

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). Descriptions of these earlier indexes were last published in *Labour Report No. 58, 1973*.

The current retail price index, the Consumer Price Index (CPI), 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 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* (6440.0), which is available from the Australian Bureau of Statistics (ABS) on request.

The Consumer Price Index

Introduction

The CPI 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 eight groups: food; clothing; housing; household equipment and operation; transportation; tobacco and alcohol; health and personal care; and recreation and education. Each group is in turn divided into sub-groups.

As from June quarter 1982 the geographic coverage of the CPI has been expanded to include a full CPI for Darwin.

Index numbers at the *group* and *All Groups* levels are published for each State capital city, Canberra, Darwin, and for the weighted average of eight capital cities. Index numbers for *All Groups* are also published for the weighted average of six State capital cities. *Subgroup index numbers* are published for the weighted average of eight capital cities.

Index population

Because the spending patterns of various groups in the population differ somewhat, the pattern of one large group, fairly homogeneous in its spending habits, is chosen for the purpose of calculating the CPI. The CPI population group is, in concept, *metropolitan employee households*. For this purpose *employee households* are defined as those households which obtain the major part of their household income from wages and salaries; and *metropolitan* means the eight capital cities.

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 ten series of price indexes which have been linked to form a continuous series. The tenth series (i.e. the current series) was introduced as from the March quarter 1982, with a weighting pattern based on estimated household expenditure in 1979-80 and on a reference base 1980-81 = 100.0. 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 and government housing authorities. In total, around 85,000 separate price quotations are collected each quarter.

Prices of the goods and services included in the CPI are generally collected quarterly. However, some important items are priced monthly or more frequently (e.g. bread, fresh meat and fish, fresh fruit and vegetables, petrol, alcohol and tobacco) and a small number annually (e.g. seasonal clothing, local government rates and charges).

The bulk of items for which prices are collected quarterly are priced at the middle of the mid-month of the quarter (i.e. in August, November, February and May), but, to facilitate a more even spread of the field collection workload, some goods and services are priced in the first and third months of each quarter. Items priced in the third month are generally those subject to price changes at discrete points of time (e.g. electricity and postal charges, milk); in these cases information is obtained of any changes in price during the quarter so that a weighted average price for the whole quarter can be calculated.

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, the most recent having been completed in June 1982. 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 tenth series which was introduced as from the March quarter 1982. 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 NUMBERS

(Base of each index: Year 1980-81=100.0) (a)

Period	Weighted average of six State capital cities	Sydney	Mel- bourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
Year—										
1977-78 . . .	76.7	75.8	77.0	77.1	77.5	77.8	77.1	76.1
1978-79 . . .	83.0	82.4	83.1	83.4	83.2	84.1	83.1	82.3
1979-80 . . .	91.4	91.1	91.4	91.5	91.6	91.9	91.6	91.1
1980-81 . . .	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981-82 . . .	110.4	110.2	110.4	110.7	110.5	111.2	110.0	110.7	111.1	110.4
1982-83 . . .	123.1	123.4	122.8	122.9	123.5	122.5	121.8	124.0	123.1	123.1
Quarter—										
1981-82—										
March . . .	111.8	111.5	111.6	112.5	111.7	112.4	111.3	111.8	113.0	111.8
June . . .	114.5	114.6	114.3	114.1	114.4	114.6	113.4	115.2	115.0	114.5
1982-83—										
September . . .	118.5	118.7	118.3	118.0	118.6	118.6	116.9	118.7	118.8	118.5
December . . .	121.9	122.4	121.3	121.9	121.8	121.8	121.0	123.3	122.1	122.0
March . . .	124.6	125.1	124.0	125.0	125.2	123.7	123.5	125.9	124.6	124.7
June . . .	127.3	127.4	127.4	126.6	128.5	125.9	125.9	128.0	126.9	127.3

(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 EIGHT CAPITAL CITIES

(Base of each index: Year 1980-81=100.0 unless otherwise noted)

Period	Food	Clothing	Housing	Household equipment and operation	Transport- ation	Tobacco and alcohol	Health and personal care	Recreation and education(a)	All groups
Year—									
1980-81 . . .	100.0	100.0	100.0	100.0	100.0	100.0	100.0	..	100.0
1981-82 . . .	108.6	107.1	111.1	110.6	110.3	109.2	124.2	..	110.4
1982-83 . . .	118.5	114.2	122.8	123.8	124.2	124.1	153.2	107.7	123.1
Quarter—									
1981-82—									
March . . .	109.1	107.4	112.2	112.0	111.3	110.4	131.2	100.0	111.8
June . . .	110.7	110.0	115.9	115.6	114.7	112.9	134.5	101.2	114.5
1982-83—									
September . . .	114.0	111.2	118.9	119.1	121.1	118.0	143.1	103.3	118.5
December . . .	116.8	113.7	122.3	123.6	122.7	124.0	151.2	105.7	122.0
March . . .	118.9	113.9	124.1	125.5	126.4	125.8	157.4	109.8	124.7
June . . .	124.2	117.8	126.0	127.1	126.4	128.5	161.1	112.0	127.3

(a) New grouping, base March quarter 1982 = 100.0. Group index not compiled for quarters prior to the base period.

