

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS  
MELBOURNE, AUSTRALIA.

LABOUR AND INDUSTRIAL BRANCH  
REPORT No. 1.

# Prices, Price Indexes & Cost of Living IN AUSTRALIA

BY

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## PREFACE.

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As this is the first Report issued by the recently organised Labour and Industrial Branch of this Bureau, a few words concerning the scope and functions of this Branch may be of general interest.

The Scheme of work provides for systematic investigations into the following matters:—

*A.—Trade Unionism.*—Classification of unions and members by industries; development of unions and members; the law relating to trade unions; economic characteristics of trade-unionism; trades and labour councils and federation of unions.

*B.—Wages and Hours of Labour.*—The course of wages; index-numbers shewing relation between wages, prices, &c.; current wages and hours of labour—metropolitan and country—in each State.

*C.—Changes in Rates of Wages and Hours of Labour.*—The amount of the change; the number of workers affected; individual and aggregate effects of changes on amount of wages paid; method by which changes brought about.

*D.—Strikes and Lock-outs.*—Classified according to industries affected; their cause, duration, method of settlement, number affected, and direct and indirect losses; operations under Federal and State Arbitration and Conciliation and Wages Board Acts.

*E.—The Unemployed.*—Classified according to industries; seasonal and general fluctuations; index-numbers of employment; average duration of employment; operations of Government Labour Bureaux; effect of non-conformity of employment on earnings; co-operation in international investigations.

*F.—Prices, Fluctuations in Exchange Value of Gold, and Cost of Living.*—Import and export values, wholesale and retail prices, and house rents; special investigations for past years; index-numbers; cost of living inquiries by household budgets; international comparisons.

*G.—Investigations in regard to Principal Industries in Commonwealth.*—Numbers employed and wages paid; classification of wage-earners according to occupations and wage-groups; comparisons between rates of wages and actual earnings.

*H.—Miscellaneous.*—Reports on state of labour market in various industries and localities; immigration; operations of Labour Bureaux; legal cases affecting labour; industrial accidents; co-operation and co-partnership; review of laws affecting labour in Australia and elsewhere; review and analysis of reports issued by Australian, British, American, and Continental European Labour Departments.

1.—*Special Subjects of Investigation.*—Concurrently with the general inquiries to be conducted by the Branch (as specified above), it is proposed that investigations shall be carried out into special matters. Each of these would extend, if necessary, over a period as long as one or two years, and would deal with such matter as:—Apprenticeship; the working of various laws specially affecting labour; the employment of women and children; industrial education; noxious and dangerous trades; workmen's compensation and social insurance; fluctuations in employment and their effect on the conditions and efficiency of labour; the housing of the working people; the cost of production; the regulation and restriction of output.

It may be seen, therefore, that the new Branch deals with matters of great importance and interest to practically every section of the community.

The main object of this report is to furnish information as to prices in past years in such a form as to be fully comparable with that which it is proposed to publish periodically in the future. A further report, with a similar object, will be issued in the course of a few months, furnishing information for past years (and for the current year) as to Trade Unionism, Employment and Unemployment, Rates of Wages and Hours of Labour, and other matters of a cognate nature.

It is proper here to observe that the variation in the cost of commodities has passed from the region of merely academic questions in Australia, and is influencing the decisions of Industrial Tribunals and Wages Boards, and it became, therefore, necessary to examine the whole question exhaustively. The result of this was to clearly demonstrate that if the results are to be accurate and valid, a much more rigorous technique than is usual must perforce be followed. This is illustrated in the methods here followed, and the question has been elucidated in the appendices.

Recently the attention of statisticians and economists has been pointedly directed to the importance of the question of price-indexes, and the feeling has arisen that international practice should be uniform. Upon examining the whole question it was seen that *the procedure ordinarily followed in computing a price-index was so seriously defective as to be misleading*, and that no sort of general agreement existed in detailed results. With a view, therefore, to deciding upon an accurate technique for this inquiry, and of assisting in deciding upon an international technique, Appendixes VIII. and IX. have been added. In these Appendixes a rigorous method is deduced, and it is shewn that its practical application is very simple.

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Melbourne, 5th December, 1912.

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