

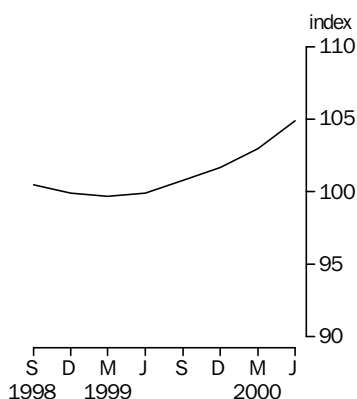


STAGE OF PRODUCTION PRODUCER PRICE INDEXES AUSTRALIA

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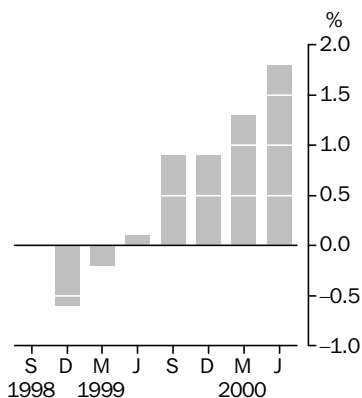
Final Stage

Base: 1998-99 = 100.0



Final Stage

Quarterly % change



- For further information about these and related statistics, contact the National Information Service on 1300 135 070 or Lee Taylor on Canberra 02 6252 8100.

JUNE QTR KEY FIGURES

STAGE OF PRODUCTION	% change Mar Qtr 2000 to Jun Qtr 2000	% change Jun Qtr 1999 to Jun Qtr 2000
Final (Stage 3) commodities (excl exports)	1.8	5.0
Domestic	1.3	5.5
Imports	4.4	3.5
Intermediate (Stage 2) commodities	2.5	6.7
Domestic	1.9	5.6
Imports	6.2	14.3
Preliminary (Stage 1) commodities	3.3	8.3
Domestic	2.7	6.7
Imports	7.0	18.3

JUNE QTR KEY POINTS

FINAL (STAGE 3) COMMODITIES

- The Final (Stage 3) index rose by 1.8% in the June quarter, in part due to significant increases in the prices of imported commodities.
- The Final (Stage 3) Imports index rose 4.4% in the June quarter, compared with a fall of 0.3% in the March quarter, due mainly to exchange-rate driven increases in the prices of imported capital items such as industrial machinery and computer equipment.
- The Domestic component of the Final stage rose 1.3% due mainly to increases in the prices of petrol and house construction.

INTERMEDIATE (STAGE 2) COMMODITIES

- The Intermediate (Stage 2) index rose 2.5% in the June quarter, largely due to significant increases in the prices of imported commodities.
- The main contributor to the 6.2% rise in the Intermediate (Stage 2) Imports index was higher crude oil prices.

PRELIMINARY (STAGE 1) COMMODITIES

- The Preliminary (Stage 1) index rose 3.3% in the June quarter as a result of price increases in both domestic and imported commodities.
- The Preliminary (Stage 1) Imports index rose 7% in the June quarter, mainly due to the significant increase in the price of crude oil.

NOTES

FORTHCOMING ISSUES

<i>ISSUE (Quarter)</i>	<i>RELEASE DATE</i>
September Qtr 2000	23 October 2000
December Qtr 2000	22 January 2001

NEW ISSUE

This is the first issue of this quarterly publication. It presents producer price index numbers for the supply of commodities to the Australian economy in a "stage of production" framework as foreshadowed in the ABS Information Paper, *Producer Price Index Developments* (Cat. no. 6422.0), released on 25 March 1999.

For a definition of each of the stages see paragraphs 4 to 8 of the explanatory notes.

IMPACT OF THE NEW TAX SYSTEM

The pricing basis for the *Stage of Production (SOP) Indexes* is basic prices, i.e. prior to the imposition of any Australian taxes on products (either the former Wholesales Sales Taxes or the new Goods and Services Tax (GST)) and any transport and trade margins. The GST will therefore be excluded from all prices in the SOP indexes from September quarter 2000.

The introduction of the new tax system is therefore not expected to have any first round impact on the indexes; however some downward influence is expected from second round effects.

For more details see Information Paper, *Price Indexes and The New Tax System* (Cat. No. 6425.0), released on 3 May 2000.

