

CHAPTER 7

PRICES AND HOUSEHOLD EXPENDITURE

RETAIL PRICES AND PRICE INDEXES

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

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

An explanation of the nature and purposes of retail price indexes is given in the various editions of the annual *Labour Report*, together with further particulars of indexes current at the time. The current retail price index, the Consumer Price Index, was published for the first time in August 1960 and was compiled retrospectively to the September quarter 1948. A description of the Consumer Price Index is given below.

The Consumer Price Index

Introduction

The Consumer Price Index (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 groups: Food; Clothing; Housing; Household equipment and operation; Transportation; Tobacco and alcohol; Health and personal care; and Recreation. Each group is, in turn, divided into sub-groups.

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

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

Index population

The CPI is designed to measure price changes affecting a high proportion of *metropolitan wage and salary earner households*. *Wage and salary earner households* are defined as those households which obtain at least three-quarters of their total income from wages and salaries. *Metropolitan* households are those which occur in the State capital cities or in Canberra. The CPI population group covers most metropolitan wage and salary earner households, but it excludes the top 10 per cent (in terms of income) of such households.

Weighting pattern

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

Changes in the weighting pattern have been made at approximately five-yearly intervals to take account of changes in household spending patterns. The CPI, in fact, comprises nine series of price indexes which have been linked to form a continuous series. The ninth series (i.e. the current series) was introduced as from the September quarter 1976 and its weighting pattern is based on estimated expenditures in 1974-75 obtained from the first household expenditure survey conducted by the ABS. A broad outline of the weighting pattern was published in the December quarter 1976 issue of *Consumer Price Index* (6401.0) and a detailed weighting pattern is available from the ABS on request.

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 refrigerator can be measured and included in the CPI. Income taxes and personal savings, on the other hand, do not form part of the CPI because they cannot be clearly associated with the purchase of a specific quantity of a good or service.

Price collection

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

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

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

Changes in quality

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

Periodic revision of the CPI

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

Earlier CPI series

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

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

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

<i>Period</i>	<i>Weighted average of six State capital cities</i>	<i>Sydney</i>	<i>Mel- bourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Canberra</i>	<i>Weighted average of seven capital cities</i>
Year—									
1972-73 . . .	129.8	133.9	127.2	128.6	126.5	127.3	126.7	126.3	129.8
1973-74 . . .	146.6	151.3	144.0	146.1	143.9	140.6	142.6	142.8	146.6
1974-75 . . .	171.1	176.1	167.9	168.7	169.7	166.1	166.7	164.9	171.0
1975-76 . . .	193.3	199.0	189.5	190.9	190.5	189.6	190.0	187.3	193.3
1976-77 . . .	220.0	223.4	216.6	218.0	220.1	219.4	217.7	212.9	219.9
Quarter—									
1974-75—									
September . . .	162.0	167.0	159.4	161.4	159.4	154.3	157.4	157.4	162.0
December . . .	168.1	173.0	164.6	166.6	166.4	163.6	165.5	162.7	168.0
March . . .	174.1	178.8	170.8	171.1	173.8	169.8	169.3	166.4	174.0
June . . .	180.2	185.5	176.7	175.6	179.3	176.7	174.6	173.2	180.1
1975-76—									
September . . .	181.6	188.2	177.7	178.4	178.2	176.5	175.9	173.0	181.5
December . . .	191.7	196.9	188.4	189.6	188.6	187.7	189.1	186.9	191.7
March . . .	197.4	203.1	193.4	195.6	194.6	193.9	194.2	191.6	197.4
June . . .	202.4	207.6	198.3	200.1	200.4	200.4	200.6	197.7	202.4
1976-77—									
September . . .	206.9	211.1	203.2	205.1	205.5	205.4	205.5	201.9	206.8
December . . .	219.3	222.8	215.3	217.8	220.0	219.0	217.2	213.0	219.2
March . . .	224.3	227.4	221.0	222.5	224.7	224.0	221.4	216.5	224.2
June . . .	229.6	232.3	227.0	226.6	230.1	229.3	226.7	220.3	229.4
1977-78—									
September . . .	234.1	236.0	231.6	231.3	235.6	234.9	232.0	224.8	233.9

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

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

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

<i>Period</i>	<i>Food</i>	<i>Clothing</i>	<i>Housing</i>	<i>Household equipment and operation</i>	<i>Transport- ation</i>	<i>Tobacco and alcohol</i>	<i>Health and personal care(a)</i>	<i>Recreation (b)</i>	<i>All groups</i>
Year—									
1972-73 . . .	125.7	125.8	142.4	118.7	135.0	132.6	129.7	(c)	129.8
1973-74 . . .	149.5	143.0	157.8	129.6	144.9	145.2	149.0	(c)	146.6
1974-75 . . .	164.0	173.0	187.4	153.8	173.0	170.4	186.5	(c)	171.1
1975-76 . . .	180.2	201.0	221.1	178.3	203.8	211.1	151.6	(c)	193.3
1976-77 . . .	201.2	232.5	251.8	196.3	221.9	229.8	265.8	104.1	220.0
Quarter—									
1974-75—									
September . . .	161.9	161.1	174.8	143.5	161.9	162.8	167.5	(c)	162.0
December . . .	161.6	172.8	184.3	151.8	169.9	166.1	176.7	(c)	168.1
March . . .	163.4	175.2	190.2	157.4	177.1	174.5	199.5	(c)	174.1
June . . .	168.9	182.9	200.3	162.4	182.9	178.0	202.4	(c)	180.2
1975-76—									
September . . .	171.6	187.1	207.5	166.4	192.3	181.7	155.6	(c)	181.6
December . . .	176.9	200.0	218.4	178.4	203.0	216.1	144.3	(c)	191.7
March . . .	185.7	202.6	224.6	181.9	208.7	220.6	149.6	(c)	197.4
June . . .	186.6	214.4	233.9	186.5	211.2	225.8	156.9	(c)	202.4
1976-77—									
September . . .	192.3	218.1	241.1	189.9	215.2	226.1	161.5	100.0	206.9
December . . .	199.6	232.1	249.4	193.0	218.6	229.2	295.4	101.6	219.3
March . . .	203.4	235.6	255.0	198.9	225.0	230.3	301.3	105.8	224.3
June . . .	209.4	244.1	261.6	203.5	228.7	233.4	304.9	108.8	229.6
1977-78—									
September . . .	217.4	248.2	266.7	206.4	232.3	236.0	307.1	110.1	234.1

