

## PRICES AND HOUSEHOLD EXPENDITURE

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### INTRODUCTION

As part of the interactive process between suppliers and consumers of goods and services, decisions as to business transactions can be identified at the production stage, or at the point of wholesaling or retailing. Insofar as price is a factor influencing these decisions the 'price mechanism' is said to operate.

For the purposes of economic planning and decision-making, whether by individuals, government and its agencies, or private enterprise, prices and price movements are a constant subject of study and measurement. Included in a range of available techniques of measurement is the method of calculating indexes. This Chapter outlines particular applications of the index method, namely, movements in retail, wholesale, and foreign trade prices, with special reference to those indexes currently produced by the Australian Statistician.

### RETAIL PRICE INDEXES

#### General background

It must be emphasised that retail price indexes are designed to measure changes over time in retail prices of a constant basket of consumer goods and services. While they may be used to indicate the effect of price change on the cost of living, they do not in fact measure the absolute cost of living nor the extent of changes in the cost of living. They measure, as nearly as may be, the proportionate change in the aggregate cost of specified quantities and qualities of the items included in the index.

Retail price indexes are sometimes used as a measure of change in the 'purchasing power of money'. Strictly speaking, such a measure relates only to purchasing power over the list of items in the index combined in their specified proportions. The validity of its use in any broader sense or in dealing with a particular problem is a question for judgement by prospective users on the facts of the case and in the light of the definition of the index.

Retail price indexes may also be used by industrial tribunals and other authorities for the adjustment of wages and salaries. The Australian Statistician has an important function in stating explicitly what such indexes measure and how they are constructed, in order that authorities using them may be fully informed as to their suitability for particular purposes.

Retail price index numbers for Australian cities are compiled by the Australian Statistician. The retail price index at present prepared by the Australian Statistician is known as the Consumer Price Index.

#### Past retail price indexes

Information concerning past retail price indexes can be found on pages 631-2 of the *Victorian Year Book 1977*, pages 471-9 of the *Victorian Year Book 1984*, and *Labour Report* (6.7) last published in 1973.

### Consumer Price Index

#### Introduction

This retail price index was first compiled in 1960, retrospective to September quarter 1948. It replaced both the 'C' Series Retail Price Index and the Interim Retail Price Index in the official statistical publications of the Australian Bureau of Statistics. The incidence of change in the pattern of household expenditure has been such as to make it necessary to construct not one but a series of new indexes introducing additional items and changes in weighting patterns at short intervals. The



Two of the many Victorian hospitality venues –  
(Above) Mildura Working Men's Club.  
(Left) Menzies at Rialto, Collins Street, Melbourne.

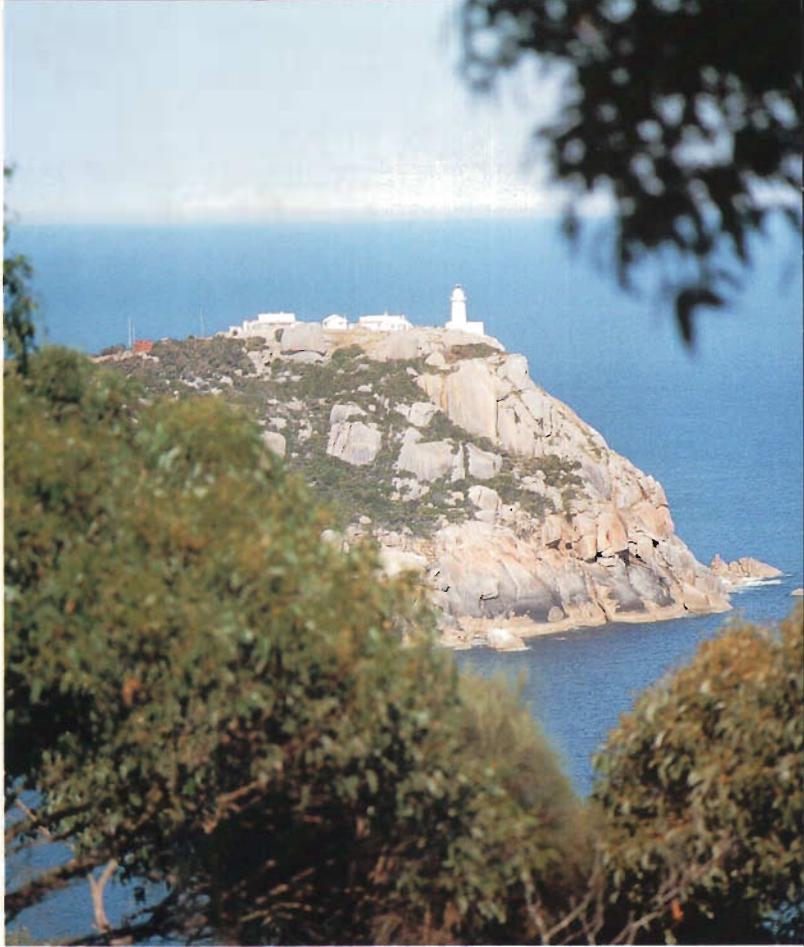
*Victorian Tourism Commission*



(Above left) Tranquil reflections at Lake Catani, Mount Buffalo.  
(Above right) The falling autumn leaves carpet the ground at Bright.  
(Left) Brilliant coloured begonias for which Ballarat is famous.  
(Right) Fountains and vegetation provide a garden vista at Horsham's Civic Centre.

*Victorian Tourism Commission*





(Above) The lonely lighthouse juts out of the solid rock at Wilsons Promontory, the most southerly point on Victoria's coast.

(Right) Shipping and harbour installations at Portland.

*Victorian Tourism Commission*



Consumer Price Index, therefore, consists of a sequence of ten short-term retail price indexes, which have been linked together at June quarter 1952, June quarter 1956, March quarter 1960, December quarter 1963, December quarter 1968, December quarter 1973, September quarter 1974, September quarter 1976, and March quarter 1982.

The Consumer Price Index has always been regarded as an important economic indicator. In recent years it has become even more important through its use by parties to the national wage hearings and by the Arbitration Commission in determining the size and nature of wage adjustments. Some pension and superannuation payments are automatically adjusted or 'indexed', using movements in the Index. Many business contracts are regularly adjusted to take account of changes in the Index or in some components of it. Rental agreements, insurance coverages, alimony, and child support payments are frequently tied in some manner to changes in the Consumer Price Index.

Price and other data used to construct the Consumer Price Index are sources used in compiling quarterly and annual estimates of current price expenditure on gross domestic product and are also used to revalue certain constant price estimates in the national accounting field.

The Consumer Price Index measures changes in the cost of purchasing a constant basket of goods and services representative of purchases made by a particular population group in a specified time period. It is important to remember that the Consumer Price Index measures 'price movement' and not actual 'price levels'. For example, it does not indicate whether beef is dearer than lamb or whether bus fares are dearer than train fares. The Consumer Price Index is often loosely called the cost-of-living index but strictly speaking this is not correct. No country has yet been able to produce a truly valid cost-of-living index. A true cost-of-living index, among other things, would need to be concerned with changes in the standard of living and with substitutions that consumers tend to make in order to maintain their standard of living in the face of changing world conditions. The Consumer Price Index,