RELATED STATISTICS

For more information about statistics in this publication and the availability of related unpublished statistics, contact Lee Taylor on fax (02) 6252 7060, or email lee.taylor@abs.gov.au.

ABBREVIATIONS

- ANZSIC Australian and New Zealand Standard Industrial Classification
- c.i.f. cost, insurance and freight
- f.o.b. free on board
- n.e.c. not elsewhere classified

Dennis Trewin
Australian Statistician

1

INDEX NUMBERS (a), by Stage and Source

<i>Period</i>	PRELIMINARY			INTERMEDIATE			FINAL(b)		
	<i>Domestic</i>	<i>Imports</i>	<i>Total</i>	<i>Domestic</i>	<i>Imports</i>	<i>Total</i>	<i>Domestic</i>	<i>Imports</i>	<i>Total</i>
1998-99	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1999-00	104.1	107.1	104.5	103.4	104.4	103.6	104.3	95.7	102.6
1998									
September	100.9	103.3	101.2	100.6	102.8	100.9	99.7	103.5	100.5
December	100.2	101.0	100.3	100.0	101.2	100.2	99.5	101.7	99.9
1999									
March	98.7	97.6	98.6	99.3	98.4	99.2	99.9	99.2	99.7
June	100.2	98.2	99.9	100.1	97.6	99.8	100.9	95.6	99.9
September	102.1	100.1	101.8	101.5	99.1	101.2	102.4	94.2	100.8
December	103.4	103.6	103.4	102.7	101.9	102.6	103.3	95.0	101.7
2000									
March	104.1	108.6	104.7	103.7	105.1	103.9	105.0	94.7	103.0
June	106.9	116.2	108.2	105.7	111.6	106.5	106.4	98.9	104.9

(a) Base of each index: 1998-99=100.0.

(b) Excluding exports.

PERCENTAGE CHANGE, by Stage and Source

Period	PRELIMINARY			INTERMEDIATE			FINAL(a)		
	Domestic	Imports	Total	Domestic	Imports	Total	Domestic	Imports	Total
PERCENTAGE CHANGE FROM PREVIOUS YEAR									
1998-99	..	..	..	..	..	..	..	..	..
1999-00	4.1	7.1	4.5	3.4	4.4	3.6	4.3	-4.3	2.6
PERCENTAGE CHANGE FROM PREVIOUS PERIOD									
1998									
September	..	..	..	..	..	..	..	..	..
December	-0.7	-2.2	-0.9	-0.6	-1.6	-0.7	-0.2	-1.7	-0.6
1999									
March	-1.5	-3.4	-1.7	-0.7	-2.8	-1.0	0.4	-2.5	-0.2
June	1.5	0.6	1.3	0.8	-0.8	0.6	1.0	-3.6	0.2
September	1.9	1.9	1.9	1.4	1.5	1.4	1.5	-1.5	0.9
December	1.3	3.5	1.6	1.2	2.8	1.4	0.9	0.8	0.9
2000									
March	0.7	4.8	1.3	1.0	3.1	1.3	1.6	-0.3	1.3
June	2.7	7.0	3.3	1.9	6.2	2.5	1.3	4.4	1.8
PERCENTAGE CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR									
1998									
September	..	..	..	..	..	..	..	..	..
December	..	..	..	..	..	..	..	..	..
1999									
March	..	..	..	..	..	..	..	..	..
June	..	..	..	..	..	..	..	..	..
September	1.2	-3.1	0.6	0.9	-3.6	0.3	2.7	-9.0	0.3
December	3.2	2.6	3.1	2.7	0.7	2.4	3.8	-6.6	1.8
2000									
March	5.5	11.3	6.2	4.4	6.8	4.7	5.1	-4.5	3.3
June	6.7	18.3	8.3	5.6	14.3	6.7	5.5	3.5	5.0

.. not applicable
(a) Excluding exports.