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

(Base of each index: Year 1980-81=100.0) (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>	<i>Darwin</i>
FOOD								
1977-78	70.1	71.8	70.3	73.1	74.4	71.6	70.9	..
1978-79	78.9	79.9	77.6	80.6	82.1	80.3	79.7	..
1979-80	90.6	90.6	89.8	90.9	91.7	91.6	90.8	..
1980-81	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981-82	107.9	108.6	109.2	108.8	110.2	108.7	107.7	110.3
1982-83	117.1	119.3	119.6	118.9	119.9	118.6	117.4	119.5
CLOTHING								
1977-78	81.3	81.6	82.0	80.5	81.2	80.4	81.3	..
1978-79	87.2	87.6	87.8	87.0	87.0	86.7	87.3	..
1979-80	93.2	93.4	93.8	93.1	92.9	93.1	93.1	..
1980-81	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981-82	106.8	106.9	108.2	107.5	107.2	106.4	107.5	108.7
1982-83	114.1	113.4	116.3	115.0	114.0	112.8	114.4	115.6
HOUSING								
1977-78	75.3	82.6	80.4	81.9	85.1	83.9	85.0	..
1978-79	81.7	86.7	85.8	86.0	89.2	88.2	88.4	..
1979-80	89.7	91.6	91.6	92.1	92.5	93.2	92.8	..
1980-81	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981-82	111.1	111.2	113.0	110.1	109.1	107.4	112.4	111.7
1982-83	121.7	123.7	128.0	123.4	118.7	116.3	124.1	125.4
HOUSEHOLD EQUIPMENT AND OPERATION								
1977-78	80.1	76.8	79.4	78.0	77.4	77.6	75.4	..
1978-79	84.3	82.1	85.0	82.7	83.0	82.4	80.8	..
1979-80	90.4	89.7	90.5	90.4	89.4	89.9	89.2	..
1980-81	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981-82	110.7	110.9	110.2	110.9	109.5	110.0	109.4	110.3
1982-83	126.1	123.0	122.1	123.3	120.4	121.7	124.1	122.4
TRANSPORTATION								
1977-78	74.0	73.6	74.5	74.8	73.1	75.1	73.0	..
1978-79	81.3	79.9	81.9	82.0	81.1	79.8	79.2	..
1979-80	91.5	91.0	91.9	91.9	90.6	90.6	90.7	..
1980-81	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981-82	110.3	108.6	112.2	111.2	111.9	112.8	112.4	108.4
1982-83	127.0	120.5	124.7	124.9	123.5	126.8	128.2	119.7
TOBACCO AND ALCOHOL								
1977-78	73.6	75.8	74.4	77.2	74.9	74.8	74.8	..
1978-79	84.8	87.1	88.8	87.4	87.3	86.4	85.2	..
1979-80	92.4	94.7	94.1	93.6	94.4	93.0	93.0	..
1980-81	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981-82	109.9	108.3	109.5	108.5	109.1	109.1	108.6	110.4
1982-83	126.9	121.4	123.4	123.1	122.9	124.0	123.5	127.3
HEALTH AND PERSONAL CARE								
1977-78	84.4	89.3	95.0	86.7	91.7	85.8	83.4	..
1978-79	82.0	85.3	84.8	80.3	84.5	82.9	81.8	..
1979-80	90.7	90.8	89.8	90.4	96.7	90.8	90.2	..
1980-81	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981-82	121.8	128.7	114.1	121.7	130.9	120.5	124.3	136.4
1982-83	149.8	160.1	134.1	156.5	159.8	143.0	153.3	163.9
RECREATION AND EDUCATION(b)								
1982-83	107.5	108.7	107.3	106.6	105.9	109.4	109.2	106.5

(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) The new Recreation and Education group is not compiled for periods prior to March quarter 1982.

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 WEIGHTED AVERAGE OF SIX STATE CAPITAL CITIES (Base: Year 1945=100)

Year	Index number	Year	Index number	Year	Index number
1901	47	1929	91	1957	229
1902	50	1930	87	1958	233
1903	49	1931	78	1959	237
1904	46	1932	74	1960	245
1905	48	1933	71	1961	252
1906	48	1934	73	1962	251
1907	48	1935	74	1963	252
1908	51	1936	75	1964	258
1909	51	1937	78	1965	268
1910	52	1938	80	1966	276
1911	53	1939	82	1967	286
1912	59	1940	85	1968	293
1913	59	1941	89	1969	302
1914(a)	61	1942	97	1970	313
1915(a)	70	1943	101	1971	332
1916(a)	71	1944	100	1972	352
1917(a)	75	1945	100	1973	385
1918(a)	80	1946	102	1974	443
1919(a)	91	1947	106	1975	510
1920(a)	103	1948	117	1976	579
1921(a)	90	1949	128	1977	650
1922(a)	87	1950	140	1978	702
1923	89	1951	167	1979	766
1924	88	1952	196	1980	844
1925	88	1953	205	1981	926
1926	90	1954	206	1982	1,028
1927	89	1955	211	1983	1,132
1928	89	1956	224		

(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)

Period	Australia (b)	Canada	Federal Republic of Germany	Indonesia (Jakarta) (c)	Japan	New Zealand	United Kingdom	United States of America
1977	208	165	146	324	204	218	249	156
1978	224	180	150	351	211	244	270	168
1979	244	197	156	132	219	277	306	187
1980	269	217	164	156	236	325	361	212
1981	295	244	174	175	248	375	404	234
1982	328	270	183	192	255	435	438	248
Quarter—								
1981—								
Sept.	297	248	175	177	249	382	409	238
Dec.	309	254	177	179	252	396	419	241
1982—								
March	314	260	180	189	252	409	426	243
June	322	268	183	190	254	430	440	247
Sept.	333	274	185	193	255	445	442	251
Dec.	343	278	186	197	258	457	445	252

(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 Industry Price and External Trade 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, importers or exporters of the goods included in the indexes. For all the industry price indexes (except the *Price Index of Materials Used in Manufacturing Industry*) prices are generally collected at the mid point of each month. In the case of the *Price Index of Materials Used in Manufacturing Industry* and the *Export Price Index*, average monthly prices are used in compiling the indexes. Weighted average quarterly prices are used to compile the *Import Price Index*.

