

CHAPTER 7

PRICES

RETAIL PRICES AND PRICE INDEXES

Retail prices of food and groceries and average rentals of houses have been collected by the Australian Statistician for the years extending back to 1901 and, in some cases, by the Statisticians of various States for earlier years.

Retail prices of a more extensive range of commodities (including clothing) and certain services in common demand have been ascertained at frequent and regular intervals since 1923. (Comparable information was ascertained for the month of November in each year from 1914 to 1922.) The range of items for which retail prices data is obtained was considerably expanded in 1948 and in later years. Average retail prices of certain food and grocery items in the relevant periods were published in the annual *Labour Report* (now discontinued).

An explanation of the nature and purposes of retail price indexes is given in the various editions of the annual *Labour Report*, together with further particulars of indexes current at the time. The current retail price index, the Consumer Price Index, was published for the first time in August 1960 and was compiled retrospectively to the September quarter 1948. A description of the Consumer Price Index (CPI) is given below. For a more complete description of the CPI, readers are referred to a booklet entitled *A Guide to the Consumer Price Index* which is available from the Australian Bureau of Statistics (ABS) on request.

The Consumer Price Index

Introduction

The Consumer Price Index measures quarterly changes in the price of a 'basket' of goods and services which account for a high proportion of expenditures by metropolitan wage and salary earner households. This 'basket' covers a wide range of goods and services, arranged in the following groups: Food; Clothing; Housing; Household equipment and operation; Transportation; Tobacco and alcohol; Health and personal care; and Recreation. Each group is, in turn, divided into sub-groups.

Index numbers at the *Group* and *All Groups* levels are published each quarter for each State capital city and Canberra, for the weighted average of six State capital cities and for the weighted average of seven capital cities. *Sub-group index numbers* are also published for the weighted average of six State capital cities.

Items in the Food Group of the CPI are priced each month and the Food Group Index is compiled and published monthly. (Indexes for other groups are not compiled monthly.)

As from August 1978 monthly indexes for the Food Group and its sub-groups have been published for Darwin (see *Consumer Price Index, Monthly Food Group Index, Darwin (6413.0)*). Indexes have been calculated retrospectively to February 1975 for the Food Group and some sub-groups. The Food Group is the only Group for which data are collected and compiled in respect of Darwin.

Index population

The CPI measures price changes affecting a high proportion of *metropolitan employee households*. *Employee households* are defined as those households which obtain at least three-quarters of their total income from wages and salaries but excluding the top 10 per cent (in terms of income) of such households. *Metropolitan* means the State Capital cities and Canberra.

Weighting pattern

There are 105 expenditure classes (i.e. groupings of like items) within the current CPI and each expenditure class has its own weight, or measure of relative importance. In calculating the index, price changes for the various expenditure classes are combined using these weights.

Changes in the weighting pattern have been made at approximately five-yearly intervals to take account of changes in household spending patterns. The CPI, in fact, comprises nine series of price indexes which have been linked to form a continuous series. The ninth series (i.e. the current series) was introduced as from the September quarter 1976 and its weighting pattern is based on estimated expenditures in 1974-75 obtained from the first household expenditure survey conducted by the ABS. Details of the weighting pattern are published in the booklet *A Guide to the Consumer Price Index*.

The CPI 'basket' of goods and services covers items which are considered representative of metropolitan household spending habits and whose prices can be associated with an identifiable and specific quantity of a commodity or service. For instance, price changes for a given quantity and quality of bread or refrigerators can be measured and included in the CPI. Income taxes and personal savings, on the other hand, do not form part of the CPI because they cannot be clearly associated with the purchase of a specific quantity of a good or service.

Price collection

Since the CPI is designed to measure the impact of changing prices on metropolitan wage and salary earner households, price movements are monitored in the kinds of retail outlets or other establishments where such households would normally purchase goods and services. This involves collecting prices from many sources including supermarkets, department stores, footwear stores, restaurants, garages, dental surgeries and hairdressers. Items such as bus, rail and air fares, electricity and gas charges, telephone charges and local authority rates are collected from the appropriate authorities. Information on rents is obtained from property management companies. In total, around 80,000 separate price quotations are collected each quarter.

Food items are priced at the middle of each month except in the case of some fresh items (fruit, vegetables and fish) where prices are collected more frequently and averaged to obtain monthly prices. Most of the other CPI items are priced quarterly, usually at the middle of the mid-month of the quarter (February, May, August and November). However, to smooth out collection workloads, some items are collected during the first month of each quarter. Some items, such as local authority rates, need to be priced only once a year.

The prices used in the CPI are those that any member of the public would have to pay on the pricing day to purchase the specified good or service. Any sales or excise taxes which the consumer must pay when purchasing specific items are included in the CPI price. Sale prices, discount prices and 'specials' are reflected in the CPI so long as the items concerned are of normal quality (i.e. not damaged or shop soiled) and are offered for sale in reasonable quantities. To ensure that the price movements reflect the experience of the bulk of the metropolitan population, the brands and the varieties of the items which are priced are generally those which sell in greatest volume.

Changes in quality

The CPI aims to measure the price change of a constant basket of goods and services over time. For this reason, efforts are made to ensure that identical or equivalent items are priced in successive time periods. This involves evaluating changes in the quality of goods and services included in the index, and removing the effects of such changes so that the index reflects only the price change.