INDEX NUMBERS (a), Final Commodities—by Source & Destination

<i>Period</i>	DOMESTIC(b)			IMPORTS			TOTAL(b)		
	<i>Consumer</i>	<i>Capital</i>	<i>Total</i>	<i>Consumer</i>	<i>Capital</i>	<i>Total</i>	<i>Consumer</i>	<i>Capital</i>	<i>Total</i>
1998-99	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1999-00	103.6	104.9	104.3	96.6	94.6	95.7	102.2	103.0	102.6
1998									
September	100.5	98.9	99.7	102.9	104.1	103.5	101.0	99.9	100.5
December	99.6	99.4	99.5	101.2	102.2	101.7	99.9	99.9	99.9
1999									
March	99.6	100.1	99.9	99.1	99.4	99.2	99.5	99.9	99.7
June	100.2	101.6	100.9	96.7	94.4	95.6	99.5	100.3	99.9
September	102.2	102.5	102.4	95.2	93.2	94.2	100.8	100.8	100.8
December	102.6	104.1	103.3	95.8	94.0	95.0	101.2	102.2	101.7
2000									
March	104.0	105.9	105.0	95.8	93.4	94.7	102.4	103.6	103.0
June	105.7	107.1	106.4	99.7	97.9	98.9	104.5	105.3	104.9

(a) Base of each index: 1998-99=100.0.
 (b) Excluding exports.

PERCENTAGE CHANGE, Final Commodities—by Source & Destination

Period	DOMESTIC			IMPORTS			TOTAL		
	Consumer	Capital	Total	Consumer	Capital	Total	Consumer	Capital	Total
PERCENTAGE CHANGE FROM PREVIOUS YEAR									
1998-99	..	..	..	..	..	..	..	..	..
1999-00	3.6	4.9	4.3	-3.4	-5.4	-4.3	2.2	3.0	2.6
PERCENTAGE CHANGE FROM PREVIOUS PERIOD									
1998									
September	..	..	..	..	..	..	..	..	..
December	-0.9	0.5	-0.2	-1.7	-1.8	-1.7	-1.1	—	-0.6
1999									
March	—	0.7	0.4	-2.1	-2.7	-2.5	-0.4	—	-0.2
June	0.6	1.5	1.0	-2.4	-5.0	-3.6	—	0.4	0.2
September	2.0	0.9	1.5	-1.6	-1.3	-1.5	1.3	0.5	0.9
December	0.4	1.6	0.9	0.6	0.9	0.8	0.4	1.4	0.9
2000									
March	1.4	1.7	1.6	—	-0.6	-0.3	1.2	1.4	1.3
June	1.6	1.1	1.3	4.1	4.8	4.4	2.1	1.6	1.8
PERCENTAGE CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR									
1998									
September	..	..	..	..	..	..	..	..	..
December	..	..	..	..	..	..	..	..	..
1999									
March	..	..	..	..	..	..	..	..	..
June	..	..	..	..	..	..	..	..	..
September	1.7	3.6	2.7	-7.5	-10.5	-9.0	-0.2	0.9	0.3
December	3.0	4.7	3.8	-5.3	-8.0	-6.6	1.3	2.3	1.8
2000									
March	4.4	5.8	5.1	-3.3	-6.0	-4.5	2.9	3.7	3.3
June	5.5	5.4	5.5	3.1	3.7	3.5	5.0	5.0	5.0

.. not applicable

— nil or rounded to zero (including null cells)

INDEX NUMBERS (a), Final Commodities—by Source & Destination: **Including Exports**

Period	DOMESTIC				IMPORTS			TOTAL		
	Consumer	Capital	Exports	Total (incl.exports)	Consumer	Capital	Total	Consumer	Capital	Total (incl.exports)
1998-99	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1999-00	103.6	104.9	103.4	104.0	96.6	94.6	95.7	102.2	103.0	102.8
1998										
September	100.5	98.9	105.2	101.3	102.9	104.1	103.5	101.0	99.9	101.6
December	99.6	99.4	100.8	99.9	101.2	102.2	101.7	99.9	99.9	100.1
1999										
March	99.6	100.1	98.0	99.3	99.1	99.4	99.2	99.5	99.9	99.3
June	100.2	101.6	96.0	99.5	96.7	94.4	95.6	99.5	100.3	98.9
September	102.2	102.5	96.9	100.8	95.2	93.2	94.2	100.8	100.8	99.8
December	102.6	104.1	101.0	102.7	95.8	94.0	95.0	101.2	102.2	101.5
2000										
March	104.0	105.9	105.0	105.0	95.8	93.4	94.7	102.4	103.6	103.5
June	105.7	107.1	110.7	107.6	99.7	97.9	98.9	104.5	105.3	106.3

(a) Base of each index: 1998-99=100.0.

