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CONSUMERS' ASSOCIATION OF CANADA
ASSOCIATION DES CONSOMMATEURS DU CANADA

T.D # 10-51

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YELLOWKNIFE CAC

Report on

1973 FOOD PRICE SURVEY

February 1974

ABSTRACT

The Yellowknife Branch of the Consumers Association of Canada surveyed food prices in Yellowknife and across Canada throughout 1973 in an attempt to:

- (1) determine whether food prices rise significantly during break-up and freeze-up;
- (2) compare food prices in Yellowknife's three supermarkets;
- (3) compare Yellowknife food prices with those of southern centers and settlements in the north; and
- (4) bring this information to the attention of the Food Prices Review Board.

A list of 65 items was priced every two weeks from November 7, 1972 to December 4, 1973 by CAC volunteers in Yellowknife's three major grocery stores. The same list was also priced every other month in London, Ontario and in Maple Creek, Saskatchewan. Finally, the 65 items were priced in five northern communities and six southern cities, in addition to Yellowknife, during the second week of October, 1973.

Food prices in Yellowknife were found to be much higher than food prices in southern Canada, but somewhat lower than those of other northern communities. There appeared to be no substantial price differences between Yellowknife's three supermarkets. Food prices showed marked increases at freeze-up and break-up but we were unable to determine whether these increases were a direct reflection of increased freight rates at those times. Food price changes in Yellowknife seemed to follow the general pattern of changes in the south except that Yellowknife prices seemed to increase more sharply. It was also noted that food prices in Yellowknife continued to rise at a time when southern prices were levelling off.

This report recommends (1) that the Food Prices Review Board investigate food prices, price changes, retail merchandising practices and freight rates in the north; (2) that freight rates to the north be subsidized; and (3)

that the government seek an alternative solution to the MacKenzie River crossing.

The report emphasizes the hardship that high food prices incur on northern consumers, especially those in lower income groups, and recommends immediate attention by government agencies.

ACKNOWLEDGEMENTS

Yellowknife CAC would like to express appreciation to the following stores who cooperated in the survey:

Y.K. Super A Food Store

Yellowknife I.G.A.

The Bay Supermarket

Special appreciation to all CAC surveyors who contributed so many hours of their time, most particularly Mrs. Nancy Jones, Research Chairman, and Mrs. Lily Stonohouse, President, for the preparation of this report.

Consumers' Association of Canada
Yellowknife Branch

The Yellowknife Branch of the Consumers' Association of Canada was formed in 1969 and was instrumental in the establishment of a Consumers' Protection Ordinance by the Government of the Northwest Territories.

Its basic objectives are:

(a) to unite the strength of consumers to improve the standards of living in Canadian homes;

(b) to study consumer problems and make recommendations for their solution;

(c) to bring the views of consumers to the attention of governments, trade and industry, and to provide a channel from these to the consumer;

(d) to obtain and provide for consumers information and counsel on consumer goods and services and to conduct research and tests for the better accomplishment of the objects of the Corporation.

TABLE OF CONTENTS

| <u>Item</u> | <u>Page</u> |
|--|-------------|
| 1. Title Page | |
| 2. Acknowledgements | 3 |
| 3. Abstract..... | 1 |
| 4. List of Figures..... | 5 |
| 5. List of Tables..... | 6 |
| 6. List of Appendices..... | 7 |
| 7. Introduction..... | 8 |
| 8. Method..... | 10 |
| The Survey Form..... | 10 |
| The Surveyors..... | 10 |
| Procedure..... | 10 |
| 9. Results..... | 13 |
| (a) Comparison between Yellowknife's Supermarkets..... | 13 |
| (b) Cross-Country Survey, October 8 - 13, 1973..... | 13 |
| (c) Yellowknife/Maple Creek/London Survey..... | 17 |
| (d) Food Price Trends in Yellowknife..... | 20 |
| A. Break-up and Freeze-up..... | 20 |
| B. Trends Over the Year in Yellowknife Food Prices.. | 28 |
| C. Food Prices and Freight Rates..... | 28 |
| 10. Conclusions..... | 36 |
| 11. Recommendations..... | 38 |
| 12. Appendices..... | 40 |

LIST OF FIGURES

| | <u>Page</u> |
|--|-------------|
| Figure 1: Comparison of Yellowknife's Three Stores..... | 14 |
| Figure 2: "Cross-Canada" Comparison With Yellowknife..... | 16 |
| Figure 3: Comparison of Yellowknife, Maple Creek, London | 18 |
| Figure 4: Market Basket Totals (Average of Yellowknife's Stores).. | 22 |
| Figure 5: Fresh Produce Prices Throughout 1973 | 23 |
| Figure 6: Meat Prices Throughout 1973 | 24 |
| Figure 7: Average Price of Milk in Yellowknife's Three Stores Throughout 1973 | 26 |
| Figure 8: Dairy Produce Prices Throughout 1973 | 29 |
| Figure 9: Miscellaneous (Staples) - Prices Throughout 1973..... | 30 |
| Figure 10: Canned Goods Prices Throughout 1973 | 31 |
| Figure 11: Non-Edibles - Prices Throughout 1973..... | 32 |
| Figure 12: Frozen Foods - Prices Throughout 1973 | 33 |

LIST OF TABLES

| <u>Table</u> | <u>Subject</u> | <u>Page</u> |
|--------------|---|-------------|
| Table 1: | Dates and Stores of Surveys Not Completed | 11 |
| Table 2: | Cross-Country Survey Results by Food Group | 15 |
| Table 3: | Yellowknife/Maple Creek/London Prices by Product Groups | 19 |
| Table 4: | Percentage Change in Prices in London, Maple Creek and Yellowknife by Product Group from January to September 1973..... | 21 |
| Table 5: | Percentage Change in Yellowknife Food Prices During Freeze-up (November 7 to December 5), 1972 | 25 |
| Table 6: | Percentage Change in Yellowknife Food Prices During Partial Road Ban, Spring (March 27 to April 10), 1973 | 25 |
| Table 7: | Percentage Change in Yellowknife Food Prices During Break-up (April 10 to May 8), 1973 | 25 |
| Table 8: | Total Change for Spring Break-up (March 27 to May 8) 1973 (in Percentages) | 27 |
| Table 9: | Percentage Change in Yellowknife Food Prices During Freeze-up (November 6 to December 4), 1973 | 27 |
| Table 10: | Percentage Changes in Yellowknife Food Prices by Product Groups from November 7, 1972 to December 4, 1973 | 28 |
| Table 11: | Food Prices 1970, 1971, 1972, 1973 | 34 |

LIST OF APPENDICES

| <u>Appendix</u> | <u>Subject</u> | <u>Page</u> |
|-----------------|--|-------------|
| Appendix A: | The Food Price Survey Sheet..... | 40 |
| Appendix B: | Items Used in Analysis of Yellowknife Data..... | 41 |
| Appendix C: | Items Used in the Cross-Country Survey Results..... | 42 |
| Appendix D: | Items Used in the Yellowknife/Maple Creek/ London Survey Results..... | 43 |
| Appendix E: | Northern Freight Rates - An Example..... | 44 |
| Appendix F: | Summary of Brief Submitted to the Food Prices Review Board in Response to the Retail Food Store Survey..... | 45 |

INTRODUCTION

Food prices are a subject of constant concern to most northerners, and lately, to people across Canada. The past year saw the sharpest rise in food prices in Canada in more than 20 years. According to the Food Prices Review Board, food prices across Canada logged a 13.6% increase from January to September, 1973, over the same period a year before. The rate of change for the whole of 1972 was 7.6% and in 1971 it was 1.1%.¹ Canadians may well be concerned, then, about the rising cost of food, but northerners can be doubly concerned. Prices are much higher in northern areas than in the densely settled southern regions. Any rise in already alarming prices is likely to cause some strain for even the fattest wallet and great hardship for the less well-to-do.

With this concern in mind, the Yellowknife Branch of the Consumers Association of Canada undertook a survey of food prices in Yellowknife throughout the year 1973. The main objectives of the survey were as follows:

- (1) To determine whether food prices rise significantly during Break-up and Freeze-up. All Yellowknife supplies are trucked in from Edmonton and must cross the MacKenzie River by ferry in the summer and via the ice bridge in the winter. During the spring and fall when ice is either melting or forming on the river, the city is without its normal transportation services and supplies are airlifted from Hay River to Yellowknife, and in some cases flown in directly. We wanted to find out just how much this disruption of transportation affects food prices in Yellowknife.

¹ Food Prices Review Board Quarterly Report, December 20, 1973, Ottawa.

- (2) To compare food prices in the three supermarkets in Yellowknife to determine whether there was competition or collusion between the city's main grocery stores.
- (3) To compare Yellowknife food prices with those of southern centers and in settlements farther north. This objective had two parts: to see whether food price changes in Yellowknife mirror the pattern of food prices in the south and to see by how much prices in Yellowknife differ from food prices in other areas.
- (4) As the year progressed and the cost of food skyrocketed, a fourth objective was added. To monitor the changes in food prices throughout the year in Yellowknife and to submit this information to the Food Prices Review Board in order to focus attention on the fact that remote areas such as ours suffer greatly from inflated prices and possible profiteering. This last objective was further strengthened when the Food Prices Review Board published its "Retail Food Stores Survey" which made generalizations about northern prices without mentioning the Northwest Territories. Northern information was gathered from the Yukon Territory in which most major settlements, including Whitehorse, are accessible by all-weather roads. This is not true of the Northwest Territories and we submit that our prices are equal to, if not higher than, food prices in the Yukon. The hardship which this incurs deserves more than passing notice by the Food Prices Review Board and the government of Canada.

METHOD

The Survey Form

Sixty-five items were selected to represent the various commodities sold by grocery stores. These 65 items were divided into seven product groups: Fresh Produce, Dairy Produce, Meat, Frozen Foods, Canned Goods, Non-Edibles and Miscellaneous Staples. Brand and size were specified for most items, and quality for some. The items were typed on one sheet of paper with room for one day's prices. See Appendix A for a copy of the survey sheet.

The Surveyors

The surveys were conducted in Yellowknife by a group of eight CAC volunteers who worked on a rotating basis, three for each survey day (one to a store). Surveys in other centers were also completed by volunteers.

Procedure

The 65 items were priced every two weeks (with some exceptions) in two large food stores in Yellowknife (YK Super A Foods and The Bay) beginning Nov. 7, 1972. We extended the survey to include a third store, the IGA, when it opened in February, 1973. The survey period ended Dec. 4, 1973. Surveys were carried out on Tuesdays in an attempt to miss sale prices.

Due to complications in co-ordinating our volunteers, surveys were not completed on some dates in a few stores. See Table 1 for this information.

In the second week of October, 1973, the survey form was completed in the following centers in addition to Yellowknife: Moncton, N.B.; Halifax, N.S.; Montreal, P.Q.; Toronto, Ont.; Victoria, B.C.; Inuvik, NWT; Coppermine, NWT; Whitehorse, Yukon; Fort Smith, NWT.

In addition, the survey was conducted in London, Ont. and Maple Creek,

Table 1.

