9 Commerce

OVERVIEW

Commerce, 'the exchange of goods and services for money', is the foundation of modern society. There are many facets to the measurement of commercial activity: household expenditure data is important in identifying expenditure patterns within the community; price indexes are used to monitor price behaviour; and retail trade is a significant activity, contributing 7.4% to the State's GSP (at factor cost) and 15% to the State's employment. A significant change in Victoria in recent years has been the expansion of the gambling industry with the introduction of gaming machines and the opening of the Crown casino. Data relating to each of these activities is included in this chapter.

The Retail industry is a major contributor to the Victorian economy, accounting for almost $27.5 billion annually in turnover and over 300,000 of the State's employees. Data from the Monthly Retail Trade survey are included in this chapter, supplemented by information from the Retail Census.

Prices are a key factor in the operation of an economy. Price Indexes provide summary measures of the movements in various categories of prices and are used extensively to analyse and monitor price behaviour and to adjust government payments such as pensions. The Consumer Price Index, together with the two price indexes relating to Materials Used in Building and the House Price Indexes are covered in this chapter.

Estimates of the level and patterns of expenditure by households in different regions of Australia are derived from the Household Expenditure Survey. This information provides a platform for the CPI; from the survey results items are selected for inclusion in the CPI and relative 'weights' are established between items.

Monthly Retail Trade Survey

The monthly Retail Trade Survey has been conducted in various forms since 1962. The principal objective of the collection is to show month to month movement of retail turnover. The survey is one of the main economic indicators, providing an 'early' indication of changes in the economic climate. Retail spending is also a very important component of the Australian National Accounts, contributing around 40% of Private Final Consumption Expenditure (PFCE).

Industry analysis

In Victoria, in the retail industry, total turnover increased by 5.8% between 1994–95 and 1995–96, with Clothing and soft goods retailing again being the only industry group to show a decline (–2.4%).

Department stores increased turnover by 4.9% between 1994–95 and 1995–96, improving on the 3.5% growth of the previous twelve months. Food retailing, which grew by 9.5%, is the largest industry group, contributing 43 per cent of total retail turnover. The industry to show the strongest growth in 1995–96 was Recreational goods retailing (10.9%); however this was significantly down on the 23.6% growth recorded in the previous twelve months. The next strongest increase was in Household goods (7.0%).

The remaining industry groups; Other retailing (which includes pharmacies, second hand stores, nurseries and jewellers) and Hospitality and services both showed little change between 1994–95 and 1995–96 (0.7% and 0.1% respectively).

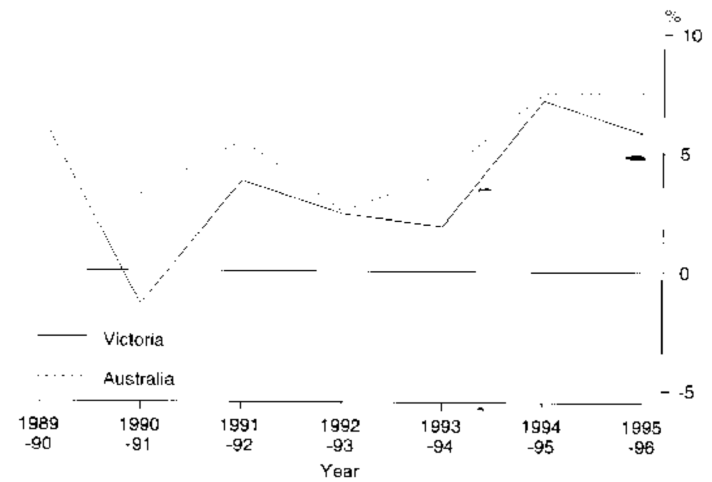
9.1 TURNOVER OF RETAIL ESTABLISHMENTS (a) AT CURRENT PRICES BY INDUSTRY, VICTORIA

Industry group	*1990–91* $m	*1991–92* $m	*1992–93* $m	*1993–94* $m	*1994–95* $m	*1995 96* $m
Food	9 102.0	9 725.6	9 856.8	9 989.7	10 723.8	11 738.0
Department stores	2 276.3	2 423.9	2 507.3	2 468.5	2 554.4	2 680.4
Clothing and soft goods	2 127.1	2 157.4	2 140.1	1 965.6	1 873.0	1 828.5
Household goods	2 819.3	2 837.8	3 089.7	3 160.0	3 169.6	3 392.9
Recreational goods	1 114.5	1 096.4	1 106.3	1 227.0	1 517.0	1 682.7
Other retailing	1 570.0	1 803.1	1 973.0	2 202.5	2 509.4	2 526.3
Hospitality and services	3 291.5	3 111.0	3 037.8	3 158.6	3 571.8	3 576.1
Total	**22 300.7**	**23 155.2**	**23 711.0**	**24 171.9**	**25 919.0**	**27 424.9**

(a) Excludes establishments which retail motor vehicles, parts, petrol etc. but includes non-petrol sales of identified convenience stores of petrol stations.

Source: Retail Trade Australia (8501.0)

PERCENTAGE CHANGE IN RETAIL TURNOVER, VICTORIA AND AUSTRALIA



Source: Retail Trade, Australia (8501.0)

Growth in turnover in Victoria was below the growth rate for Australia between 1989–90 and 1995–96. Over this period, in the midst of Victoria's economic recession, turnover declined by 1.4%. Victorian turnover increased in the following years, growing strongly by 7.2% between 1993–94 and 1994–95 and easing to 5.8% between 1994–95 and 1995–96.

9.2 QUARTERLY TURNOVER OF RETAIL ESTABLISHMENTS, SEASONALLY ADJUSTED (a) AT CURRENT PRICES BY INDUSTRY, VICTORIA

Industry group	*March 1995* $m	*June 95* $m	*Sept 95* $m	*Dec 95* $m	*March 1996* $m	*June 96* $m
Food	2 702.2	2 761.9	2 865.2	2 906.7	2 962.5	2 989.0
Department stores	636.6	640.2	675.5	665.4	669.3	665.3
Clothing and soft goods	489.2	454.5	460.8	462.3	455.1	447.2
Household goods	815.4	821.7	824.4	839.3	846.4	879.3
Recreational goods	361.5	406.5	415.7	403.4	447.3	411.1
Other retailing	637.6	679.5	654.4	633.3	622.9	609.4
Hospitality and services	902.7	918.3	878.9	874.3	898.7	916.9
Total	**6 545.3**	**6 682.7**	**6 774.9**	**6 784.7**	**6 902.2**	**6 918.2**

(a) Excludes establishments which retail motor vehicles, parts, petrol etc. but includes non-petrol sales of identified convenience stores of petrol stations.