PERCENTAGE CHANGE, Final Commodities—by Source & Destination: **Including Exports**

Period	DOMESTIC				IMPORTS			TOTAL		
	Consumer	Capital	Exports	Total (incl.exports)	Consumer	Capital	Total	Consumer	Capital	Total (incl.exports)
PERCENTAGE CHANGE FROM PREVIOUS YEAR										
1998-99	..	..	..	..	..	..	..	..	..	..
1999-00	3.6	4.9	3.4	4.0	-3.4	-5.4	-4.3	2.2	3.0	2.8
PERCENTAGE CHANGE FROM PREVIOUS PERIOD										
1998										
September	..	..	..	..	..	..	..	..	..	..
December	-0.9	0.5	-4.2	-1.4	-1.7	-1.8	-1.7	-1.1	—	-1.5
1999										
March	—	0.7	-2.8	-0.6	-2.1	-2.7	-2.5	-0.4	—	-0.8
June	0.6	1.5	-2.0	0.2	-2.4	-5.0	-3.6	—	0.4	-0.4
September	2.0	0.9	0.9	1.3	-1.6	-1.3	-1.5	1.3	0.5	0.9
December	0.4	1.6	4.2	1.9	0.6	0.9	0.8	0.4	1.4	1.7
2000										
March	1.4	1.7	4.0	2.2	—	-0.6	-0.3	1.2	1.4	1.9
June	1.6	1.1	5.4	2.5	4.1	4.8	4.4	2.1	1.6	2.7
PERCENTAGE CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR										
1998										
September	..	..	..	..	..	..	..	..	..	..
December	..	..	..	..	..	..	..	..	..	..
1999										
March	..	..	..	..	..	..	..	..	..	..
June	..	..	..	..	..	..	..	..	..	..
September	1.7	3.6	-7.9	-0.5	-7.5	-10.5	-9.0	-0.2	0.9	-1.7
December	3.0	4.7	0.2	2.8	-5.3	-8.0	-6.6	1.3	2.3	1.4
2000										
March	4.4	5.8	7.1	5.7	-3.3	-6.0	-4.5	2.9	3.7	4.2
June	5.5	5.4	15.3	8.1	3.1	3.7	3.5	5.0	5.0	7.5

.. not applicable

— nil or rounded to zero (including null cells)

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents producer price index numbers for the supply of commodities to the Australian economy in a "stage of production" (SOP) framework. As such, the indexes cover both domestically produced and imported commodities, individually and in aggregate. They represent an alternative arrangement of largely existing ABS producer price index series. The indexes are calculated on the reference base 1998-99 = 100.0.

2 These indexes are compiled within the statistical framework outlined in the 1997 *ABS Information Paper: An Analytical Framework for Price Indexes in Australia* (Cat. no. 6421.0) and are designed to support the study of inflation.

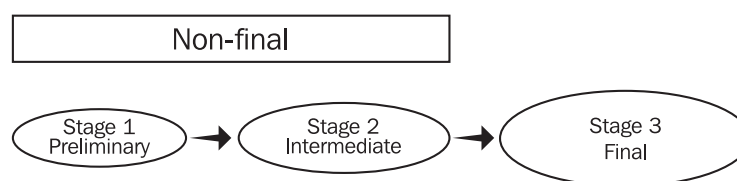
3 A more detailed explanation of the SOP concept than that provided in this publication is contained in the *ABS Information Paper: Producer Price Index Developments* (Cat. no. 6422.0), released on 25 March 1999. The index numbers in this current publication cannot be directly compared with the experimental index numbers in the Information Paper because:

- the coverage of the series has been expanded to include selected service and construction industries (see paragraphs 14 and 15); and
- the weighting patterns of the indexes have been updated to 1994-95 and the reference base of the indexes has been updated to 1998-99 = 100.0.

THE SOP CONCEPT

4 The indexes are compiled using the SOP concept. Under this concept flows of commodities are categorised according to their economic destination on a sequential basis along the production chain. The basis for the categorisation is the Australian Input-Output tables (1994-95). The primary categorisation is between final commodities (i.e. commodities destined for final consumption, capital formation or export) and non-final commodities (i.e. commodities that flow into intermediate consumption for further processing).