Dates and Stores of Surveys Not Completed

| | |
|-----------------------------------|----------------------|
| November 7 - January 30 inclusive | IGA (not yet opened) |
| February 27 | } All three stores |
| March 20 | |
| April 10 | IGA |
| June 5 | Bay |
| June 17 | IGA |
| July 3 and 31 | Bay |
| July 3 - 31, inclusive | IGA |
| August 14 | Bay |
| September 11 | YK |
| November 6 | Bay |

Sask. in the last weeks of January, March, May, July and September, 1973.

If an item was not available, this fact was noted on the survey sheets. Sometimes alternate brands or sizes were also noted. For purposes of calculations, the previous surveyed price of an item was used if the item was not available.

At the end of the survey period, we examined our data and excluded those items which were consistently unavailable in more than one store in Yellowknife. This reduced our list to 53 items. (See Appendix B)

The same process was applied to the October cross country surveys resulting in a list of 16 items, and to the London/Maple Creek/Yellowknife surveys resulting in a list of 30 items.

Totals were calculated for the product groups and for the overall list (the Market Basket Total) using these revised lists. Comparisons were then made (1) between the three Yellowknife stores

(2) between Yellowknife and other centers in October

(3) between Yellowknife/Maple Creek/London.

We also attempted to identify trends in food prices particularly for break-up and freeze-up. Finally we computed the percentage increase from November, 1972 to December, 1973 in food costs in Yellowknife.

RESULTS

Comparison Between Yellowknife's Supermarkets

There was no significant difference between Yellowknife's three main grocery stores. See Figure 1 for a comparison of the three stores Market Basket Totals throughout the year. Occasionally one or two items were priced markedly higher or lower in some store but these differences never occurred consistently in any one store. The Market Basket Totals were usually within \$1.00 of one another, and almost always within \$2.00. We therefore felt justified in using only one of the Yellowknife stores or using the average of all three stores in making our other comparisons.

Cross-Country Survey, October 8 - 13, 1973

During the second week of October, prices of 16 items from 10 centers were compared with Yellowknife prices of the same items. The prices by product group are shown in Table 2. We were unable to use any frozen foods and only one or two in several other categories. The list of items is included in Appendix C. The number of items was cut so drastically mainly because of the unavailability of products in Coppermine, N.W.T. But we chose to include Coppermine rather than have a larger list and exclude it. When you look at Figure 2, you will understand why. Coppermine had the highest food price total, checking in at \$20.49. Inuvik was second at \$16.57; and Whitehorse, Yellowknife and FortSmith vied for third highest prices with \$13.06, \$12.65 and \$12.78, respectively. Toronto had the lowest total (\$9.59) with Montreal and Halifax quite close behind. Moncton, Saskatoon and Victoria suffer slightly higher food prices than Toronto. Yellowknife's price total was 31.9% higher than Toronto's and 25.5% higher than the average "southern" price total (Moncton to Victoria inclusive) which was \$10.08. Now for the good news for Yellowknife: our price total

PRIVATE CREDIT ITEMS - TOTALLED

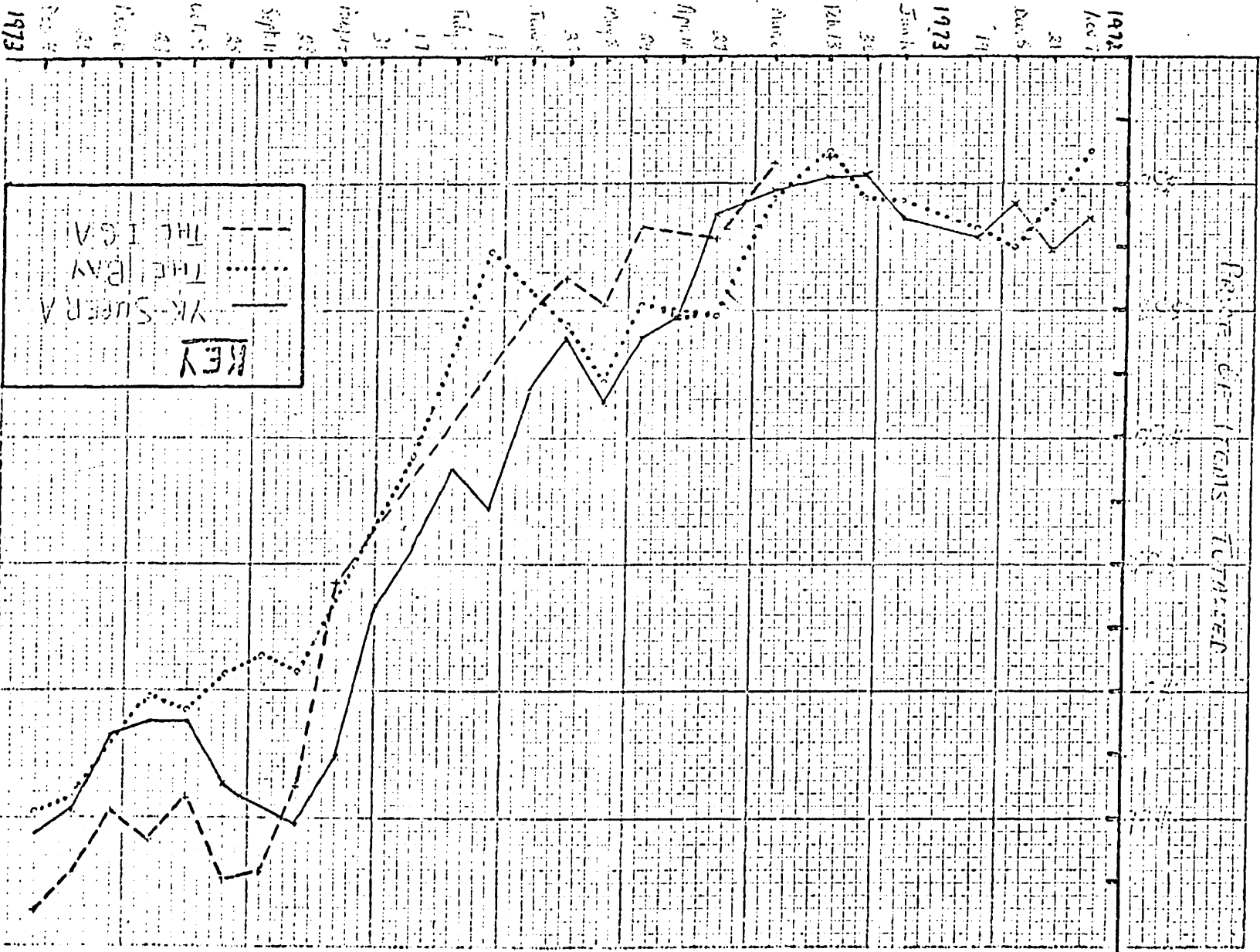


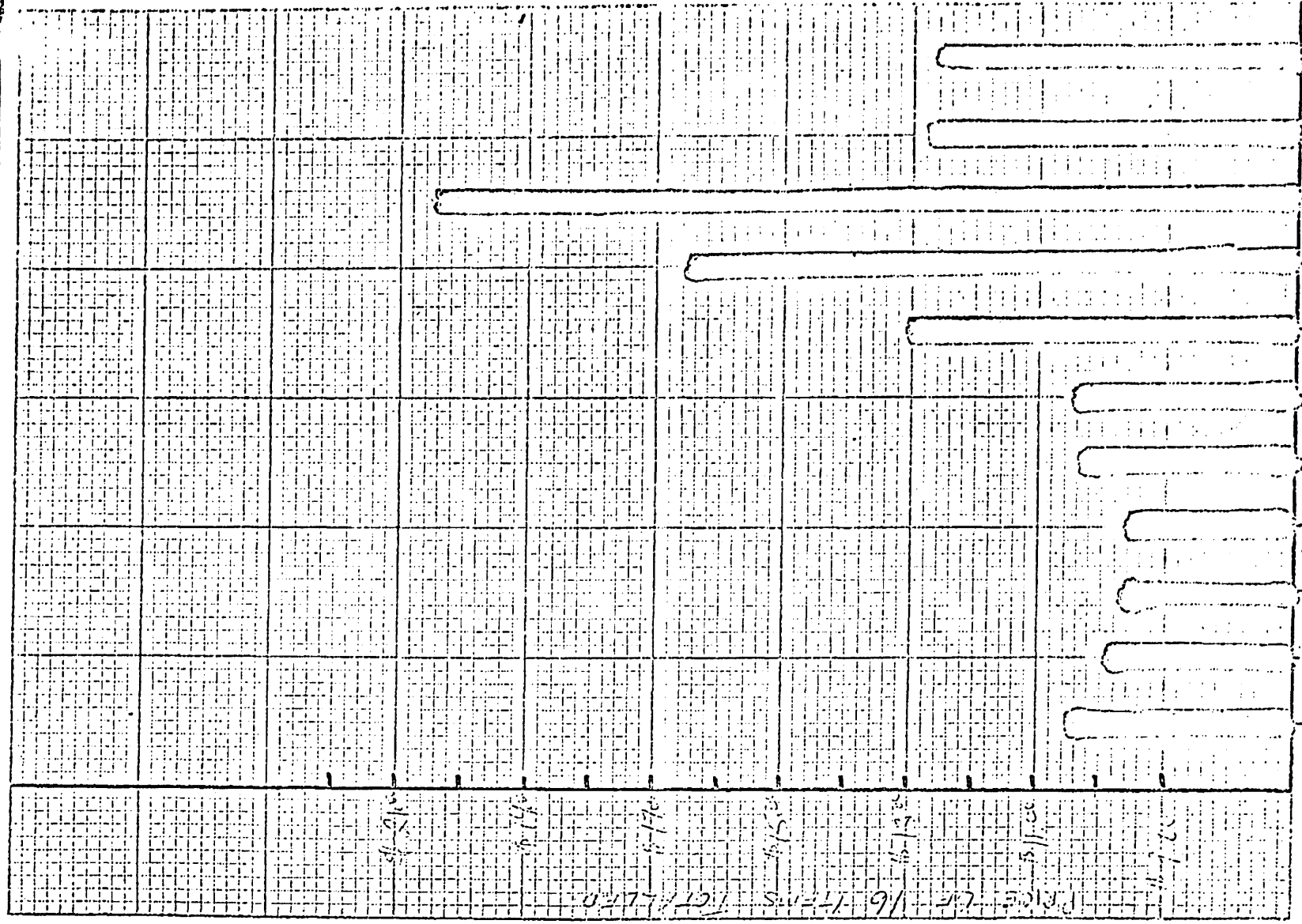
Figure 13: Comparison of the Trends of Private Credit Items - Totalled for YK-Suena, The Bay, and The IGA

Table 2

Cross-Country Survey Results by Food Group

| Center | Total | Fresh Produce | Dairy Produce | Meat | Misc. Staples | Canned Goods | Non-Edibles |
|-------------|-------|---------------|---------------|------|---------------|--------------|-------------|
| Moncton | 10.57 | 2.44 | 1.65 | 4.79 | .55 | .70 | .44 |
| Halifax | 9.87 | 1.84 | 1.68 | 4.77 | .46 | .71 | .41 |
| Montreal | 9.65 | 1.73 | 1.58 | 4.72 | .60 | .65 | .37 |
| Toronto | 9.59 | 2.00 | 1.52 | 4.42 | .61 | .65 | .39 |
| Saskatoon | 10.37 | 2.06 | 1.67 | 4.98 | .54 | .72 | .40 |
| Victoria | 10.41 | 1.64 | 1.65 | 5.20 | .69 | .76 | .47 |
| Inuvik | 16.57 | 5.63 | 2.30 | 6.18 | .87 | 1.07 | .52 |
| Coppermine | 20.49 | 8.34 | 2.74 | 6.72 | 1.15 | 1.05 | .49 |
| Fort Smith | 12.78 | 3.72 | 1.86 | 5.16 | .73 | .94 | .37 |
| Whitehorse | 13.06 | 3.30 | 1.89 | 5.66 | .72 | .96 | .53 |
| Yellowknife | 12.65 | 3.06 | 1.88 | 5.68 | .65 | .89 | .49 |

Figure 2: "Case Change" Process in Version 2.0 (1st 1st)



was 38.3% lower than Coppermine's and 16.3% below the average "northern" price total (Inuvik to Whitehorse, including Yellowknife) which was \$15.11. The northern average is 49.9% higher than the southern.