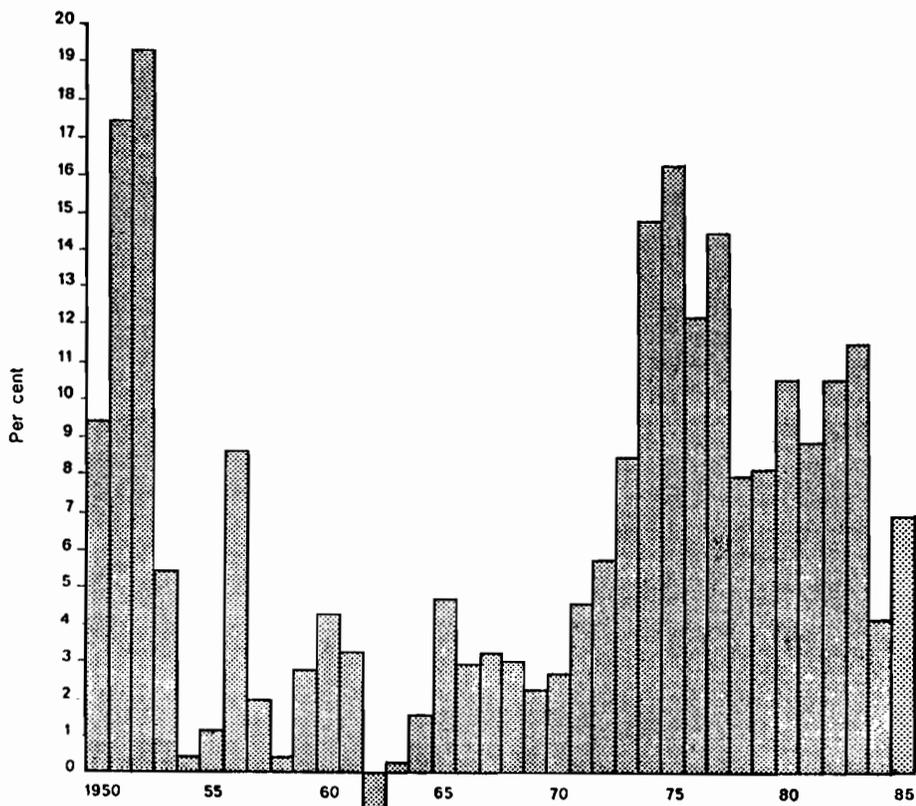


FIGURE 6. Consumer Price Index, Melbourne. Percentage movements in 'All Groups' from June to June of each year since 1950.

between revisions, assumes the purchase of a constant basket of goods and services and measures price changes in that basket alone. From time to time, the basket of goods and services is revised to ensure that it continues to reflect the actual spending pattern of the population to which the Index relates.

*Composition, weighting pattern, and collection*

The Consumer Price Index measures price changes affecting a large proportion of metropolitan employee households. This group is termed 'the Consumer Price Index population group'. For this purpose, employee households have been 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 six State capital cities, Canberra, and Darwin.

The current series (the tenth) of the Consumer Price Index was introduced in June 1982. Its main adjustments were as follows: the geographic coverage was widened to include Darwin; some additional items were included in the basket to cover areas of expenditure such as holiday travel and accommodation, education fees, and pharmaceutical prescriptions; the expenditure weights were revised to reflect expenditure patterns in 1979-80 (the previous weights reflected expenditure patterns in 1974-75); and the reference base period was changed from 1966-67 = 100.0 to 1980-81 = 100.0.

Information on the spending habits of Australian households in 1979-80 was obtained from a number of sources, the most important being the 1979-80 retail census and the 1979-80 manufacturing census. Information from these and other sources such as the 1974-75 and 1975-76 Household Expenditure Surveys provided the basic foundation for selection of the basket of goods and services for which prices are collected.

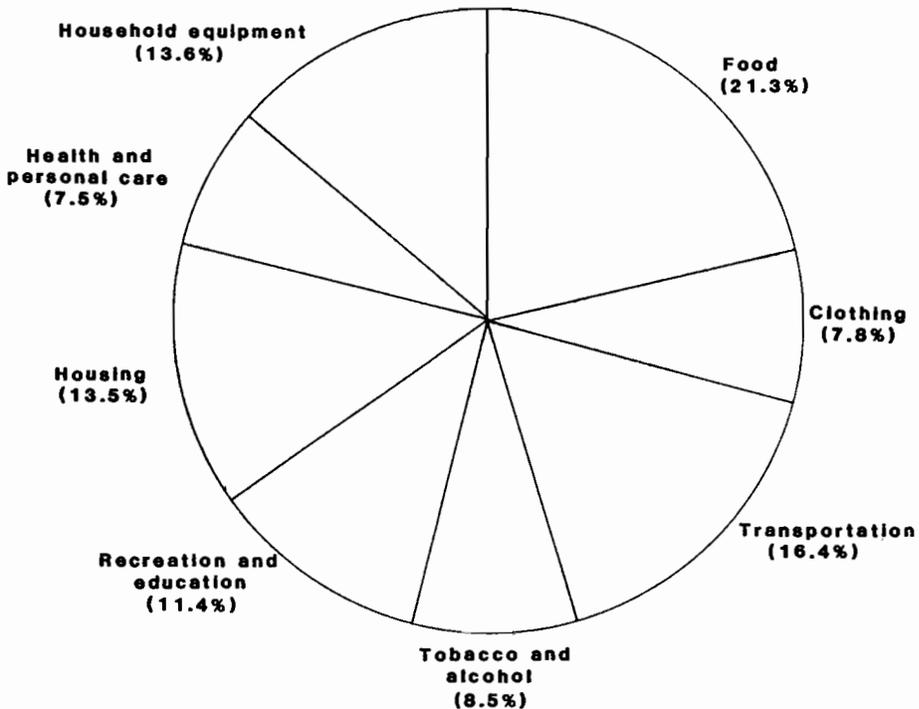


FIGURE 7. Consumer Price Index, Melbourne. Weighted average of the eight capital cities, sum of value grouped by source, March quarter 1982.

The items in the Consumer Price Index basket cannot include every item bought by households but it does include all the important kinds of items. The items were chosen not only because they were representative of metropolitan household spending habits but also because the items were those whose prices could be associated with an identifiable and specific commodity or service.

The total basket is divided into the following groups: food; clothing; housing; household equipment and operation; transportation; tobacco and alcohol; health and personal care; and recreation and education. These groups are divided into sub-groups and the sub-groups are divided into expenditure classes. Index numbers are also produced for various special groupings of goods and services in the Index, such as 'all groups, goods component' and 'all groups, excluding food'.

Every expenditure class in the Consumer Price Index has a 'weight' (or measure of its relative importance). In calculating the Index, price changes for the various expenditure classes are combined using these weights. From time to time the Index is reviewed and new fixed weights introduced to reflect up to date expenditure patterns. Within each expenditure class there are also weights for each individual item. The weights at this level are varied wherever necessary to reflect changed buying patterns. These weight changes can, and do, take place between periodic revisions of the Consumer Price Index. However, the weight changes are introduced into the Index in such a way that they do not, in themselves, affect the level of the Index. The weights for all groups and sub-groups are shown in the following table, indicating the relative importance of them at the March quarter 1982. While the underlying weights are changed only at about five-yearly intervals, the percentage compositions vary from quarter to quarter, because prices for expenditure classes change at different rates.

CONSUMER PRICE INDEX, COMPOSITION AND WEIGHTING PATTERN AT MARCH QUARTER 1982, EIGHT CAPITAL CITIES COMBINED

Group, sub-group	Percentage contribution to total index aggregate (a)		Group, sub-group	Percentage contribution to total index aggregate (a)	
	Sub-group (b)	Group		Sub-group (b)	Group
FOOD		21.287	HOUSEHOLD EQUIPMENT AND OPERATION - <i>continued</i>		
Dairy produce	2.023		Drapery	0.897	
Cereal products	2.257		Household utensils and tools	1.421	
Meat and seafoods	4.928		Household supplies and services	3.401	
Fresh fruit and vegetables	1.691		Postal and telephone services	1.303	
Processed fruit and vegetables	0.896		TRANSPORTATION		16.377
Soft drink, ice cream, and confectionery	2.751		Private motoring	14.980	
Meals out, takeaway food	4.633		Urban transport fares	1.397	
Other food	2.108		TOBACCO AND ALCOHOL		8.455
CLOTHING		7.826	Alcoholic beverages	6.070	
Men's and boys'	2.347		Cigarettes and tobacco	2.385	
Women's and girls'	3.268		HEALTH AND PERSONAL CARE		7.503
Piecegoods and other clothing	0.462		Health services	4.749	
Footwear	1.334		Personal care products	2.085	
Clothing and footwear services	0.415		Personal care services	0.669	
HOUSING		13.508	RECREATION AND EDUCATION		11.417
Rent	4.188		Books, newspapers, magazines	1.532	
Home ownership	9.320		Other recreational goods	2.660	
HOUSEHOLD EQUIPMENT AND OPERATION		13.627	Holiday travel and accommodation	3.616	
Fuel and light	2.585		Other recreational services	2.345	
Furniture and floor coverings	2.380		Education and child care	1.264	
Appliances	1.640		TOTAL ALL GROUPS	100.000	100.000

(a) Percentage contribution to the Index aggregate based, in general, on estimated household expenditure in 1979-80, valued at relevant prices in March quarter 1982.