Periodic revision of the CPI

The CPI is periodically revised in order to ensure it continues to reflect current conditions. CPI revisions have usually been carried out at approximately five-yearly intervals. Following each revision the new list of items and weights (i.e. the new CPI basket) is linked to the previous series to form one continuous series. The process of linking ensures that the continuous series reflects only price variations and not differences in costs of the old and new baskets.

Earlier CPI series

The index has been compiled for each quarter from the September quarter 1948. The above description of the CPI refers to the ninth series which was introduced as from the September quarter 1976. A description of earlier CPI series is contained in the *Labour Report* No. 58, 1973, and in previous issues of the Year Book.

**CONSUMER PRICE INDEX: ALL GROUPS INDEX
SIX STATE CAPITAL CITIES AND CANBERRA**

(Base of each index: Year 1966-67=100.0) (a)

<i>Period</i>	<i>Weighted average of six State capital cities</i>	<i>Sydney</i>	<i>Mel- bourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Canberra</i>	<i>Weighted average of seven capital cities</i>
Year—									
1974-75 . . .	171.1	176.1	167.9	168.7	169.7	166.1	166.7	164.9	171.0
1975-76 . . .	193.3	199.0	189.5	190.9	190.5	189.6	190.0	187.3	193.3
1976-77 . . .	220.0	223.4	216.6	218.0	220.1	219.4	217.7	212.9	219.9
1977-78 . . .	241.0	243.2	238.2	238.4	241.8	243.1	239.1	232.3	240.9
1978-79 . . .	260.7	264.4	256.8	258.0	259.7	262.8	257.7	251.1	260.6
1979-80 . . .	287.2	292.4	282.5	283.0	285.8	287.4	284.0	278.0	287.0
Quarter—									
1978-79—									
March . . .	262.6	266.7	258.4	259.3	261.3	264.3	260.0	252.8	262.4
June . . .	269.6	274.3	265.3	265.2	267.9	271.4	267.0	260.5	269.4
1979-80—									
September . .	275.8	280.4	272.2	271.2	273.3	276.2	273.6	267.1	275.7
December . .	284.1	288.5	279.7	279.7	283.6	285.4	281.2	274.3	283.9
March . . .	290.3	296.2	284.6	287.1	288.9	290.4	287.0	281.3	290.1
June . . .	298.4	304.4	293.3	293.9	297.3	297.7	294.1	289.2	298.3

(a) The separate city indexes measure price movements within each city individually. They do not compare price levels between cities.

**CONSUMER PRICE INDEX: GROUP INDEXES
WEIGHTED AVERAGE OF SIX STATE CAPITAL CITIES**

(Base of each index: Year 1966-67=100.0 unless otherwise noted)

<i>Period</i>	<i>Food</i>	<i>Clothing</i>	<i>Housing</i>	<i>Household equipment and operation</i>	<i>Transport- ation</i>	<i>Tobacco and alcohol</i>	<i>Health and personal care(a)</i>	<i>Recreation (b)</i>	<i>All groups</i>
Year—									
1974-75 . . .	164.0	173.0	187.4	153.8	173.0	170.4	186.5	(c)	171.1
1975-76 . . .	180.2	201.0	221.1	178.3	203.8	211.1	151.6	(c)	193.3
1976-77 . . .	201.2	232.5	251.8	196.3	221.9	229.8	265.8	104.1	220.0
1977-78 . . .	223.2	257.4	274.6	212.6	240.1	240.0	318.3	113.4	241.0
1978-79 . . .	248.8	276.3	292.5	225.9	262.7	277.4	301.7	120.7	260.7
1979-80 . . .	283.6	295.1	314.3	244.2	296.5	300.5	329.6	131.2	287.2
Quarter—									
1978-79—									
March . . .	251.3	276.6	294.3	227.8	265.8	286.5	285.4	121.7	262.6
June . . .	263.4	284.8	299.9	230.5	274.1	290.4	289.3	124.0	269.6
1979-80—									
September . .	271.7	288.6	304.5	235.7	284.4	293.9	293.8	125.2	275.8
December . .	277.5	292.9	311.3	240.7	294.7	297.5	335.3	129.4	284.1
March . . .	288.9	295.2	316.8	247.0	296.5	302.8	340.6	133.8	290.3
June . . .	296.2	303.7	324.5	253.4	310.3	307.9	348.8	136.2	298.4

(a) Base: December quarter 1968=100.0
prior to September quarter 1976.

(b) Base: September quarter 1976=100.0.

(c) New grouping not compiled for quarters

**CONSUMER PRICE INDEX: GROUP INDEXES
SIX STATE CAPITAL CITIES AND CANBERRA**

(Base of each index: Year 1966-67=100.0 unless otherwise noted) (a)