Yellowknife/Maple Creek/London Survey

This part of our research project compares prices in the three centers every two months from January, 1973 to September 1973. The surveys were completed during the last week of the month. The comparison months were chosen to avoid freeze-up and break-up in the north. Appendix D is a list of the 30 items included in these comparisons. We were unable to compare frozen foods because the brands named were unavailable in the southern stores.

Examination of these results (see Figure 3) revealed that Yellowknife prices were much higher than either London or Maple Creek prices at all times. The pattern of price changes in Yellowknife seems to reflect changes in the south generally except that Yellowknife prices tend to increase more sharply for each period. We were somewhat alarmed to discover that while the two southern centers had a decrease in food prices in September, Yellowknife's prices continued to rise. See Table 3 for the data by product groups. In January, Yellowknife's Food Price Total was 21.5% higher than London's and 11.7% higher than Maple Creek's. By September this gap had increased so that Yellowknife was 35.3% higher than London and 17.0% higher than Maple Creek. Where London prices increased only 3.6% from January to September, Maple Creek's increased 10.5% and Yellowknife's food prices rose 15.7%. According to the Food Prices Review Board, food prices across Canada increased by 13.6% from January to September, 1973.² Thus, the

² Food Prices Review Board Quarterly Report, December 20, 1973.

Figure 3: Comparison of Yields of Various Planting Dates for 1973

- 18 -

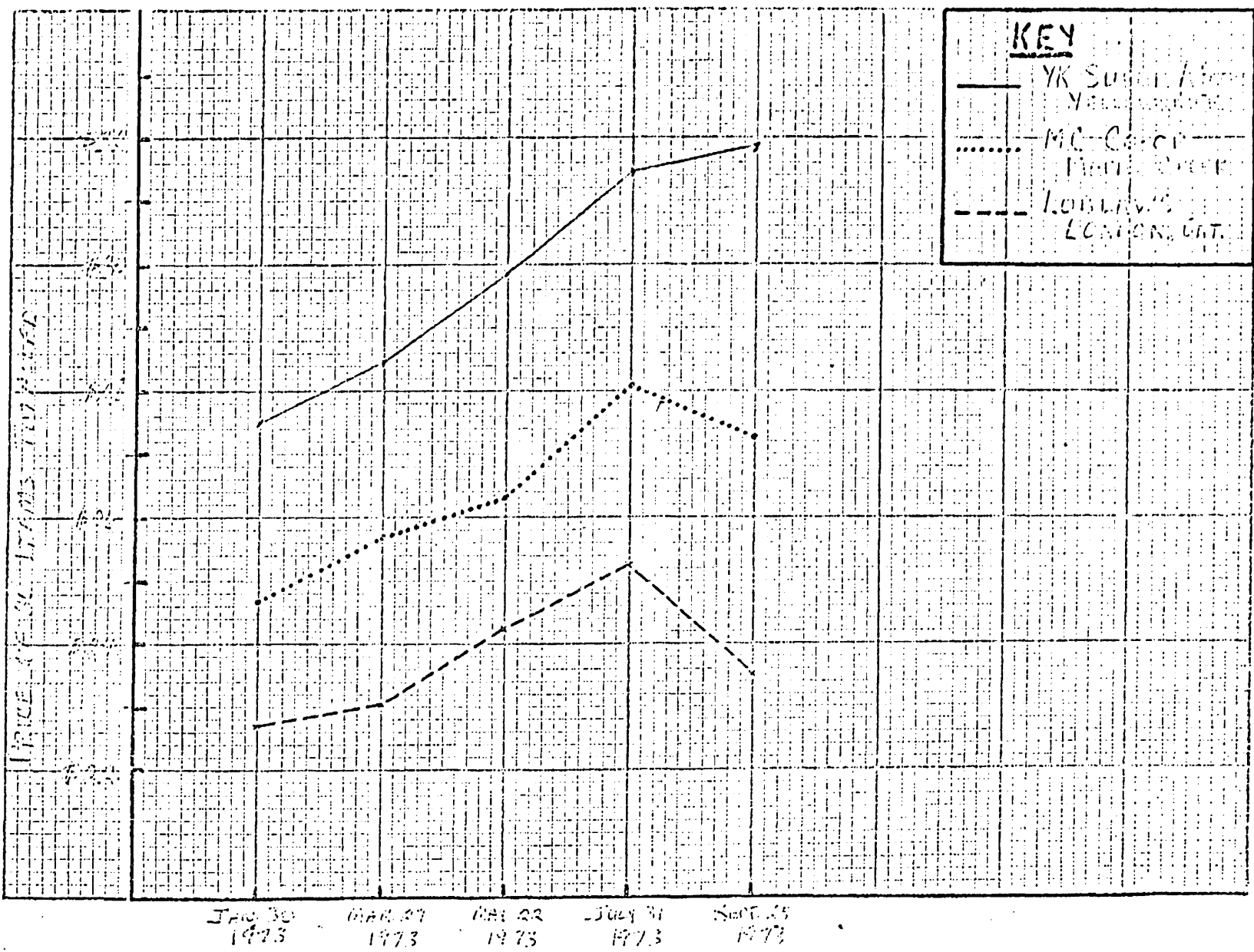


Table 3

Yellowknife/Maple Creek/London Prices by Product Groups

| Date | Center | Fresh Produce | Dairy Produce | Meat | Misc. Staples | Canned Goods | Non-Edibles | Total |
|-----------|-------------|---------------|---------------|------|---------------|--------------|-------------|---------|
| Jan. '73 | Yellowknife | 3.94 | 4.35 | 7.28 | 8.52 | .54 | 2.93 | \$27.56 |
| | Maple Creek | 3.14 | 3.70 | 6.10 | 8.25 | .52 | 2.96 | \$24.67 |
| | London | 2.85 | 4.01 | 6.66 | 6.82 | .38 | 2.04 | \$22.76 |
| Mar. '73 | Yellowknife | 4.04 | 4.35 | 8.06 | 8.52 | .54 | 2.93 | \$28.44 |
| | Maple Creek | 3.33 | 3.72 | 7.34 | 7.98 | .50 | 2.81 | \$25.68 |
| | London | 3.34 | 3.70 | 6.79 | 6.52 | .39 | 2.28 | \$23.02 |
| May '73 | Yellowknife | 5.24 | 4.39 | 7.89 | 8.88 | .54 | 2.94 | \$29.88 |
| | Maple Creek | 4.18 | 3.88 | 6.84 | 8.08 | .50 | 2.89 | \$26.37 |
| | London | 4.19 | 3.89 | 6.63 | 6.78 | .39 | 2.36 | \$24.24 |
| July '73 | Yellowknife | 5.72 | 4.54 | 8.59 | 9.14 | .59 | 2.94 | \$31.52 |
| | Maple Creek | 4.94 | 3.99 | 7.00 | 8.56 | .51 | 2.45 | \$28.05 |
| | London | 4.13 | 3.97 | 7.86 | 6.84 | .39 | 2.10 | \$25.29 |
| Sept. '73 | Yellowknife | 4.80 | 5.25 | 8.88 | 9.28 | .59 | 3.08 | \$31.88 |
| | Maple Creek | 3.53 | 4.42 | 7.26 | 8.78 | .51 | 2.75 | \$27.25 |
| | London | 2.65 | 4.08 | 7.28 | 6.79 | .39 | 2.38 | \$23.57 |

average for Yellowknife is higher than the national average (which includes the Yukon). Table 4 shows the percentage changes in food prices by product groups for Maple Creek, London and Yellowknife.

Food Price Trends in Yellowknife

A. Break-up and Freeze-up

Freeze-up is the period of time when ice is forming on the MacKenzie River and the ice is too thick for the ferry to operate but too thin for an ice road to be built. In the winter of 1972, freeze-up lasted from November 12 when the ferry closed, to December 13 when the ice road opened.

Break-up is that period of time when ice is melting and cracking up in the MacKenzie River, when the ice is too treacherous for use of the ice road, but still too thick for the ferry to operate. In the spring of 1973, break-up lasted from April 13, when the ice road was closed, until May 14, when the ferry made its first crossing.

Break-up is generally preceded by, and freeze-up is usually followed by, a period when only partial loads are allowed on the ice road. The last ferry trip this fall was November 9, 1973. There was an ice bridge formed by November 30, but even by mid-December only partially loaded trucks were being allowed to use the ice road.

Inspection of food price changes in Yellowknife during these periods of disrupted transportation service indicates that food prices do rise sharply at these times. (See Figure 4) The rise is accounted for mainly by increases in the cost of fresh produce and, to a lesser extent, meat. Graphs of price changes of these two food groups are shown in Figures 5 and 6. Any shopper knows that freeze-up and break-up raise milk prices alarmingly (as much as 38.5%) but this change does not show in our dairy produce results because none of the other dairy products follow the milk