Source: Retail Trade Australia (8501.0)

Growth in the estimate of seasonally adjusted retail turnover continued to strengthen during 1995–96, with the Recreational goods retailing industry group recording the strongest growth (10.8%). Department store sales also improved over the same period (5.2%) compared with 1994–95 (3.2%).

Retail Trends in Victoria

Growth in retail turnover was subdued in Victoria in 1996 with Constant Price growth for the year ended September 1996 being 1.8%. Current Price growth for the same period was 4.5%. The total State growth figures mask significant variations between sectors. Current Price growth rates (original figures) by sector were:

Industry Sector	*% change (year ending Sept 1996 over year ending Sept 1995)*
Food	7.9
Department stores	3.5
Clothing and soft goods	–3.1
Household goods	8.3
Recreational goods	7.3
Other retailing	-2.4
Hospitality and services	-0.7
Total	**4.5**

Source: Retail Trade Australia (8501.0)

The variations in growth rates by sector reflect changes in consumer spending patterns. Consumer preferences are swinging towards the lower cost, 'value' end of the price scale, away from higher priced fashion brands. Discount department stores and large scale 'every-day-low-price' formats are taking market share from the traditional department stores. This trend is evident internationally as well as throughout Australia. These large scale stores are called 'category killers' as they tend to dominate the category of product in which they specialise. Examples of this format are evident in toys, hardware, electrical goods, sporting goods and office supplies.

There has been a strong increase in the volume of retail floor space. Major regional shopping centres are increasing their space in order to create a 'critical mass' to attract consumers. Additionally, most of the 'category killer' stores are new, further adding to the stock of retail floor space. With the growth of these formats there has been a shift away from traditional local strip shopping centres.

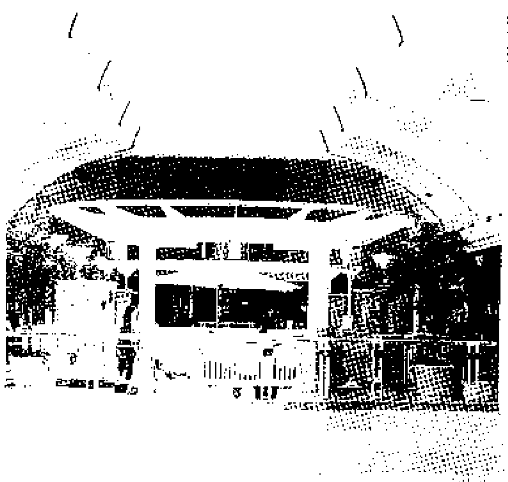
Consumers are spending less of their incomes on retail goods and more on leisure and entertainment (including gambling), presenting retailers with the challenge of better meeting their customer's lifestyle needs. Changes to retail shopping hours will increase the capacity of retailers to meet this challenge.

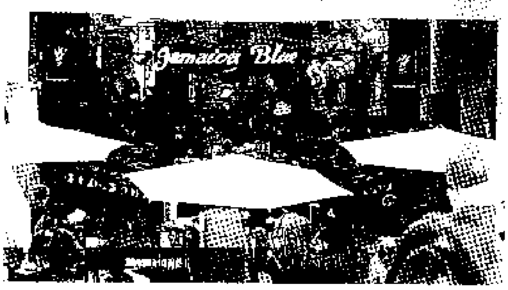
Within the food industry there has been a shift towards fast food as well as 'fresh' and partly prepared food. With more dual income households, consumers are spending less time in food preparation and are either purchasing complete meals (take-away food) or foods that are easy to prepare (e.g. pre-marinated stir fry, salad mixes and pizza bars). Petrol service stations are including fast food outlets and supermarkets are devoting more of their space to fresh products and less to packaged groceries.

These trends are part of the continuing development of the retail industry. Only a decade ago, meat could not be purchased after 5:30 pm on weekdays or on Saturday afternoon. Many butchers have risen to the challenge of supermarket competition by 'adding value' to their product using marinades and presenting it as ready to cook. Greengrocers are pre packing stir-fry mixes in order to maintain customer share and to create a point of difference.

Changes to store formats and consumer shopping patterns will bring similar responses from progressive retailers. The rate of change that we are currently experiencing is part of the natural evolutionary development of the retail industry. In the end it is the customer who will decide which formats and which retailers prevail.

Ian Clark of the Australian Centre for Retail Studies.





1991–92 Retail Census

At 30 June 1992 there were 44,882 shopfront retailing locations operating in Victoria (about one quarter of the Australian total) which occupied floorspace of 9.3 million square metres. During 1991–92 these locations recorded turnover of $23.7 billion, which was $5,338 per head of population, slightly below the Australian average of $5,463 per head.

There were 266,346 people employed in shopfront retailing locations in Victoria. The turnover per person employed was about $89,000, slightly below the national average.

In Victoria, $11.5 billion (48% of the total shop front retailing turnover) was spent in Personal and household goods retailing outlets and a further $10.5 billion (44%) in Food retailing stores. The remaining expenditure of $1.7 billion (7%) was on selected personal services.

Direct comparison of the 1991–92 census with the 1979–80 and 1985–86 censuses was not possible due to differences in scope and coverage and because a revised industry classification was used in 1991–92.

9.3 RETAILING VICTORIA, 1991–92

Description	Locations at 30 June No.	Persons employed: Full-time No.	Part-time No.	Total	Wages and salaries $m	Turnover $m	Turnover per person employed $
Food retailing	14 552	54 326	54 857	109 183	982	10 458	784
Personal and household goods retailing	20 896	63 357	48 137	111 494	1 351	11 482	102 979
Selected personal services	9 434	26 925	18 744	45 669	415	1 739	38 078
Total shopfront retailing	44 882	144 608	121 738	266 346	2 748	23 678	88 901
Motor vehicle retailing and services	9 448	42 266	7 780	50 046	833	9 653	192 888

Source: *Retailing in Victoria* (8623.2)

The Consumer Price Index

Price Indexes measure the changes in prices over time of a constant list of goods and/or services. The items are allocated 'weights' which represent their relative consumer importance. From time to time indexes are reviewed and new fixed weights are introduced to reflect up-to-date expenditure patterns.