(b) Composition and weighting pattern by expenditure classes is also available.

The sets of weights used for different periods covered by the Consumer Price Index have been derived from the analysis of statistics of production and consumption, censuses of population and retail establishments, the Survey of Motor Vehicle Usage, the continuing Survey of Retail Establishments, from information supplied by manufacturing, commercial, and other relevant sources, from special surveys, and from the Household Expenditure Surveys of 1974-75 and 1975-76.

Prices are collected from many sources and around 85,000 separate price quotations are collected each quarter. Prices are collected weekly in the case of fresh fruit and vegetables, fortnightly in the case of fresh fish, and monthly in the case of fresh meat, bread, cigarettes and tobacco, packaged alcohol, and petrol. Prices, together with details of dates of price change, are collected at the end of the quarter for: milk; electricity and gas; insurance premiums (house, contents, and vehicle); postal and telephone charges; urban transport fares; motor vehicle purchase; motoring charges; alcohol (bar and restaurant sales); hospital and medical services; newspapers and magazines; and education and child care fees. Using the data collected, average quarterly prices are calculated for these items. For all other items, prices are collected once a quarter, with the exception of local government rates and charges, seasonal clothing, and lawn mowers, for which prices are collected once a year.

As the Index aims to measure price changes of a constant basket of goods and services over time, identical or equivalent items are priced in successive time periods as far as possible. However, products do change and the effects of quality changes are evaluated separately from price changes to give a 'pure' price. This need to account for changes in quality sometimes poses difficult or even insoluble problems.

#### *Periodic revisions*

The Consumer Price Index is revised from time to time in order to ensure that it continues to be relevant to current conditions. The revisions have usually been carried out at approximately five-yearly intervals. Following each revision, the new series is linked to the old to form a continuous series. This linking is carried out in such a way that the resulting continuous series reflect only price variations and not differences in prices of the old and new baskets.

At less frequent intervals, the reference base period is also updated in order to focus on a closer and more meaningful period of time. Such changes in reference base periods have no effect on percentage changes calculated from the index numbers. The most recent series of the Index, the tenth series, has a reference base period of 1980-81 = 100.0.

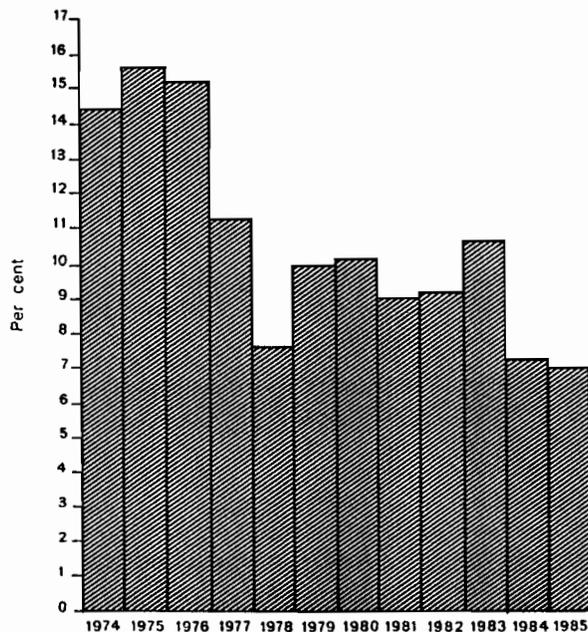


FIGURE 8. Consumer Price Index, Melbourne. All groups excluding hospital and medical services, percentage movement from June to June of each year.

*Using the Consumer Price Index*

In addition to the All Groups Consumer Price Index for the weighted average of eight capital cities, there is also published a separate Consumer Price Index for each State capital city, Canberra, and Darwin, and for the weighted average of the six State capital cities. Each city index measures price change over time for that city; together they enable comparisons to be made between cities in the degree of price movement, but not about the differences in price level. Similarly, the separate group indexes measure price movements of each group individually. They enable comparisons to be made about differences in the degree of price change in the different groups, but do not show the comparative cost of the different groups.

The Consumer Price Index is therefore designed to provide a 'broad measure' of changes in retail prices encountered by metropolitan employee households as a group, and should not be expected to reflect exactly the experience of any particular household. Particular households within the group may not purchase every single item in the Index and may have very different spending patterns from the group average.

The Consumer Price Index is regarded as a good general measure of the effect of price change on the purchasing power of the dollar for metropolitan employee households overall. However, it is not the only measure of price change available and its use must be considered in regard to its suitability for particular needs.

The Australian Bureau of Statistics also compiles and publishes a number of wholesale price indexes, including indexes for materials used and articles produced by manufacturing industry, and materials used in building. These indexes are referred to in the following pages. For some purposes users consider that the Implicit Price Deflators (IPDs) derived from national accounting aggregates such as Private Final Consumption Expenditure are an appropriate measure of price changes for broad categories of goods and services.

Further information and a more comprehensive indication of the statistics available on the current Consumer Price Index can be found in the Bureau's publications – *Consumer Price Index* (6401.0); *Average Retail Prices of Selected Items, Eight Capital Cities* (6403.0); *A Guide to the Consumer Price Index* (6440.0); and *The Australian Consumer Price Index: Concepts, Sources and Methods* (6461.0).

**CONSUMER PRICE INDEX, ALL GROUPS, EIGHT CAPITAL CITIES**  
(Base of each index: year 1980-81 = 100.0)

Year	Eight capitals (a)	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Six State capitals (b)
1979-80	..	91.1	91.4	91.5	91.6	91.9	91.6	91.1	..	91.4
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
1983-84	131.6	130.9	132.1	131.7	132.3	131.0	129.9	132.3	130.2	131.6
1984-85	137.2	136.0	138.1	137.9	138.7	136.1	136.1	138.8	135.1	137.2

(a) Weighted average of eight capital cities.

(b) Weighted average of six State capital cities.

**CONSUMER PRICE INDEX, MELBOURNE**  
(Base of each index: 1980-81 = 100.0)

Year	Food	Clothing	Housing	Household equipment and operation	Transportation	Tobacco and alcohol	Health and personal care (a)	Recreation and education (b)	All groups
1979-80	90.6	93.4	91.6	89.7	91.0	94.7	90.8	n.a.	91.4
1980-81	100.0	100.0	100.0	100.0	100.0	100.0	100.0	n.a.	100.0
1981-82	108.6	106.9	111.2	110.9	108.6	108.3	128.7	n.a.	110.4
1982-83	119.3	113.4	123.7	123.0	120.5	121.4	160.1	108.7	122.8
1983-84	128.9	119.9	136.0	132.2	131.1	139.4	155.1	115.6	132.1
1984-85	135.4	127.4	149.6	138.9	138.3	151.1	128.3	120.5	138.1

(a) The Health and personal care group index for 1983-84 was affected by price changes for hospital and medical services resulting from changes to health insurance arrangements, with the introduction of the Medicare scheme on 1 February 1984.

(b) As a result of the introduction of the revised Consumer Price Index in June 1982 there are significant differences between the Recreation and education group and the old Recreation group, and the two series have not been linked at March quarter 1982. Instead, the new Recreation and education group index, and its component sub-group indexes for holiday travel and accommodation, and education and child care commence at March quarter 1982.

Unlike the original Medibank levy (1976), the Medicare levy introduced on 1 February 1984 is not an optional means by which individuals can pay for their own health insurance cover. It is a compulsory charge levied on all income earners above a threshold to provide funding from which a range of medical benefits are paid, and free standard (public) ward hospital treatment is available, to all persons, regardless of whether they pay the levy or not. This levy is regarded as a tax and therefore is outside the scope of the Consumer Price Index.

#### Long-term price movements

The index numbers shown in the following table give only a broad indication of long-term trends in retail price levels. They are derived by linking a number of indexes that differ markedly in scope.

The successive indexes used are: 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 the Consumer Price Index Housing Group (partly estimated) and the 'C' Series Retail Price Index, excluding rent; and from 1948-49 onwards, the Consumer Price Index.