<i>Year</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Canberra</i>
FOOD							
1974-75	166.3	161.7	164.8	163.7	160.9	158.6	161.7
1975-76	181.8	177.8	180.8	180.6	180.2	177.5	181.3
1976-77	200.2	198.9	201.7	205.8	205.5	201.5	201.5
1977-78	220.1	220.9	222.6	229.7	235.6	224.3	221.6
1978-79	247.7	245.8	245.7	253.0	260.2	251.3	249.0
1979-80	284.3	278.8	284.6	285.5	290.7	286.8	283.9
CLOTHING							
1974-75	174.1	172.0	171.5	173.8	174.2	171.8	172.3
1975-76	201.0	200.4	200.0	203.6	202.3	200.9	200.9
1976-77	231.9	232.4	230.4	236.5	232.9	232.5	232.4
1977-78	256.4	257.7	254.6	261.2	258.6	257.1	253.7
1978-79	275.1	276.5	272.7	282.1	277.0	277.2	272.4
1979-80	293.8	295.0	291.5	301.9	295.9	297.6	290.5
HOUSING							
1974-75	199.2	180.6	176.4	185.3	174.2	180.9	163.3
1975-76	233.7	214.0	202.9	222.1	209.7	216.4	194.1
1976-77	264.5	242.6	236.0	253.8	244.5	244.9	224.0
1977-78	288.7	263.1	260.9	275.1	269.5	264.6	240.4
1978-79	313.0	276.1	278.5	288.6	282.3	278.1	250.1
1979-80	344.1	291.7	297.2	309.2	292.9	293.7	262.5
HOUSEHOLD EQUIPMENT AND OPERATION							
1974-75	160.8	147.2	156.5	149.2	154.5	156.4	145.0
1975-76	186.5	169.5	181.7	173.1	184.1	183.9	166.1
1976-77	205.5	188.0	197.7	190.0	198.9	201.8	183.9
1977-78	220.7	204.2	213.8	207.0	217.9	222.0	199.2
1978-79	232.2	218.5	228.8	219.6	233.4	235.9	213.4
1979-80	248.9	238.6	243.5	239.8	251.6	257.2	235.6
TRANSPORTATION							
1974-75	184.6	164.4	171.4	171.9	158.2	165.3	166.4
1975-76	220.0	194.1	199.7	196.2	184.9	196.7	196.9
1976-77	231.7	216.8	219.6	215.5	206.2	220.7	216.6
1977-78	248.6	236.7	233.8	234.8	224.9	241.6	236.3
1978-79	273.0	256.9	257.0	257.2	249.5	256.5	256.2
1979-80	307.2	292.8	288.1	288.4	278.7	291.5	293.7
TOBACCO AND ALCOHOL							
1974-75	170.1	173.7	166.3	167.0	167.6	169.4	162.9
1975-76	214.3	214.0	200.9	206.2	206.4	206.3	194.3
1976-77	236.6	229.3	217.4	224.6	226.3	222.0	213.1
1977-78	245.2	241.7	227.5	233.8	237.6	232.2	224.5
1978-79	282.8	277.9	271.6	264.8	277.2	268.4	255.9
1979-80	308.1	302.2	287.9	283.8	299.7	289.1	279.2
HEALTH AND PERSONAL CARE(b)							
1974-75	186.8	188.1	175.8	191.3	188.2	174.1	189.8
1975-76	152.3	149.3	164.1	144.0	156.6	138.5	156.9
1976-77	246.8	266.1	296.1	274.7	308.1	250.3	263.3
1977-78	294.7	321.5	353.6	326.4	365.7	302.6	316.8
1978-79	286.0	307.4	315.6	302.3	337.0	292.2	311.0
1979-80	316.5	327.0	333.8	340.2	385.5	319.8	343.1

CONSUMER PRICE INDEX: GROUP INDEXES
SIX STATE CAPITAL CITIES AND CANBERRA—continued

(Base of each index: Year 1966-67=100.0 unless otherwise noted) (a)

<i>Year</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Canberra</i>
RECREATION(c)							
1976-77	104.4	103.7	104.1	103.8	104.3	103.6	104.3
1977-78	113.5	113.0	114.8	113.5	113.5	110.2	112.9
1978-79	119.7	120.5	123.4	122.6	120.8	118.7	120.3
1979-80	130.1	131.1	133.9	132.5	131.3	128.5	130.5

(a) The index numbers are designed to measure movements in retail prices of specified groups of items for each city individually. They measure variations from time to time and not differences in price levels between cities. (b) Base: December quarter 1968=100.0. (c) Base: September quarter 1976=100.0.

Previous retail price indexes

Five series of retail price indexes were compiled by the ABS at various times prior to the introduction of the Consumer Price Index in 1960. These indexes are described in Year Book No. 61.

An index of retail price movements from 1901 onwards has been derived by linking together the following indexes: from 1901 to 1914, the 'A' Series Retail Price Index; from 1914 to 1946-47, the 'C' Series Retail Price Index; from 1946-47 to 1948-49, a composite of Consumer Price Index Housing Group (partly estimated) and 'C' Series Index excluding Rent; and from 1948-49 onwards, the Consumer Price Index. The continuous series derived in this way is shown in the table below. As the indexes differ greatly in scope, the resulting series is only a broad indication of long-term trends in retail prices.

RETAIL PRICE INDEX NUMBERS: SIX STATE CAPITAL CITIES
COMBINED, 1901 TO 1979

(Base: Year 1911=100)

<i>Year</i>	<i>Index number</i>	<i>Year</i>	<i>Index number</i>	<i>Year</i>	<i>Index number</i>
1901	88	1927	166	1953	383
1902	93	1928	167	1954	386
1903	91	1929	171	1955	394
1904	86	1930	162	1956	419
1905	90	1931	145	1957	429
1906	90	1932	138	1958	435
1907	90	1933	133	1959	443
1908	95	1934	136	1960	459
1909	95	1935	138	1961	471
1910	97	1936	141	1962	469
1911	100	1937	145	1963	472
1912	110	1938	149	1964	483
1913	110	1939	153	1965	502
1914(a)	114	1940	159	1966	517
1915(a)	130	1941	167	1967	534
1916(a)	132	1942	181	1968	548
1917(a)	141	1943	188	1969	564
1918(a)	150	1944	187	1970	586
1919(a)	170	1945	187	1971	621
1920(a)	193	1946	190	1972	658
1921(a)	168	1947	198	1973	720
1922(a)	162	1948	218	1974	829
1923	166	1949	240	1975	954
1924	164	1950	262	1976	1,083
1925	165	1951	313	1977	1,216
1926	168	1952	367	1978	1,313
				1979	1,432