9.4 CONSUMER PRICE INDEX, ALL GROUPS, EIGHT CAPITAL CITIES (a)

Year	Eight capitals (b)	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
1990–91	105.3	104.9	105.8	104.9	106.2	105.1	104.9	105.7	105.1
1991–92	107.3	106.7	108.1	107.0	108.9	105.9	107.1	108.0	107.8
1992–93	108.4	107.7	108.9	108.5	111.2	106.2	108.5	109.5	109.5
1993–94	110.4	109.2	111.1	110.6	113.4	108.5	111.7	111.5	111.4
1994–95	113.9	113.0	114.1	114.7	116.9	112.3	115.2	114.7	115.1
1995–96	118.7	118.7	118.4	119.1	121.2	116.7	119.6	119.5	120.3
				All groups percentage changes					
1990–91	5.3	4.9	5.8	4.9	6.2	5.1	4.9	5.7	5.1
1991–92	1.9	1.7	2.2	2.0	2.5	0.8	2.1	2.2	2.6
1992–93	1.0	0.9	0.7	1.4	2.1	0.3	1.3	1.4	1.6
1993–94	1.8	1.4	2.0	1.9	2.0	2.2	2.9	1.8	1.7
1994–95	3.2	3.5	2.7	3.7	3.1	3.5	3.1	2.9	3.3
1995–96	4.2	5.0	3.8	3.8	3.7	3.9	3.8	4.2	4.5

(a) Base year: 1989–90=100.0.

(b) Weighted average of eight capital cities.

Source: *Consumer Price Index* (6401.0)

Prices of all goods and services are sought to be measured at constant quality, thus identifying 'pure' price movement. To do this, identical or equivalent items are priced in successive time periods as far as possible. Changes in quality are taken into account to ensure that the price indexes reflect only pure price change.

The Consumer Price Index is sometimes referred to as a measure of inflation, a measure of changes in purchasing power or a measure of changes in the cost of living. It is in fact, 'a measure of change, over time, in the retail prices of a constant basket of goods and services'.

In 1995–96, the all groups Consumer Price Index for Melbourne stood at 118.4 (base year 1989–90=100.0). The annual increase in the Melbourne CPI was 3.8%, with the highest rises being in Tobacco and alcohol (12.3%) and the Health and personal care group (4.4%). The increase in the Melbourne CPI between 1990–91 and 1995–96 was 11.9%, with the largest increases again being in Tobacco and alcohol (38.5%) and Health and personal care (33.2%).

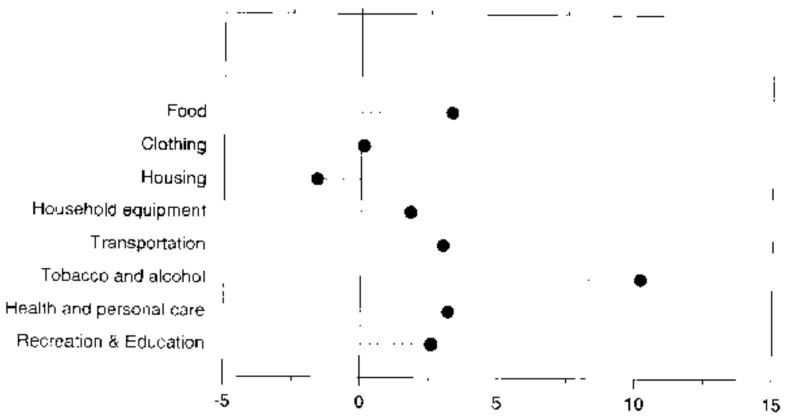
9.5 CONSUMER PRICE INDEX, MELBOURNE (a)

Group	1990 91	1991–92	1992–93	1993 94	1994 95	1995–96	Percentage change 1990–91 to 1995–96	Percentage change 1994–95 to 1995 96
Food	102.5	104.9	106.3	107.9	110.1	114.1	11.3	3.6
Clothing	104.6	106.8	107.8	107.3	107.4	108.0	3.3	0.6
Housing	104.2	98.9	93.1	92.7	97.5	101.4	3.0	4.0
Household equipment	105.7	108.3	108.3	110.0	111.1	113.0	6.9	1.7
Transport	107.2	109.8	112.7	115.8	118.8	122.6	14.4	3.2
Tobacco and alcohol	111.3	116.8	122.7	132.1	137.3	154.2	38.5	12.3
Health and personal care	111.6	126.3	129.8	135.4	142.4	148.7	33.2	4.4
Recreation and Education	105.9	108.6	110.8	113.6	116.7	120.3	13.6	3.1
All groups	**105.8**	**108.1**	**108.9**	**111.1**	**114.1**	**118.4**	**11.9**	**3.8**

(a) Base year: 1989–90=100.0.

Source: Consumer Price Index (6401.0)

CONSUMER PRICE INDEX, PERCENTAGE CHANGE BY GROUP, VICTORIA, JUNE QUARTER 1995 TO JUNF QUARTER 1996



Base Year 1989-90 = 100.00

Source: Consumer Price Index (6401.0)

Average retail prices Over the five years to June 1996, the rate and direction of prices changes of food and other items have differed markedly. For some items such as milk, prices have steadily increased, whilst for other items such as beef, prices have dropped.