Table 4

Percentage Change in Prices in London, Maple Creek and Yellowknife

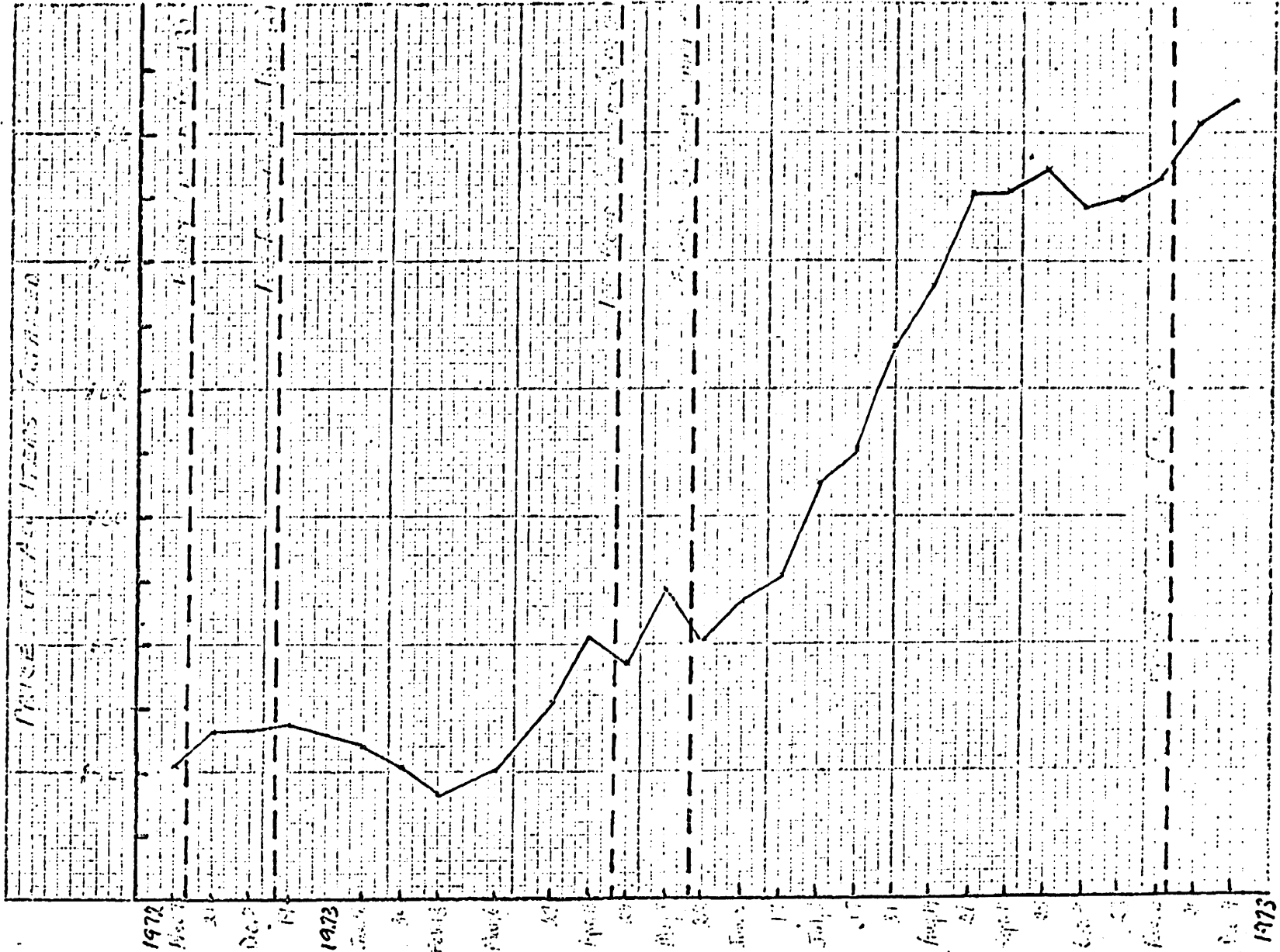
by Product Group from January to September 1973*

| Center | Total | Fresh Produce | Dairy Produce | Meat | Misc. Staples | Canned Goods | Non-Edibles |
|-------------|-------|---------------|---------------|-------|---------------|--------------|-------------|
| Yellowknife | +15.7 | +21.8 | +20.7 | +21.9 | +8.9 | +9.3 | +5.1 |
| Maple Creek | +10.5 | +12.4 | +19.7 | +19.0 | +6.4 | -1.9 | +10.5 |
| London | + 3.6 | - 7.0 | + 1.7 | + 9.3 | -1.0 | +3.6 | + 3.6 |

* + indicates an increase

- indicates a decrease

Figure 4: MARKET BASKET TOTALS (PERCENT OF 1967-68 LEVELS)



AVERAGE RISE OF FRESH FLOODS IN VERMONT

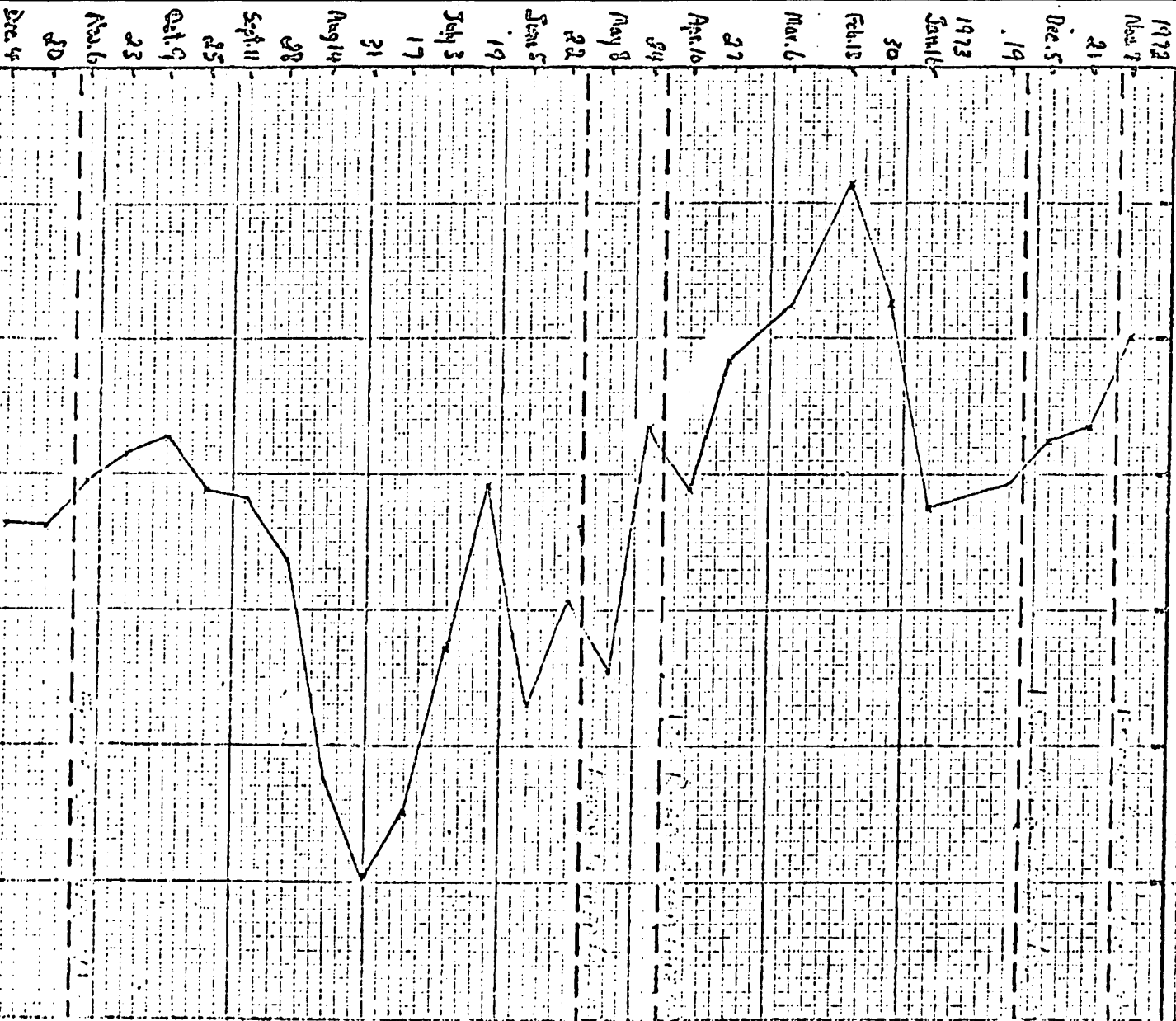
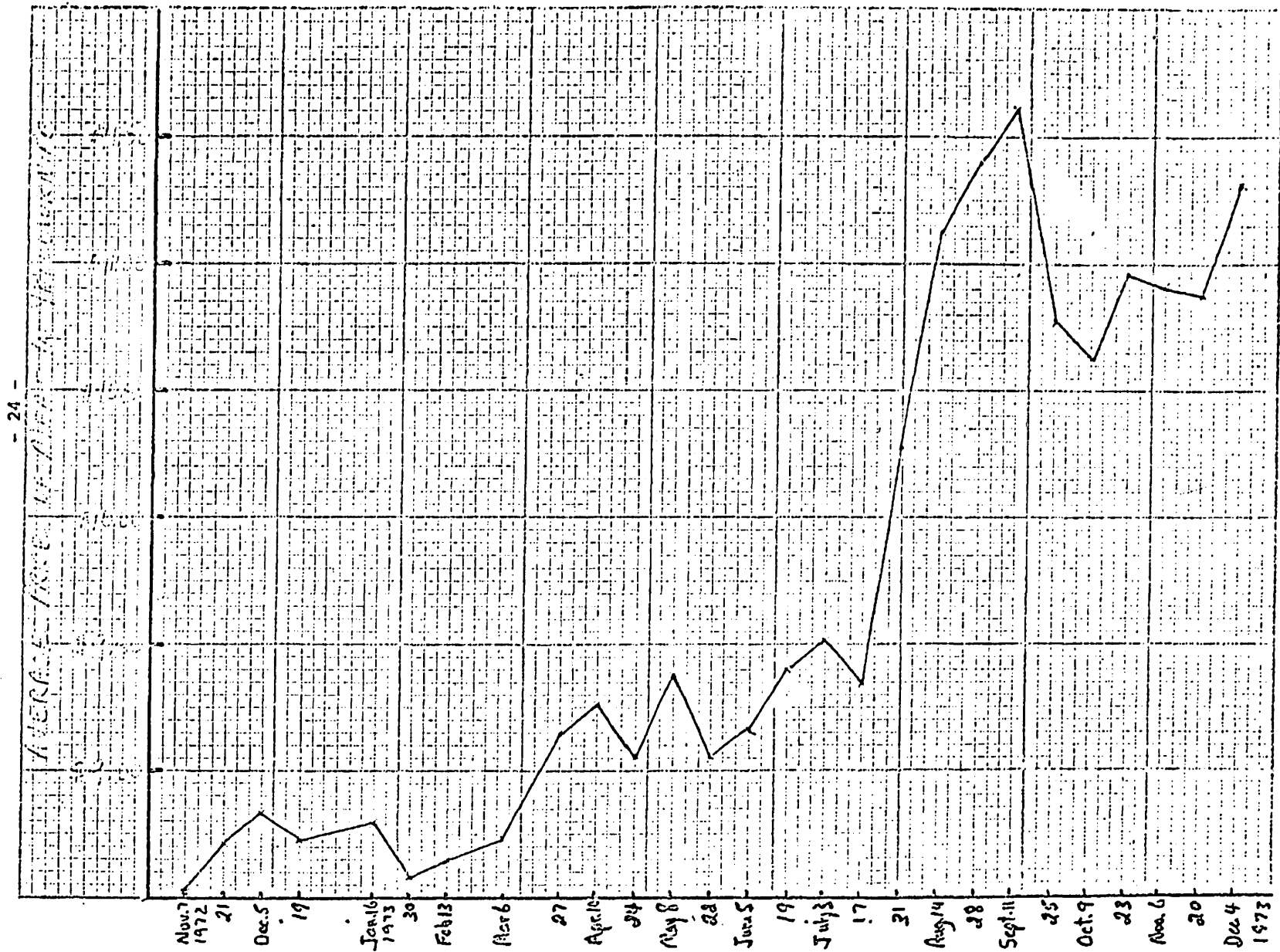


Figure 5. Fresh Floods (Average of numerous years)

Figure 6: MEAT (AVERAGE OF YELLOW RAINFALL STAGES)



pattern. Figure 7 shows the changes in the price of milk with respect to freeze-up and break-up. The percentage changes in Yellowknife prices during break-up and freeze-up are shown in Tables 5 - 9.

