally recommended concepts and practical and suitable methods to ensure the development of a high quality price index and is endorsed by the United Nations' Statistical Commission.

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<sup>2</sup> <https://www.imf.org/-/media/Files/Data/CPI/cpi-manual-concepts-and-methods.ashx>