5 This initial breakdown of the commodity flows into final and non-final represents a useful economic dissection of producers' transactions. However, the non-final commodities can flow into the production of both final and other non-final commodities. Therefore, to aid analysis, the non-final commodity flows have been divided on a sequential basis between Stage 1 (or preliminary) commodities and Stage 2 (or intermediate) commodities as illustrated below. This approach results in three separate stages of production.



6 In order to avoid multiple counting of transactions, the three stages are not aggregated.

7 Under this framework, preliminary (Stage 1) commodities are used in the production of intermediate (Stage 2) commodities; in turn intermediate (Stage 2) commodities flow into the production of final (Stage 3) commodities.

8 The framework allows for analyses of price change as commodities flow through production processes. Price changes for earlier stages of production may be indicators of possible future price changes for later stages.

TRANSACTION FLOW APPROACH

9 The ABS has adopted a transaction flow approach in disaggregating commodity supply into the various production stages. This approach means that

EXPLANATORY NOTES *continued*

TRANSACTION FLOW APPROACH *continued*

the assignment of a commodity to a stage is based on the proximity of its use in final demand.

10 Alternative *degree of fabrication* or *principal destination* approaches are employed by statistical agencies in some other countries. These approaches result in the allocation of particular commodities to one, and only one, stage. This would present particular problems for Australia due to the openness of the economy, with exports (and imports) equivalent to about 20% of gross domestic product. Commodities such as wheat, wool, and iron ore are exported in large volumes as well as being further processed locally. The allocation of such commodities to a single stage would, by necessity, be very arbitrary.

11 Adopting the transaction flow approach means, for example, that exported wheat and domestically used wheat are treated as different commodities for index construction purposes. Under this approach commodity transactions can therefore be allocated to more than one stage. Exported wheat is treated as a Final (Stage 3) commodity while wheat used domestically to make the flour used in bread production is considered to be a Preliminary (Stage 1) commodity. Similarly, commodities such as energy and containers appear under all three categories.

SCOPE AND COVERAGE

12 Producer price indexes conventionally relate to the output of domestic industries, at basic prices, either inclusive or exclusive of exports. As the main focus is on domestic inflation, exports are excluded from the "headline" series, "Final (Stage 3) commodities", as presented in the key figures on the front page and in Tables 1, 2, 3 and 4. Tables 5 and 6 present index series for Final (Stage 3) commodities *including* exports.

13 Imports have also been incorporated within the framework, recognising that they represent an important potential source of inflationary pressures.

Services

14 In concept, the SOP indexes incorporate all flows of goods and services. However, there are limitations on the availability of price indexes for services. Price indexes are available for most Transport and Storage Services (Division I of ANZSIC) and Property and Business Services (Division L of ANZSIC). Accordingly, indexes for these services have been included in the SOP framework. However price series for most Final (Stage 3) consumer services are not currently available on a sufficiently timely basis to allow for their inclusion in the indexes. This has the effect of decreasing the apparent relative weight of consumer items versus capital items in the final stage. It is intended to introduce additional services price series as they become available, along with the consequential weight changes.

Construction

15 There are similar limitations on the availability of price indexes for Construction (Division E of ANZSIC). Being capital in nature, construction contributes to the Final (Stage 3) index only. Index coverage is currently limited to the output of the following ANZSIC classes:

- 4111 House construction;
- 4112 Residential building construction n.e.c.;
- 4113 Non-residential building construction;
- 4121 Road and bridge construction.

16 For reasons of data availability the House construction indexes are lagged one quarter. As with services, it is intended to introduce further construction price series as they become available.