9.6 AVERAGE RETAIL PRICES OF SELECTED FOOD AND OTHER ITEMS, MELBOURNE

		June quarter					
Item	*Unit*	*1991* cents	*1992* cents	*1993* cents	*1994* cents	*1995* cents	*1996* cents
Dairy products –							
Milk, carton, supermarket sales	1 litre	91	96	101	104	113	121
Cheese, processed, sliced, wrapped	500g	311	329	302	349	337	373
Butter	500g	94	182	178	184	164	194
Cereal products							
Bread, white loaf, sliced, supermarket sales	680g	155	159	160	153	160	174
Flour, self-raising	2kg	282	302	303	315	330	342
Rice, medium grain	1kg	107	111	109	114	120	124
Meat and Seafoods –							
Beef –							
Rump steak	1kg	1 171	1 124	1 057	1 102	1 120	1 116
Chuck steak	1kg	631	633	586	623	594	607
Lamb –							
Leg	1kg	515	512	554	549	558	597
Loin chops	1kg	765	746	783	792	801	900
Chicken, frozen	1kg	309	328	291	323	321	348
Bacon, middle rashers	250g pkt	265	284	287	293	286	302
Salmon, pink	210gm can	270	234	261	232	221	226
Fruit and vegetables							
Potatoes	1kg	85	82	95	70	137	99
Onions	1kg	79	66	127	100	103	87
Peaches, canned	825g	183	190	197	203	198	179
Oranges	1kg	130	135	114	105	124	142
Other food –							
Eggs	55g dozen	180	178	190	200	196	245
Sugar, white	2kg	189	174	171	199	192	202
Jam, strawberry	500g jar	230	224	226	247	233	240
Tea	250g	172	167	171	182	177	176
Coffee, instant	150g jar	431	425	402	428	561	569
Margarine, poly-unsaturated	500g	156	160	153	159	163	141
Other items							
Beer, full strength, unchilled	24 x 375ml bottles	2 144	2 252	2 280	2 395	2 469	2 608
Pet food	410g	80	87	92	93	91	94
Laundry detergent	1kg	437	442	439	429	439	484
Toilet soap	2 x 125 gm	151	152	156	159	165	165
Petrol, super grade	1 litre	65.1	67.2	66.5	70.2	71.1	74.1

Source: *Average Retail Prices of Selected Items, Eight Capital Cities (6403.0)*

Imported items Since 1989–90 the price of wholly or predominantly imported goods included in the CPI increased by 11.4% (weighted average of the eight capital cities). By comparison the price of non-imported goods increased by 19.2% over the same period. The annual increase between 1994–95 and 1995–96 was 0.8% for imported goods and 4.2% for non-imported goods.

9.7 CONSUMER PRICE INDEX IMPORTED AND NON IMPORTED ITEMS, WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES (a)

	Imported items			*Non-imported items*			
	Motor vehicles	*Other goods*	*Total goods*	*Goods*	*Services*	*Total*	*All Groups*
1990-91	101.0	101.9	101.7	105.5	105.9	105.7	105.3
1991–92	105.1	102.0	103.1	108.5	106.7	107.9	107.3
1992-93	111.0	103.4	105.1	111.5	105.4	109.0	108.4
1993–94	119.7	105.6	108.5	114.0	106.3	110.9	110.4
1994–95	130.3	106.6	110.5	116.5	111.3	114.4	113.9
1995-96	133.5	107.7	111.4	121.1	117.0	119.2	118.7

(a) Base year: 1989–90=100.0.

Source: Consumer Price Index: Effect of Changes in Prices of Imported Items (6444.0)

Producer price indexes

During the 1960s, the ABS began producing a range of price indexes covering materials used and articles produced by defined sectors of the Australian economy. The following producer price indexes (previously known as Wholesale Prices Indexes) are now published monthly: Price Index of Materials Used in House Building; Price Index of Materials Used in Building Other Than House Building; Price Indexes of Materials Used in Manufacturing Industries; Price Indexes of Articles Produced by Manufacturing Industry; Price Indexes of Copper Materials; Import Price Index; Export Price Index; and Price Indexes of Materials Used in Coal Mining. Only the Building Indexes are produced on a State basis, while the remaining Indexes are produced on a national basis.

Materials Used in House Building

The Materials Used in House Building Index measures changes in prices of selected materials used in the construction of houses in each capital city Statistical Division. A house is defined as a detached building predominantly used for long term residential purposes and consisting of only one dwelling unit. The index does not purport to represent buildings of any kind other than detached houses.

The All Groups index number for the Price Index of Materials Used in Housing Building for Melbourne in 1995–96 was 115.4, a 0.4 % decrease on 1994–95. The weighted average of the six state capital cities increased by 0.3% for the same period. The major materials showing a decrease from 1994–95 to 1995–96 were Softwood (–9.5%), Hardwood (–4.5%) and Ready mixed concrete (–4.5%). The only material to show a significant increase was Paint (7.0%).

9.8 PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING, MELBOURNE AND OTHER CAPITAL CITIES, ALL GROUPS (a)

	1990–91	*1991–92*	*1992–93*	*1993–94*	*1994–95*	*1995–96*
Melbourne	103.5	102.8	105.7	112.1	115.9	115.4
Sydney	104.8	105.0	106.8	111.3	115.0	115.9
Brisbane	105.8	107.9	110.2	113.5	115.9	115.1
Adelaide	105.0	104.5	106.3	117.1	118.8	118.2
Perth	105.6	106.0	106.9	109.1	112.7	114.7
Hobart	104.8	108.0	109.9	112.8	117.3	120.7
Weighted average of six State capital cities	104.6	104.9	106.9	112.0	115.4	115.7

(a) Base year: 1989 90=100.0.

Source: Price Index of Materials Used in House Building, Six State Capital Cities and Canberra (6408.0)

Materials Used in Building Other than House Building

This index measures changes in prices of selected materials used in the construction of buildings (other than houses) in the Melbourne metropolitan area. The building types directly represented in the index include flats, hotels and motels, shops, factories, offices, schools etc.

The 1995–96 All Groups index number for Melbourne, was 111.1. This represented a 2.0% increase over 1994–95. For the weighted average of the six State Captial Cities, the increase recorded was 2.1%.

Prices for some materials used in building other than house building decreased in 1995–96. Decreases in Melbourne occurred in structural timber (5.6%), ready mixed concrete (4.5%), and sand and aggregate (3.3%). These price reductions were outweighed by increases in other materials, the largest increases occurring in non-ferrous pipes and fittings (11.3%), paint and other coatings (7.6%), structural steel (5.9%), and all electrical materials (5.2%).