(a) Base: December quarter 1968 = 100.0. (b) Base: September quarter 1976 = 100.0. (c) New grouping not compiled for quarters prior to September quarter 1976.

PRICES AND HOUSEHOLD EXPENDITURE

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

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

Year		Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra
FOOD								
1972-73	. . .	126.1	125.9	127.5	123.1	124.5	120.0	123.9
1973-74	. . .	151.5	148.8	152.5	148.3	141.7	141.4	148.6
1974-75	. . .	166.3	161.7	164.8	163.7	160.9	158.6	161.7
1975-76	. . .	181.8	177.8	180.8	180.6	180.2	177.5	181.3
1976-77	. . .	200.2	198.9	201.7	205.8	205.5	201.5	201.5
CLOTHING								
1972-73	. . .	125.9	125.4	125.3	127.2	126.1	125.6	125.6
1973-74	. . .	143.6	142.3	142.0	144.2	143.3	142.4	142.4
1974-75	. . .	174.1	172.0	171.5	173.8	174.2	171.8	172.3
1975-76	. . .	201.0	200.4	200.0	203.6	202.3	200.9	200.9
1976-77	. . .	231.9	232.4	230.4	236.5	232.9	232.5	232.4
HOUSING								
1972-73	. . .	154.9	133.1	136.7	133.3	139.7	131.8	128.4
1973-74	. . .	171.5	148.3	150.3	150.6	149.1	146.9	140.2
1974-75	. . .	199.2	180.6	176.4	185.3	174.2	180.9	163.3
1975-76	. . .	233.7	214.0	202.9	222.1	209.7	216.4	194.1
1976-77	. . .	264.5	242.6	236.0	253.8	244.5	244.9	224.0
HOUSEHOLD EQUIPMENT AND OPERATION								
1972-73	. . .	122.9	114.1	120.0	116.5	121.4	123.8	115.1
1973-74	. . .	134.8	124.8	130.8	126.3	130.5	132.8	124.3
1974-75	. . .	160.8	147.2	156.5	149.2	154.5	156.4	145.0
1975-76	. . .	186.5	169.5	181.7	173.1	184.1	183.9	166.1
1976-77	. . .	205.5	188.0	197.7	190.0	198.9	201.8	183.9
TRANSPORTATION								
1972-73	. . .	145.5	128.6	131.4	130.3	123.3	132.1	126.5
1973-74	. . .	154.2	139.0	143.7	141.2	132.5	139.6	139.5
1974-75	. . .	184.6	164.4	171.4	171.9	158.2	165.3	166.4
1975-76	. . .	220.0	194.1	199.7	196.2	184.9	196.7	196.9
1976-77	. . .	231.7	216.8	219.6	215.5	206.2	220.7	216.6
TOBACCO AND ALCOHOL								
1972-73	. . .	132.5	134.9	130.4	128.6	131.2	134.7	129.2
1973-74	. . .	146.3	146.9	144.1	140.7	139.3	152.7	140.4
1974-75	. . .	170.1	173.7	166.3	167.0	167.6	169.4	162.9
1975-76	. . .	214.3	214.0	200.9	206.2	206.4	206.3	194.3
1976-77	. . .	236.6	229.3	217.4	224.6	226.3	222.0	213.1
HEALTH AND PERSONAL CARE(b)								
1972-73	. . .	134.6	126.6	122.4	130.0	127.0	125.8	140.2
1973-74	. . .	149.5	151.0	142.9	149.6	145.9	141.0	156.7
1974-75	. . .	186.8	188.1	175.8	191.3	188.2	174.1	189.8
1975-76	. . .	152.3	149.3	164.1	144.0	156.6	138.5	156.9
1976-77	. . .	246.8	266.1	296.1	274.7	308.1	250.3	263.3
RECREATION(c)								
1976-77	. . .	104.4	103.7	104.1	103.8	104.3	103.6	104.3

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

Previous retail price indexes

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

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

RETAIL PRICE INDEX NUMBERS: SIX STATE CAPITAL CITIES COMBINED, 1901 TO 1977

(Base: Year 1911 = 100.0)

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

(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 (Djakarta)	Japan	New Zealand	United Kingdom	United States of America
1972 . .	112	108	111	111	111	118	117	108
1973 . .	123	116	119	146	124	128	128	114
1974 . .	142	129	127	205	154	142	148	127
1975 . .	163	143	135	244	172	163	184	139
1976 . .	185	153	141	292	188	190	215	147
Quarter—								
1975—								
Sept. .	163	145	136	246	173	165	191	140
Dec. .	172	148	137	262	178	172	197	142
1976—								
March .	177	150	139	278	182	180	204	144
June .	181	152	141	286	188	188	212	146
Sept. .	185	154	141	299	190	194	217	148
Dec. .	196	157	142	306	195	199	227	149
1977—								
March .	201	160	145	312	199	204	238	152
June .	206	164	147	..	204	214	249	155

(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.