(a) November

**INDEX NUMBERS OF CONSUMER (RETAIL) PRICES IN VARIOUS COUNTRIES
ALL GROUP INDEXES(a)**

(Source: *Monthly Bulletin of Statistics* of the Statistical Office of the United Nations)
(Base of each index: Year 1970 = 100)

<i>Period</i>	<i>Australia (b)</i>	<i>Canada</i>	<i>Federal Republic of Germany</i>	<i>Indonesia (Djakarta) (c)</i>	<i>Japan</i>	<i>New Zealand</i>	<i>United Kingdom</i>	<i>United States of America</i>
1974	142	129	127	205	154	142	148	127
1975	163	143	135	244	172	163	184	139
1976	185	153	141	292	188	190	215	147
1977	208	165	146	324	204	218	249	156
1978	224	180	150	351	211	244	270	168
1979	244	197	156	135	219	277	306	187
Quarter—								
1978—								
Dec	231	186	151	360	214	253	277	174
1979—								
March	235	190	153	381	213	259	286	178
June	241	195	155	129	218	271	296	184
Sept	247	199	157	139	221	289	316	191
Dec	254	203	158	142	224	295	325	196
1980—								
March	260	208	161	n.a.	229	297	340	203

(a) The items priced and the levels at which they are priced in these indexes vary widely according to the intended purposes of the indexes of the various countries. The index numbers show fluctuations in prices in each country and do not measure relative price levels between countries. (b) Consumer Price Index converted to base: 1970 = 100. (c) From March 1979—revised figures, base April 1977–March 1978 = 100.

Wholesale price indexes

Introduction

The ABS compiles a range of Wholesale Price Indexes relating to materials used and articles produced by defined sectors of the Australian economy. Each index is calculated using fixed weights. In compiling the indexes, prices are collected from representative suppliers, manufacturers or exporters of the goods included in the indexes. Prices are generally collected as at the mid-point of each month except in the case of the *Price Index of Materials Used in Manufacturing Industry* and *Export Price Index*, for which average monthly prices are mainly used.

All indexes are compiled and published monthly. Published index numbers for financial years are simple averages of the relevant monthly index numbers. Annual index numbers for most of the indexes are shown below. Monthly index numbers, together with more detailed information concerning methods used in compiling these indexes, are shown in the monthly bulletins published for each index. Information on the weighting patterns for each index is available from the ABS on request.

Price index of materials used in house building

This index measures changes in prices of selected materials used in the construction of houses. Its composition reflects the usage of materials in houses which were selected as representative for the purpose. Weights are based on the year 1968–69. The reference base of the index is the year 1966–67 = 100.0. Further information concerning the method of compiling the index, as well as more detailed index numbers, is shown in the publications *Price Index of Materials Used in House Building* (6408.0), *Labour Report* No. 58, 1973 and *Year Book* No. 60.

PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING
GROUP INDEX NUMBERS—WEIGHTED AVERAGE OF SIX STATE CAPITAL CITIES

(Base of each index: Year 1966-67=100.0)

	Concrete mix, cement and sand	Cement products	Clay bricks, tiles, etc.	Timber, board and joinery	Steel products	Other metal products
<i>Value Weight</i>	5.73%	8.10%	12.85%	36.16%	5.86%	7.20%
1974-75	165.7	193.1	180.3	203.5	192.1	170.3
1975-76	195.1	227.0	205.1	226.2	229.3	187.1
1976-77	217.8	258.9	227.8	254.1	263.2	207.9
1977-78	239.0	284.6	245.8	275.0	287.7	220.1
1978-79	255.5	303.8	262.2	290.8	307.6	239.7
1979-80	292.9	336.3	294.8	331.5	341.0	281.7

	Plumbing fixtures, etc.	Electrical instal- lation materials	Installed appli- ances	Plaster and plaster products	Miscel- laneous materials	All groups
<i>Value weight</i>	3.74%	1.63%	5.13%	5.64%	7.96%	100.00%
1974-75	174.5	168.3	146.4	147.8	161.5	183.4
1975-76	201.5	183.5	165.9	167.7	187.9	208.1
1976-77	224.3	201.8	181.9	178.8	210.7	232.9
1977-78	239.1	215.5	193.3	191.8	230.4	252.0
1978-79	244.1	240.0	202.9	204.3	248.2	268.1
1979-80	278.1	282.1	217.6	222.8	278.2	302.9

PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING
ALL GROUPS INDEX NUMBERS—SIX STATE CAPITAL CITIES

(Base of each index: Year 1966-67=100.0)

	<i>State capital cities(a)</i>						<i>Weighted average of six State capital cities</i>
	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	
1974-75	189.4	178.4	187.0	195.4	172.4	179.1	183.4
1975-76	211.1	200.1	218.5	222.5	201.9	209.2	208.1
1976-77	234.5	223.6	243.5	250.7	229.8	235.1	232.9
1977-78	254.0	238.6	265.1	270.7	253.4	256.7	252.0
1978-79	272.7	251.4	281.3	292.1	268.2	273.6	268.1
1979-80	309.5	283.4	315.0	338.5	299.4	304.2	302.9

(a) The separate city indexes measure price movements within each city individually. They do not compare price levels between cities.