9.9 PRICE INDEX OF MATERIALS USED IN BUILDING OTHER THAN HOUSE BUILDING, MELBOURNE (a)

Selected major materials	*1990–91*	*1991–92*	*1992–93*	*1993–94*	*1994–95*	*1995–96*
Structural timber	100.1	97.2	103.2	119.5	123.0	116.1
Clay bricks	103.8	106.9	108.5	109.3	112.3	112.1
Ready mixed concrete	107.4	94.0	108.2	123.4	124.2	118.6
Precast concrete products	103.7	102.8	99.5	99.2	104.8	108.1
Steel decking, and cladding	104.0	107.5	109.0	104.7	106.5	109.9
Structural steel	98.8	93.3	91.3	93.3	95.3	100.9
Reinforcing steel bar, mesh, etc.	106.7	97.3	99.2	102.0	101.8	102.7
Aluminium windows	99.5	96.4	96.0	96.5	98.8	100.8
Fabricated steel products	106.9	109.5	108.4	109.4	110.7	113.1
Builders' hardware	105.2	112.6	117.2	116.2	113.7	114.5
Sand, and aggregate	115.5	119.0	113.8	119.5	118.5	114.6
Carpet	102.0	100.4	98.8	98.3	98.5	101.6
Paint and other coatings	111.0	119.2	118.8	125.0	131.2	141.2
Non-ferrous pipes and fittings	99.4	89.4	90.9	86.5	100.8	112.2
All groups excluding electrical materials and mechanical services	104.3	101.8	103.4	106.6	108.5	109.7
All electrical materials	107.4	110.7	108.9	107.3	113.5	119.4
All mechanical services	103.6	105.6	105.5	106.8	108.9	114.1
All plumbing materials	105.0	104.1	104.0	105.3	112.6	118.9
All groups	104.5	103.4	104.4	106.7	108.9	111.1
All groups, weighted average of six State capital cities	105.1	105.7	106.0	107.5	110.4	112.7

(a) Base year: 1989 90=100.0.

Source: Price Index of Materials Used in Building Other Than House Building, Six State Capital Cities and Canberra (6407.0)

House Price Indexes

These indexes provide estimates of changes in housing prices for the eight capital cities. They measure price movements over time in each city. They do not measure differences in price levels between cities.

In 1995–96 the Price Index for Established Houses for Melbourne decreased by 0.6% after experiencing an increase of 2.8% in 1994–95. The cumulative increase from 1991–92 was 3.0%.

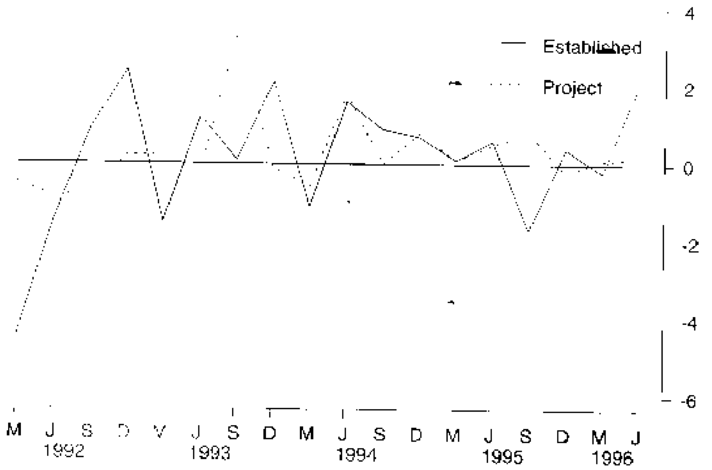
The Project Home Price Index for Melbourne continued to exhibit a slowing of growth, rising by 3.5% between 1992–93 and 1993–94, by 1.8% between 1993–94 and 1994–95 and by 1.4% between 1994–95 and 1995–96.

9.10 HOUSE PRICE INDEXES: EIGHT CAPITAL CITIES AND AUSTRALIA (a) (b)

	Established houses					*Project homes*				
	1991–92	*1992–93*	*1993–94*	*1994–95*	*1995–96*	*1991–92*	*1992–93*	*1993–94*	*1994–95*	*1995–96*
Melbourne	94.8	93.1	95.2	97.9	97.6	101.8	100.4	103.9	105.8	107.3
Sydney	104.9	105.3	108.8	113.7	115.8	103.1	103.6	105.8	107.9	110.2
Brisbane	128.2	134.9	138.0	139.3	136.8	105.2	108.8	110.1	112.5	113.7
Adelaide	106.5	110.1	109.1	111.7	108.3	105.4	105.4	111.4	114.6	112.8
Perth	94.1	98.4	104.7	109.0	108.2	90.6	92.8	96.2	100.0	101.6
Hobart	112.0	116.6	122.5	129.0	129.8	110.1	114.1	117.7	121.3	123.4
Darwin	115.5	133.6	155.7	178.1	188.0	107.8	111.4	118.6	125.2	129.9
Canberra	124.4	134.2	134.4	130.4	127.8	123.7	131.8	132.7	129.2	124.7
Australia (b)	104.6	106.0	109.1	112.6	112.7	102.1	103.0	105.8	108.1	109.5

(a) Base of each index: 1989-90=100.0.
(b) Weighted average of eight capital cities.
Source: House Price Indexes: Eight Capital Cities (6416.0)

HOUSE PRICE INDEXES, QUARTERLY PERCENTAGE CHANGE: ESTABLISHED HOUSE AND PROJECT HOME PRICE INDEXES, MELBOURNE



Source: Household Price Indexes: Eight Capital Cities (6416.0)

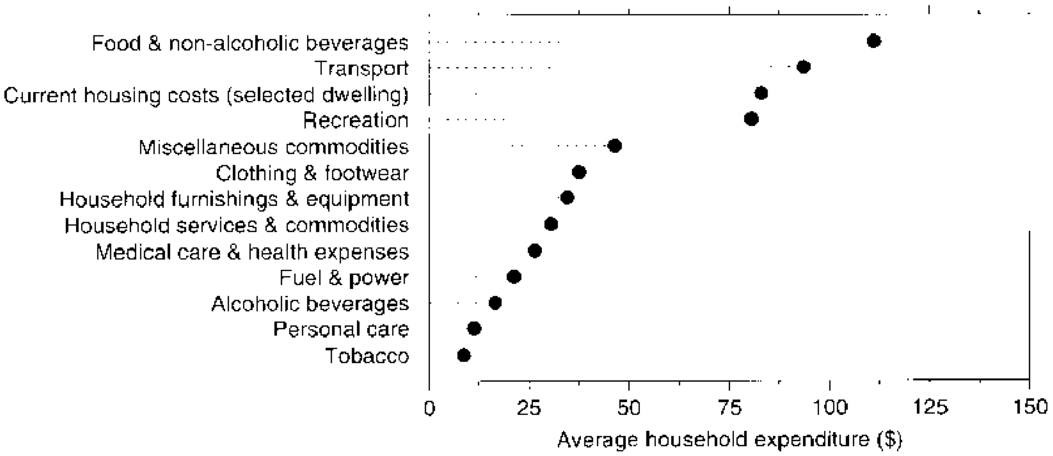
Household expenditure

Household Expenditure Surveys are primarily conducted in order to measure expenditure patterns of Australian households. These expenditure patterns are then used to establish and revise the weights used in the compilation of the Consumer Price Index.