Table 5

Percentage Change in Yellowknife Food Prices During Freeze-up
(November 7 to December 5), 1972 *

| Total Market Basket | Fresh Produce | Dairy Produce | Frozen Foods | Meat | Misc. Staples | Canned Goods | Non-Edibles |
|---------------------|---------------|---------------|--------------|------|---------------|--------------|-------------|
| +1.2 | +7.6 | -0.1 | -0.5 | +3.8 | +0.2 | +0.2 | -1.8 |

Table 6

Percentage Change in YK Food Prices During Partial Road Ban
Spring (March 27 to April 10), 1973

| Total Market Basket | Fresh Produce | Dairy Produce | Frozen Foods | Meat | Misc. Staples | Canned Goods | Non-Edibles |
|---------------------|---------------|---------------|--------------|------|---------------|--------------|-------------|
| +1.7 | +9.4 | 0 | +3.6 | +1.2 | +0.6 | +4.5 | +0.2 |

Table 7

Percentage Change in YK Food Prices During Break-up
(April 10 to May 8), 1973

| Total Market Basket | Fresh Produce | Dairy Produce | Frozen Foods | Meat | Misc. Staples | Canned Goods | Non-Edibles |
|---------------------|---------------|---------------|--------------|------|---------------|--------------|-------------|
| +1.3 | +12.1 | +1.1 | -1.5 | +1.3 | -0.8 | -1.0 | +2.1 |

Figure 7. AVERAGE PRICE OF MILK IN THE 3 YELLOWSTONE STATES

- 26 -

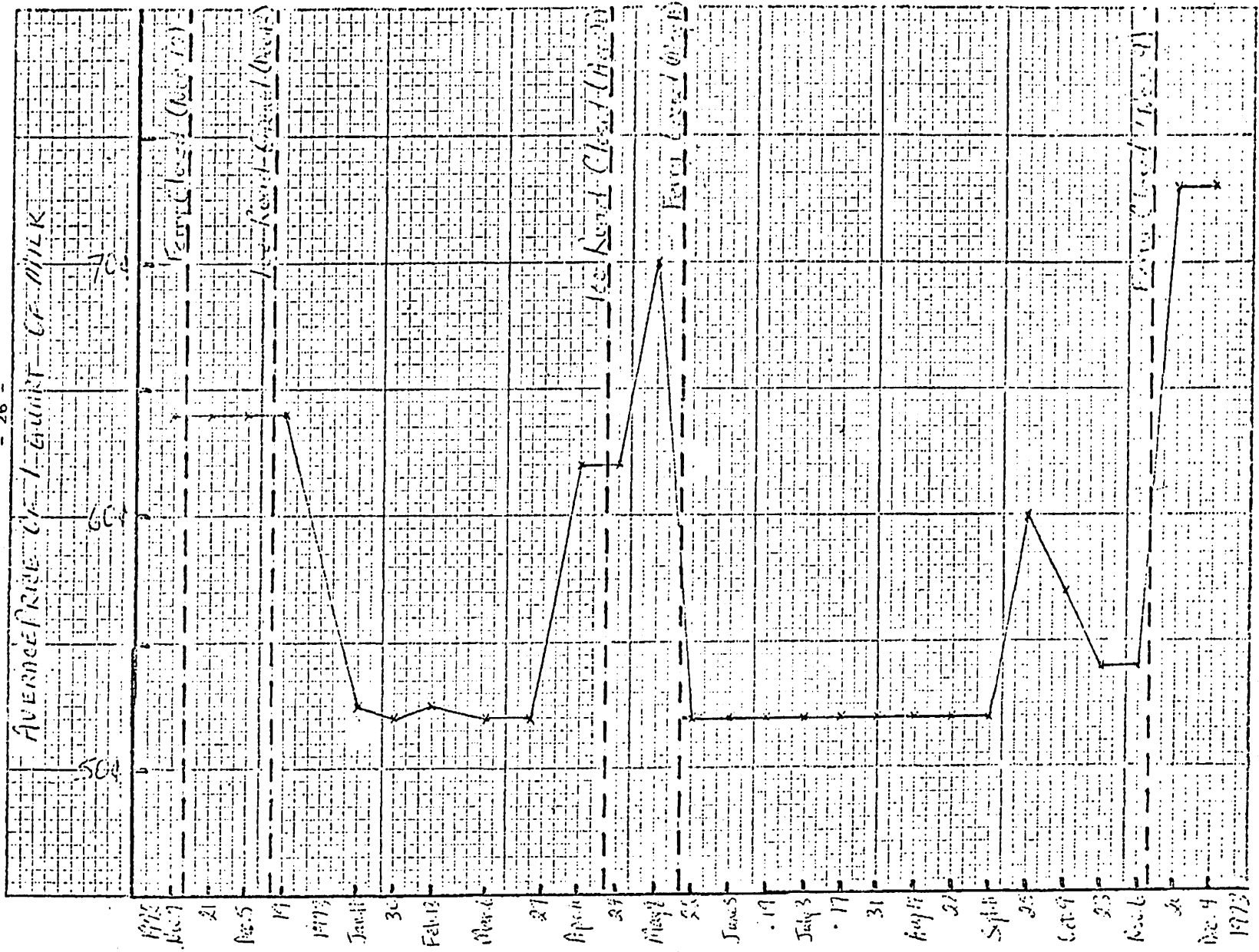


Table 8

Total Change for Spring Break-up (March 27 to May 8), 1973 (in Percentages)

| Total Market Basket | Fresh Produce | Dairy Produce | Frozen Foods | Meat | Misc. Staples | Canned Goods | Non-Edibles |
|---------------------|---------------|---------------|--------------|------|---------------|--------------|-------------|
| +3.0 | +22.6 | +1.1 | +2.1 | +2.5 | -0.2 | +3.5 | +2.3 |

Table 9

Percentage Change in YK Food Prices During Freeze-up (November 6 to December 4),

1973

| Total Market Basket | Fresh Produce | Dairy Produce | Frozen Foods | Meat | Misc. Staples | Canned Goods | Non-Edibles |
|---------------------|---------------|---------------|--------------|------|---------------|--------------|-------------|
| +1.9 | +2.9 | +2.1 | +7.5 | +3.7 | +0.4 | -1.3 | +4.6 |

B. Trends Over the Year in Yellowknife Food Prices

Yellowknife food prices began rising in March and never looked back. From February 13 to December 4, 1973 food prices in Yellowknife rose 19.6%. The increase for the whole year - from November 7, 1972 to December 4, 1973 was 18.8%. This steady climb reflects the trend in food prices in southern Canada but the overall increase seems to be somewhat higher in the north. Whereas southern prices peaked in late summer and are now leveling off,³ Yellowknife prices continue to climb.

Prices in all product groups except Non-Edibles and Frozen Foods have

³ Food Prices Review Board Quarterly Report, December 20, 1973

risen sharply in Yellowknife particularly since the summer. (See Figures 5,6,8,9,10.) Table 10 shows percentage changes in Yellowknife prices by product groups from November 7, 1972 to December 4, 1973. It will be that Non-Edible Goods rose only 3.1% and Frozen Foods actually dropped 5.1% in price. (See Figures 11 and 12.)

Table 10
Percentage Changes in Yellowknife Food Prices by Product Groups

From November 7, 1972 to December 4, 1973*

| Total Market Basket | Fresh Produce | Dairy Produce | Frozen Foods | Meat | Misc. Staples | Canned Goods | Non-Edibles |
|---------------------|---------------|---------------|--------------|-------|---------------|--------------|-------------|
| +18.8 | +13.8 | +18.2 | -5.1 | +33.0 | +22.3 | +12.7 | +3.1 |

* + indicates a percentage increase in price.
- indicates a percentage decrease in price.

Table 11 contains a list of 18 items which have been priced by the CAC-YK every December beginning in 1970. Food prices, according to this data, have risen 48.4% from 1970 to 1973 in Yellowknife. The big rise in prices was from 1972 to 1973 which showed a 23% increase. According to the Food Prices Review Board, food prices across Canada rose 24.6%⁴ from 1970 to September, 1973. Yellowknife's increase has been almost double that of the rest of Canada.

C. Food Prices and Freight Rates

Transportation costs play a major role in making food prices higher in the north. See Appendix E for a list of freight rates from Edmonton to Yellowknife in 1973. However, freight rates alone do not explain the

⁴ Food Price Review Board Quarterly Report, Dec. 20, 1973. We added the Consumer Price Index for Food for 1970, 1971, 1972 and 1973. See pg 4

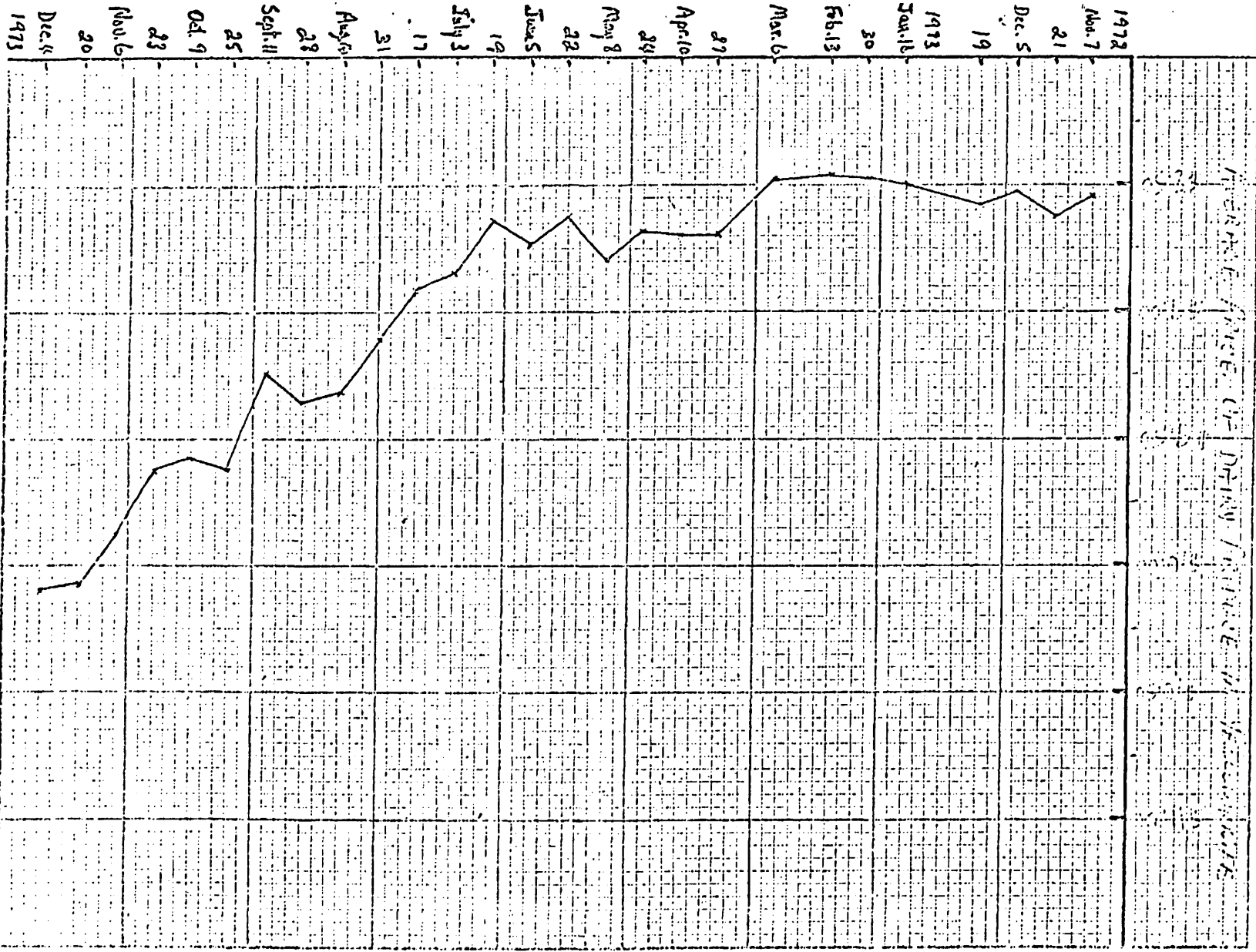


Figure 2: Daily Maximum (Adjusted to Yankinport's Site)

Figure 9. Mean Daily Rainfall (Average for 1912-1922) at ...