COMPOSITION AND WEIGHTS

17 The indexes are fixed weights indexes. The items included in the indexes

EXPLANATORY NOTES *continued*

- COMPOSITION AND WEIGHTS
continued
- reflect the values of commodity flows, for both domestic supply and imports, allocated to stages based on an analysis of detailed 1994-95 Input-Output tables.
- 18** Appendix A contains the index structures and weighting patterns for the SOP indexes.
- PRICE SERIES
- 19** The component price series used in compiling the SOP indexes are sourced from other ABS price indexes as follows:
- Domestically produced series are sourced from: Price Indexes of Articles Produced by Manufacturing Industries; Price Indexes of Materials Used in Manufacturing Industries; Export Price Index; Consumer Price Index; and Producer Price Indexes for Selected Service Industries.
 - Imported series are sourced from the Import Price Index.
- PRICING BASIS
- 20** In concept the valuation basis of the SOP indexes is basic prices, i.e. prior to the imposition of indirect taxes (less subsidies) on products and any transport and trade margins. However, the use of component series from existing ABS price collections in some cases results in the pricing basis diverging from this ideal. For example, imports are priced on an f.o.b. basis, not c.i.f. (which approximates basic prices).
- INDEX NUMBERS
- 21** Index numbers for financial years are simple averages of the relevant quarterly index numbers.
- ANALYSIS OF INDEX CHANGES
- 22** Care should be exercised when interpreting quarter-to-quarter movements in the indexes as short-term movements do not necessarily indicate changes in trend.
- COMPARISONS WITH CONSUMER PRICE INDEX
- 23** Final (Stage 3) indexes are presented for consumer commodities. It should be noted that this index is not directly comparable with the Consumer Price Index. The two indexes differ significantly in concept and coverage. The major differences are:
- the pricing basis for the Final (Stage 3) consumer index is basic prices (see paragraph 20 above). The Consumer Price Index, however, measures changes in purchasers' prices, i.e. the actual retail prices paid by households for products, inclusive of taxes on products and any transport and trade margins.
 - the coverage of the two indexes differs. Currently the Final (Stage 3) consumer index mainly measures changes in the prices of goods; i.e. most services are currently excluded from the index (see paragraph 14 above). The CPI covers both goods and services.
 - the indexes have different weighting bases. The weighting pattern for the Final (Stage 3) consumer index is based on the 1994-5 Input-Output tables, while the Consumer Price Index weighting pattern is based on the 1993-94 Household Expenditure Survey.
- 24** A comparison of movements in the Final (Stage 3) Total Consumer component of the SOP and the goods component of the CPI can be found in Appendix B.
- FURTHER INFORMATION
- 25** A more detailed explanation of the SOP concept is contained in the *Information Paper: Producer Price Index Developments* (Cat. no. 6422.0).
- RELATED PUBLICATIONS
- 26** Users may also wish to refer to the following publications which are available from ABS Bookshops:
- *Producer Price Index Developments* (Cat. no. 6422.0)
 - *An Analytical Framework for Price Indexes in Australia* (Cat. no. 6421.0)

EXPLANATORY NOTES *continued*

RELATED PUBLICATIONS

continued

- *Price Indexes of Articles Produced by Manufacturing Industry, Australia* (Cat. no. 6412.0)
- *Import Price Index, Australia* (Cat. no. 6414.0)
- *Producer Price Indexes for Selected Service Industries, Australia* (Cat. no. 6423.0)
- *Export Price Index, Australia* (Cat. no. 6405.0)
- *Price Indexes of Materials Used in Manufacturing Industries, Australia* (Cat. no. 6411.0)
- *Consumer Price Index, Australia* (Cat. no. 6401.0)
- *Price Index of Materials Used in Building Other than House Building, Six Capital Cities* (Cat. no. 6407.0)
- *Price Index of Materials Used in House Building, Six Capital Cities* (Cat. no. 6408.0)

27 Other ABS publications which may be of interest include:

- *Wage Cost Index, Australia* (Cat. no. 6345.0)
- *Australian National Accounts: Input-Output Tables* (Cat. no. 5209.0)
- *Price Indexes and The New Tax System* (Cat. no. 6425.0)

28 Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (Cat. no. 1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (Cat. no. 1105.0) which lists publications to be released in the next few days. The Catalogue and Release Advice are available from any ABS office.

UNPUBLISHED STATISTICS

29 As well as the statistics included in this and related publications, the ABS may have other relevant unpublished data available. Inquires should be made to Lee Taylor on 02 6252 8100.

APPENDIX A INDEX STRUCTURES & WEIGHTING PATTERNS

COMPOSITION

The indexes are fixed weights indexes. The items included in the indexes reflect the values of commodity flows, for both commodities produced domestically and imports, allocated to stages based on an analysis of detailed 1994-95 Input-Output tables.

The 1994-95 values have been revalued to reflect the price levels of the reference base year (1998-99).

Details of the SOP index structures and weighting patterns are provided in the tables below.