All the indexes (except the *Import Price Index*) are compiled and published monthly. The *Import Price Index* is compiled and published quarterly. Published index numbers for financial years are the simple averages of the relevant monthly or quarterly index numbers. Annual index numbers for these indexes are shown below. Index numbers for each month (or quarter for the *Import Price Index*) together with more detailed information concerning methods used in compiling these indexes, are shown in the 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)

<i>Value Weight</i>	<i>Concrete mix, cement and sand</i>	<i>Cement products</i>	<i>Clay bricks, tiles, etc.</i>	<i>Timber, board and joinery</i>	<i>Steel products</i>	<i>Other metal products</i>
	5.73%	8.10%	12.85%	36.16%	5.86%	7.20%
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	292.8	336.3	294.8	331.5	341.0	281.7
1980-81	334.1	383.1	334.9	377.8	389.4	314.7
1981-82	373.8	438.5	375.9	406.8	435.0	343.1
1982-83	430.9	498.1	424.8	435.2	486.7	374.8

<i>Value weight</i>	<i>Plumbing fixtures, etc.</i>	<i>Electrical installation materials</i>	<i>Installed appliances</i>	<i>Plaster and plaster products</i>	<i>Miscellaneous materials</i>	<i>All groups</i>
	3.74%	1.63%	5.13%	5.64%	7.96%	100.00%
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
1980-81	319.3	316.0	240.6	244.6	319.6	344.0
1981-82	351.5	345.9	263.9	273.1	348.7	377.9
1982-83	373.8	396.5	282.7	317.8	381.3	415.7

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>	
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
1980-81	347.6	324.7	363.7	386.1	337.6	338.2	344.0
1981-82	378.5	355.5	407.2	427.2	373.2	371.7	377.9
1982-83	410.3	394.9	448.0	480.3	409.3	406.5	415.7

(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

The *Price Index of Materials Used in Building Other than House Building* (6407.0), on a reference base 1966-67 = 100.0, was discontinued in January 1981. Monthly index numbers on a 1966-67 = 100.0 reference base are available for the period 1966-67 to 1979-80. A description of the discontinued index is shown in previous year books and in the monthly publications issued up to and including January 1981.

The revised price index of materials used in building other than house building

The revised *Price Index of Materials Used in Building Other than House Building* was introduced in February 1981 on reference base 1979-80 = 100.0.

This index measures changes in prices of selected materials used in the construction of buildings other than houses. Its composition reflects the usage of materials in the construction of buildings (other than houses) commenced in the three years ending June 1977.

Further information concerning the method of compiling the index can be obtained from the February 1981 issue of the publication *Price Index of Materials Used in Building Other than House Building—Six State Capital Cities* (6407.0).

Price index of materials used in building other than house building—Darwin

The Price Index of Materials Used in Building Other than House Building for Darwin was introduced in September 1982 on a reference base 1981-82=100.0. The scope of the index is the same as for the other capital cities. Further information concerning the method of compiling the index can be obtained from the September 1982 issue of the *Price Index of Materials Used in Building Other than House Building, Six State Capital Cities and Darwin* (6407.0). The index includes 64 items which are combined to produce an 'All groups' index. The percentage contributions for individual items and groups for Darwin were published in Appendix A of the September 1982 issue of the above mentioned publication (6407.0).

The tables below show annual index numbers for ASIC Groups and 'All groups' for the weighted average of six State capital cities. In addition, 'All groups' index numbers for each State capital city and Darwin are shown. Index numbers for selected materials and special combinations of materials and monthly index numbers are shown in each issue of the monthly price index publication *Price Index of Materials Used in Building Other than House Building—Six State Capital Cities and Darwin* (6407.0).

PRICE INDEX OF MATERIALS USED IN BUILDING OTHER THAN HOUSE BUILDING GROUP INDEX NUMBERS BASED ON AUSTRALIAN STANDARD INDUSTRIAL CLASSIFICATION (ASIC) WEIGHTED AVERAGE OF SIX STATE CAPITAL CITIES

(Base of each index: Year 1979-80=100.0)

Selected ASIC Groups						
	Wood and wood products	Clay products and refractories	Cement and concrete products	Basic iron and steel	Structural metal products	Sheet metal products
Value weight	(253) 7.97%	(286) 4.16%	(287) 15.42%	(294) 4.69%	(314) 29.24%	(315) 3.68%
1979-80	100.0	100.0	100.0	100.0	100.0	100.0
1980-81	114.3	114.3	113.0	113.2	113.9	114.5
1981-82	126.5	126.8	125.2	126.6	126.4	130.3
1982-83	140.2	141.2	143.4	138.9	138.3	148.5