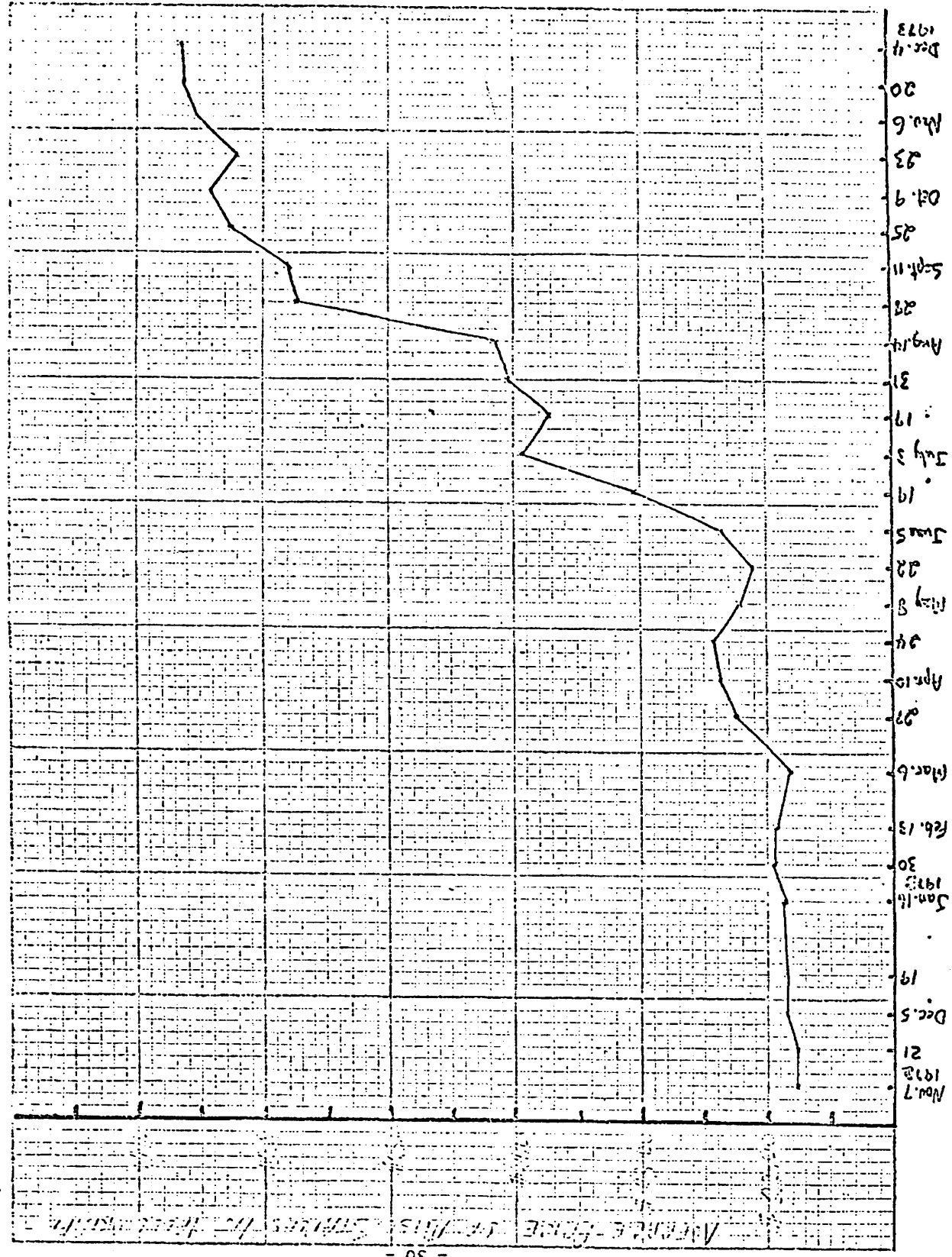
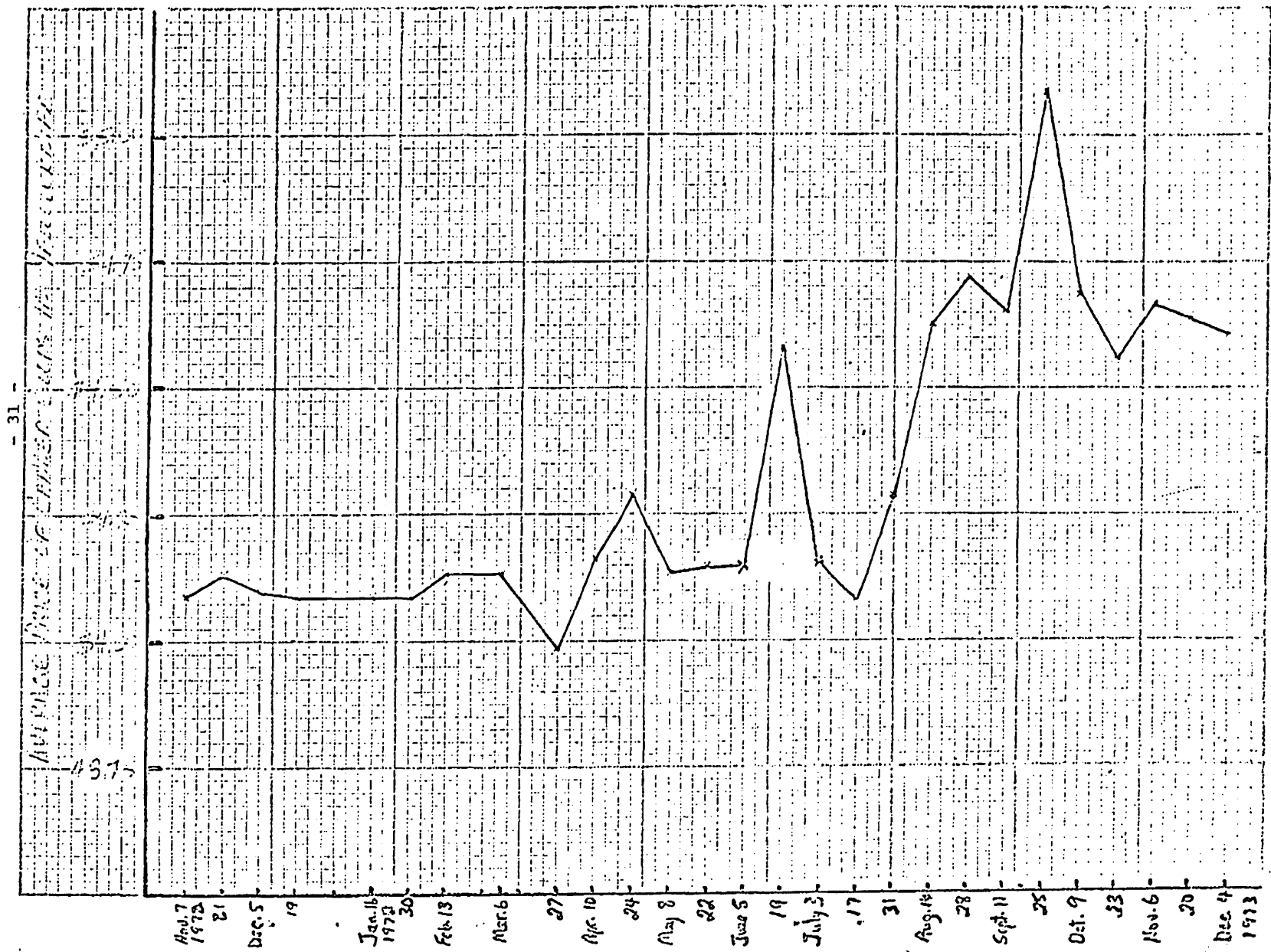


Figure 10. CHERRY CANS (AVERAGE 10 MINUTE PERIODS)



GENERAL STATE OF THE ECONOMY

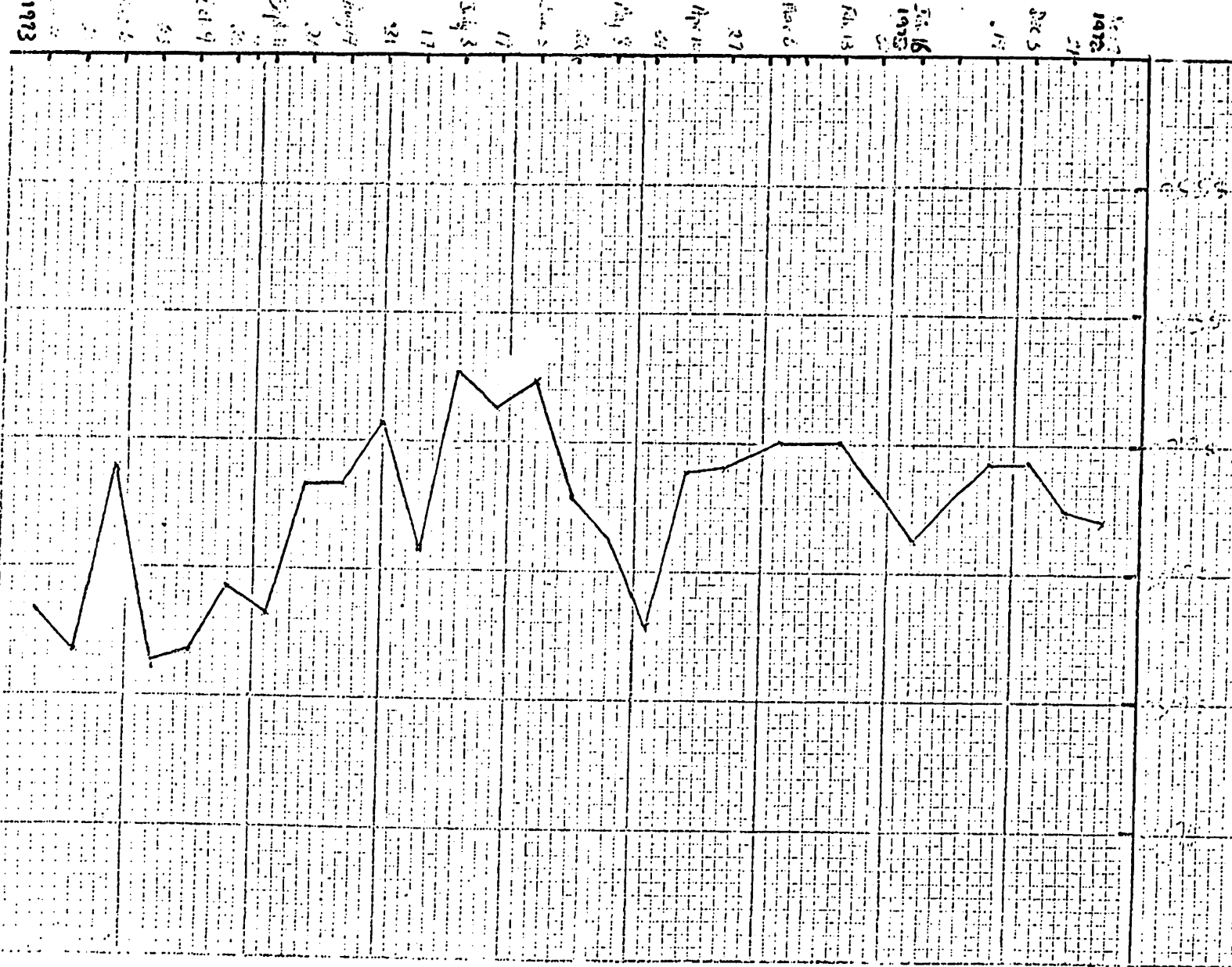


Figure 11: Non-Farm (Percentage of Population)