#### RETAIL PRICE INDEX NUMBERS: SIX STATE CAPITAL CITIES COMBINED (Base: year 1945 = 100.0)

Year	Index number	Year	Index number	Year	Index number	Year	Index number
1901	47	1931	78	1961	252	1982	1,028
1906	48	1936	75	1966	276	1983	1,132
1911	53	1941	89	1971	332	1984 (b)	1,177
1916 (a)	71	1946	102	1976	579		
1921 (a)	90	1951	167	1980	844		
1926	90	1956	224	1981	926		

(a) November.

(b) Weighted average of eight capital cities from 1984.

#### Average retail prices

The prices shown in the following table for the June quarter 1984 and 1985 are averages of prices for specified grades, qualities, brands, etc., charged by a number of selected retailers in Melbourne. These specified grades, etc., and the retailers, have been selected as representative to measure price changes over time. Average prices such as these were published by month until December 1977. Since March 1978, they have been published as average prices for the quarter and now include additional items such as fresh fruit, confectionery, household supplies, alcoholic beverages, personal care products, and from December 1980, super grade petrol. The selected items come within the Food Group and the following sub-groups of the Consumer Price Index: Household supplies and services, Private motoring, Alcoholic beverages, and Personal care products. They do not comprise all the items and varieties incorporated in the respective groups of the Consumer Price Index.

The prices are approximate indicators of price levels and do not purport to be the actual averages of all retail sales of these items. Prices for fresh fruit and vegetables are collected weekly and averaged to obtain quarterly prices. Prices for fresh meat, bread, petrol, and packaged alcohol are collected monthly and averaged to obtain quarterly prices. Prices for fresh milk, and bar sales of alcoholic beverages are collected at the end of the quarter together with details of price changes during the quarter and average prices calculated for the quarter. For all other items prices are collected once a quarter.

Past average retail prices in Melbourne of selected commodities in selected years can be found on page 637 of the *Victorian Year Book* 1977, and page 479 of the *Victorian Year Book* 1984.

#### AVERAGE RETAIL PRICES OF SELECTED ITEMS, MELBOURNE

Item	June quarter 1984		Item	June quarter 1985	
	Unit	Price		Unit	Price
		cents			cents
Dairy produce -			Dairy produce -		
Milk, bottled, delivered	2 x 600ml	86	Milk, bottled, delivered	2 x 600ml	93
Milk, powdered, full cream	1kg can	484	Milk, powdered, full cream	1kg can	461
Milk, carton, supermarket sales	1 litre	67	Milk, carton, supermarket sales	1 litre	71
Cheese, processed, sliced, wrapped	500g	215	Cheese, processed, sliced, wrapped	500g	212
Butter	500g	159	Butter	500g	161
Cereal products -			Cereal products -		
Bread, white loaf, sliced, super-market sales	680g	97	Bread, white loaf, sliced, super-market sales	680g	95

AVERAGE RETAIL PRICES OF SELECTED ITEMS, MELBOURNE - *continued*

Item	June quarter 1984		Item	June quarter 1985	
	Unit	Price		Unit	Price
		cents			cents
Cereal products -			Cereal products -		
Biscuits, dry	250g	78	Biscuits, dry	250g	81
Breakfast cereal, corn based	500g	133	Breakfast cereal, corn based	500g	145
Flour, self-raising	2kg	170	Flour, self-raising	2kg	184
Rice, medium grain	1kg	79	Rice, medium grain	1kg	76
Meat and seafoods -			Meat and seafoods -		
Beef -			Beef -		
Rib (without bone)	1kg	472	Rib (without bone)	1kg	493
Rump steak	1kg	711	Rump steak	1kg	798
T-bone steak, without fillet	1kg	673	T-bone steak, without fillet	1kg	641
Chuck steak	1kg	418	Chuck steak	1kg	454
Silverside, corned	1kg	488	Silverside, corned	1kg	508
Sausages	1kg	257	Sausages	1kg	273
Lamb -			Lamb -		
Leg	1kg	340	Leg	1kg	354
Loin chops	1kg	439	Loin chops	1kg	456
Forequarter chops	1kg	276	Forequarter chops	1kg	266
Pork -			Pork -		
Leg	1kg	374	Leg	1kg	429
Loin chops	1kg	469	Loin chops	1kg	523
Chicken, frozen	1kg	263	Chicken, frozen	1kg	271
Bacon, middle rashers	250g pkt	241	Bacon, middle rashers	250g pkt	238
Beef, corned	340g can	178	Beef, corned	340g can	195
Salmon, pink	220g can	137	Salmon, pink	220g can	179
Fruit and vegetables -			Fruit and vegetables -		
Oranges	1kg	117	Oranges	1kg	108
Bananas	1kg	125	Bananas	1kg	154
Potatoes	1kg	47	Potatoes	1kg	42
Tomatoes	1kg	115	Tomatoes	1kg	187
Carrots	1kg	64	Carrots	1kg	86
Onions	1kg	83	Onions	1kg	62
Peaches	825g can	113	Peaches	825g can	122
Pineapple, sliced	450g can	66	Pineapple, sliced	450g can	70
Peas, frozen	500g pkt	91	Peas, frozen	500g pkt	92
Confectionery -			Confectionery -		
Chocolate, milk, block	200g	138	Chocolate, milk, block	200g	147
Other food -			Other food -		
Eggs	55g, 1 dozen	170	Eggs	55g, 1 dozen	171
Sugar, white	2kg	123	Sugar, white	2kg	131
Jam, strawberry	500g jar	127	Jam, strawberry	500g jar	131
Tea	250g	149	Tea	250g	157
Coffee, instant	150g jar	323	Coffee, instant	150g jar	381
Tomato sauce	600ml bottle	105	Tomato sauce	600ml bottle	112
Margarine, polyunsaturated	500g	123	Margarine, polyunsaturated	500g	139
Baked beans (in tomato sauce)	440g can	54	Baked beans (in tomato sauce)	440g can	57
Baby food	125g	24	Baby food	125g can	27
Household supplies -			Household supplies -		
Laundry detergent	1kg	281	Laundry detergent	1kg	307
Dishwashing detergent	1 litre	233	Dishwashing detergent	1 litre	338
Facial tissues	pkt of 224	147	Facial tissues	pkt of 224	157
Toilet paper	6 x 500 sheet rolls	257	Toilet paper	6 x 500 sheet rolls	252
Pet food	405g can	58	Pet food	415g can	62
Private motoring -			Private motoring -		
Petrol, super grade	1 litre	47.6	Petrol, super grade	1 litre	54.4
Alcoholic beverages -			Alcoholic beverages -		
Beer, chilled	750ml bottle	131	Beer, chilled	750ml bottle	140
Beer, unchilled	12 x 750ml bottles	1,460	Beer, unchilled	12 x 750ml bottles	1,542
Draught beer, public bar	285ml glass	84	Draught beer, public bar	285ml glass	91
Scotch, nip, public bar	30ml	115	Scotch, nip, public bar	30ml	122
Personal care products -			Personal care products -		
Toilet soap	2x125g	96	Toilet soap	2x125g	110
Toothpaste	140g tube	138	Toothpaste	140g tube	159

## WHOLESALE PRICE INDEXES

## General background

Earlier indexes of wholesale prices compiled by the Australian Bureau of Statistics were the Melbourne Wholesale Price Index and the Wholesale Price (Basic Materials and Foodstuffs) Index.

In the following section particulars are given of indexes relating to building, to materials used in, and articles produced by, manufacturing industry, and foreign trade indexes. In addition to the usefulness of these indexes in themselves, they are also of use in the Bureau's constant price estimates in the national accounting field.

## Specific indexes

*Melbourne Wholesale Price Index*

Historical wholesale prices information can be found on page 638 of the *Victorian Year Book 1977*.

*Wholesale Price (Basic Materials and Foodstuffs) Index*

Historical wholesale prices information can be found on page 638 of the *Victorian Year Book 1977*.

*Price indexes of materials used in building*

The first of the two monthly indexes in this series, Materials Used in Building Other than House Building, was introduced in April 1969 and the second, Materials Used in House Building, in November 1970. They are compiled for each State capital city for each month from July 1966, and for the financial years from 1966-67. The reference base for the House Building index is the year 1966-67 = 100.0, while the base year for the Other than House Building index is the year 1979-80 = 100.0. Each index is a fixed weights index calculated by the method known as 'the weighted arithmetic mean of price relatives'.