A1 INDEX STRUCTURE AND WEIGHTING PATTERNS, Preliminary and Intermediate Stages

	PRELIMINARY (STAGE 1)			INTERMEDIATE (STAGE 2)		
	Total	Domestic	Imports	Total	Domestic	Imports
01 Agriculture	4.2	4.8	—	5.8	6.6	—
02 Services to Agriculture; Hunting and Trapping	0.9	1.0	—	0.5	0.5	—
03 Forestry and Logging	0.3	0.4	—	—	—	—
11 Coal Mining	1.2	1.4	—	0.7	0.8	—
12 Oil and Gas	2.6	1.8	7.6	1.4	1.0	4.5
13 Metal Ore Mining	1.0	1.1	—	1.1	1.2	—
14 Other Mining	1.2	1.3	0.9	0.8	0.9	—
15 Services to Mining	0.4	0.4	—	—	—	—
21 Food, Beverage and Tobacco	2.8	3.2	—	5.3	6.1	—
22 Textile, Clothing, Footwear and Leather Manufacturing	0.7	—	5.1	2.9	2.0	9.2
23 Wood and Paper Product Manufacturing	4.6	3.6	11.2	4.2	3.8	6.5
24 Printing, Publishing and Recorded Media	3.2	3.7	—	4.5	5.2	—
25 Petroleum, Coal, Chemical and Associated Product Manufacturing	9.9	7.1	28.2	8.0	6.1	21.5
26 Non-Metallic Mineral Product Manufacturing	1.7	2.0	—	3.6	4.2	—
27 Metal Product Manufacturing	9.1	8.8	11.4	8.7	8.5	10.0
28 Machinery and Equipment Manufacturing	8.9	4.9	35.5	11.9	6.7	48.3
36 Electricity and Gas Supply	2.9	3.3	—	2.7	3.1	—
37 Water Supply, Sewerage and Drainage Services	1.0	1.2	—	0.7	0.8	—
61 Road Transport	5.9	6.7	—	4.7	5.3	—
62 Rail Transport	1.5	1.7	—	1.3	1.5	—
64 Air and Space Transport	1.8	2.0	—	1.7	1.9	—
66 Services to Transport	3.3	3.8	—	3.0	3.4	—
77 Property Services	13.1	15.1	—	9.9	11.3	—
78 Business Services	17.9	20.6	—	16.7	19.1	—
Total	100.0	100.0	100.0	100.0	100.0	100.0

— nil or rounded to zero (including null cells)

APPENDIX A INDEX STRUCTURES & WEIGHTING PATTERNS *continued*

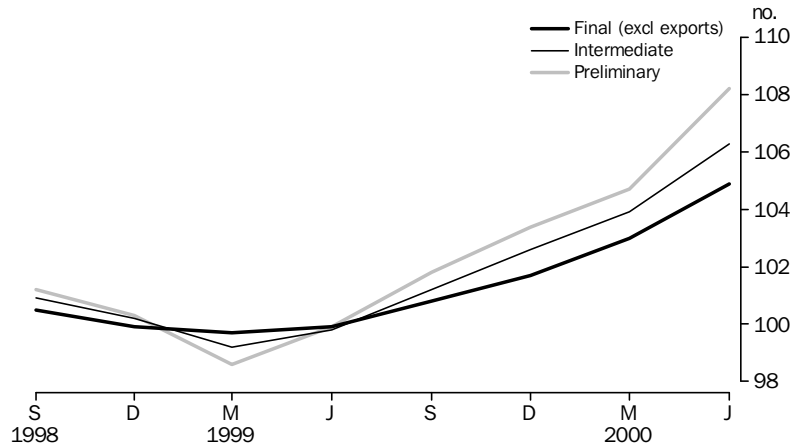
A2 INDEX STRUCTURE AND WEIGHTING PATTERNS, Final (Stage 3) Commodities