In 1993–94 the total average household expenditure per week in Victoria was $601.76, compared with an Australian average of $602.11.

The four largest items of weekly household expenditure were Food and non-alcoholic beverages an average of $111.10 per week, Transport ($93.62 per week), Current housing costs ($83.11 per week) and Recreation ($80.65 per week). These items represented respectively 18.5%, 15.6%, 13.8% and 13.4% of Victorian households' average weekly spending. These were also the four largest items of expenditure nationally.

HOUSEHOLD EXPENDITURE, VICTORIA, 1993–94



Source: *Household Expenditure Survey, Australia, 1993–94 (6535.0)*

9.11 AVERAGE WEEKLY HOUSEHOLD EXPENDITURE, 1993–94

	Victoria		*Australia*	
Commodity or service	$	%	$	%
Current housing costs (selected dwelling)	83.11	13.8	85.38	14.2
Fuel and power	21.25	3.5	16.77	2.8
Food and non-alcoholic beverages				
Bakery products, flour and other cereals	13.14	2.2	12.74	2.1
Meat and seafood	18.10	3.0	17.91	3.0
Dairy products, eggs, edible oils and fats	11.22	1.9	11.04	1.8
Fruits, nuts and vegetables	13.15	2.2	13.74	2.3
Miscellaneous food	17.57	2.9	18.10	3.0
Non alcoholic beverages	7.56	1.3	7.98	1.3
Meals out and take-away food	30.34	5.0	29.49	4.9
Alcoholic beverages	16.52	2.7	17.46	2.9
Tobacco	8.67	1.4	9.19	1.5
Clothing and footwear	37.61	6.3	33.71	5.6
Household furnishings and equipment	34.55	5.7	39.56	6.6
Household services and operation	30.49	5.0	31.58	5.2
Medical care and health expenses	26.41	4.4	27.14	4.5
Transport	93.62	15.6	93.58	15.5
Recreation	80.65	13.4	79.34	13.2
Personal care	11.27	1.9	11.37	1.9
Miscellaneous commodities and services	46.51	7.7	46.02	7.6
Total	**601.76**	**100.0**	**602.11**	**100.0**

Source: *Household Expenditure Survey, Australia: States and Territories (6533.0)*

The greatest proportion of expenditure on Food and non-alcoholic beverages went on meals out and take away food ($30.34 a week or 27.3%) followed by spending on Meat and seafood ($18.10 a week or 16.3%), and Miscellaneous food items ($17.57 a week or 15.8%).

The greatest proportion of money spent on Transport was spent on motor vehicle fuel, lubricants and additives ($27.85 per week or 30%) followed by the purchase of Motor vehicles ($25.37 per week or 27%). Victorian households spent an average of $15.24 per week on Vehicle registration and insurance. In contrast, only $3.14 was spent each week on Public transport fares.

Average weekly household expenditure by Victorians was similar to the national average on most items. However Victorians spent significantly more than the national average on Fuel and power ($21.25 per week compared with a national average of $16.77) and Clothing and footwear ($37.61 compared with $33.71). The only item on which Victorians spent significantly less than the national average was Household furnishings and equipment ($34.55 compared with $39.56).

Although the Victorian average household expenditure on housing of $83.11 per week was below the national average of $85.38 per week, Victorians spent more on housing than residents of any other state except NSW. The Northern Territory and the Australian Capital Territory both had total expenditure significantly higher than the states.

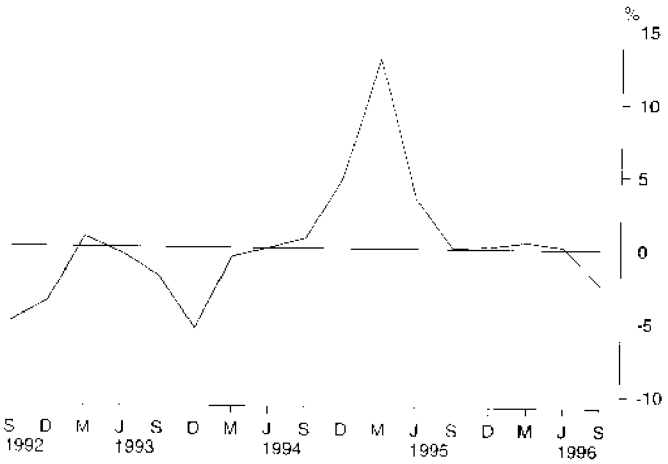
Victorians spent more on Recreation than residents of any other state, although the Northern Territory and the ACT both had significantly higher expenditures. Victorians' expenditure on recreation averaged $80.65 per week compared with $78.27 in NSW and $75.17 in Queensland. Further details are provided in Chapter 11 – Tourism and culture.