Price index of 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 and 'low-rise' flats (the latter being, in general, those up to three storeys high). Weights are based on the year 1966-67. The reference base of the index is the year 1966-67=100.0.

Further information concerning the method of compiling the index, as well as more detailed index numbers for each capital city, is shown in the publications *Price Index of Materials Used in Building Other than House Building* (6407.0), *Labour Report* No. 58, 1973 and *Year Book* No. 60.

**PRICE INDEX OF MATERIALS USED IN BUILDING OTHER THAN HOUSE BUILDING
GROUP INDEX NUMBERS—WEIGHTED AVERAGE OF SIX STATE CAPITAL CITIES**

(Base of each index: Year 1966-67=100.0)

	Concrete mix, cement, sand, etc.	Cement products	Bricks, stone, etc.	Timber, board and joinery	Steel and iron products	Aluminium products
<i>Value weight</i>	10.41%	3.64%	5.28%	11.90%	30.58%	6.01%
1974-75	164.6	183.9	179.4	194.7	189.2	169.2
1975-76	193.0	220.0	202.7	219.3	223.4	193.6
1976-77	215.6	244.7	224.0	243.6	251.7	213.7
1977-78	235.3	268.4	241.0	263.2	273.4	230.8
1978-79	254.8	285.2	256.6	278.8	291.9	244.6
1979-80	294.1	319.0	289.0	313.2	325.1	280.5

	Other metal products	Plumbing fixtures	Miscel- laneous materials	Electrical installation materials	Mechanical services components	All groups
<i>Value weight</i>	2.59%	1.19%	7.09%	8.61%	12.70%	100.00%
1974-75	162.7	197.7	163.4	157.4	181.3	179.2
1975-76	173.3	232.1	186.8	177.4	201.3	206.2
1976-77	195.0	251.2	204.2	199.6	225.4	230.3
1977-78	198.1	263.7	221.9	215.3	247.2	249.7
1978-79	228.4	260.2	234.2	242.6	268.2	268.1
1979-80	285.3	299.6	262.4	285.4	298.2	303.0

**PRICE INDEX OF MATERIALS USED IN BUILDING OTHER THAN HOUSE BUILDING
ALL GROUPS INDEX NUMBERS—SIX STATE CAPITAL CITIES**

(Base of each index: Year 1966-67=100.0)

	<i>State capital cities(a)</i>						<i>Weighted average of six State capital cities</i>
	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	
1974-75	176.0	180.6	186.6	181.0	176.7	179.3	179.2
1975-76	199.0	209.4	216.3	210.4	208.3	210.4	206.2
1976-77	221.5	234.8	241.2	234.3	235.4	234.8	230.3
1977-78	239.9	254.4	260.9	254.2	258.3	253.7	249.7
1978-79	259.2	271.4	278.6	274.4	276.8	270.5	268.1
1979-80	293.4	306.6	313.4	314.3	309.7	301.8	303.0

(a) The separate city indexes measure price movements within each city individually. They do not compare price levels between cities.

Price index of materials used in manufacturing industry

This index measures changes in prices of materials (including fuels) used by establishments classified to the Manufacturing Division of the Australian Standard Industrial Classification (ASIC), as described in the ABS publication *Australian Standard Industrial Classification (Preliminary Edition) 1969* (1201.0). The index is on a *net basis*, i.e. it relates in concept only to those materials which are used by establishments within the Manufacturing Division in Australia and which have been produced by establishments outside that Division. Materials purchased by establishments classified to the Australian Manufacturing Division from other establishments in that Division are outside the scope of the index.

The reference base of the index is the year 1968-69=100.0. The weighting base of the index corresponds to the year 1971-72. The items included in the index were allocated weights in accordance with estimated manufacturing usage in 1971-72 valued at relevant prices applying in the reference base year 1968-69. The selected items are combined for publication purposes into broad groups using two different classifications:

- (i) Australian Standard Industrial Classification (ASIC), and
- (ii) Standard International Trade Classification (SITC (R)).

Further information concerning the method of compiling the index, as well as more detailed index numbers, is shown in the publications *Price Index of Materials Used in Manufacturing Industry, Australia* (6411.0) and Year Book No. 61.

**PRICE INDEX OF MATERIALS USED IN MANUFACTURING INDUSTRY: GROUP INDEX NUMBERS
BASED ON AUSTRALIAN STANDARD INDUSTRIAL CLASSIFICATION**

(Base of each index: Year 1968-69=100.0)

	Imported materials				Home produced materials				Total home produced materials	All groups
	Agriculture	Mining	Manufacturing	Total imported materials	Agriculture	Forestry and fishing	Mining	Electricity		
Value weight	1.92%	4.17%	21.07%	27.16%	47.04%	1.12%	18.92%	5.76%	72.84%	100.00%
1974-75	149.3	357.8	149.5	181.5	132.2	187.8	129.0	124.6	131.6	145.1
1975-76	166.5	423.6	162.6	202.9	132.3	213.7	163.3	137.9	142.0	158.6
1976-77	258.6	479.5	182.1	233.2	152.5	245.2	189.2	148.8	163.2	182.2
1977-78	303.4	515.3	201.6	257.0	162.4	273.5	211.4	160.9	176.7	198.5
1978-79	285.3	542.6	222.1	275.7	228.8	263.5	281.8	173.8	238.7	248.8
1979-80	329.2	911.8	261.8	366.4	280.3	300.3	402.9	186.7	305.0	321.7