	DOMESTIC			IMPORTS			Total (excl. exports)	Exports
	Consumer	Capital	Total	Consumer	Capital	Total		
01 Agriculture	—	—	—	—	—	—	—	6.4
02 Services to Agriculture; Hunting and Trapping	—	—	—	—	—	—	—	1.2
04 Commercial Fishing	—	—	—	—	—	—	—	0.6
11 Coal Mining	—	—	—	—	—	—	—	9.8
12 Oil and Gas Extraction	—	—	—	—	—	—	—	3.6
13 Metal Ore Mining	—	—	—	—	—	—	—	14.8
21 Food, Beverage and Tobacco	40.1	—	20.7	21.7	—	11.6	18.9	18.1
22 Textile, Clothing, Footwear and Leather Manufacturing	10.2	—	5.3	20.5	—	10.9	6.4	3.4
24 Printing, Publishing and Recorded Media	4.8	—	2.5	6.6	—	3.5	2.7	—
25 Petroleum, Coal, Chemical and Associated Product Manufacturing	12.9	—	6.7	10.3	—	5.5	6.5	4.9
27 Metal Product Manufacturing	—	—	—	—	—	—	—	15.6
28 Machinery and Equipment Manufacturing	9.9	12.0	11.0	32.2	100.0	63.8	21.3	9.5
29 Other Manufacturing	—	3.3	1.6	8.7	—	4.7	2.2	—
36 Electricity and Gas Supply	9.0	—	4.6	—	—	—	3.7	—
37 Water Supply, Sewerage and Drainage Services	5.6	—	2.9	—	—	—	2.3	—
41 General Construction	—	71.6	34.6	—	—	—	27.8	—
61 Road Transport	7.5	—	3.9	—	—	—	3.1	3.3
62 Rail Transport	—	—	—	—	—	—	—	2.3
63 Water Transport	—	—	—	—	—	—	—	3.9
66 Services to Transport	—	—	—	—	—	—	—	2.6
77 Property Services	—	2.7	1.3	—	—	—	1.1	—
78 Business Services	—	10.4	5.0	—	—	—	4.0	—
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

— nil or rounded to zero (including null cells)

APPENDIX B ANALYSIS OF INDEX MOVEMENTS

COMPARISON OF SOP INDEXES



Base of each index: 1998-99 = 100.0

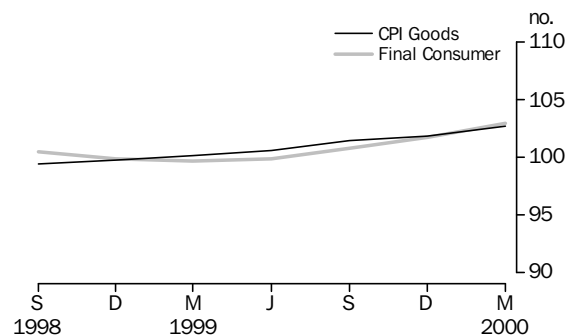
Over the eight quarters to June 2000:

- Preliminary (Stage 1) commodities fell 2.6% between September quarter 1998 and March quarter 1999, then rose steadily to finish the period 6.9% higher;
- Intermediate (Stage 2) commodities followed a similar pattern, falling 1.7% to March quarter 1999, then rising to finish the period 5.6% higher;
- Final (Stage 3) commodities fell 0.8% to March quarter 1999, remained effectively unchanged to June quarter 1999, then rose steadily to finish the period 4.2% higher.

There appears to be a progressive reduction in the rate of change in commodity prices from Stage 1 to Stage 3 over the eight quarters. This progressive reduction could in part be attributable to the influence of the costs of other inputs such as labour, taxes and margins.

COMPARISON WITH CONSUMER PRICE INDEX

The graph below compares the Final (Stage 3) Total Consumer component of the SOP and the Goods component of the CPI.



Base of each index: 1998-99 = 100.0

The price index of the SOP component fell 1.7% from September quarter 1998 to June quarter 1999, while the CPI Goods component rose 1.2%.

By March quarter of 2000 the SOP component index had risen to a level 1.4% above the September quarter 1998 index while, in the same period, the Goods component of the CPI rose steadily to be 3.3% higher.

APPENDIX B ANALYSIS OF INDEX MOVEMENTS *continued*

COMPARISON WITH
CONSUMER PRICE INDEX
continued

The difference in the movement between the indexes can largely be attributed to the pricing bases. The pricing basis for the SOP index is basic prices (see paragraph 20 of the Explanatory Notes), i.e. prior to the imposition of any Australian taxes on products and any transport and trade margins. On the other hand the Consumer Price Index measures changes in purchasers' prices, i.e. the actual retail prices paid by households for products, inclusive of taxes on products and any transport and trade margins.

Other differences between the two series may be due to the weighting bases. The weighting pattern for the Final (Stage 3) consumer index is based on the 1994-5 Input-Output tables while the Consumer Price Index weighting pattern is based on the 1993-94 Household Expenditure Survey.

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