Wholesale price indexes

Introduction

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

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

New index series

Price Indexes of Articles Produced by Manufacturing Industry was published for the first time in June 1976.

In addition, a more detailed dissection of the *Price Index of Materials Used in Building other than House Building* is now published. Thirty-four index number series are published for selected items or combinations of items within this index for the weighted average of six State capital cities. These series are published in addition to the index series for the 11 component groups which are published for each State capital city separately.

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>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>
<i>Value weight (%)</i>	5.73%	8.10%	12.85%	36.16%	5.86%	7.20%
1972-73 . . .	127.0	139.9	130.7	137.0	136.8	124.9
1973-74 . . .	137.5	154.3	146.8	169.1	153.8	146.3
1974-75 . . .	165.7	193.1	180.3	203.5	192.1	170.3
1975-76 . . .	195.1	227.0	205.1	226.2	229.3	187.1
1976-77 . . .	217.8	258.9	227.8	254.1	263.2	207.9

	<i>Plumbing fixtures</i>	<i>Electrical instal- lation materials</i>	<i>Installed appli- ances</i>	<i>Plaster and plaster products</i>	<i>Miscel- laneous materials</i>	<i>All groups</i>
<i>Value weight (%)</i>	3.74%	1.63%	5.13%	5.64%	7.96%	100.00%
1972-73 . . .	129.6	126.2	108.3	118.7	124.9	131.1
1973-74 . . .	143.2	146.4	117.7	122.2	135.0	151.3
1974-75 . . .	174.5	168.3	146.4	147.8	161.5	183.4
1975-76 . . .	201.5	183.5	165.9	167.7	187.9	208.1
1976-77 . . .	224.3	201.8	181.9	178.8	210.7	232.9

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>	
1972-73 . . .	135.6	126.5	133.8	134.8	126.9	130.8	131.1
1973-74 . . .	158.0	147.8	152.2	157.2	141.8	145.5	151.3
1974-75 . . .	189.4	178.4	187.0	195.4	172.4	179.1	183.4
1975-76 . . .	211.1	200.1	218.5	222.5	201.9	209.2	208.1
1976-77 . . .	234.5	223.6	243.5	250.7	229.8	235.1	232.9

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

Price index of materials used in building other than house building

This index measures changes in prices of selected materials used in the construction of buildings other than houses and 'low-rise' flats (the latter being, in general, those up to three storeys high). Weights are based on the year 1966-67. The reference base of the index is the year 1966-67 = 100.0.

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

PRICE INDEX OF MATERIALS USED IN BUILDING OTHER THAN HOUSE BUILDING
GROUP INDEX NUMBERS—WEIGHTED AVERAGE OF SIX STATE CAPITAL CITIES
(Base of each index: Year 1966-67 = 100.0)

	<i>Concrete mix, cement, sand, etc.</i>	<i>Cement products</i>	<i>Bricks, stone, etc.</i>	<i>Timber, board and joinery</i>	<i>Steel and iron products</i>	<i>Aluminium products</i>
<i>Value weight(%)</i>	10.41%	3.64%	5.28%	11.90%	30.58%	6.01%
1972-73 . . .	124.5	135.0	130.1	132.9	130.3	125.4
1973-74 . . .	136.0	147.7	146.3	160.2	148.8	138.4
1974-75 . . .	164.6	183.9	179.4	194.7	189.2	169.2
1975-76 . . .	193.0	220.0	202.7	219.3	223.4	193.6
1976-77 . . .	215.6	244.7	224.0	243.6	251.7	213.7

	<i>Other metal products</i>	<i>Plumbing fixtures</i>	<i>Miscellaneous materials</i>	<i>Electrical installation materials</i>	<i>Mechanical services components</i>	<i>All groups</i>
<i>Value weight(%)</i>	2.59%	1.19%	7.09%	8.61%	12.70%	100.00%
1972-73 . . .	126.4	143.5	124.5	120.5	132.4	128.9
1973-74 . . .	158.5	159.6	134.2	138.3	143.9	145.8
1974-75 . . .	162.7	197.7	163.4	157.4	181.3	179.2
1975-76 . . .	173.3	232.1	186.8	177.4	201.3	206.2
1976-77 . . .	195.0	251.2	204.2	199.6	225.4	230.3

PRICE INDEX OF MATERIALS USED IN BUILDING OTHER THAN HOUSE BUILDING
ALL GROUPS INDEX NUMBERS—SIX STATE CAPITAL CITIES
(Base of each index: Year 1966-67 = 100.0)

										Weighted average of six State capital cities
State capital cities(a)										
				Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	
1972-73	.	.	.	127.2	131.2	130.4	129.8	126.3	129.7	128.9
1973-74	.	.	.	144.1	148.0	149.0	145.8	142.9	143.8	145.8
1974-75	.	.	.	176.0	180.6	186.6	181.0	176.7	179.3	179.2
1975-76	.	.	.	199.0	209.4	216.3	210.4	208.3	210.4	206.2
1976-77	.	.	.	221.5	234.8	241.2	234.3	235.4	234.8	230.3

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

Price index of materials used in manufacturing industry

This index measures changes in prices of materials (including fuels) used by establishments classified to the Manufacturing Division of the Australian Standard Industrial Classification (ASIC). 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, except when they are purchased from overseas.