**PRICE INDEX OF MATERIALS USED IN MANUFACTURING INDUSTRY: GROUP INDEX NUMBERS
BASED ON STANDARD INTERNATIONAL TRADE CLASSIFICATION (REVISED)**

(Base of each index: Year 1968-69=100.0)

	Manufactured materials (imported)			Other materials (imported and home produced)			All groups
	Chemicals	Metal manufactures, components for transport equipment and machinery	Other manufactured materials	Food, live animals and tobacco	Crude materials (excl. fuels)	Electricity, gas and fuels	
Value weight	6.67%	5.21%	5.76%	45.87%	20.66%	15.83%	100.00%
1974-75	141.9	148.7	137.4	132.4	149.3	179.5	145.1
1975-76	149.4	179.6	148.4	132.5	163.0	229.1	158.6
1976-77	160.3	211.6	164.5	154.9	191.7	254.8	182.2
1977-78	170.7	246.6	185.1	166.6	199.2	291.0	198.5
1978-79	180.9	271.6	201.3	232.5	227.4	362.4	248.8
1979-80	225.1	294.2	230.3	285.1	288.2	554.6	321.7

Price indexes of articles produced by manufacturing industry

These indexes measure changes in the prices of articles produced by establishments classified to the Manufacturing Division of the Australian Standard Industrial Classification (ASIC). The indexes are on a *net basis*, i.e. they relate in concept only to those articles which are produced in defined sectors of Australian manufacturing industry for sale or transfer to other sectors or for export or for use as capital equipment. Articles which are sold or transferred to other establishments within the sector for further processing (as materials, components, fuels, etc.) are excluded.

The following sector price indexes are published:

- a net index for the Manufacturing Division of ASIC (known as the *All Manufacturing Industry Index*), and
- net indexes for the twelve sub-divisions within the Manufacturing Division.

The reference base of the index is the year 1968-69=100.0. The weighting base of the index corresponds to the year 1971-72. The items included in these indexes were allocated weights in accordance with estimated *net* sector production in the year 1971-72, valued at the relevant prices applying in the reference base year 1968-69.

The selected items are combined for publication purposes using the structure of the Australian Standard Industrial Classification.

Further information concerning the method of compiling the index and monthly index numbers for sub-divisions and special groupings are shown in the publication *Price Indexes of Articles Produced by Manufacturing Industry, Australia* (6412.0). Further information about the indexes is also shown in Year Book No. 62.

PRICE INDEXES OF ARTICLES PRODUCED BY MANUFACTURING INDUSTRY (a)
(Base of each index: Year 1968-69=100.0)

Net subdivision indexes (c)							
Year	All Manu- facturing Industry Index (b)	Food, beverages and tobacco (21-22)	Textiles (23)	Clothing and footwear (24)	Wood, wood products and furniture (25)	Paper, paper products and printing (26)	Chemical, petroleum and coal products (27)
1974-75	158.1	153.0	142.4	161.3	190.0	168.5	142.4
1975-76	177.8	163.5	159.7	185.2	219.9	196.3	168.2
1976-77	196.9	180.0	178.6	208.1	246.8	212.8	182.4
1977-78	213.8	195.6	193.3	225.2	264.0	231.7	200.7
1978-79	237.4	226.4	205.1	238.4	280.4	245.0	233.1
1979-80	274.9	266.5	228.8	255.3	315.5	269.6	307.4

Year	Glass, clay and other non- metallic mineral products (28)	Basic metal products (29)	Fabricated metal products (31)	Transport equipment (32)	Other industrial machinery and equipment and household appliances (33)	Miscellan- eous manu- facturing products (34)
1974-75	158.3	151.9	183.2	151.2	158.9	143.7
1975-76	183.2	174.0	217.1	175.8	179.2	159.0
1976-77	202.5	200.6	244.9	195.0	199.4	176.0
1977-78	219.8	214.0	268.7	211.6	215.3	192.4
1978-79	236.8	237.2	287.7	230.2	232.2	209.8
1979-80	265.2	282.7	323.9	252.2	261.3	252.5

(a) For a full description of Division C, 'Manufacturing' and the subdivisions within Manufacturing Division, see *Australian Standard Industrial Classification (ASIC), Preliminary Edition, 1969*. (b) This index is on a net division basis and relates in concept only to articles which are produced in the Manufacturing Division of ASIC for sale or transfer outside the Division. (c) These indexes are on a 'net subdivision' basis; the index for each subdivision relates in concept to articles which are produced in that subdivision for sale or transfer outside the subdivision.

EXPORT PRICE INDEXES

An annual index of export prices has been published by the bureau since its inception. Brief descriptions of indexes covering the period between 1901 and 1979 are shown in Year Book No. 55, pages 256-7 and Year Book No. 58, pages 240-2.

Export price index

The revised Export Price Index was introduced in July 1979. It relates to *all exports of merchandise* from Australia and includes re-exports of merchandise (that is, goods which are imported into Australia and exported at a later date without physical transformation). The index numbers for each month relate to prices of those exports of merchandise that are physically shipped from Australia during that month.