Prices for use in these indexes are collected at the mid-point of the month to which the index refers, or as near to this as practicable. They relate to specified standards of each commodity and are obtained in all State capital cities from representative suppliers of materials used in building.

*Price Index of Materials Used in Building Other than House Building*

This Index measures changes in the wholesale prices of selected materials used in the construction of buildings other than houses. Although many of the selected materials are also used in house building, in building repair, maintenance and alteration work, and in engineering construction work (e.g. projects such as roads, dams, bridges, and the like), the weighting pattern of the Index is not applicable to these other activities of the construction industry. In addition, since the weights are based on an average materials usage over a range of types of building within the defined area (building other than house building), the Index is not necessarily applicable to any specific building or type of building.

In February 1981, the revised Price Index of Materials Used in Building Other than House Building was first published. The revised index has been compiled for each month from July 1979 on a reference base 1979-80 = 100.0 and replaces the previous index which had a reference base of 1966-67 = 100.0. Index numbers for financial years are simple averages of the monthly index numbers.

A technical note showing a method of linking the revised index groups to previous index groups, so that series from the revised index can be converted to the reference base of the previous index, is available from the Australian Bureau of Statistics on request.

The revised Price Index of Materials Used in Building Other than House Building also includes index numbers for 'Electrical Materials'. These index numbers replace the index numbers previously released in the publication *Price Index of Electrical Installation Materials, Australia* (6409.0) which was discontinued in February 1981.

PRICE INDEX OF MATERIALS USED IN BUILDING OTHER THAN HOUSE BUILDING,  
MELBOURNE

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

Group	1980-81	1981-82	1982-83	1983-84	1984-85
Structural timber	116.0	122.2	127.0	145.0	167.9
Clay bricks	115.8	130.6	153.3	171.9	184.3
Ready mixed concrete	115.2	116.7	128.4	132.7	150.3
Precast concrete products	110.6	121.3	132.4	140.5	148.1
Galvanised steel decking, etc.	112.7	126.8	129.3	128.6	133.5
Structural steel	113.5	125.8	132.2	133.3	140.8
Reinforcing steel bar, mesh, etc.	115.9	127.8	138.4	152.7	152.9
Aluminium windows	108.0	119.7	128.5	133.2	140.8
Steel windows, doors, louvres, etc.	113.5	124.2	134.7	139.7	149.8
Builders' hardware	113.5	127.9	146.7	160.7	170.2
Sand, aggregate, and filling	110.1	122.3	141.0	153.6	162.5
Carpet	109.6	118.1	123.2	129.4	139.4
Paint	118.4	131.2	150.6	163.4	176.7
Non-ferrous pipes	95.2	96.2	109.5	117.7	126.3
All groups, excluding electrical materials and mechanical services	113.4	123.8	135.3	142.6	152.2
All electrical materials	109.3	121.1	136.1	143.3	151.6
All mechanical services	111.1	123.6	138.8	147.1	156.7
All plumbing materials	111.3	122.9	135.1	143.0	148.1
All groups	112.7	123.5	135.9	143.4	152.8

*Price Index of Materials Used in House Building*

This Index measures changes in the prices of selected materials used in the construction of houses. Its composition is in accordance with the usage of materials in actual houses which were selected as

representative for the purpose. The Index does not purport to represent buildings of any kind other than houses. The house building construction types included are those which have brick, brick veneer, timber, or asbestos cement sheeting as the principal material for the outer walls.

PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING, MELBOURNE  
(Base of each index: year 1966-67 = 100.0)

Group	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Concrete mix, cement, and sand	292.9	325.6	338.9	376.2	397.7	441.5
Cement products	357.8	410.8	476.4	549.0	596.9	622.5
Clay bricks, tiles, etc.	266.9	312.2	352.2	409.4	458.6	495.4
Timber, board, and joinery	291.9	337.1	358.2	381.9	429.9	491.7
Steel products	347.9	399.4	443.0	492.1	529.6	548.4
Other metal products	285.1	321.3	352.4	386.9	421.1	423.2
Plumbing fixtures, etc.	261.1	304.0	339.7	372.4	410.6	439.0
Electrical installation materials	281.2	313.6	348.3	400.9	459.1	520.9
Installed appliances	220.7	246.1	272.4	296.9	305.9	313.4
Plaster and plaster products	217.3	236.4	262.2	308.5	321.0	329.7
Miscellaneous materials	255.0	296.1	322.5	352.3	377.3	402.2
All groups	283.4	324.7	354.9	392.0	430.3	467.8

*Price indexes of metallic materials*

This monthly price index series was introduced in December 1972 and has been compiled for each month from July 1968, and for each year since 1968-69. Separate indexes have not been calculated for each capital city. The series contains two sets of monthly price indexes. They are the Price Index of Metallic Materials Used in the Manufacture of Fabricated Metal Products and the Price Indexes of Copper Materials Used in the Manufacture of Electrical Equipment. Each of the indexes is a fixed weights index using the method known as 'the weighted arithmetic mean of price relatives'. Index numbers for financial years are simple averages of the relevant monthly index numbers.

In the main, prices are collected at the mid-point of each month. Prices collected are, as far as possible, those normally charged to representative manufacturers for goods delivered into their stores.

*Price Index of Metallic Materials Used in the Manufacture of Fabricated Metal Products*

This Index includes important metallic materials selected and combined in accordance with a weighting pattern reflecting value of usage as reported at the 1968-69 Census of Manufacturing Establishments for establishments classified to the Fabricated Metal Products sub-division Manufacturing Industry (Australian Standard Industrial Classification, sub-division 31). Index numbers are compiled on an Australia wide basis. From the base year to December 1979, the index numbers were published for four groupings (Iron and steel, Aluminium, Copper and brass, and Other metallic materials) and an All Groups combination. However, because the All Groups index was being significantly affected by rapidly changing prices for silver, a special grouping 'All groups, excluding silver' was published from January 1980 in order to indicate more accurately the general trend in prices for metallic materials.

PRICE INDEX OF METALLIC MATERIALS USED IN THE MANUFACTURE OF  
FABRICATED METAL PRODUCTS, AUSTRALIA  
(Base of each index: year 1968-69 = 100.0)

Group	Value weight (a)	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
	per cent						
Iron and steel	83.2	294.4	336.0	370.2	407.7	437.9	453.7
Aluminium	8.9	251.5	281.5	291.2	312.2	360.4	374.2
Copper and brass	5.7	216.6	209.9	210.0	231.1	239.9	254.3
Zinc	0.5	329.5	332.4	373.8	400.3	483.1	549.0
Silver	1.7	957.3	719.7	406.3	624.6	607.4	488.6
All groups	100.0	297.6	330.4	354.7	392.8	422.9	436.3
All groups, excluding silver	..	286.2	323.7	353.7	388.7	419.6	435.4

(a) Percentage contribution to All Groups index at base year.

*Price indexes of copper materials used in the manufacture of electrical equipment*

Up to August 1983, the ABS published five Price indexes of copper materials used in the manufacture of electrical equipment. They were Electric motors and motor control equipment; High voltage and low voltage switchgear; Distribution transformers; Power transformers; and General transformers. From June 1984, revised price indexes of copper materials used in the manufacture of electrical equipment were introduced on a reference base of 1983-84 = 100.0. Index numbers for copper materials used in three types of electrical equipment (namely industrial electric motors, distribution transformers, and power transformers), were compiled using a revised sample of prices and replaced the previously published indexes.

The items included in each index have been allocated weights in accordance with the estimated average values of copper materials used in the manufacture of each type of equipment in the year 1982-83 and, as such, do not necessarily reflect the relative values of materials used by particular manufacturers. Information on how the revised series can be linked to the previous series was published in the June 1984 issue of *Price Indexes of Metallic Materials, Australia* (6410.0).

