

9

Prices and Expenditure

Overview

This chapter looks at consumer purchasing patterns, actual costs and movements of various items (including housing), and money spent on various gambling activities.

Retail Trade

The retail industry is a major contributor to the Victorian economy, accounting for over \$32.3 billion turnover in 1998–99 (table 9.1). It is also an important component of the Australian National Accounts, contributing around 40% of private final consumption expenditure. Retail turnover in Victoria increased by 3.5% from 1997–98 to 1998–99—all industry groups increased turnover with the exception of household goods and recreational goods, which recorded a decrease of 4.1% and 3.6% respectively. Between 1997–98 and 1998–99, growth rates slowed for all industries except recreational goods, and hospitality and services. Food retailing grew by 3.0%, and was the largest division at \$13.5 billion, constituting 42.0% of total retail turnover. Department stores increased turnover by 5.8% in 1998–99, down on the previous 12 months 7.0% growth. Clothing and soft goods showed the strongest growth (10.9%), followed by hospitality and services (7.7%), and other retailing (7.1%) which includes pharmaceutical, cosmetic, toiletry, antique, used goods, garden supplies, flower, watch and jewellery retailing.

9.1 ANNUAL TURNOVER OF RETAIL ESTABLISHMENTS(a) AT CURRENT PRICES, By Industry

	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99
Industry group	\$m	\$m	\$m	\$m	\$m	\$m
Food	10 248.7	11 032.5	12 023.3	12 680.9	13 133.9	13 525.4
Department stores	2 468.5	2 554.5	2 680.5	2 723.9	2 915.9	3 084.7
Clothing and soft goods	2 056.0	1 970.3	1 903.5	1 866.0	2 085.1	2 312.7
Household goods	3 504.0	3 550.5	3 772.6	4 065.6	4 014.3	3 850.9
Recreational goods	1 269.6	1 570.5	1 722.7	1 789.3	1 883.1	1 814.9
Other retailing	2 333.4	2 681.7	2 698.0	2 917.5	3 297.2	3 530.7
Hospitality and services	3 300.1	3 747.0	3 736.1	3 710.9	3 922.9	4 224.1
Total(b)	25 180.3	27 107.0	28 536.7	29 754.0	31 252.4	32 343.0

(a) Excludes establishments which retail motor vehicles, parts, petrol etc. but includes non-petrol sales of identified convenience stores of petrol stations. (b) Sum of components may not equal totals due to rounding.

Source: Retail Trade, Australia (Cat. no. 8501.0).

Seasonally adjusted data is an estimate of the original data without the systematic calendar related influences. Growth in the estimate of seasonally adjusted retail turnover strengthened through to the March quarter 1999, but declined slightly in the June quarter (table 9.2). Hospitality and services showed the strongest growth (14.1%) from the June quarter 1998 to the June quarter 1999, followed by clothing and soft goods (9.3%); other retailing (8.0%); and household goods (6.7%). Retail turnover in five of the seven industry groups increased in this quarter.

9.2 QUARTERLY TURNOVER OF RETAIL ESTABLISHMENTS, Seasonally Adjusted(a) at Current Prices

Industry group	June 1998 \$m	September 1998 \$m	December 1998 \$m	March 1999 \$m	June 1999 \$m
Food	3 303.4	3 306.5	3 359.0	3 434.0	3 432.1
Department stores	717.0	774.4	773.1	786.5	748.2
Clothing and soft goods	556.8	548.8	564.4	584.2	608.4
Household goods	940.9	935.2	949.6	964.8	1 004.1
Recreational goods	452.0	458.4	446.8	452.0	462.9
Other retailing	874.2	838.3	844.5	921.2	943.9
Hospitality and services	1 035.6	980.6	988.4	1 079.8	1 181.5
Total(b)	7 879.9	7 842.0	7 925.5	8 222.7	8 381.2

(a) Excludes establishments which retail motor vehicles, parts, petrol etc. but includes non-petrol sales of identified convenience stores of petrol stations. (b) Sum of components may not equal totals due to rounding.