Selected ASIC Groups					
	Other fabricated metal products	Appliances and electrical equipment	Industrial machinery and equipment	Other	All groups
Value weight	(316) 2.77%	(335) 9.70%	(336) 8.79%	13.58%	100.00%
1979-80	100.0	100.0	100.0	100.0	100.0
1980-81	112.9	109.8	111.2	112.6	112.9
1981-82	126.2	122.2	124.2	123.6	125.4
1982-83	142.5	139.4	142.3	139.2	140.5

PRICE INDEX OF MATERIALS USED IN BUILDING OTHER THAN HOUSE BUILDING—ALL GROUPS SIX STATE CAPITAL CITIES AND DARWIN(a)

	Weighted average of six State capital cities	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin
INDEX NUMBERS								
Base Year	1979-80=100.0							1981-82=100.0
1977-78(b)	82.4	81.8	83.0	83.2	80.9	83.4	84.1	n.a.
1978-79(b)	88.5	88.3	88.5	88.9	87.3	89.4	89.6	n.a.
1979-80	100.0	100.0	100.0	100.0	100.0	100.0	100.0	n.a.
1980-81	112.9	113.1	112.7	113.2	113.8	112.2	111.6	n.a.
1981-82	125.4	126.6	123.6	126.3	127.4	123.8	122.9	100.0
1982-83	140.5	142.2	136.9	142.2	144.5	139.2	136.4	111.3

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

(b) The index series for 1977-78 and 1978-79 are based on the series previously published on a reference base 1966-67=100.0. They have been converted to the reference base 1979-80=100.0 by linking the old and new series in the year 1979-80.

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(a): GROUP INDEX NUMBERS BASED ON AUSTRALIAN STANDARD INDUSTRIAL CLASSIFICATION

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

	Imported materials				Home produced materials					All groups
	Agri- culture	Mining	Manu- facturing	Total imported materials	Agri- culture	Forestry and fishing	Mining	Elec- tricity	Total home produced materials	
Value weight	1.92%	4.17%	21.07%	27.16%	47.04%	1.12%	18.92%	5.76%	72.84%	100.00%
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	403.5	186.7	305.2	321.8
1980-81	293.6	1,146.3	278.7	413.0	295.9	344.4	454.1	210.2	330.9	353.2
1981-82	264.5	1,247.8	290.6	435.7	282.1	363.0	471.3	253.3	330.2	358.9
1982-83p	303.6	1,318.7	310.5	464.8	288.6	378.8	541.6	333.9	359.3	387.9

For footnote, see table following

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

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

	Manufactured materials (imported) (b)			Other materials (imported and home produced) (c)			
	Chemicals	Metal manu- factures, components for transport equipment and machinery	Other manufactured materials	Food, live animals and tobacco	Crude materials (excl. fuels)	Electricity, gas and fuels	All groups
Value weight	6.67%	5.21%	5.76%	45.87%	20.66%	15.83%	100.00%
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	288.8	554.6	321.8
1980-81	244.7	310.3	242.9	299.5	286.9	695.5	353.2
1981-82	252.8	320.7	257.3	284.1	280.7	771.8	358.9
1982-83p	271.0	344.1	280.6	291.0	304.3	880.7	387.9

(a) The index is on a net basis and relates in concept only to materials that enter Australian manufacturing industry from other sectors of the Australian economy or from overseas. (b) Excluding the manufactured imported crude materials listed in footnote (c). (c) Includes imported fuel oil and the following manufactured imported crude materials: Synthetic rubber, hardwood, softwood, woodpulp, synthetic fibre, vegetable oils.

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:

- (i) a net index for the Manufacturing Division of ASIC (known as the *All Manufacturing Industry Index*), and
- (ii) 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)

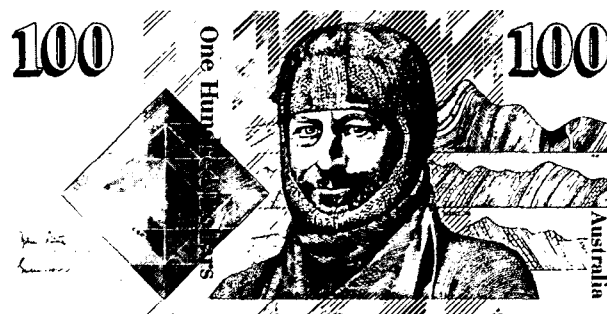
Net subdivision indexes (c)							
Year	All Manu- facturing Industry Index (b)	Food, beverages and tobacco (21-22)	Textiles (23)	Clothing and footwear (24)	Wood, wood products and furniture (25)	Paper, paper products and printing (26)	Chemical, petroleum and coal products (27)
1977-78	213.8	195.6	193.3	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
1980-81	305.2	290.9	252.7	276.5	357.3	304.2	366.9
1981-82	329.0	301.9	270.6	298.1	388.4	346.0	401.1
1982-83p	360.4	328.2	286.7	316.0	425.5	390.4	442.6

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)
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
1980-81	300.2	297.8	371.6	275.7	289.7	273.9
1981-82	337.5	315.3	414.2	303.2	320.7	289.5
1982-83p	383.3	345.5	452.5	335.5	353.7	313.4

(a) For a full description of Division C, 'Manufacturing' and the subdivisions within the 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 sub-division basis; the index for each subdivision relates in concept to articles which are produced in that subdivision for sale or transfer outside the subdivision.