Figure 10: FROZEN FLOES (Average No. per 1000 sq. miles)

- 33 -

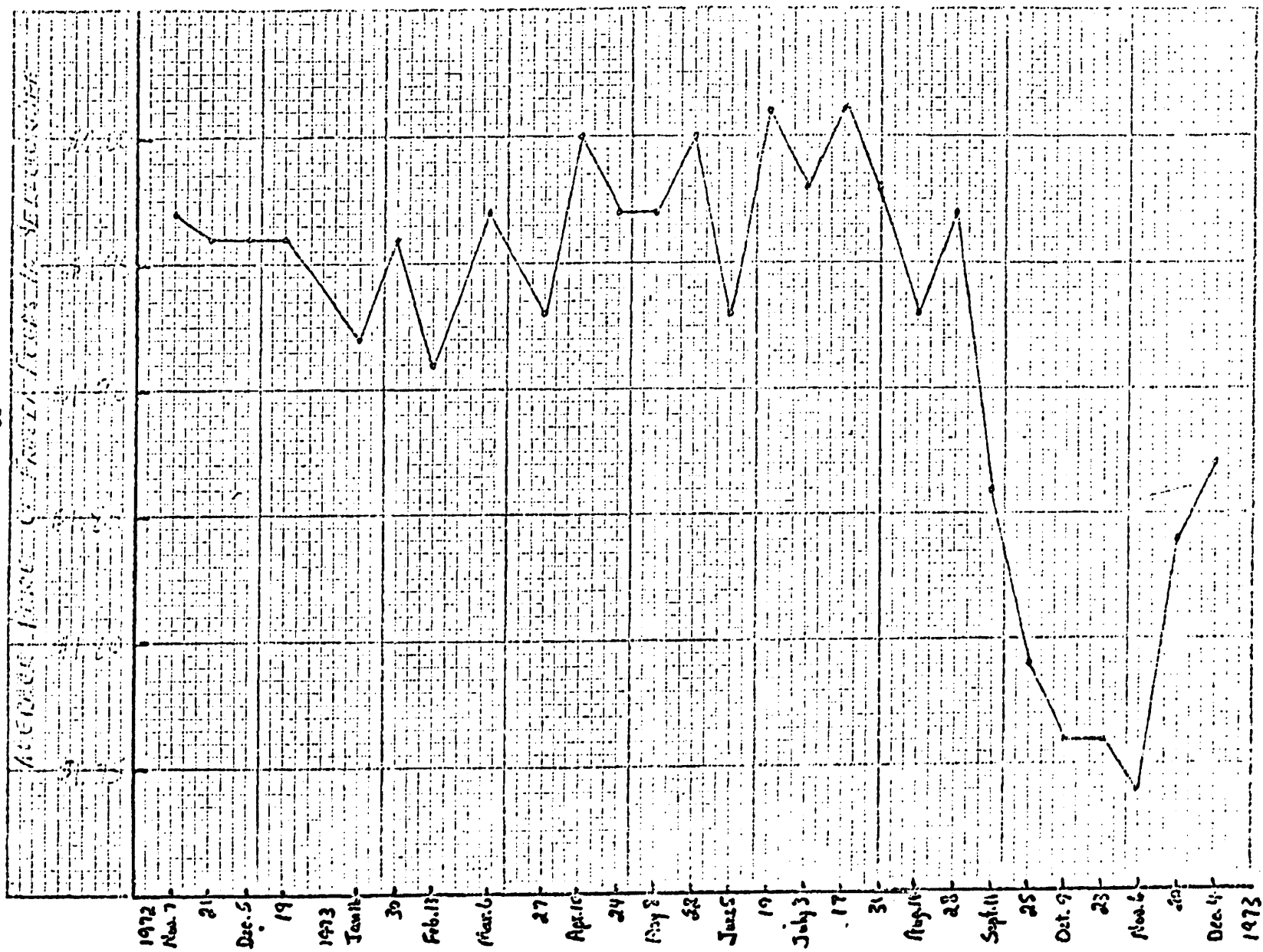


Table 11

Food Prices 1970, 1971, 1972, 1973

| Items | Dec. 1970 | Dec. 1971 | Dec. 1972 | Dec. 1973 |
|-------------------------|-----------|-----------|-----------|-----------|
| 1# MacIntosh Apples | .33 | .37 | .35 | .37 |
| 1# Oranges | .29 | .33 | .35 | .39 |
| 1# Cabbage | .29 | .19 | .35 | .45 |
| 1 qt. Whole Milk | .45 | .47 | .64 | .73 |
| 1 doz Grade A Lge. Eggs | .69 | .67 | .75 | 1.05 |
| 1# Margarine | .51 | .49 | .53 | .63 |
| 1# Med. Cheddar Cheese | 1.05 | 1.19 | 1.25 | 1.55 |
| 1 loaf White Bread | .30 | .31 | .33 | .43 |
| 10 oz. Tomato Soup | .20 | .20 | .20 | .20 |
| 12 oz. Corn Flakes | .43 | .45 | .47 | .53 |
| 48 oz. Strawberry Jam | 1.73 | 1.65 | 1.89 | 2.25 |
| 1# Round Steak | 1.49 | 1.49 | 1.79 | 2.09 |
| 1# Hamburger | .79 | .79 | .95 | 1.49 |
| 1# Weiners | .79 | .75 | .99 | 1.39 |
| 1# Pork Chops (Loin) | .89 | .95 | 1.45 | 1.75 |
| 1# Grade A Chicken | .63 | .69 | .93 | 1.19 |
| 200 Kleenex Tissues | .23 | .24 | .42 | .49 |
| 100 Aspirin | 1.05 | 1.05 | 1.05 | 1.09 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$12.18 | \$ 12.28 | \$ 14.69 | \$ 18.07 |

substantial differences between north and south. For example, 1 pound of butter on October 10 was 79¢ in Saskatoon⁵ and 89¢ in Yellowknife. Freight rates account for only 2.7¢ of this 10¢ difference. Similarly, 1 pound of chicken costs 89¢ in Saskatoon and \$1.05 in Yellowknife, and freight rates account for only 2.7¢ of this 16¢ difference.

Food price increases at break-up and freeze-up seem somewhat in line with the increased freight rates at those times (2.7¢ to 12¢ per pound). However, we found some instances of greater increases than seemed necessary. For example, apples, cabbage and celery increased by 15¢ per pound at break-up 1973. Only 9.3¢ is accounted for by the change in freight rates.

⁵ Unfortunately, we could not obtain a completed survey from Edmonton where our food actually comes from. However, we felt Saskatoon would not be too different from Edmonton.

CONCLUSIONS

During the course of this study, it became obvious that prices in Yellowknife are much higher than food prices in southern Canada. This is partly due to transportation costs, but we are not satisfied that freight rates alone explain these substantial differences. Yellowknife stores may incur slightly higher overheads than southern stores because of higher costs of space and staff. We would need to compare such costs to determine whether Yellowknife grocers are making excessive mark-ups on their merchandise.

We are concerned that the price of food in Yellowknife continued to rise in the fall, contrary to the pattern of price changes in the south. We have no explanation for this continuing increase.

We are also concerned that price rises in Yellowknife were sharper than increases in southern Canada throughout the year. Again we have no explanation.

Freight rates have increased as of January 1, 1974 (see Appendix E) so we can only expect further increases in food prices.⁶

Food prices do rise at freeze-up and break-up, but we are unable to determine from this survey whether or not these increases mirror changing freight rates.

There were no substantial price differences between Yellowknife's three stores. This may indicate that there is no competition between the stores, but it could also mean simply that the stores incur the same costs in supplying goods to Yellowknife consumers.

Our study barely tapped the problem of food prices in northern settlements. Yellowknife does not reflect settlement prices whatsoever. The few settlements we did survey are larger communities on main airline routes. Smaller, less accessible centers would have even more costly food than

Coppermine. The people probably must depend on hunting and fishing for sustenance.

High food prices are especially taxing for people with fixed incomes and no living subsidy. A substantial portion of the population do not receive northern living allowances. Moreover, those who are not subsidized are more likely to be in the lower income bracket. A great many people in Yellowknife and throughout the north are receiving social assistance and they are particularly hard hit by high food prices. We find it highly incongruous that the people who most need subsidizing do not receive it.

⁶ Please refer to the "Canadian Restaurant Association Report to the Commissioner of the Northwest Territories: Trucking, Transport Rates and Tariffs, the 40 hour work Week, and the Increase in the Minimum Wage" for a full explanation of freight rate increases including an indication of the hardship imposed on northern consumers.

RECOMMENDATIONS

First, we recommend that the Food Prices Review Board focus attention to the north where food prices cause grave hardship, especially among the less well-to-do. In addition to investigating high food prices in general in the north, the Board should examine price increases to see that mark-ups are reasonable and that retail merchandising practices are fair.⁷ Although this report concentrates on food prices, we have drawn to the Board's attention, in another brief, the retail practices in the north which we find questionable. A summary of that brief is attached as Appendix F.

The Food Prices Review Board is also asked to investigate freight rates in the north to ensure that they are not unreasonable and to mark the role that transportation costs play in the spiral of rising food prices. We ask the Board to take into account the fact that many people in the north do not receive a living subsidy. Statistics on salaries in the north may be misleading if one does not remember that a substantial portion of the population is receiving social assistance or working as unskilled labour for the minimum wage in an area where \$80 a week is merely a survival wage.

Although we hesitate to recommend a program with so many ramifications, our concern for the position of lower income groups in the north brings us to suggest subsidized freight rates. At the present, only government employees and employees of a few other companies receive housing subsidies and/or northern living allowances. These are usually the people who need help the least. A system of subsidizing freight rates would better equalize the cost of living for all northerners.⁸

We are also interested in seeking solutions to the break-up/freeze-up

problem. We wonder whether the government has considered the cost and the hardship borne by the consumer as a result of disrupted transportation services. Problems with the ferry and with the ice bridge exacerbate an already difficult consumer problem by extending periods of raised food prices and sometimes causing stores to run short of supplies. We urge the government to seek more diligently for an alternative to the ferry/ice-bridge set-up which would give us more certainty of supply and less erratic food price changes. There is a need for an all-weather road to provide the solution for this costly consumer problem.