Source: Retail Trade, Australia (Cat. no. 8501.0).

Average retail prices

Over the five years to June 1999, the rate of average retail price changes for food and other items have differed markedly (table 9.3). Between 1994 and 1999, prices for only 6 of the 27 items listed in table 9.3 fell, with the greatest drop observed for strawberry jam (-8.5%), margarine (-4.4%) and chuck steak (-3.7%). Other prices to fall were tissues (-1.1%), rump steak (-1.1%) and onions (-1.0%). Price increases over the period were highest for potatoes (121.4%), oranges (118.1%), tea (83.5%), eggs (62.5%), bread (52.3%), coffee (38.3%) and milk (34.6%).

9.3 AVERAGE RETAIL PRICES OF SELECTED FOOD AND OTHER ITEMS, Melbourne

	Unit	June quarter					
		1994	1995	1996	1997	1998	1999
		cents	cents	cents	cents	cents	cents
Dairy products							
Milk, carton, supermarket sales	1 litre	104	113	121	130	135	140
Cheese, processed, sliced, wrapped	500 g	349	337	373	357	337	365
Butter	500 g	184	164	194	199	204	209
Cereal products							
Bread, white loaf, sliced, supermarket sales	680 g	153	160	174	192	189	233
Flour, self-raising	2 kg	315	330	342	340	330	322
Meat and seafoods							
Beef							
Rump steak	1 kg	1 102	1 120	1 116	1 033	1 031	1 090
Chuck steak	1 kg	623	594	607	547	569	600
Lamb							
Leg	1 kg	549	558	597	577	550	582
Loin chops	1 kg	792	801	900	859	860	943
Chicken, frozen	1 kg	323	321	348	387	336	354
Bacon, middle rashers	250 g pkt	293	286	302	308	314	310
Salmon, pink	210 gm can	232	221	226	227	264	267
Fruit and vegetables							
Potatoes	1 kg	70	137	99	130	108	155
Onions	1 kg	100	103	87	88	99	99
Peaches, canned	825 g	203	198	179	186	199	210
Oranges	1 kg	105	124	142	139	158	229
Other food							
Eggs	55 g dozen	200	196	245	271	272	325
Sugar, white	2 kg	199	192	202	201	211	221
Jam, strawberry	500 g jar	247	233	240	245	229	226
Tea	250 g	182	177	176	193	234	334
Coffee, instant	150 g jar	428	561	569	554	621	592
Margarine, polyunsaturated	500 g	159	163	141	144	159	152
Other items							
Beer, full strength, unchilled	24 x 375 ml bottles	2 395	2 469	2 608	2 665	2 699	2 775
Facial tissues	pkt 224	176	165	188	181	179	174
Laundry detergent	1 kg	429	439	484	498	486	479
Tooth paste	140 g	234	229	232	244	247	238
Petrol, super grade	1 litre	70.2	71.1	74.1	73.5	70.9	70.2

Source: Average Retail Prices of Selected Items, Eight Capital Cities (Cat. no. 6403.0).

Price movements

The CPI is sometimes referred to as a measure of inflation, a measure of change in purchasing power, or a measure of change 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”.

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 indexes reflect only pure price change.

In 1998–99, the all groups CPI for Melbourne stood at 120.9 (base year 1989–90=100.0, table 9.4). In the five years from 1993–94 to 1998–99, the all groups Melbourne CPI increased by 8.8%. However, the rate of increase since 1996–97 has been significantly lower, moving slightly downward from 119.9 in 1996–97 to 119.8 in 1997–98, and upwards again to 120.9 in 1998–99. Between 1993–94 and 1998–99, tobacco and alcohol (26.3%) and health and personal care (19.0%), food (15.9%), and recreation and education (14.1%) recorded the largest group increases. Housing was the only group to drop (6.1%).

From 1997–98 to 1998–99, the all groups Melbourne CPI showed a minor increase (0.9%), with the largest group increases in food (3.8%), tobacco and alcohol (3.4%) and recreation and education (1.6%). Increases in the cost of bread and fresh fruit and vegetables contributed most to the overall increase in food prices. The increase in recreation and education costs was largely due to domestic holiday travel and accommodation and education price rises.