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 Industrial 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* (6411.0) and Year Book No. 61.

**PRICE INDEX OF MATERIALS USED IN MANUFACTURING INDUSTRY: GROUP INDEX
NUMBERS BASED ON AUSTRALIAN STANDARD INDUSTRIAL CLASSIFICATION**
(Base of each index: Year 1968-69=100.0)

	Imported materials				Home produced materials					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%
1972-73	105.2	109.1	104.4	105.2	125.3	131.0	100.4	103.7	117.2	113.9
1973-74	130.6	196.3	113.1	127.1	147.9	157.3	119.0	109.9	137.6	134.7
1974-75	149.3	357.8	149.5	181.5	132.2	187.8	129.0	124.6	131.6	145.1
1975-76	166.5	423.6	162.6	202.9	132.3	213.7	163.3	137.9	142.0	158.6
1976-77	258.6	479.5	182.1	233.2	152.5	245.2	189.1	148.8	163.1	182.2

**PRICE INDEX OF MATERIALS USED IN MANUFACTURING INDUSTRY: GROUP INDEX
NUMBERS BASED ON STANDARD INTERNATIONAL TRADE CLASSIFICATION (REVISED)**
(Base of each index: Year 1968-69=100.0)

	Manufactured materials (imported)			Other materials (imported and home produced)			All groups
	Chemicals	Metal manu- factures, components for transport equipment and machinery	Other manufactured materials	Food, live animals and tobacco	Crude materials (excl. fuels)	Electricity, gas and fuels	
Value weight (%)	6.67%	5.21%	5.76%	45.87%	20.66%	15.83%	100.00%
1972-73	91.4	119.3	97.6	122.9	116.0	99.1	113.9
1973-74	96.3	118.6	106.1	145.9	140.7	126.2	134.7
1974-75	141.9	148.7	137.4	132.4	149.3	179.5	145.1
1975-76	149.4	179.6	148.4	132.5	163.0	229.0	158.6
1976-77	160.3	211.6	164.5	154.9	191.5	254.8	182.2

(a) Figures are shown to one decimal place to avoid distortions that would occur in rounding off the index numbers to the nearest whole number.

Price indexes of articles produced by manufacturing industry

Scope and composition

These indexes, which were first published in 1976, measure changes in the price 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 selected 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 Manufacturing Division or for use as capital equipment. The pricing and weights for the *All Manufacturing Industry Index*, therefore, reflect sales and transfers of articles *at the point of exit from the Manufacturing Division*.

Indexes are also published for selected sub-divisions within the Manufacturing Division. These indexes reflect movements in the prices of articles produced primarily by the respective sub-divisions for sale or transfer outside the Manufacturing Division or to other sub-divisions within Manufacturing Division or for use as capital equipment. Pricing and weights for each sub-division index, therefore, reflect sales and transfers of articles *at the point of exit from each Manufacturing Sub-division*. Eight of these net sub-division indexes have been developed and published. The remaining four are still under development and will be published as they become available.

Derivation of items and weights

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 in the Census of Manufacturing Establishments. The selected items were allocated weights in accordance with estimated *net* sector production in the year 1971-72, valued at the relevant prices applying the reference base year 1968-69.

The selected items were combined for weighting and classification purposes using the structure of the Australian Standard Industrial Classification (ASIC). The items have been combined according to the ASIC classes and groups in which they are primarily produced. Percentage contributions of articles to the *All Manufacturing Industry Index* aggregate are given on page 137. Percentage contributions of articles to each of the selected sub-division index aggregates may be obtained from the ABS.

Prices

Prices incorporated in the index are manufacturers' selling prices exclusive of excise and sales tax, and reflect the effects of subsidies and bounties paid to the manufacturers. They also 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. Price series relate to goods of fixed specifications with the aim of incorporating in the index price changes for representative articles of constant quality. 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 Index of Articles Produced by Manufacturing Industry* (6412.0).

PRICE INDEXES OF ARTICLES PRODUCED BY MANUFACTURING INDUSTRY(a)

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

<i>Selected net sub-division indexes(c)</i>									
Year	<i>All Manufacturing Industry Index(b)</i>	<i>Food, beverages and tobacco (21-22)</i>	<i>Clothing and footwear (24)</i>	<i>Wood, wood products and furniture (25)</i>	<i>Glass, clay and other non-metallic mineral products (28)</i>	<i>Basic metal products (29)</i>	<i>Fabricated metal products (31)</i>	<i>Transport equipment (32)</i>	<i>Other industrial machinery and equipment and household appliances (33)</i>
1968-69	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1969-70	103.9	105.1	102.5	104.5	102.9	108.8	102.7	102.4	103.2
1970-71	108.5	111.4	107.2	112.1	108.1	105.9	107.5	105.5	106.7
1971-72	113.9	117.3	112.8	118.4	114.7	109.3	116.5	111.3	114.0
1972-73	120.7	127.7	119.9	125.1	119.6	113.2	125.1	116.0	119.8
1973-74	134.6	142.8	136.7	148.8	129.6	129.4	142.3	124.9	132.4
1974-75	158.1	153.0	161.3	190.0	158.3	151.9	183.2	151.2	158.9
1975-76	177.8	163.5	185.2	219.9	183.2	174.0	217.1	175.8	179.2
1976-77	196.9	180.0	208.1	246.8	202.5	200.6	244.9	195.0	199.4

(a) For a full description of Division C, 'Manufacturing' and the selected sub-divisions, 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) Indexes for the remaining sub-divisions of Manufacturing Division are in the process of development.

