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MORNING PAPERS : THURSDAY, 25TH MARCH, 1954.

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BROADCASTING STATIONS : MIDNIGHT, WEDNESDAY, 24TH MARCH, 1954.

AUSTRALIA

INTERIM RETAIL PRICE INDEX -  
(Base Year 1952-53 = 100.0)

1. The Acting Commonwealth Statistician has compiled an Interim Retail Price Index with base year 1952-53 = 100.0.
2. The new index has been compiled for the years 1950-51 to 1952-53 and for each quarter from September 1952. It relates to much the same general field of retail prices as does the "C" Series Retail Price Index. The list of items is representative of a high proportion of expenditure of wage earner households. But the weighting pattern and the list of component items in the new index are relevant to conditions now current, whereas those of the "C" Series Index are relevant to the pre-war pattern of wage earner expenditure and consumption.
3. The list of items in the new index is more comprehensive than that of the "C" Series Index and some of the principal food weights and group weights differ substantially from those used in the "C" Series Index.
4. Compilation of the "C" Series Retail Price Index will continue on the same basis as heretofore and it will be published in its customary form at the customary time each quarter. The new index will also be compiled quarterly and will be available for publication a few weeks after publication of the "C" Series Index.
5. The Interim Retail Price Index has been compiled pursuant to Resolution 13 of the Conference of Statisticians in June 1953, reading (in part):-

"13. Retail Price Indexes -

- (a) That in view of the persistence of recurrent changes in the pattern of consumer expenditure in the post-war period, it is undesirable to make a general revision of the list of items and weighting system of the "C" Series Retail Price Index at present, unless industrial tribunals expressly desire some revision for special purposes.
  - (b) That an Interim Retail Price Index be compiled with putative weights and components representative, as nearly as may be, of the post-war pattern of consumer usage and expenditure.
  - (c) That, having regard to the complexities of the problem and the limit of staff resources available, such interim index relate only to each capital city and to the six capital cities combined.
6. The weighting system and component items of the Interim Index will be reviewed in the light of the results of the Retail Census of 1952-53 now being tabulated; the data as to housing, rents, etc. to be obtained at the forthcoming general Census in June 1954, and of further researches into current consumption of food and other items. This review cannot be completed in less than one year. A Statistical Bulletin has been prepared containing fuller particulars as to the Interim Index.
  7. The group weights in the new Interim Index have been brought into general conformity with the estimated group distribution of wage earner household expenditure in recent years over the field covered. In some cases the weights are putative weights assessed on available data and are subject to some revision;

8. In the year 1952-53 the ratio of the individual group "aggregate expenditures" to the "aggregate expenditure" of the whole index for the Six Capital Cities combined was as follows:-

Group	"C" Series Retail	Interim Retail
	Price Index per cent	Price Index per cent
Food	41.0	37.1
Clothing and Drapery	33.0	26.8
Rent	11.3	9.0
Other Groups	(4.5	(4.6 Fuel and Light.
	(5.3	(4.6 Household Sundries
	(2.8	(2.5 Certain Repairs & Services.
	(2.1	(3.0 Cinema, Radio, Newspapers.
		(6.6 Rail, Tram & Bus Fares.
		(5.8 Tobacco & Cigarettes.
	100.0	100.0

9. In the Interim Index common weights are adopted for all groups and items in the index for each city except in respect of fares, gas, electricity and some minor items. The resultant indexes show price variations for each city on a basis appropriate to that city. They are not constructed to provide a precise measure of the relative "cost of living" comparing one city with another.

10. For that reason the Interim Index of each city in the base year 1952-53 is 100.0. In the case of the "C" Series Index the weighted average of the Six Capital Cities combined is 1000 on the base period 1923-27 and the index of each individual capital city is in ratio thereto (except where in this document "C" Series Indexes of each city have been recomputed to the base 100.0 for the year 1952-53).

11. The following table shows for each of the past three fiscal years and for each of the six quarters September 1952 to December 1953 the Interim Index for the Six Capital Cities combined, with the year 1952-53 as base = 100.0 in comparison with the "C" Series Index recomputed to the same base:-

Annual Averages	Six Capital Cities (Weighted Average)	
	"C" Series Index	Interim Index
1950-51	74.8	74.9
1951-52	91.7	91.4
1952-53	100.0	100.0
Quarterly Averages		
1952 September Quarter	99.0	98.8
December Quarter	99.2	99.3
1953 March Quarter	100.3	100.4
June Quarter	101.4	101.6
September Quarter	102.7	102.4
December Quarter	102.9	102.2

12. The figures appearing after the decimal point possess little significance for general statistical purposes. They are inserted merely to avoid the distortion that would occur in rounding off the figures to the nearest whole number. For instance, if the Interim Indexes for each quarter of 1953 were rounded off to 100, 102, 102, and 102 respectively, they would suggest a rise of 2 per cent in June Quarter 1953 and no change in September quarter 1953. The figures for the Interim Index as presented in the table indicate a rise of the order of one per cent in June Quarter 1953 and one per cent in September Quarter 1953. Price Indexes cannot measure aggregate price variations with an accuracy of the order of one-tenth of one per cent.

13. The Interim Index confirms the fact that the aggregate "C" Series Index continued to be representative and reasonably reliable within its definition in respect of the average of the six capital cities. The divergences appearing in the movements of the two indexes in the last two quarters of 1953 are largely due to very pronounced fluctuations during September Quarter and December Quarter 1953 in prices of some seasonal items whose weights are less in the Interim Index than in the "C" Series Index. This divergence is not as yet of a major character and it may be transient. Whether it is transient or not depends on the future movement of these and other prices in the indexes. The Interim Index is published pursuant to the Resolution of Conference of Statisticians in June 1953 because of the possibility that in the future significant divergences may occur between the movements shown by a Retail Price Index (such as the "C" Series Index) constructed on pre-war weights and a comparatively short list of items and a Retail Price Index (such as the Interim Index) constructed on 1950-53 weights and a longer list of items. The two indexes represent, respectively, two distinct approaches to the measurement of retail price variations in recent years.

14. For general statistical purposes there is as yet no significant divergence between the movements of the two indexes, if due regard is paid to the fact that a composite price index is necessarily an approximate summary which combines into one aggregate price variations of many items.

15. Any more rigid use of the index for specific purposes is the responsibility of the bodies or persons using the indexes.

16. It is to be expected that the new index will for a period show much the same trend as does "C" Series Index. If there is any appreciable difference in trend, it is certain that the new index would be the more accurate reflex of price movements relevant under current conditions.

(S. R. CARVER)  
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COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA A.C.T.

24TH MARCH, 1954

APPENDIX I

INTERIM RETAIL PRICE INDEX - GROUP INDEXES

Weighted Average of Six Capital Cities  
(Base : Year 1952-53 = 100.0)

	Food	Clothing & Drapery	Rent	Other Items	Total - All Groups
Annual Averages-					
1950-51	67.9	78.1	90.3	76.3	74.9
1951-52	89.4	93.8	92.6	91.3	91.4
1952-53	100.0	100.0	100.0	100.0	100.0
Quarterly Averages					
1952 Sept. Qtr.	99.8	98.0	97.0	98.7	98.8
Dec. Qtr.	98.5	99.6	99.0	100.0	99.3
1953 Mar. Qtr.	100.0	100.4	101.4	100.6	100.4
June Qtr.	101.7	102.0	102.6	100.7	101.6
Sept. Qtr.	103.8	101.5	103.3	101.0	102.4
Dec. Qtr.	103.4	101.6	103.9	100.5	102.2