The reference base of the index is the year 1974-75 = 100. The commodities directly represented in the index were selected on the basis of their export values in the years 1974-75, 1975-76 and 1976-77. They were allocated weights in accordance with the average value of exports for each commodity over the period 1974-75 to 1976-77. The 1975-76 and 1976-77 export values for each commodity were revalued at 1974-75 prices before averaging.

The selected commodities are combined for publication purposes into broad index groups using two different classifications:

- (i) Australian Export Commodity Classification, 1978-79 (AECC), (1203.0);
- (ii) Australian Standard Industrial Classification, 1978 (ASIC), (1201.0).

Further information concerning the method of compiling the index can be obtained from the July 1979 issue of the publication *Export Price Index* (6405.0) and Year Book No. 64. More detailed index numbers are shown in the monthly publication *Export Price Index, Australia* (6405.0).

EXPORT PRICE INDEX:
INDEX NUMBERS BASED ON AUSTRALIAN EXPORT COMMODITY CLASSIFICATION (AECC)
(Base of each index: Year 1974-75=100)

<i>AECC Sections</i>						
<i>Year</i>	<i>All groups</i>	<i>Food and live animals (0)</i>	<i>Crude materials inedible (except fuels) (2)</i>	<i>Mineral fuels and lubricants (3)</i>	<i>Animal and vegetable oils and fats (4)</i>	<i>Chemicals and other manufactured exports (5, 6, 7 and 8)</i>
1974-75 . .	100	100	100	100	100	100
1975-76 . .	109	97	115	144	98	101
1976-77 . .	122	98	141	156	117	118
1977-78 . .	128	100	149	167	136	125
1978-79 . .	144	119	162	170	157	146
1979-80 . .	174	145	191	198	169	188

EXPORT PRICE INDEX:
INDEX NUMBERS BASED ON AUSTRALIAN STANDARD INDUSTRIAL CLASSIFICATION (ASIC)
(Base of each index: Year 1974-75=100)

<i>ASIC Divisions</i>			
<i>Year</i>	<i>Agriculture, forestry, fishing and hunting (A)</i>	<i>Mining (B)</i>	<i>Manufacturing (C)</i>
1974-75	100	100	100
1975-76	98	130	105
1976-77	106	148	119
1977-78	105	159	127
1978-79	114	163	150
1979-80	137	180	190

Previous wholesale price indexes

The *Melbourne Wholesale Price Index*, first compiled in 1912, was discontinued in 1961. The *Wholesale Price (Basic Materials and Foodstuffs) Index*, which replaced the Melbourne Wholesale Price Index from 1936-37, was discontinued in 1970. Further information concerning these indexes is shown in Year Book No. 61.

References

For further information on the subjects dealt with in the foregoing pages, see the following ABS publications: *Monthly Summary of Statistics, Australia* (1304.0); *Digest of Current Economic Statistics, Australia* (1305.0); *Consumer Price Index* (6401.0); *Consumer Price Index, Monthly Food Group Index, Six State Capital Cities and Canberra* (6402.0); *Average Retail Prices of Selected Items, Six State Capital Cities and Canberra* (6403.0); *Consumer Price Index, Monthly Food Group Index, Darwin* (6413.0); *Price Index of Materials Used in Building Other Than House Building, Six State Capital Cities* (6407.0); *Price Index of Materials Used in House Building, Six State Capital Cities* (6408.0); *Price Index of Materials Used in Manufacturing Industry, Australia* (6411.0); *Price Indexes of Articles Produced by Manufacturing Industry, Australia* (6412.0); *Price Index of Electrical Installation Materials, Australia* (6409.0); *Price Indexes of Metallic Materials, Australia* (6410.0); *Export Price Index, Australia* (6405.0).

PRICES JUSTIFICATION TRIBUNAL

General

The Prices Justification Tribunal was established in August 1973 pursuant to the *Prices Justification Act* 1973. Amendments to the Act occurred in 1974, 1976 and 1979. The functions of the Tribunal are to conduct inquiries in relation to prices for the supply of goods or services, and to report to the Minister the results of every such inquiry.

Organisation

The Tribunal consists of a Chairman and such number of other members as are from time to time appointed in accordance with the Act. The Office of the Prices Justification Tribunal comprises the staff required to assist the Tribunal in the performance of its functions, and consists of persons appointed or employed under the *Public Service Act 1922*.

Further information concerning the Prices Justification Tribunal and its operations is contained in its Annual Reports to Parliament.

Legislative Provisions

Sub-sections 16(2) (a) and (b) of the Prices Justification Act describe the nature of the inquiries that may be undertaken by the Tribunal pursuant to its functions.

Section 16(2) provides that:

'An inquiry under this Part may be either—

- (a) a prices justification inquiry, that is to say an inquiry as to whether the price or prices at which a company or companies (whether a prescribed company or prescribed companies or not) supplies or supply, or proposes or propose to supply, goods or services of a particular description is or are justified and, if the Tribunal is of the opinion that the price or any of the prices is not justified, what lower price for the supply by the company or companies concerned of goods or services of that description would be justified; or
- (b) an inquiry into a matter specified by the Minister in a notice under paragraph 17(1) (b). (In accordance with sub-section 17(1) (b) of the Act, the Minister may require the Tribunal to conduct an inquiry not being a prices justification inquiry into a specified matter or specified matters relating to the prices at which goods or services are supplied.)'