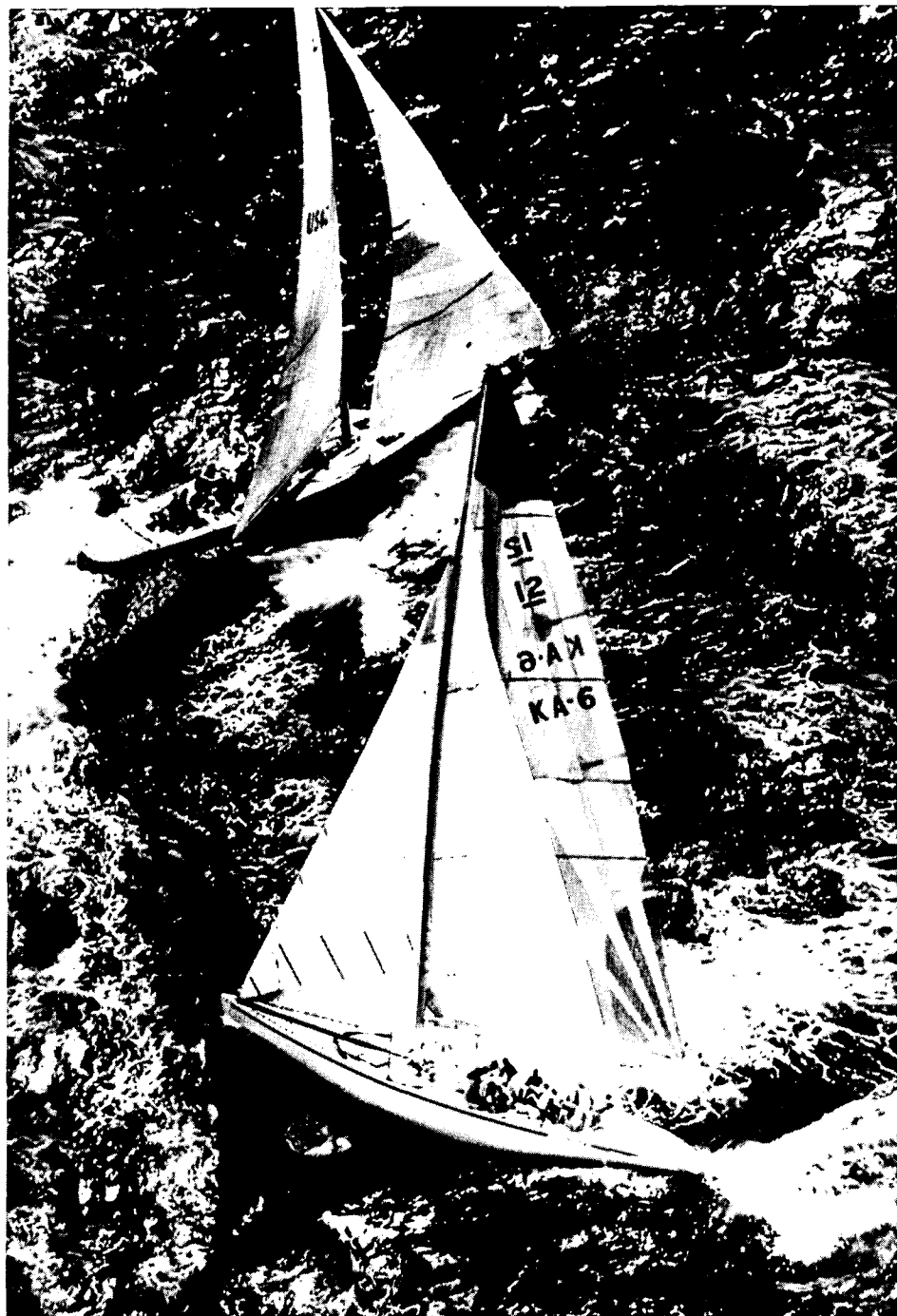
Australia's one dollar coin, released on 14 May 1984
 Composition: 92% copper, 6% aluminium, 2% nickel
 Nominal mass: 9.0 grammes
 Nominal diameter: 25.0mm
 Thickness (maximum): 2.8mm
 Edge alternately milled and plain segments
 Reverse: 5 kangaroos by Stuart Devlin CMG
 Obverse: Standard Queen Elizabeth II by Arnold Machin
 OBE R.A.
 Photo: Royal Australian Mint



Australia's one hundred dollar note released on 26 March 1984
 Size: 172 x 82.5mm
 Colour: Predominantly blue/grey with a multicoloured background.
 Front: The theme is scientific achievement carrying a portrait of Antarctic explorer and geologist Sir Douglas Mawson (1882-1958) with background suggesting Antarctic aural lights.
 Back: A portrait of Mr John Tebbutt (1834-1916), a little known pioneer in Australian astronomy and an observatory he built at Windsor, North-west of Sydney.
 Designer: Mr Harry Williamson of Sydney. Mr Gordon Andrews, who designed Australia's other notes, and Mr Phillip Cox acted as consultants.
 Photo: Reserve Bank of Australia



The Prime Minister of Australia, the Hon. R. J. L. Hawke, laying the foundation stone of the new Parliament House, Canberra, 4 October 1983.
 Photo: Australian Information Service