PRICE INDEXES OF ARTICLES PRODUCED BY MANUFACTURING INDUSTRY—SPECIAL GROUPINGS(a)

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

Year	<i>Food, beverages and tobacco, excluding meat and abattoir by-products, and raw sugar</i>		<i>Other industrial machinery and equipment and household appliances (33)</i>	
			<i>Appliances and electrical equipment (332)</i>	<i>Industrial machinery and equipment, etc.(b) (331 and 333)</i>
1968-69		100.0	100.0	100.0
1969-70		101.6	103.8	102.5
1970-71		106.3	106.7	106.6
1971-72		112.3	111.9	116.7
1972-73		117.9	115.6	125.2
1973-74		129.5	126.0	140.4
1974-75		151.7	146.1	175.2
1975-76		168.5	159.9	203.6
1976-77		184.8	176.7	228.3

(a) ASIC two digit sub-division and three digit group codes are shown in brackets. professional and scientific equipment.

(b) Includes photographic,

**PRICE INDEXES OF ARTICLES PRODUCED BY MANUFACTURING
INDUSTRY, PERCENTAGE CONTRIBUTION OF ARTICLES TO ALL
MANUFACTURING INDUSTRY INDEX(a)**

<i>ASIC sub-divisions and groups</i>	<i>Percentage contribution of articles to All Manufacturing Division Index(b)</i>	
	<i>Per cent</i>	<i>Per cent</i>
<i>Food, beverages and tobacco—</i>		29.25
Meat products	10.11	
Milk products	3.92	
Fruit and vegetable products	1.99	
Margarine and oils, and fats NEC.	0.60	
Flour mill and cereal food products	1.21	
Bread, cakes and biscuits	2.40	
Sugar	4.33	
Other food products }	3.37	
Beverages and malt	1.32	
Tobacco products		
<i>Textiles—</i>		2.20
Textiles, yarns and woven fabrics	1.00	
Other textile products	1.20	
<i>Clothing and footwear—</i>		6.32
Knitting mills	1.33	
Clothing	3.82	
Footwear	1.17	
<i>Wood, wood products and furniture—</i>		4.29
Wood and wood products	2.58	
Furniture and mattresses	1.71	
<i>Paper, paper products and printing—</i>		2.06
Paper and paper products	0.53	
Printing and publishing	1.53	
<i>Chemical, petroleum and coal products—</i>		8.87
Basic chemicals	1.33	
Other chemical and related products	4.28	
Petroleum refining	3.04	
Petroleum and coal products NEC	0.22	
<i>Glass, clay and other non-metallic mineral products—</i>		4.77
Glass and glass products	0.31	
Clay products	1.22	
Cement and concrete products	2.61	
Other non-metallic mineral products	0.63	
<i>Basic metal products</i>		7.90
Basic iron and steel	4.38	
Non-ferrous metal basic products	3.52	
<i>Fabricated metal products</i>		7.01
Fabricated structural metal products	3.24	
Sheet metal products	1.49	
Other fabricated metal products	2.28	
<i>Transport equipment</i>		10.23
Motor vehicles and parts	9.01	
Other transport equipment	1.22	
<i>Other industrial machinery and equipment and household appliances</i>		12.87
Photographic and professional scientific equipment	0.42	
Appliances and electrical equipment	7.20	
Industrial machinery and equipment	5.25	
<i>Miscellaneous manufacturing products</i>		4.23
Leather and leather products	0.38	
Rubber products	1.31	
Plastic and related products	1.45	
Other manufactures	1.09	
All manufacturing industry	100.0	100.0

(a) This table illustrates the composition of the All Manufacturing Industry Index. The items whose prices are used in the index have been grouped under the headings of the ASIC sub-divisions and groups in which they are primarily produced. (b) Percentage contributions to the index aggregate based on estimated net production (i.e. production for sale or transfer outside the Manufacturing Division) in 1971-72, valued at relevant prices in 1968-69.

EXPORT PRICE INDEXES

An annual index of export prices has been published by the Bureau since its inception. Brief descriptions of indexes issued between 1901 and 1962 (i.e., prior to the introduction of the current Export Price Index) are shown in Year Book No. 55, pages 256-7.

The current Export Price Index

The current Export Price Index was first published in October 1962, but index numbers have been compiled since July 1959. Index numbers from July 1969 have been compiled on an interim basis which incorporates a re-weighting of the items contained in the original index and the inclusion of some additional items. This interim basis was introduced pending completion of a comprehensive review and re-basing of the index as a whole.

The purpose of the Export Price Index is to provide comparisons monthly, over a limited number of years, of the level of export prices of the selected items, making no allowance for variations in quantities exported. The index numbers are thus measures of price change only. The price series used in the index relate to specified standards for each commodity and in most cases are combinations of prices for a number of representative grades, types, etc.

Further information concerning the method of compiling the index is shown in the publication *Export Price Index* (6405.0) and in Year Book No. 60.