The Tribunal's enabling legislation also provides for the following:

- (i) The Tribunal has the power to require a company to furnish information or produce documents that are relevant to the making of a decision by the Tribunal whether to hold an inquiry in relation to the company or relevant to an inquiry that is being held in relation to the company.
- (ii) The Tribunal shall before deciding to hold on its own initiative a prices justification inquiry:
 - publish by advertisement in the Australian Government Gazette and in newspapers throughout Australia a notice stating that the Tribunal is considering whether to hold the inquiry and inviting submissions from interested persons on the question whether such an inquiry should be held;
 - serve notice on the company or companies stating that the Tribunal is considering whether to hold the inquiry and inviting submissions on the question;
 - when requested by a company, the Tribunal will hold a conference on the question, allowing persons with a substantial interest in the matter to attend such conference;
 - apply to the Minister for approval to hold the inquiry (this approval is sought in circumstances where the Tribunal, following the receipt of submissions on the question and, as necessary, the holding of a conference, forms the view that a prices justification inquiry should be held. In other cases the Tribunal will notify the company or companies that it will not proceed with the inquiry.)
- (iii) The Tribunal may take up to three months to complete a prices justification inquiry and report and up to four months in other cases. If the Tribunal is of the opinion that a company or any of the companies has failed to provide sufficient information, a further period may be specified by the Tribunal within which to complete its inquiry and report.
- (iv) The Tribunal is empowered to grant an interim price increase which may apply during the course of the Tribunal's considerations of a company's proposed or existing prices.
- (v) Where a prices justification inquiry has been completed, a company or companies may be required to notify the Tribunal of proposed prices for a period of up to twelve months or, with the Minister's approval, for a longer period.

Public Inquiry Procedures

Subject to the Act, the procedures followed at public inquiries are within the discretion of the Tribunal. The present practices observed by the Tribunal are:

- (i) Companies and intending parties to an inquiry are asked to present written submissions by a date prior to the commencement of the inquiry.
- (ii) Evidence at an inquiry is submitted under oath or affirmation.
- (iii) Companies and parties may be asked to read or speak to part or all of their submissions.

- (iv) Questions may be directed by Members of the Tribunal to any witness. No other questioning of witnesses is permitted.
- (v) Confidential submissions and evidence may be taken in private if the Tribunal considers that it is desirable to do so.
- (vi) Following the presentation by companies and parties of all submissions and evidence, the opportunity is provided to them to comment on the submissions and evidence presented by others or, as necessary, to present additional evidence.
- (vii) At the conclusion of the public hearings, the Division specifies a date for the receipt of any additional material. This option may be exercised by a company or party when it is desired to comment on evidence given by others during the course of the hearings or may be used to present new evidence. Such material is made available to the participating companies and parties (not being confidential material), thus providing a further opportunity for comment.

Guidelines and Criteria

The Prices Justification Act provides that in conducting a prices justification inquiry, the Tribunal shall have due regard to the need for the company or companies concerned to achieve a level of profitability that is sufficient to enable the company or companies to maintain an adequate level of investment and employment. No other guideline, as such, is specified in the legislation.

Following the amendments to the Prices Justification Act which were proclaimed in May 1979, greater emphasis has been placed on the Tribunal's price surveillance role. In this regard, an important concern of the Tribunal is with areas of the economy where competition may be weak or absent and where, as a result firms may possess market power or, in other words, some marked degree of independence from competitive forces as to the prices they charge or the output they produce.

Whether firms have discretionary power over the prices they charge, can generally only be determined after an analysis of all the main competitive characteristics of the relevant industry, usually including their number and size, distribution of sellers, entry barriers, competition from substitute or near-substitute products and the extent of vertical integration. Other factors such as the buying power of customers, or the extent to which consumers are informed, often need to be considered.

Activities, 1979-80

During the course of 1979-80 the Tribunal undertook examinations into prices proposed or charged for a number of goods and services, including petroleum products, steel, coffee, aluminium ingot, primary copper bar, tobacco products, stevedoring and petrochemicals.

In addition, the Tribunal produced reports on the prices and margins applying to the manufacture, wholesaling and retailing of processed foods and charges for livestock selling services. An investigation was also commenced into the effects of over-award payments on the prices of processed foods and a six months monitoring programme was set in train to examine the margins applied by major wholesalers and retailers to high turnover and house brand processed foods.

HOUSEHOLD EXPENDITURE SURVEYS

During the financial years 1974-75 and 1975-76, the ABS conducted two surveys in order to obtain information about the expenditure patterns of private households. The 1974-75 survey was confined to a sample of households in the six State capital cities and Canberra (collection in Darwin being suspended in December 1974 due to cyclone Tracy), while the coverage of the 1975-76 survey was extended to include other urban and rural regions. Apart from limited attempts in 1910-11 and 1913 to assess the spending patterns of Australian households, these surveys were the first official collections of household expenditure statistics conducted in this country.

Surveys of household expenditure and related topics have formed an integral part of the statistical programmes of a number of other countries for many years. Perhaps the most important reason for the collection of data relating to expenditure at the household level is to provide information for use in improving the representativeness of the items and the weighting pattern used to compile the Consumer Price Index (*see* page 129). Household expenditure statistics also provide a rich source of data needed for a wide range of policy and research purposes. These include the planning of welfare services; assessing the need for, and effect of, programmes in fields such as housing, education and health; assessing the impact of taxation and government benefits; and improving estimates of private final consumption expenditure in the National Accounts.

Further details about the 1974-75 and 1975-76 surveys are contained in Year Book No. 63, pages 119-123.