Left

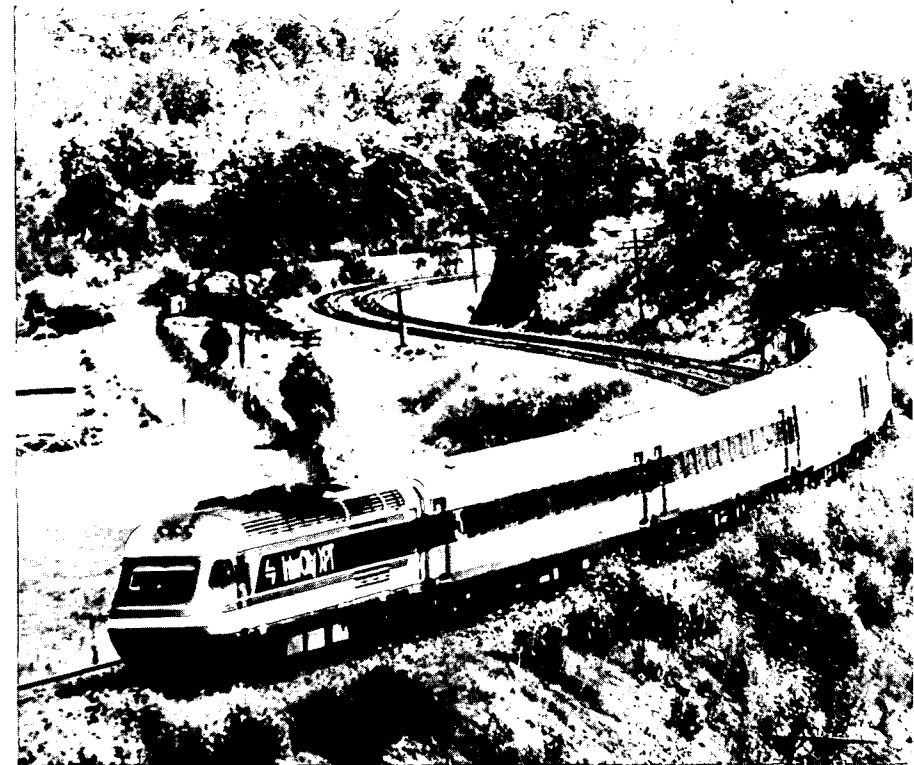
The battle for the America's Cup (September 1983) Australia II (KA-6) and the American yacht Liberty (US40) manoeuvring for position before the start of their America's Cup race off Newport, Rhode Island. Australia II won the cup, winning four of the seven races in the series. It was the first time in 130 years of competition for the cup that the series was won by other than an American yacht.

Photo: Australian Associated Press

Right

Australia's fastest train, the XPT, near Picton, New South Wales

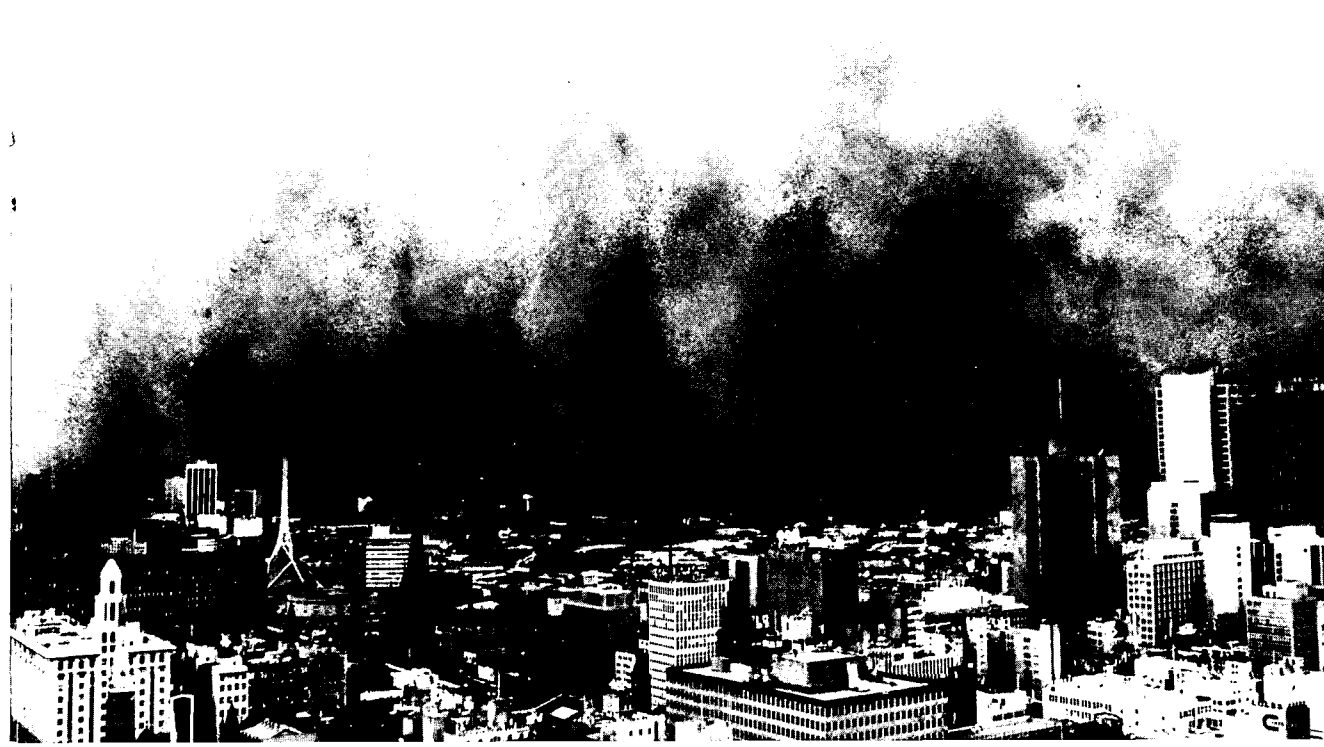
Photo: Australian Information Service



Below right

Severe duststorm blanketing Melbourne on the afternoon of 8 February 1983.