EXPORT PRICE INDEX

(Base of each index: Year 1959-60 = 100.0)

Period	Wool	Meats	Dairy produce	Cereals	Dried and canned fruits	Sugar	Hides and tallow	Metals and coal (a)	Gold	All groups
1972-73	179	178	119	102	106	136	139	142	180	134
1973-74	172	201	109	184	152	176	161	196	289	160
1974-75	121	132	127	256	176	378	141	263	391	181
1975-76	127	150	122	240	162	335	151	286	359	187
1976-77	164	169	128	219	184	314	203	329	370	206

(a) Comprises coal, iron and steel, copper, zinc, lead and silver. Does not include iron ore, bauxite, alumina and mineral sands, which, however, have been included in the 'All groups' index from July 1969.

Previous wholesale price indexes

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

References

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

PRICES JUSTIFICATION TRIBUNAL

General

The Prices Justification Tribunal was established in August 1973 under the provisions of the *Prices Justification Act 1973*. Amendments relating to the Tribunal and its operations were made to the Act under subsequent legislation passed by the Parliament in 1973, 1974 and 1976. The Tribunal is a fully discretionary body appointed under the legislation to consider the justification for proposed price increases put to it by companies subject to the Act. It is not a price regulating authority.

Organisation

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

Further information on the Prices Justification Tribunal is contained in its Annual Reports to Parliament.

Activities in 1975-76 and 1976-77

The table below sets out the number of notices of proposed prices processed by the Tribunal during 1975-76 and 1976-77.

NOTICES UNDER SECTION 18 (INCLUDING NOTICES OF PROPOSED PRICES AND APPLICATIONS FOR EXEMPTION) FOR 1975-76

	1975-76	1976-77
Number of notices of proposed prices processed by Tribunal	7,739	4,696
Number of notices subject to public inquiry	27	52
Number of notices accepted without public inquiry	7,332	4,374
Number of notices withdrawn by companies	380	270
Total number of exemptions granted pursuant to Section 18 (8) of the Act	344	416

Legislative provisions

Section 16 of the *Prices Justification Act 1973*, as amended by further legislation in 1974 and 1976, provides that:

'The functions of the Tribunal are to inquire and report to the Minister, in any case where the Tribunal is required to do so by the Minister or the Tribunal considers that it is desirable to do so, whether the price or prices at which a company or companies (whether a prescribed company or prescribed companies or not) supplies or supply, or proposes or propose to supply, goods or services of a particular description is or are justified and, if the Tribunal is of the opinion that the price or any of the prices is not justified, what lower price for the supply by the company or companies concerned of goods or services of that description would be justified.'

Three important features of the legislation are:

- (a) A Tribunal inquiry may be initiated by the Minister.
- (b) The Tribunal may initiate inquiries in its own right.
- (c) Following an inquiry, the Tribunal is required to report whether it is of the opinion that the price at which the company supplies or proposes to supply the goods in question is justified and, if not, what lower price would be justified.

Other important features of the legislation include the following:

- (a) The legislation applies to prescribed companies which are companies or groups of related companies with an annual turnover in excess of \$30 million. Such companies are required to notify the Tribunal in writing of any proposal to increase the prices of goods or services supplied by that company.
- (b) Companies whose annual turnover does not exceed \$30 million are not required to notify the Tribunal of proposed price increases, but the Tribunal may investigate the prices charged by such companies on its own initiative.

- (c) The Tribunal must notify a company within 21 days of the receipt of a notice of proposed prices if it intends to proceed to a public inquiry. If the period of 21 days has elapsed or the Tribunal has notified the company that it does not intend to hold an inquiry, the company may put the proposed prices into operation.
- (d) In the event of a public inquiry the prices of a company's goods and services referred to in its notice must not be raised until the Tribunal has completed the inquiry and its report has been made public by the Minister.

Guidelines and criteria

The legislation does not provide guidelines or criteria for the Tribunal to observe in its consideration of price proposals. The development of such guidelines and criteria has rested with the Tribunal. In considering notices of proposed price increases the Tribunal has regard for all relevant aspects and particularly the following:

- (a) Costs which have actually been incurred.
- (b) The distinction between 'avoidable' and 'unavoidable' cost increases.
- (c) Wage increases which are over-award wage agreements, consent agreements or other arrangements. In this regard the Tribunal places responsibility on companies to justify recoupment in prices of additional costs resulting from such agreements or arrangements on wage rates.
- (d) Prices should reflect a reasonable allowance for productivity achievements to offset increases in costs.
- (e) Regard is taken of the level of profitability of the company and its capacity to maintain a reasonable level of investment and growth.

The amending legislation in 1976 provided that in exercising its functions under sub-section (1), the Tribunal shall have due regard to the need for the company or companies concerned to achieve a level of profitability that is sufficient to enable the company or companies to maintain an adequate level of investment and employment.

Notices of proposed prices

Section 18 of the Prices Justification Act requires companies to submit a notice in writing to the Tribunal giving details of proposed increases in prices to apply to goods or services supplied by the company. There are four broad categories of treatment of a company's notification of price increases:

- (a) Where notified price increases are accepted by the Tribunal the company is forwarded a *Notice of No Inquiry* and may proceed with the proposed price increases.
- (b) If the Tribunal considers that a lower price than that proposed by a company is just, it may invite the company to discuss the matter in private session. If agreement is reached on a level of price increase, a *Substituted Price Notice* is issued and the company may proceed with the agreed price increase.
- (c) If a company chooses to pursue a price proposal discussed in private session but for which agreement was not forthcoming, the Tribunal may decide to consider the matter in a *Public Inquiry*.
- (d) The Prices Justification Act, Section 18 (8), provides for the Tribunal to give an exemption to a company in respect of its obligation to notify the Tribunal of proposed increases in prices of goods or services supplied. Such exemptions are given as a device to enable companies to proceed with price increases in cases where the Tribunal is satisfied that the basis of pricing adopted by the Company and the competitive forces in the market place are sufficient to ensure that prices charged will be justified.