9.12 TOP FOUR HOUSEHOLD EXPENDITURE ITEMS BY STATES AND AUSTRALIA, 1993–94

Commodity or service	*NSW*	*Vic*	*Qld*	*SA*	*WA*	*Tas*	*NT*	*ACT*	*Aust*
	Average weekly household expenditure ($)								
Current housing costs (selected dwelling)	95.40	83.11	81.44	70.43	78.02	62.92	116.20	112.29	85.38
Food and non-alcoholic beverages	118.16	111.10	103.32	99.09	108.03	102.10	127.07	126.81	111.00
Transport	94.17	93.62	95.45	83.88	92.10	76.72	93.18	127.73	93.58
Recreation	78.27	80.65	75.17	76.38	78.28	77.98	98.24	102.33	79.34

Source: Household Expenditure Survey, Australia: States and Territories (6533.0)

MORTGAGE INTEREST CHARGES - PERCENTAGE CHANGE FROM PREVIOUS QUARTER, MELBOURNE



Source: Consumer Price Index (6401.0)

Gambling

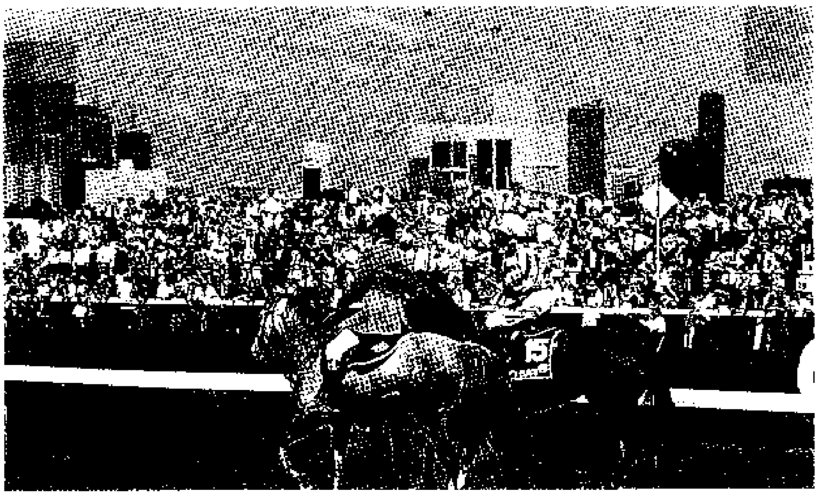
The development of a data base of statistics on gambling on a national basis was first formally proposed at the 1983 Conference of Government Racing Officials. At the Racing and Gaming Ministers' Conference held later that year, it was resolved that each State and Territory submit all available racing and gaming statistics to the Tasmanian Racing and Gaming Commission for collation and analysis. The Tasmanian Gaming Commission, in association with the Centre for Regional Economic Analysis, University of Tasmania, has continued to compile Australian Gambling Statistics on an annual basis.

9.13 GAMBLING TURNOVER, VICTORIA AND AUSTRALIA, 1994–95

Gambling form	*Victoria* $m	*Australia* $m	*Per capita Victoria (a)* $
TAB	2 266.7	8 569.4	673.01
On course totalisator	248.0	964.6	73.62
On-course bookmakers	457.3	2 075.0	135.79
Total racing gambling	2 972.0	11 613.7	882.42
Lottery	12.4	147.0	3.68
Tattslotto, lotto	677.8	2 138.0	201.24
Pools	3.0	18.3	0.89
Bingo and minor gambling	214.9	529.3	63.82
Poker machines		23 390.7	—
Gaming machines	10 090.5	14 324.9	2 996.00
Casino	2 926.1	7 835.7	868.80
Instant lottery	83.8	597.9	24.87
Keno	39.9	478.5	11.85
Total gaming	14 048.4	49 460.4	4 171.15
Total all gambling	**17 020.4**	**61 074.1**	**5 053.58**

(a) Excludes all persons under the age of 18 years.

Source: Tasmanian Gaming Commission, Australian Gambling Statistics 1993 to 1995



It should be noted that in analysing gambling statistics, it is not accurate to make comparisons between turnovers generated by different forms of gambling, except as a single indication of the amount of money wagered on each gambling form.

Of importance in such a comparitive analysis is the conversion of turnover into expenditure. There is expenditure data on casino gaming in all States and the Northern Territory, and for gaming machine (poker machine) operations in Victoria. For other forms of gambling, expenditure is calculated by multiplying the turnover by a certain retention rate which is indicative of the proportion of the original gambling outlay which is not returned to the gambler in the form of winnings. For the various types of gambling, the amounts 'lost' or not returned to the gambler vary significantly.

9.14 GAMBLING EXPENDITURE, VICTORIA AND AUSTRALIA, 1994–95

Gambling form	*Victoria* $m	*Australia* $m	*Per capita Victoria (a)* $
TAB	348.8	1 379.8	103.58
On-course totalisator	38.2	156.3	11.33
On-course bookmakers	25.2	114.3	7.47
Total racing gambling	412.2	1 650.7	122.38
Lottery	5.0	52.1	1.47
Tattslotto, lotto	271.1	855.2	80.50
Pools	1.5	9.2	0.45
Bingo and minor gambling	114.3	277.4	33.95
Poker machines	—	2 310.2	
Gaming machines	908.1	1 526.1	269.64
Casino	357.8	1 234.2	106.25
Instant lottery	33.5	233.0	9.95
Keno	12.4	117.1	3.67
Total gaming	1 703.8	6 614.5	505.88
Total all gambling	**2 115.9**	**8 265.2**	**628.25**

(a) Excludes all persons under the age of 18 years.

Source: Tasmanian Gaming Commission, Australian Gambling Statistics 1993 to 1995

The following table provides an indication of the increase in gambling turnover in Victoria over the three years to 1994–95. Whilst turnover on racing gambling increased by only 2.8%, gaming turnover increased by a massive 276.8%.

9.15 GAMBLING TURNOVER: VICTORIA

Year	*Total racing* $m	*Total gaming* $m	*Total gambling* $m
1992–93	2 890.8	3 728.8	6 619.6
1993–94	2 945.5	8 205.4	11 150.9
1994 95	2 972.0	14 048.4	17 020.4

Source: Tasmanian Gaming Commission, Australian Gambling Statistics 1993 to 1995

Table 9.16 illustrates the changing market share between racing and gaming in relation to gambling expenditure. It is notable that over the period 1992–93 to 1994–95, the racing share of total gambling expenditure decreased from 37.2% to 19.5%.