Photo: Bureau of Meteorology



Import Price Index

Introduction

The first issue of the Import Price Index produced by the ABS was released in May 1983, on a reference base 1981-82 = 100.0 and covers the period September quarter 1981 to December quarter 1982. This index replaces the import price index previously published by the Reserve Bank of Australia on reference base 1966-67 = 100.

Scope of the index

The Import Price Index measures changes in prices of *imports of merchandise* into Australia. The index numbers for each quarter relate to prices of imports landed in Australia during the quarter.

Items and weights

The Import Price Index covers either directly or indirectly, about 98 per cent of imports of merchandise in 1980-81. The index is a fixed weights index, with the weights allocated in accordance with the average value of imports of the relevant commodities (expressed in 1981-82 prices) over the three years ended June 1981.

Classifications used

The selected commodities have been combined into broad index groups in three ways. Index numbers are compiled for:

- (i) groups defined in terms of the Sections (1 digit) and Divisions (2 digit) of the *Australian Import Commodity Classification* (AICC) 1980-81 (1204.0) (based on the Standard International Trade Classification, Revision 2);
- (ii) groups on an *industry of origin* basis defined in terms of Divisions (1 digit) and Subdivisions (2 digit) of the 1978 edition of the *Australian Standard Industrial Classification* (ASIC) (1201.0);
- (iii) groups based on the 1976 edition of the *United Nations Classification by Broad Economic Categories* (BEC).

In addition, BEC categories have been rearranged to form the broader end use classes: Capital goods, Intermediate goods and Consumption goods.

Full details of the weighting patterns of the Import Price Index, ie the percentage contributions for index items and groups according to the three classifications mentioned above were contained in the December Quarter 1982 issue of the *Import Price Index* (6414.0) and are available on request from the ABS.

Prices

Prices of individual shipments are obtained from major importers of the selected items and relate to the quarter in which the goods arrive in Australia. Imports are priced on a *free on board (f.o.b.)* country of origin basis. Freight and insurance charges involved in shipping goods from foreign to Australian ports are therefore *excluded* from the prices used in the index as are Australian import duties. The prices used in the index are the weighted average of all shipments reported by the selected respondent importer of the specified goods imported during the quarter.

All prices used in the index are expressed in Australian currency. As a result, changes in the relative values of the Australian dollar and overseas currencies can have a direct impact on price movements of imports purchased in currencies other than Australian dollars. Prices reported in a foreign currency are converted to Australian dollars using the exchange rate prevailing at the time of departure from the foreign port. Where imports are purchased at prices expressed in terms of a foreign currency and forward exchange cover is used, the prices used in the index *EXCLUDE* forward exchange cover.

The price series used relate to specific standards, grades, types, etc, of each item with the aim of incorporating in the index, price changes for imports of representative goods of constant quality. In order to lessen the impact of price variation attributable solely to changes, over time, in the country of origin of imported goods, prices are obtained in respect of the predominant countries of origin for each of the specified goods priced. Prices are combined using fixed weights between countries of origin but these weights are reviewed periodically and revised where necessary.

Further information concerning the method of compiling the index is contained in the publication *Import Price Index, Australia* (6414.0). The tables below show annual index numbers for groups defined in terms of AICC Sections and ASIC Divisions as well as the BEC components and the End use classes. Index numbers for more detailed groups and quarterly index numbers are shown in each issue of the quarterly publication.

IMPORT PRICE INDEX
INDEX NUMBERS BASED ON THE AUSTRALIAN IMPORT COMMODITY CLASSIFICATION (AICC)
(Base of each index: Year 1981-82 = 100.0)

<i>AICC Sections</i>										
<i>Year</i>	<i>All groups</i>	<i>Food and live animals chiefly for food (0)</i>	<i>Beverages and tobacco (1)</i>	<i>Crude materials, inedible, except fuels (2)</i>	<i>Mineral fuels, lubricants and related materials (3)</i>	<i>Animal and vegetable oils, fats and waxes (4)</i>	<i>Chemicals and related products, n.e.s. (5)</i>	<i>Manufactured goods classified chiefly by material (6)</i>	<i>Machinery and transport equipment (7)(8 & 9 part)</i>	<i>Miscellaneous manufactured articles and non-monetary gold</i>
1981 82	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982 83p	110.4	111.7	121.0	104.8	109.2	98.0	106.6	109.4	112.1	112.2

IMPORT PRICE INDEX
INDUSTRY OF ORIGIN INDEX NUMBERS BASED ON THE AUSTRALIAN STANDARD INDUSTRIAL CLASSIFICATION (ASIC)
(Base of each index: Year 1981-82 = 100.0)