Amending legislation in 1976 provided that in deciding whether to give an authorization under Section 18 (8) in relation to a company, the Tribunal shall consider:

- (a) whether the company is in a position substantially to control a market for goods or services supplied by the company; and
- (b) whether the prices charged by the company during a substantial period have been fair and reasonable,

and, if the Tribunal is of the opinion that the company is not in a position substantially to control such a market or that the prices charged by the company during a substantial period have been fair and reasonable, the Tribunal shall consider these matters to be relevant for the purpose of deciding whether to grant an exemption.

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 127). 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.

Scope and coverage

The 1974-75 survey obtained data from a sample of 9,095 households in the six State capital cities and Canberra, while the 1975-76 survey sampled 5,869 households in all regions of Australia. Apart from this difference in geographic coverage, the subject content and general methodology of the two surveys were virtually identical.

Only private dwellings were sampled, including houses, home units, flats, caravans, garages, tents and any other structures being used as private places of residence at the time of the survey. Hotels, boarding houses, institutions, etc. were defined as special dwellings outside the scope of the survey.

All categories of households (or persons) in selected private dwellings were included in the survey except:

- foreign diplomats and their staff; foreign servicemen and their families stationed in Australia; persons from overseas countries touring or holidaying in Australia; visitors staying with the household for less than six weeks after the initial interview (four weeks in the 1974-75 survey); usual residents absent at the time of the initial interview and not returning within seven days; and usual residents who were going away during the first half of the diary keeping and not returning before the end of diary keeping.

Data collection and processing

Trained interviewers approached selected households to obtain their co-operation in the completion of several questionnaires. Each household was asked for details of large or infrequent items of expenditure (e.g. purchase of vehicles and property, and the payment of household bills such as electricity and gas) and for details of income from all sources. In addition, a diary was provided to each household member aged 15 years or more, in which they were requested to record, on a daily basis, a description and value for all items purchased over the following two weeks. (Because of anticipated differences in spending patterns in rural areas compared with metropolitan and other urban areas, members of rural households selected in the 1975-76 survey were issued with four-week diaries).

Apart from expenditure and income information, particulars of the composition of the household were also obtained together with basic demographic information about the members of the household such as their age, sex, marital status, occupation and employment status. This information enabled households to be classified according to size, composition, etc.

Processing of the data was carried out in three phases. Firstly, during the collection phase, the interviewer checked the returns for any apparent inaccuracies and inconsistencies. Secondly, on receipt in the ABS central office, all returns were clerically edited and all payments in the diary were assigned a commodity code. Thirdly, data was transferred to magnetic tape and various computer operations were performed to ensure, as far as possible, that the data was correct. In addition, expenditure and income data was converted to a weekly equivalent, and expenditure, income and other totals and the classificatory variables required for tabulation purposes were derived. Expansion factors ('weights') were inserted in respondent household records to enable the sample data to be expanded to obtain estimates for the total population.

Definitions

A *Household* was defined as a group of people who live together as a single unit in the sense that they have common housekeeping arrangements; i.e. they have some common provision for food and

other essentials of living. A person or persons living in the same dwelling but having separate catering arrangements constituted a separate household.

Expenditure was defined as all payments for goods and services for private use made by all members of the selected household aged 15 years and over. In general, expenditure was collected on the basis of payments made during the reference period rather than on the basis of goods and services 'acquired' or 'consumed' during the period. Expenditure was net of refunds or expected refunds (e.g. payments for health services were net of any refunds received or expected to be received). Information was collected on a household basis because many items of expenditure such as food, accommodation and household goods and appliances relate to the household as a unit rather than to individual persons.

Income was defined as gross income from all sources before taxation and other deductions were made, and was collected from all members of the selected household aged 15 years and over. The main components of income are: wages and salaries (including income-in-kind received from an employer); income derived from self-employment (including wages and income-in-kind taken from the business); Government social service benefits; income from investments (including interest, dividends, royalties and rent); and other regular income (including educational grants and scholarships received in cash, benefits received from an overseas government, income received for professional advice outside the normal job situation, superannuation, worker's compensation, alimony or maintenance, and any other allowances regularly received).

The *Head of household* was taken to be that person nominated by the member(s) of the household as the 'head'. This person was usually the male 'breadwinner'.

Adults/children were, respectively, household members aged 18 years or more and household members aged less than 18 years.

Workers were defined as those persons aged 15 years or over who reported any 'earned' income in the survey (i.e. income from self-employment, or wage and salary income from part-time or full-time employment). The following categories of persons were asked to report earned income: persons who worked in a job or business at any time during the four weeks prior to the week of interview; persons who did not work during the four weeks prior to the week of interview but who received income from a job or business for any of the four weeks (e.g. a person on paid holiday, sickness or long-service leave, a silent partner in a business); and persons who did not work or earn income from a job or business in the four weeks prior to the week of interview but who were commencing work in the week of interview (these persons were asked to report expected income).