Finally, we would like to re-emphasize the hardship that high food prices incur on northern consumers and the need for further study of retail practices, food prices and freight rates throughout the north.

⁷ Also, a cost comparison of wages and space in northern versus southern centers would be useful in evaluating mark-ups.

⁸ The NWT government does subsidize freight rates for liquor across the territories. Surely this practice constitutes, at the very least, an acceptance of the problem and perhaps even a precedent for subsidizing all freight rates!

APPENDIX A: YELLOWKNIFE CAC FOOD PRICE SURVEY 1973 -- THE SURVEY FORM

DATE: _____ STORE: _____ CITY: _____

FRESH PRODUCE

- 1# Apples (MacIntosh).....
- 1# Oranges (medium)
- 1# Cabbage
- 10# Potatoes
- 1# Lottuce
- 1# Tomatoes
- 1# Celery Stalks
- 3# Onions

MISCELLANEOUS

- 20# All Purpose Flour (Robin Hood)
- 5# Brown Sugar
- 10# White Sugar
- 48 qt. Powdered Milk (Carnation)
- 1# Coffee (Nabob)
- 60 Tea Bags (Salada)
- 10 oz Instant Coffee (Nescafe)
- 2# Quik (Chocolate Drink)
- 1 loaf White Bread (sliced)
- 32 oz Peanut Butter (Squirrel)
- 32 oz Mazola Oil
- 12 oz Corn Flakes (Kelloggs)
- 2-7 oz Tang (orange)
- 2# Table Salt (Sifto)

DAIRY PRODUCTS

- 1 qt Whole Milk
- 1# Butter
- 1# Fleischmann's Corn Oil Margarine
- 1# Margarine (Blue Bonnet)
- 2# Chocz Whiz
- 1# Medium Cheddar Cheese Bulk

CANNED GOODS

- 12 oz Kernel Corn (Niblets)
- 14 oz Green Beans, plain cut (York)
- 10 oz Tomato Soup (Campbells)
- 48 oz Strawberry Jam (Nabob)
- 48 oz Clear Apple Juice (Sunrype)
- 4 cans Baby Food (Heinz)
- 7 3/4 oz Red Salmon (Gold Seal)

MEAT

- 1# Grade A Whole Chicken, fryor
- 1# Round Steak
- 1# Hamburger
- 1# Wieners (Burns)
- 1# Pork Chops (loin)
- 1# Cross Rib Roast
- 1# Sliced Side Bacon (Burns)
- 1# Small, link Pork Sausage (Burns)
- 1# Frozen Whitefish
- 1# Salt Pork
- 12 oz Halibut Steaks

NON-EDIBLES

- 1 bath-size bar Hand Soap (Zest)
- 24 oz Liquid Detergent (Vel)
- 1# 4 oz Dishwasher Det. (Calgonite)
- 5# Laundry Detergent (Tide)
- 200 Tissues (Hlcenex)
- 4 rolls Bathroom Tissue (Cashmere)
- 150 ml Toothpaste (Crest)
- 100 Aspirin (Bayers)
- 50 ft Stretch & Seal

FROZEN FOODS

- 2# French Fries (Carnation)
- 1# Mushrooms (Delnor)
- 2# Raspberries (Frazer Valley)
- 2# Strawberries (York)
- 2# Peas (York)

TOTALS

| | |
|----------------|-------|
| Fresh Produce | _____ |
| Dairy Products | _____ |
| Meat | _____ |
| Frozen Foods | _____ |
| Miscellaneous | _____ |
| Canned Goods | _____ |
| Non-edibles | _____ |

MARKET BASKET TOTAL 3 _____
(sum of product group totals)

APPENDIX B

Items Used in the Analysis of the Yellowknife Data

Fresh Produce

1 lb. MacIntosh apples
1 lb. Oranges (medium)
1 lb. Cabbage
2 lbs. Carrots
10 lbs. Potatoes
1 lb. Lettuce
1 lb. Tomatoes
1 lb. Celery Stalks
3 lbs. Onions

Dairy Produce

1 qt. Whole Milk
1 lb. Butter
1 lb. Fleischmann's Corn Oil Margarine
1 lb. Blue Bonnet Margarine
2 lb. Cheez Whiz
1 lb. Medium Bulk Cheddar Cheese
1 doz. Grade A Large Eggs
12 oz. Cottage Cheese
1/4 gal. Vanilla Ice Cream (Palm)

Frozen Foods

2 lbs. French Fries (Carnation)
1 lb. Delnor Mushrooms

Non-Edibles

24 oz. Liquid Detergent (Vel)
1 lb. 4 oz Calgonite Diswashing Detergent
5 lbs. Tide
200 Tissues Kleenex
4 rolls Cashmere Toilet Tissue
100 Bayer Aspirin

Meat

1 lb. Grade A Whole Chicken
1 lb. Round Steak
1 lb. Hamburger
1 lb. Burns Wieners
1 lb. Loin Pork Chops
1 lb. Cross Rib Roast
1 lb. Sliced Side Bacon (Burns)

Miscellaneous

20 lbs. All-Purpose Flour (Robin Hood)
5 lbs. Brown Sugar
10 lbs. White Sugar
2 lbs. Icing Sugar
48 qt. Powdered Milk (Carnation)*
1 lb. Nabob Coffee
60 Salada Tea Bags
2 lbs. Quik Chocolate Drink
1 - 20 oz. Loaf Sliced White Bread
32 oz. Squirrel Peanut Butter
32 oz. Mazola Oil
12 oz. Kellogg's Corn Flakes
2 - 7 oz. Orange Tang
2 lbs. Sifto Table Salt

Canned Goods

12 oz. Niblets Kernel Corn
14 oz. York Green Beans
10 oz. Campbell's Tomato Soup
48 oz. Nabob Strawberry Jam
48 oz. Sun-Rype Apple Juice
4 cans Heinz Baby Food

* N.B. At no time during the survey was the 48 qt. size Powdered Milk available at the Yellowknife IGA. We wanted to include this item because of its rapid rise in price, so for purposes of comparing the three stores we averaged the price of this commodity in the other two stores and used that average as the price in the IGA. This is the only

APPENDIX C

Items Used in the Cross-Country Survey Results

Fresh Produce

apples
tomatoes
celery
potatoes

Dairy Produce

butter
eggs

Meat

chicken
weiners
pork chops
bacon

N.B. Items listed were of the same size, brand and quality specified in the original food price survey sheet shown in Appendix A.

Miscellaneous

bread
salt

Canned Goods

corn
green beans
tomato soup

Non-Edibles

Kleenex tissues

APPENDIX D

Items Used in the Yellowknife/Maple Creek/London Food Price Survey

Items Included:

Fresh Produce

Carrots
Potatoes
Lettuce
Tomatoes
Celery Stalks
Onions

Dairy Produce

Milk
Butter
Margarine
Bulk Cheese
Eggs
Cottage Cheese

Meat

Chicken
Steak
Hamburger
Wieners
Pork Chops
Cross-Rib Roast

Miscellaneous

Brown Sugar
White Sugar
Coffee
Quick
Bread
Mazola Oil
Corn Flakes
Tang

Canned Goods

Niblets Corn
Tomato Soup

Non-Edibles

Tide
Kleenex tissues

N.B. Items listed were of the same size, brand and quality as specified in the original food price survey sheet shown in Appendix A.

APPENDIX E

Northern Freight Rates* - an Example

| Rate per hundred-weight | as of | as of |
|--|--------------|---------------|
| <u>Edmonton to Yellowknife by Truck</u> | Jan. 8, 1973 | Jan. 1, 1974 |
| 1. Full Load (i.e. 40,000 lbs.) | | |
| (a) Unprotected Cargo | \$2.70 | \$2.88 |
| (b) Protected Cargo (i.e. needing refrigeration or protection from freezing) | no extra | 10% surcharge |
| 2. Partial Loads | | |
| (a) 10,000 lbs. | \$5.20 | \$5.76 |
| (b) 75% road ban (i.e. 20,000 lbs. cargo) | \$8.80 | \$10.00 |
| Same surcharge on protected cargo. | | |
| 3. With Air Shuttle Across the MacKenzie River** | | |
| Full Load | \$12.00 | \$13.80 |
| No surcharge on protected cargo. | | |

* Information obtained from Pacific Western Trucking and Grimshaw Trucking.

** The food stores charter airplanes for this service at the rate indicated.

APPENDIX F

Summary of Brief Submitted to the Food Prices Review Board
in Response to the Retail Food Store Survey

Many of the undesirable practices outlined in the report on the Food Prices Review Board's Retail Food Stores Survey are prevalent in Yellowknife and across the territories. For example:

- a) Double Ticketing - The practice of raising the price of a food product which is on the shelf of a store, and on which the price has already been marked, does occur here. In some instances the original prices are removed and a higher price stamped on the product. Further, at times there were no prices marked on certain products, so that the merchant was suspected of charging inflated prices for old stock.* Consumers in Yellowknife object strongly to this practice, but it has happened for so long (and has been most noticeable during freeze-up and break-up periods) that it is becoming accepted as one of the consequences of northern living.
- b) Unavailable Supplies of Specials - At times, only limited quantities of advertised specials are available in Yellowknife stores, and there is no policy to compensate for this problem.
- c) Misleading In-Store Practices - Deception through end-aisle displays occurs in Yellowknife in the same manner as outlined in the Report. Windows in the back of cash registers are often hidden by displays of candy and other minor items.

Proliferation of sizes is not as large a problem here due to the

* This statement was not included in comments to the Food Prices Review Board.

limited choice available to consumers. This limited choice also affects food prices for Yellowknife shoppers because only the more expensive lines of products are available. Although the stores do carry a selection of their house brands, there are no Standard Quality items available.

Deceptive packaging, especially of meats, is a further source of annoyance in Yellowknife. Meats are often packaged so that the shopper cannot see large sections of bone or fat. The packaging also makes it difficult to purchase the amount suitable to the individual customer.

Problems in the area of food prices and retail store practices that are prevalent in Yellowknife are compounded in outlying communities. Therefore it is imperative that these problems be investigated. While freight rates do affect prices considerably, CAC Yellowknife feels that too much blame is placed on transportation costs. In some settlements there are no prices marked on fresh produce, neither on the product itself nor on the shelf. The consumer buys blindly because he feels he must have the item, whatever the price. A store in Frobisher Bay sells an un-named meat (it could be pork chops) in plastic bags with no label, only the total price stamped on the bag. Perhaps the most frustrating problem for the consumer in the far north is that freshness or good quality are not guaranteed, in spite of extremely high costs. (Eggs in Gjoa Haven in October were \$2.45/dozen. In Frobisher Bay during the week of October 20 to November 4, a turnip sat on the produce counter priced at over \$6.00. When questioned by a CAC volunteer, the manager discovered that it had been mispriced at 99¢/lb. rather than 43¢/lb.)

The above comments indicate the types of retail practices and problems related to food buying which exist in communities in Northern Canada. If Canadians in the south are feeling hard hit by inflation, the 38,000 people in the Northwest Territories are feeling it far more.