PRICE INDEXES OF COPPER MATERIALS USED IN  
MANUFACTURE OF ELECTRICAL EQUIPMENT,  
AUSTRALIA

(Base of each index: year 1983-84 = 100.0)

Copper materials used in the manufacture of –	1982-83	1983-84	1984-85
Industrial electric motors	n. a.	100.0	105.4
Distribution transformers	98.0	100.0	105.8
Power transformers	97.0	100.0	108.1

*Price Index of Materials Used in Manufacturing Industry*

This monthly Index was introduced in July 1975 and relates to materials (including fuels) used in the manufacturing industry. It completes the presentation of a set of price indexes which replaces the Wholesale Price (Basic Materials and Foodstuffs) Index, publication of which was discontinued in December 1970. Index numbers have been published from 1968-69 onwards and for the months from July 1968 onwards. The reference base of the Index is the year 1968-69 = 100.0. The Index is a fixed weights index and is calculated by the method known as 'the weighted arithmetic mean of price relatives'. Index numbers for financial years are simple monthly averages of the relevant monthly index numbers.

The composition of this Index is based on materials used by establishments classified to Division C, Manufacturing, of the Australian Standard Industrial Classification (ASIC). 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. Such outside establishments are either Australian establishments classified to other divisions of Australian industry (e.g. mining or agriculture) or are overseas establishments (including overseas manufacturing establishments).

Materials purchased by establishments classified to the Australian Manufacturing Division from other establishments in that Division are outside the scope of the Index and are excluded, but similar materials when purchased from overseas are included. A material which undergoes transformation at a number of stages during manufacturing will be, at each stage, an input to particular manufacturing industries. However, in keeping with the scope and net basis of the Index, the material is priced only at the stage when it first enters manufacturing. The pricing and the weights for the Index reflect usage of materials at the point of entry to the Manufacturing Division.

The items included in the Index were selected on the basis of values of materials used, in 1971-72, by establishments classified to the Manufacturing Division of ASIC. The selection was made from data reported in the 1971-72 Census of Manufacturing Establishments, and on 1971-72 import statistics. The selected items were allocated weights in accordance with estimated manufacturing usage in the year 1971-72.

The selected items have been published in broad index groups using two different classifications. Index numbers are published for each of the groups derived in this way. The classifications used for this purpose are: (1) Australian Standard Industrial Classification (ASIC), and (2) Standard International Trade Classification (SITC). In effect, the index numbers for index groups based on ASIC are on an 'industry of origin basis', and in addition, the distinction between home produced and

imported materials is made. Index numbers for index groups based on SITC are on a 'commodity basis'. The percentage contributions for each of the index items, groups, and categories are based on estimated usage in 1971-72, valued at the relevant prices applying in the reference base year 1968-69.

Prices incorporated in the Index are obtained from representative suppliers and users in all States. Prices of locally produced items are generally obtained from principal users (manufacturers) but in some cases from major suppliers (producers or wholesalers). Prices of imported items are obtained from suppliers (importers) and users (manufacturers). In concept, pricing for the Index is at the point at which the materials physically enter the manufacturing sector. Therefore, as far as possible, prices are on a 'delivered into store basis'. Prices relate to 'goods of fixed specifications' with the aim of incorporating in the Index price changes for representative materials of constant quality.

Prices collected are mainly 'monthly average prices' rather than prices relating to the mid-point of one month. This is because there is a high frequency of price changes for many of the materials included in the Index, and prices at one point of time within a month are not always representative of average prices for the month. Price series for electricity and gas are based on the average realised cost per unit of actual monthly sales to 'industrial' users by selected major suppliers and are therefore subject to fluctuation due to changing usage patterns. In general, prices recorded in the Index for a given month refer to materials delivered to manufacturers in that month.

The treatment of the prices of transferred goods and seasonal items is explained in previous *Year Books*.

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

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

Group	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Home produced materials –						
Agriculture	280.3	295.9	282.0	288.8	312.3	317.9
Forestry and fishing	300.3	344.4	363.0	378.8	410.1	447.4
Mining	403.5	454.1	472.1	541.1	r538.2	564.9
Electricity	186.7	210.2	253.3	333.9	351.3	361.8
Total home produced materials	305.2	330.9	330.3	359.3	r375.6	387.5
Imported materials –						
Agriculture	329.2	293.6	264.5	303.6	344.0	370.6
Mining	911.8	1,146.3	1,247.8	1,318.7	1,288.2	1,393.1
Manufacturing	261.8	278.7	290.6	310.6	323.6	354.8
Total imported materials	366.4	413.0	435.7	464.9	473.1	515.3
All groups	321.8	353.2	358.9	388.0	402.1	422.2

PRICE INDEX OF MATERIALS USED IN MANUFACTURING INDUSTRY, GROUP INDEX  
NUMBERS BASED ON STANDARD INTERNATIONAL TRADE CLASSIFICATION,  
AUSTRALIA

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

Group	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Home produced and imported materials –						
Food, live animals, and tobacco	285.1	299.5	283.9	291.2	315.2	321.2
Crude materials (excluding fuels)	288.8	286.9	281.4	303.9	r318.9	339.3
Electricity, gas, and fuels	554.6	695.5	771.8	880.7	868.7	922.8
Imported manufactured materials –						
Chemicals	225.1	244.7	252.8	271.0	282.8	303.8
Metal manufactures, components for transport equipment and machinery	294.2	310.3	320.7	343.9	358.0	388.1
Other manufactured materials	230.3	242.9	257.3	280.8	288.0	316.5
All groups	321.8	353.2	358.9	388.0	402.1	422.2

*Price indexes of articles produced by manufacturing industry*

These monthly indexes were first published in October 1976 and index numbers have been compiled from July 1968 onwards. These indexes measure changes in prices of articles produced by

establishments classified to the Manufacturing Division of the Australian Standard Industrial Classification (ASIC). The indexes are on a net sector basis; that is, 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. Capital equipment produced is within the scope of the Index even if sold or transferred to other manufacturing establishments in the sector.

A net index is provided for the Manufacturing Division of ASIC and also net indexes for each of the twelve sub-divisions within the Manufacturing Division. In addition, indexes are published for three special groupings which are components of particular net sub-division indexes.

The All Manufacturing Industry Index represents price movements of goods which are produced by establishments in the Manufacturing Division, for sale or transfer to establishments outside the Manufacturing Division or for use as capital equipment. Articles sold or transferred by establishments in the Manufacturing Division to other establishments in that division for further processing are outside the scope of this index. In other words, the pricing and weights for the All Manufacturing Index reflect sales and transfers of articles at the point of exit from the Manufacturing Division.

The net sub-division indexes for each of the twelve sub-divisions represent movements in prices of goods produced by establishments in the respective sub-divisions, for sale or transfer to other sub-divisions within Manufacturing or to establishments outside the Manufacturing Division or for use as capital equipment. The pricing and weights for the net sub-division indexes reflect, in general, sales and transfers of articles at the point of exit from the respective sub-divisions.

For ASIC sub-divisions 21-22, 24, 25, 28, 31, 32, and 33, only a minor proportion of sales and transfers is to other Manufacturing sub-divisions. Therefore, the relevant components of the All Manufacturing Industry Index are regarded as providing valid indicators of price movement for these sub-divisions. For ASIC sub-divisions 23, 26, 27, 29, and 34, there is a significant proportion of sales to other sub-divisions of Manufacturing. To compile net indexes for these sub-divisions, it has therefore been necessary to price additional items to represent transactions between these and other sub-divisions, and also to establish weights appropriate to each sub-division (i.e. weights based on all articles produced by the sub-division for sale or transfer outside the sub-division).

In the case of sub-division 21-22, 'Food, beverages, and tobacco', an index series is also published for the special groupings 'Food, beverages, and tobacco, excluding meat and abattoir by-products, and raw sugar', in order to isolate some of the more uneven price movements which frequently occur in this sub-division. The other two special groupings, 'Appliances and electrical equipment' and 'Industrial machinery and equipment, etc.' were first published in June 1977 following requests for a dissection of the other industrial machinery and equipment and household appliances sub-division index.

The items included in these indexes were selected on the basis of values of articles produced in 1971-72, by establishments classified to the Manufacturing Division of ASIC. The selection was made from data reported in the 1971-72 Census of Manufacturing Establishments.

The indexes are fixed weights indexes and are calculated by the method known as 'the weighted arithmetic mean of price relatives'. The selected items were allocated weights in accordance with estimated new sector production in the year 1971-72 valued at the relevant prices applying in the reference base year 1968-69. Many of the selected items carry not only the weights of directly priced articles but also the weight of unpriced articles whose prices are considered to move similarly to those of directly priced articles.