9.4 CONSUMER PRICE INDEX, Melbourne(a)

Group	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	Percentage change	
							1993–94 to 1998–99	1997–98 to 1998–99
Food	107.9	110.1	114.1	118.6	120.5	125.1	15.9	3.8
Clothing	107.3	107.4	108.0	108.4	108.9	108.1	0.7	-0.7
Housing	92.7	97.5	101.4	95.0	86.5	86.7	-6.1	0.2
Household equipment	110.0	111.1	113.0	114.7	115.0	115.1	4.6	—
Transport	115.8	118.8	122.6	124.0	123.3	120.8	4.3	-2.0
Tobacco and alcohol	132.1	137.3	154.2	158.5	161.4	166.9	26.3	3.4
Health and personal care	135.4	142.4	148.7	157.1	162.2	161.1	19.0	-0.7
Recreation and education	113.6	116.7	120.3	123.3	127.6	129.6	14.1	1.6
All groups	111.1	114.1	118.4	119.9	119.8	120.9	8.8	0.9

(a) Base year: 1989–90=100.0.

Source: Consumer Price Index (Cat. no. 6401.0).

House prices

Data in this section are based on the House Price Index, which measures price movements for established homes, as well as project homes.

From 1997–98 to 1998–99, the House Price Index for established homes in Melbourne increased by 10.9%, down on the 12.7% growth of the previous 12 months, but the highest of all cities for this period (table 9.5). The Melbourne project home price index grew by 3.6% between 1997–98 and 1998–99, a sharp increase on the previous year's 0.8%. Only Perth had a higher increase in the project home price index (3.8%) between 1997–98 and 1998–99.

Established house price increases from 1993–94 to 1998–99 were greatest in Melbourne (33.2%), followed by Sydney (26.7%) and Darwin (24.3%). Growth in the price index of project homes was generally much lower—Melbourne recorded an increase of 8.3% between 1993–94 and 1998–99, compared to the 17.2% increase in Darwin.

9.5 HOUSE PRICE INDEX(a)

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Established houses								
1993–94	108.8	95.2	138.0	109.1	104.7	122.5	155.7	134.4
1994–95	113.7	97.9	139.3	111.7	109.0	129.0	178.1	112.6
1995–96	115.8	97.6	136.8	108.3	108.2	129.8	188.0	112.7
1996–97	118.9	101.4	137.2	108.2	109.2	128.5	196.9	126.4
1997–98	128.5	114.3	138.9	112.1	113.3	125.4	198.9	122.8
1998–99	137.9	126.8	141.0	114.1	118.9	123.2	193.6	130.4
Project homes								
1993–94	105.8	103.9	110.1	111.4	96.2	117.7	118.6	132.7
1994–95	107.9	105.8	112.5	114.6	100.0	121.3	125.2	108.1
1995–96	110.2	107.3	113.7	112.8	101.6	123.4	129.9	109.5
1996–97	110.4	107.7	112.7	108.3	101.3	123.3	136.0	123.6
1997–98	112.2	108.6	112.4	113.1	102.2	123.3	137.3	123.5
1998–99	115.2	112.5	113.4	117.0	106.1	123.3	139.0	113.1

(a) Base of each index: 1989–90=100.0. Weighted average of capital city.

Source: *House Price Indexes: Eight Capital Cities* (Cat. no. 6416.0).

Housing occupancy and costs

In 1997–98, the mean weekly housing cost in Melbourne was \$117, which was the fourth highest of the State capital cities in Australia (table 9.6). For households which were being purchased, and those in private rental accommodation, housing costs were almost \$60 cheaper per week in Melbourne compared to Sydney, which was the most expensive capital city. When housing costs are expressed as a proportion of income, the figures are similar across Australia, but there are marked differences by tenure type. In Melbourne, owners with a mortgage had mean weekly housing costs of \$207 per week, comprising 17% of household income. However, renters in State housing authorities paid an average of \$71 per week in housing costs, which was also 17% of their household income.