9.16 GAMBLING EXPENDITURE, VICTORIA: SHARE OF MARKET

Year	*Racing* $m	*Gaming* $m	*Racing share* %	*Gaming share* %
1992–93	414.3	698.4	37.2	62.8
1993 94	409.2	1 099.8	27.1	72.9
1994–95	412.2	1 703.8	19.5	80.5

Source: Tasmanian Gaming Commission, Australian Gambling Statistics 1993 to 1995

In 1994–95, the Gaming Expenditure 'share of the market' for the various forms of gaming was as follows, with the percentage share in the previous year shown in brackets. Tattersalls Lottery 0.3% (0.2), Tattslotto 15.9% (23.2), Instant Lottery 2.0% (3.7), Pools 0.1% (0.2), Bingo 4.3% (6.9), Raffles and Lucky Envelopes 2.4% (3.5), Electronic Gaming Machines 53.3% (61.8), Club Keno 0.7% (0.2) and Casino 21.0% (0.0).

The corresponding figures for the Racing Expenditure 'share of the market' were TAB 84.6% (85.2), On Course Totalisator 9.3% (10.1) and Bookmakers 6.1% (4.6).

Casinos

The ABS conducted a census of Australian casino businesses in respect of 1994–95. At the end of June 1995 there were 14 operating casinos in Australia (including the Christmas Island casino). For the purpose of the collection, operating units were defined as those with current income and/or expenses. Two casinos which were not opened at the end of June 1995 but which had incurred operating expenses and/or income were included, however their contribution to income and expenditure was minor.

Gross income for casinos in 1994–95 was $1,651 million, 87% of which represented takings from gambling. Total expenses for the casino industry were $1,546 million. The major components of these expenses were labour costs (29%) and gambling taxes and levies (19%).

In 1994–95, the operating profit before tax was $107 million, which represented an operating profit margin of 6.5%. At the end of June 1995 there were 7,282 gaming/poker machines and 863 gaming tables in Australia's casinos. Takings per machine were $47,250.

Gambling Taxes

Gambling taxes are imposed on lotteries, the racing industry, electronic gaming machines, the casino and Club Keno.

Private Lotteries

Lotteries in Victoria are conducted by Tattersalls, a private sector organisation operating under a licence which currently runs to 2002.

Tattersalls runs both lottery consultations and Soccerpools. On lottery consultations, the duty is 35% on the first $200 million of subscriptions, 35.5% on the next $400 million of subscriptions and 36% on all subscriptions over $600 million. Sixty per cent of total subscriptions is returned to players in prizes. The Soccerpools duty rate ranges from 34% to 35% depending on the level of subscriptions. Fifty per cent of Soccerpools subscriptions are returned to players as prizes.

There is also a profit-sharing arrangement between the Government and Tattersalls. Tattersalls is required to pay 25% of its net profit to the Consolidated Fund, and a further 10% to the Lotteries Development Fund. The remaining profit share available to the promoter is limited to 1.5% of subscriptions, any excess being divided equally between the Consolidated Fund and the Lotteries Development Fund.

Electronic gaming machines (EGMs)

Excluding the casino, EGM activity in Victoria is conducted by Tattersalls and TABCORP under the *Gaming Machine Control Act 1991*, which provides that not less than 87% of EGM turnover must be returned to players as prizes. In the case of clubs, the net cash balance is split equally between the venue operator, the gaming operator and the Government. In the case of hotels, the venue operator receives only 25% of the net cash balance, with 8.3% being directed to the Community Support Fund.

The Government has negotiated a licence fee payment agreement with Tattersalls. Every year for the duration of the licence, Tattersalls is required to pay the Government 30% of its net profit, or $35 million (indexed), whichever is the greater.

Racing

TABCORP has been granted the exclusive licence to run off-course totalisators in Victoria, and is also authorised to run on-course totalisators at racecourses.

Under the *Gaming and Betting Act 1994*, a minimum of 80% of the investments in any one totalisator must be returned to punters as prizes. The average deduction from investments in all totalisators in any financial year cannot be less than 84%. The current tax rate is 28.2% of the amount of commission deducted.

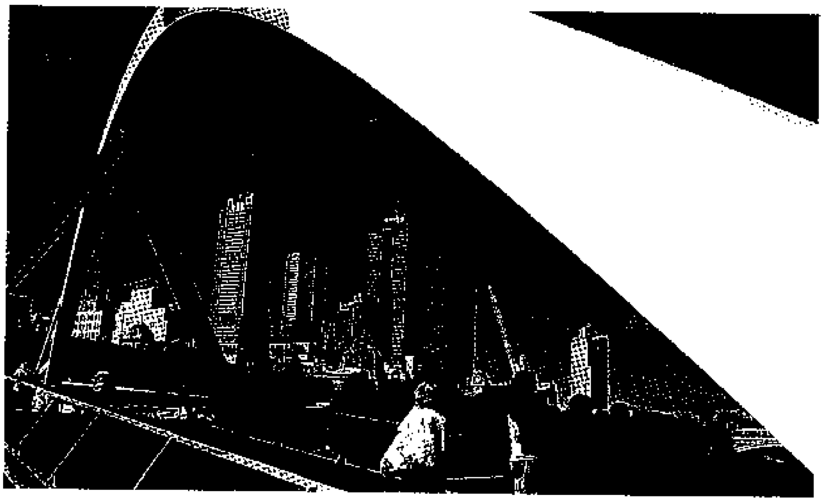
Bookmakers, who provide a fixed-odds betting service, are subject to a turnover tax of 2% at metropolitan racecourses and 1.5% at country racecourses.

Victorian Casino

Upon being awarded the Victorian casino licence, Crown (the successful tenderer) made a fixed payment of $200 million to the Government in 1993–94 and further payments of $57.6 million in 24 monthly instalments. Crown agreed to pay a further $100.8 million to the Government in instalments over three years as an additional licence fee payment in return for the Government agreeing to an increase in the number of tables in the permanent casino, which is expected to open in 1997.

From the opening of the temporary casino in mid-1994 to 31 December 1995, all casino activity was taxed at a uniform rate of 20% of gross gaming revenue. From 1 January 1996, a concessional tax rate of 9% has applied to commission-based players, enabling the casino to compete internationally in attracting premium and junket players. The casino tax rate in respect of regular players will rise to 21.25% from 1 July 1997.

A further levy of 1% of gross gaming revenue is payable by the casino operator. This levy, known as the Community Benefit Levy, is used to finance public health services via the Hospitals and Charities Fund.



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Australian Centre for Retail Studies

Photographs

Royal Arcade: Courtesy of Arts Victoria

Shopping centre

Horse racing

Southbank footbridge