Most of the prices used in these indexes relate to the mid-point of the month. Prices are manufacturers' selling prices exclusive of excise and sales tax, and reflect the effects of subsidies and bounties paid to manufacturers.

The prices reflect industry selling practices. For example, if costs such as handling and distribution are included in the manufacturer's selling price, this is the price used in the index. Where handling and distribution charges are paid separately by the purchaser the prices used exclude such charges.

Prices in general relate to a standard representative set of transactions (in terms of quantity discounts, delivery arrangements, destination, etc.) in order to avoid variations in price that are attributable solely to a changing mix of transactions over time.

A technique known as model pricing is used to measure price change in cases where the same (i.e. constant quality) items are not produced and sold repetitively over time. This technique involves selecting a product of some recent period which is typical of a firm's output and which becomes the 'model'.

Price series used in these indexes relate to goods of fixed specifications in order to measure price changes for representative products of constant quality. When a significant change in specification occurs, the prices of the new article must be suitably adjusted to make them comparable with prices for the old specification before they are used in the index.

For the purpose of these indexes the aim is to determine actual transaction prices. It is therefore necessary to obtain information on discounts and reflect their effects in the indexes.

**PRICE INDEXES OF ARTICLES PRODUCED BY MANUFACTURING INDUSTRY,  
INDEXES FOR MANUFACTURING DIVISION AND SELECTED NET SUB-DIVISIONS OF  
MANUFACTURING, AUSTRALIA**  
(Base of each index: year 1968-69 = 100.0)

Manufacturing Division and sub-division	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
All manufacturing industry index (a)	274.9	305.3	328.9	360.2	382.8	404.8
Net sub-divisions (b) –						
Food, beverages, and tobacco (21-22)	266.5	290.9	301.9	328.2	355.5	377.0
Textiles (23)	228.8	252.7	270.6	286.7	305.8	322.6
Clothing and footwear (24)	255.3	276.5	298.1	316.0	333.2	352.1
Wood, wood products, and furniture (25)	315.5	357.3	388.4	424.9	455.4	494.3
Paper, paper products, and printing (26)	269.6	304.2	346.0	390.4	413.6	442.2
Chemical, petroleum, and coal products (27)	307.4	366.8	400.9	442.4	456.8	480.8
Glass, clay, and other non-metallic mineral products (28)	265.2	300.2	337.2	382.1	404.0	429.2
Basic metal products (29)	282.7	297.8	315.3	345.5	365.5	381.0
Fabricated metal products (31)	323.9	371.6	414.2	452.5	480.1	505.3
Transport equipment (32)	252.2	275.7	303.2	335.4	358.9	378.7
Other industrial machinery and equipment and household appliances (33)	261.3	289.7	320.7	353.1	372.6	390.2
Miscellaneous manufacturing products (34)	252.5	273.9	289.5	313.4	342.1	361.4

(a) 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 that Division.

(b) ASIC sub-division codes are shown in brackets.

**PRICE INDEXES OF ARTICLES PRODUCED BY MANUFACTURING INDUSTRY,  
SPECIAL GROUPINGS (a), AUSTRALIA**  
(Base of each index: year 1968-69 = 100.0)

Special groupings	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Food, beverages, and tobacco, excluding meat and abattoir by-products, and raw sugar	244.4	275.0	307.5	341.5	368.5	389.5
Other industrial machinery and equipment and household appliances (33) –						
Appliances and electrical equipment (332)	224.4	245.3	263.9	287.9	304.9	321.7
Industrial machinery and equipment, etc. (b) (331 and 333)	308.2	346.1	392.8	436.0	458.6	477.1

(a) ASIC sub-division codes are shown in brackets.

(b) Includes photographic, professional, and scientific equipment.

NOTE. A full description of the Manufacturing Division and selected sub-divisions is available in *Australian Standard Industrial Classification*, 1983.

**TRADE PRICE INDEXES**

**Export Price Index**

The Export Price Index is a fixed weights index. Its purpose is to provide monthly comparisons, over a period of years, of the level of export prices of selected items, making no allowance for variations in quantities exported. The index numbers thus measure price changes only. The price series used in the index relate to specified standards and in most cases are combinations of prices for a number of representative grades, types, etc., of each commodity, with the aim of incorporating in the index price changes for exports of representative goods of constant quality.

An annual index of export prices was published by the Australian Bureau of Statistics from 1901 to 1962. From October 1962, the Export Price Index was published on a monthly basis with the reference base being year 1959-60 = 100.0. Index numbers from June 1969 were compiled on an interim basis which incorporated a re-weighting of the items contained in the original index and the inclusion of some additional items. This interim basis was introduced pending a comprehensive review of the index as a whole.

Following this review and rebase, a revised expanded Export Price Index was published in July 1979 using a reference base year 1974-75 = 100.0. The weighting pattern of the revised index was based on the pattern of Australian exports during the years 1974-75, 1975-76, and 1976-77. This new index has a more comprehensive coverage of exports, particularly with regard to manufactured goods. Index numbers have been compiled for each month from July 1974 and each year from 1974-75. Index numbers for financial years are simple averages of the monthly index numbers.

The selected commodities have been combined into two broad index groups. One group of index numbers has been defined in terms of the Australian Export Commodity Classification (AECC). The first of the accompanying tables presents index numbers for groups defined in terms of the Sections and Divisions of the AECC. The second group of index numbers is based on an 'industry of origin' format defined in terms of the Australian Standard Industrial Classification (ASIC). Tables are presented showing index numbers for groups defined in terms of the Divisions and sub-divisions for the 1978 edition of the ASIC.

The revised Export Price Index relates to all exports of merchandise from Australia. It includes re-exports of merchandise (that is, goods which are imported to 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 the month.

The commodities directly represented in the index constituted 89 per cent of the total value of exports of merchandise from Australia in the period 1974-75 to 1976-77.

In general, prices are obtained from major exporters of the selected commodities included in the index. The point of pricing is the point at which the goods physically leave Australia, i.e. prices are on the basis free on board (f.o.b.) at the main Australian ports of export.

As the prices used in the index are expressed in Australian currency, changes in the relative values of the Australian dollar and overseas currencies can have a direct impact on price movements for the many commodities that are sold in currencies other than Australian dollars. Where exports are sold 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.

**EXPORT PRICE INDEX, INDEX NUMBERS BASED ON AUSTRALIAN EXPORT  
COMMODITY CLASSIFICATION (AECC), AUSTRALIA**  
(Base of each index: year 1974-75 = 100.0)

Year	All groups	AECC SECTIONS				
		Food and live animals	Crude materials inedible (except fuels)	Mineral fuels and lubricants	Animal and vegetable oils and fats	Chemicals and other manufactured exports
1979-80	174	145	191	198	169	188
1980-81	185	162	202	217	145	181
1981-82	187	147	219	247	139	178
1982-83	203	152	242	287	138	191
1983-84	208	163	242	269	168	203
1984-85	223	171	264	288	211	216

Year	SELECTED AECC DIVISIONS					
	Meat and meat preparations	Dairy products and eggs	Fish and fish preparations	Cereals and cereal preparations	Fruit and vegetables	Sugar and sugar preparations
1979-80	285	123	230	107	184	95
1980-81	274	141	227	121	210	143
1981-82	250	164	254	120	211	92
1982-83	279	184	305	123	233	67
1983-84	298	179	313	132	262	80
1984-85	314	180	401	143	273	70

EXPORT PRICE INDEX, INDEX NUMBERS BASED ON AUSTRALIAN EXPORT  
COMMODITY CLASSIFICATION (AECG), AUSTRALIA - *continued*  
(Base of each index: year 1974-75 = 100.0)

Year	All groups	SELECTED AECG DIVISIONS - <i>continued</i>					
		Food and live animals	Crude materials inedible (except fuels)	Mineral fuels and lubricants	Animal and vegetable oils and fats	Chemicals and other manufactured exports	
	Hides, skins, and furskins raw	Textile fibres and their wastes	Metalliferous ores and metal scrap	Coal, coke, and briquettes	Petroleum, petroleum products, and related materials	Animal oils and fats	
1979-80	326	181	189	180	241	169	
1980-81	231	190	207	189	290	145	
1981-82	226	200	231	231	307	139	
1982-83	243	206	264	270	334	138	
1983-84	327	222	249	251	312	168	
1984-85	394	237	270	273	329	211	