9.6 CAPITAL CITY HOUSEHOLDS, Housing Costs by Tenure Type—1997–98

Heading	Owners without a mortgage	Owners with a mortgage	Renters			Total
			State housing authority	Private landlord	Total renters	
MEAN WEEKLY HOUSING COSTS (\$)						
Sydney	25	269	59	210	172	138
Melbourne	22	207	71	153	138	117
Brisbane	27	201	61	147	132	122
Adelaide	18	174	60	136	103	98
Perth	18	193	68	135	119	106
Hobart	20	142	*54	129	106	127
Canberra	25	241	80	166	127	136
MEAN HOUSING COSTS AS A PROPORTION OF INCOME (%)						
Sydney	2	20	17	21	20	13
Melbourne	3	17	17	20	19	13
Brisbane	3	16	15	22	20	13
Adelaide	3	17	16	19	18	12
Perth	2	17	20	20	19	13
Hobart	3	15	*22	22	22	12
Canberra	2	20	17	18	17	14

Source: *Housing Occupancy and Costs, Australia* (Cat. no. 4130.0).

Data on the value of separate houses are presented in table 9.7. In 1997–98, the mean value of separate houses in Melbourne was \$180,000, behind Sydney (\$295,100), Perth (\$194,000) and Brisbane (\$182,700). One quarter of separate houses in Melbourne were worth more than \$200,000, compared to 60% for Sydney.

9.7 CAPITAL CITY HOUSEHOLDS, Value of Dwelling—1997–98

	Unit	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra
Less than \$75,001	%	n.p.	*2.1	*3.5	9.8	4.1	12.2	—
\$75,001 to \$100,000	%	*2.6	16.8	12.2	28.4	14.2	30.6	6.9
\$100,001 to \$125,000	%	4.3	15.1	16.5	22.2	15.4	15.6	16.8
\$125,001 to \$150,000	%	16.1	19.2	20.6	16.3	15.4	18.8	29.3
\$150,001 to \$200,000	%	18.3	22.1	23.8	11.3	23.3	14.5	23.1
\$200,001 to \$250,000	%	11.2	8.3	8.7	5.1	9.5	*3.7	12.7
\$250,001 to \$300,000	%	12.5	7.3	7.6	*2.5	6.7	n.p.	*5.2
Greater than \$300,000	%	34.8	9.0	7.1	4.3	11.3	n.p.	*6.1
Mean value	\$'000	295.1	180.0	182.7	138.1	194.0	129.1	176.7

Source: *Housing Occupancy and Costs, Australia* (Cat. no. 4130.0).

Gambling

When considering gambling statistics there are two very different sets of data relating to money spent on gambling. The first looks at the total amount of money wagered on gambling (table 9.8), and the second looks at the net expenditure on gambling, which takes into account the amount of money returned as winnings (table 9.9). For various types of gambling, the amounts “lost” or not returned to the gambler vary significantly.

Total Victorian gambling turnover during 1997–98 was \$32.5 billion (table 9.8). While the turnover for electronic gaming machines was highest at \$18.1 billion, turnover for casinos was characterised in this period by strong growth. From \$4 billion in 1995–96, casino turnover increased 64% to \$6.5 billion in 1996–97, and a further 62% to \$10.6 billion in 1997–98. In contrast, some forms of gaming decreased in turnover, such as instant lottery and Keno.