<i>ASIC Divisions</i>			
<i>Year</i>	<i>Agriculture forestry, fishing and hunting (A)</i>	<i>Mining (B)</i>	<i>Manufacturing (C)</i>
1981-82	100.0	100.0	100.0
1982-83p	115.0	110.6	110.3

IMPORT PRICE INDEX
INDEX NUMBERS FOR BROAD ECONOMIC CATEGORIES (BEC) AND END USE CLASSES
(Base of each index: Year 1981-82 = 100.0)

<i>Broad economic categories</i>							<i>End use classes¹</i>		
<i>Year</i>	<i>Food and beverages</i>	<i>Industrial supplies not elsewhere specified</i>	<i>Fuels and lubricants</i>	<i>Capital goods (except transport equipment) and parts and accessories thereof</i>	<i>Transport equipment and parts and accessories thereof</i>	<i>Consumer goods not elsewhere specified</i>	<i>Capital goods</i>	<i>Intermediate goods</i>	<i>Consumption goods</i>
1981-82	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982-83p	110.2	107.9	109.2	112.1	113.3	110.9	111.1	109.3	112.2

1. Broad Economic Categories rearranged into end use classes.

Export price index

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.

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>
1977-78 . .	128	100	149	167	136	125
1978-79 . .	144	119	162	170	157	146
1979-80 . .	174	145	191	198	169	188
1980-81 . .	185	162	202	217	145	181
1981-82 . .	187	147	219	247	139	178
1982-83p . .	203	152	242	287	138	191

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>
1977-78 . . .	105	159	127
1978-79 . . .	114	163	150
1979-80 . . .	137	180	190
1980-81 . . .	150	191	199
1981-82 . . .	153	221	191
1982-83p . . .	158	262	202

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.

PETROLEUM PRODUCTS PRICING AUTHORITY

General

The Petroleum Products Pricing Authority which was established on 26 June 1981 pursuant to the *Petroleum Products Pricing Act* 1981, took over from the Prices Justification Tribunal the responsibility for price surveillance of the petroleum products industry. The functions of the Authority are to conduct inquiries in relation to prices for the supply of petroleum products or related services within Australia, and to report to the Treasurer the results of every such inquiry.

Organisation

The Authority is constituted by a full-time Commissioner and is staffed by persons appointed or employed under the *Public Service Act* 1922.

Legislative Provisions

Inquiries conducted by the Authority at the request of the Minister or with his approval 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 supply or supplies, or propose or proposes to supply, petroleum products or services of a particular description is or are justified, or
- (b) an inquiry not being a prices justification inquiry into such specified matter or matters relating to the prices at which petroleum products or services are supplied.

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

- (i) In conducting a prices justification inquiry and making its reports on such an inquiry, the Authority 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.
- (ii) Section 19 of the Act states that declared companies are guilty of an offence in raising prices of petroleum products or services without prior notice to the Authority and the occurrence of certain specified events. These events include the expiration of the prescribed period or the serving of a notice by the Authority on a company stating that the Authority does not intend holding an inquiry as to whether the proposed price is justified. A declared company means a company declared by the Minister by notice published in the Commonwealth of Australia Gazette.
- (iii) With certain exceptions, the prescribed period is the period of 21 days commencing on the day the Authority receives the notice under Section 19. In the case where, following receipt of a notice, a public inquiry is held, the prescribed period commences on the day the Authority receives the notice and ends on the earlier of the day the Authority's report on the proposed price is received by the company or fourteen days after the expiration of the 3 months period commencing on the date that the Authority served notice on the company that the public inquiry was to be held. Provision exists for the extension of prescribed periods in certain circumstances.
- (iv) The Authority on the application by companies is empowered to grant interim price increases to apply during the course of the Authority's consideration of proposed or existing prices.
- (v) Before commencing to hold an inquiry reasonable notice will be given in the Commonwealth of Australia Gazette and in newspapers specifying the matter that is the subject of the inquiry and the time and place at which the inquiry is to be commenced.
- (vi) Any person or body of persons may apply to the Authority to be made a party to an inquiry. If the application is granted such a party is entitled to give evidence or call witnesses to give evidence and to make submissions to the Authority.
- (vii) Subject to the Act and to any direction given to the Authority by the Minister, the procedures to be followed at an inquiry are at the discretion of the Commissioner. The Authority is not bound by the rules of evidence.
- (viii) Confidential submissions and evidence may be taken in private if the Authority considers that it is desirable to do so.
- (ix) The Commissioner or an associate Commissioner (for a particular inquiry) has the power to obtain information.
- (x) The Authority shall, as soon as practicable after 30 June, prepare and furnish to the Minister a report with respect to the operations of the Authority during the year ended on that date.

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 151). 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.

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

A further household expenditure survey will be conducted during the calendar year 1984.

BIBLIOGRAPHY

ABS Publications

Monthly summary of statistics (1304.0)

Digest of current economic statistics (monthly) (1305.0)

Consumer price index (quarterly) (6401.0)

Average retail prices of selected items (quarterly) (6403.0)

Export price index (monthly) (6405.0)

Price index of materials used in building other than house building (monthly) (6407.0)

Price index of materials used in house building (monthly) (6408.0)

Price indexes of metallic materials (monthly) (6410.0)

Price index of materials used in manufacturing industry (monthly) (6411.0)

Price indexes of articles produced by manufacturing industry (monthly) (6412.0)

Import price index (quarterly) (6414.0)