Year	Manufacturers of -		Power generating machinery and equipment	Specialised machinery for particular industries	Road vehicles	Gold
	Iron and steel	Non-ferrous metals				
1979-80	145	255	173	195	166	347
1980-81	142	210	194	211	187	408
1981-82	139	176	214	234	211	290
1982-83	149	180	232	267	239	374
1983-84	157	193	247	285	255	356
1984-85	173	200	267	313	274	349

EXPORT PRICE INDEX, INDEX NUMBERS BASED ON AUSTRALIAN STANDARD INDUSTRIAL CLASSIFICATION (ASIC), AUSTRALIA  
(Base of each index: year 1974-75 = 100.0)

Year	ASIC DIVISIONS		
	Agriculture, forestry, fishing, and hunting	Mining	Manufacturing
1979-80	137	180	190
1980-81	150	191	199
1981-82	153	221	191
1982-83	158	262	202
1983-84	169	244	212
1984-85	182	265	226

Year	SELECTED ASIC SUBDIVISIONS						
	Metallic minerals	Coal	Food, beverages, and tobacco	Textiles	Chemical, petroleum, and coal products	Basic metal products	Transport equipment
1979-80	180	180	179	183	231	209	169
1980-81	191	189	190	192	266	204	186
1981-82	212	231	168	201	264	199	206
1982-83	256	270	173	208	296	208	236
1983-84	237	251	190	223	289	213	247
1984-85	258	273	201	238	299	228	269

### Import Price Index

The Import Price Index is a fixed weights index which measures changes in prices of imports of merchandise into Australia. The first issue of the Import Price Index produced by the ABS was released in May 1983, on a reference base year 1981-82 = 100.0. The Index replaced the import price index previously published by the Reserve Bank of Australia.

The index has been compiled for each quarter from September 1981 and covers, either directly or indirectly, about 98 per cent of imports of merchandise in 1980-81. The weights are allocated in accordance with the average value of imports of the relevant commodities over the three years ended June 1981.

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

- (1) groups defined in terms of the sections (1 digit) and divisions (2 digits) of the Australian Import Commodity Classification (AICC) 1980-81;
- (2) groups on an industry of origin basis defined in terms of divisions (1 digit) and sub-divisions (2 digits) of the 1978 edition of the Australian Standard Industrial Classification (ASIC); and

(3) groups based on the 1978 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.

#### *Prices of imports*

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), AUSTRALIA (Base of each index: year 1981-82 = 100.0)

Year	AICC SECTIONS									
	All groups	Food and live animals chiefly for food (0)	Beverages and tobacco (1)	Crude materials, inedible, except fuels (2)	Mineral fuels, lubricants, and related materials (3)	Animal and vegetable oils, fats, and waxes (4)	Chemicals and related products, n.e.s. (5)	Manufactured goods classified chiefly by material (6)	Machinery and transport equipment (7)	Miscellaneous manufactured articles and non-monetary gold (8 & 9 part)
1981-82	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982-83	110.4	111.6	120.9	104.9	109.2	98.0	106.7	109.4	112.1	112.1
1983-84	114.4	123.0	128.9	107.9	104.2	135.9	106.7	114.4	118.6	118.9
1984-85	126.5	139.2	139.8	121.0	117.4	146.5	115.5	127.4	130.2	130.9

NOTE. n.e.s. = not elsewhere specified.

### 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)

Year	ASIC Divisions		
	Agriculture, forestry, fishing, and hunting	Mining	Manufacturing
1981-82	100.0	100.0	100.0
1982-83	115.0	110.6	110.3
1983-84	131.0	104.0	115.2
1984-85	146.3	115.6	127.3

**IMPORT PRICE INDEX, INDEX NUMBERS FOR BROAD ECONOMIC CATEGORIES  
(BEC) AND END-USE CLASSES**

(Base of each index: year 1981-82 = 100.0)

Year	Broad economic categories					End-use classes			
	Food and beverages	Industrial supplies n.e.s.	Fuels and lubricants	Capital goods (except transport equipment) and parts and accessories thereof	Transport equipment and parts and accessories thereof	Consumer goods n.e.s.	Capital goods	Intermediate goods	Consumption goods
1981-82	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982-83	110.1	107.9	109.2	112.1	112.9	111.0	111.1	109.3	112.0
1983-84	122.9	110.8	104.2	116.9	123.8	116.8	116.6	111.5	118.9
1984-85	137.6	123.2	117.4	127.5	137.4	127.3	127.7	124.2	130.1

NOTE. n.e.s. = not elsewhere specified.

### HOUSEHOLD EXPENDITURE SURVEYS

#### General

During 1974-75 and 1975-76, the Australian Bureau of Statistics 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.

A further Household Expenditure Survey was conducted by the Australian Bureau of Statistics in 1984. Coverage of this survey, as in 1975-76, included households in both urban and rural areas, except remote and sparsely settled areas.

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. 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 information on the 1974-75 and 1975-76 surveys can be found on pages 505-10 of the *Victorian Year Book* 1979.

### HOUSEHOLD EXPENDITURE BY REGIONS

Particulars	1975-76			1984r	
	Melbourne	Urban regions (a)	Rural regions (b)	Victoria	Victoria
Number of households in sample	653	498	176	1,327	1,947
Estimated total number of households in population ('000)	837.40	239.90	85.70	1,163.00	1,320.60
Average number of persons per household	3.08	3.09	3.38	3.10	2.83
Average age of household head (years)	45.92	45.02	48.83	45.95	47.64
Average weekly household income (\$)	241.97	207.54	204.41	232.10	472.22
AVERAGE WEEKLY HOUSEHOLD EXPENDITURE (\$)					
Commodity or service -					
Current housing costs (c)	26.41	21.06	11.03	24.18	45.70
Fuel and power	4.90	4.53	3.92	4.75	12.19
Food -	36.64	31.56	29.57	35.07	73.18
Bread, cakes, and cereals	4.00	3.63	3.83	3.91	n.a.
Meat and fish	9.09	7.62	7.12	8.64	n.a.
Dairy products, oils, and fats	5.39	4.78	5.55	5.27	n.a.
Fruit and vegetables	5.26	3.94	4.32	4.92	n.a.
Other food	12.91	11.59	8.76	12.34	n.a.
Alcohol and tobacco	11.73	8.49	7.40	10.75	17.52
Clothing and footwear	17.98	14.22	9.27	16.56	24.21

HOUSEHOLD EXPENDITURE BY REGIONS – *continued*

Particulars	1975-76			1984r	
	Melbourne	Urban regions (a)	Rural regions (b)	Victoria	Victoria
AVERAGE WEEKLY HOUSEHOLD EXPENDITURE (\$) – <i>continued</i>					
Household equipment and operation	18.82	16.51	13.05	17.92	(e) 43.53
Medical care and health expenses	5.59	5.27	5.82	5.54	15.40
Transport and communication	35.35	31.03	31.06	34.14	(f) 61.92
Recreation and education	17.11	18.77	11.25	17.02	(g) 45.89
Miscellaneous goods and services	15.13	13.64	11.64	14.56	(h) 30.78
Total expenditure	189.66	165.08	134.02	180.49	370.31
Selected other payments (d)	48.19	43.45	37.62	46.43	120.55

(a) All towns and urban centres with a population of more than 500 persons (excluding the capital cities) as defined for purposes of the 1971 Census of Population and Housing.

(b) Localities with a population of less than 500 persons and rural areas.

(c) Included in current housing costs are both principal and interest components of any housing loan repayments. Excluded are outright purchase, or deposit on, dwellings or land, and other payments of a capital nature.

(d) The main components of this item are income tax, superannuation contributions, life insurance premiums, purchases of and deposits on dwellings and land, and gambling payments. Receipts from sales of dwellings and land, and gambling winnings are offset against payments. These figures are subject to large sampling errors and should be treated with caution.

(e) Household furnishings and equipment and household services and operation.

(f) Transport only.

(g) Recreation only.

(h) Includes 'Personal care' figure of \$6.89.

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