9.8 GAMBLING TURNOVER

Gambling form	1995–96	1996–97	1997–98	Per capita 1997–98(a)
	\$m	\$m	\$m	\$
TAB	2 283.5	2 292.7	2 371.9	683.75
On-course totalisator	235.1	223.4	224.5	64.71
On-course bookmakers	441.6	365.1	384.2	110.74
Sports betting	1.7	1.3	1.3	0.38
<i>Total racing gambling</i>	<i>2 961.9</i>	<i>2 882.4</i>	<i>2 981.9</i>	<i>859.58</i>
Lottery	12.5	12.3	13.0	3.76
Tattslotto, lotto	702.8	643.9	672.0	193.73
Instant lottery	72.4	60.4	59.2	17.06
Casino	3 991.8	6 534.0	10 571.2	3 047.32
Keno	31.3	29.7	28.5	8.22
Gaming machines	13 367.2	15 894.0	18 097.8	5 217.01
Other	192.2	22.5	35.8	10.32
<i>Total gaming</i>	<i>18 370.3</i>	<i>23 196.8</i>	<i>29 477.6</i>	<i>8 497.43</i>
Total gambling	21 332.2	26 079.2	32 459.5	9 357.02

(a) Annual average dollar turnover per Victorian, excluding persons under the age of 18 years, based on estimated mid year population.

Source: Tasmanian Gaming Commission, Australian Gambling Statistics 1972–73 to 1997–98.

Total gambling expenditure for Victoria during 1997–98 was \$3.2 billion, and \$921 on a per capita basis (table 9.9). Increases in expenditure were most significant for casinos (28%) and electronic gaming machines (18%), while total expenditure on gambling increased 16%. Those forms of gambling that experienced a decline in expenditure were on-course bookmakers, Pools, instant lottery and Keno.

9.9 GAMBLING EXPENDITURE

Gambling form	1995–96	1996–97	1997–98	Per capita 1997–98(a)
	\$m	\$m	\$m	\$
TAB	365.4	366.8	379.5	109.40
On-course totalisator	37.6	35.7	35.9	10.35
On-course bookmakers	26.5	21.9	17.3	5.00
Sports betting	0.5	0.4	0.4	0.11
<i>Total racing gambling</i>	<i>430.0</i>	<i>424.8</i>	<i>433.2</i>	<i>124.87</i>
Lottery	5.0	4.9	5.2	1.50
Tattslotto, lotto	281.1	257.6	268.8	77.49
Instant lottery	29.0	24.2	23.7	6.82
Casino	490.9	579.0	742.3	213.98
Keno	8.7	7.2	6.9	1.98
Gaming machines	1 246.3	1 455.8	1 711.3	493.31
Other	54.9	3.3	3.6	1.04
<i>Total gaming</i>	<i>2 115.9</i>	<i>2 331.9</i>	<i>2 761.8</i>	<i>796.13</i>
Total gambling(c)	2 545.8	2 756.7	3 195.0	921.00

(a) Annual average dollar expenditure per Victorian, excluding persons under the age of 18 years, based on estimated mid year population.

Source: Tasmanian Gaming Commission, Australian Gambling Statistics 1972–73 to 1997–98.

References

Reviews of the CPI

To ensure the CPI continues to meet community needs, the ABS conducts reviews at approximately five year intervals. These reviews update item weights and provide an opportunity to reassess the scope and coverage of the index and other methodological issues. The 13th series CPI was introduced in the September quarter 1998. It was specifically designed to provide a general measure of price inflation for the household sector as a whole. Accordingly, the ABS has adopted the acquisitions approach for the construction of the index. Compared with the 12th series CPI, the most significant differences are a change in the item coverage of the CPI and a change in the population group covered by the CPI. The most noticeable changes to the item coverage are the exclusion of mortgage interest and consumer credit charges, and the inclusion of expenditure on new dwellings (excluding land). The population coverage was expanded beyond the wage and salary earner households to all private households, resulting in a population coverage increasing from 29% to 64% of Australian private households.

ABS sources

Housing Occupancy and Costs, Australia (Cat. no. 4130.0)

Consumer Price Index (Cat. no. 6401.0)

Average Retail Prices of Selected Items, Eight Capital Cities
(Cat. no. 6403.0)

House Price Indexes, Eight Capital Cities (Cat. no. 6416.0)

A Guide to the Consumer Price Index (Cat. no. 6440.0)

Retail Trade, Australia (Cat. no. 8501.0)

Non-ABS sources

Tasmanian Gaming Commission, Australian Gambling Statistics, 1972–73 to 1997–98.