Retired persons were defined as those persons who reported no 'earned' income and who described themselves as being retired (e.g. having retired from work for reasons of age or sickness).

Other payments included payments such as income tax, life insurance premiums, superannuation contributions, purchases of and deposits on land and dwellings, and gambling payments. Receipts from sale of property and gambling winnings were offset against payments.

Reliability of Results

Since the estimates are based on a sample, they may differ from the figures that would have been obtained from a complete enumeration of the population using the same questionnaires and procedures. These differences are called sampling errors. One measure of the likely difference is given by the standard error percent, i.e. the standard error expressed as a percentage of the estimate. The size of the percentage standard error depends on:

- (a) The size of the sample on which the estimate is based (the smaller the sample, the larger is the standard error percent); and
- (b) the variability in the frequency of reporting and in the size of the reported values (e.g. expenditure on household appliances would be more variable, and hence have a higher standard error percent, than expenditure on meat).

A more detailed discussion of standard errors may be found in ABS publication *Household Expenditure Survey 1974-75, Bulletin 3 (Standard Errors)* (6509.0). Imprecision arising from sampling errors should not be confused with inaccuracies that may occur for other reasons, e.g. errors in response and reporting. Such errors are known as non-sampling errors and may occur in any enumeration whether it be a complete enumeration ('census') or a sample. The most significant types of non-sampling errors are:

Non-response Biases caused by differences in the characteristics of income and expenditure between respondent and non-respondent households. Some attempt was made to minimise non-response bias, but in practice it was not possible to remove all bias. (In 1974-75, 72 per cent of all eligible households co-operated fully during the survey, while in 1975-76 the figure was 73 per cent.)

Response Errors caused by incorrect data supplied by informants.

Processing Errors caused by misinterpretation of the data supplied, incorrect classification of data, errors in transcription of data to computer readable format, etc.

Summary of results

In the lower income ranges, average expenditure exceeded average income as defined (this does not imply that all households in the lower income ranges have expenditure which exceeds income), while in the higher income ranges average income substantially exceeded average expenditure (see below). It should be noted that some households will have financed some items of expenditure from savings and from other sources such as loans, receipts of maturing insurance policies, gifts, wind-fall gains and profits from the sale of assets which are not included as income as defined for the survey. In addition, some households classified to the lower income ranges may have had lower than usual income during the data reference period, while still maintaining their normal level of expenditure. For the medium and higher income ranges, income tax payments (included in other payments) are a large part of the difference between income and expenditure as defined.

The larger items of average weekly household expenditure in Australia in 1975-76 were transport and communication (\$33.62), food (\$33.64) and current housing costs (\$23.65). In rural regions, however, expenditure on current housing costs was substantially lower than in capital cities and urban regions.

The 1975-76 survey shows that both household income and expenditure were lower in rural and urban regions compared with the capital cities. In urban regions, household income and expenditure were respectively 15.8 per cent and 15.5 per cent less than for capital cities, while for rural regions the difference was 18.7 per cent and 26.2 per cent respectively. Variations in expenditure can be observed over a range of characteristics, e.g. between capital cities, quarter of year, household income, household composition, and age of household head. Detailed results of the two surveys have been published in a series of bulletins available on request to the ABS. Some unpublished tables are also available on request.

HOUSEHOLD EXPENDITURE SURVEY, 1975-76
HOUSEHOLD EXPENDITURE BY HOUSEHOLD INCOME, AUSTRALIA

	<i>Weekly household income</i>						<i>All households</i>
	<i>Under \$80</i>	<i>\$80 and under \$140</i>	<i>\$140 and under \$200</i>	<i>\$200 and under \$260</i>	<i>\$260 and under \$340</i>	<i>\$340 or more</i>	
Number of households in sample	927	818	1,148	942	966	1,068	5,869
Estimated total number of households in population ('000)	651.5	599.4	810.9	673.8	686.2	737.7	4,159.5
Average number of persons per household	1.76	2.65	3.23	3.39	3.48	3.82	3.09
Average age of household head (years)	61.69	49.72	41.45	40.92	40.33	42.93	45.80
Average weekly household income (\$)	50.80	111.33	169.51	229.27	295.05	465.15	225.35
<i>Average weekly household expenditure</i>							
Commodity or service—							
Current housing cost(a)	9.62	19.35	22.12	25.23	29.41	34.42	23.65
Fuel and power	2.80	3.30	4.24	4.26	4.29	4.96	4.02
Food	17.96	25.48	31.67	35.72	39.67	48.76	33.64
Bread, cakes and cereals	2.46	3.26	3.99	4.04	4.20	4.81	3.83
Meat and fish	4.71	6.53	7.69	8.55	9.01	11.30	8.06
Dairy products, oils and fats	3.26	4.42	5.32	5.45	5.65	6.32	5.12
Fruit and vegetables	2.94	4.00	4.52	5.30	5.42	6.51	4.82
Other food	4.58	7.26	10.15	12.39	15.39	19.83	11.80
Alcohol and tobacco	3.19	6.95	9.28	10.61	13.38	16.93	10.24
Clothing and footwear	5.40	8.65	11.63	15.31	18.40	25.24	14.35
Household equipment and operation	7.83	8.84	12.68	18.33	25.58	28.85	17.28
Medical care and health expenses	2.27	4.22	5.11	6.15	5.82	7.80	5.30
Transport and communication	9.53	20.78	29.06	34.48	44.95	59.04	33.62
Recreation and education	4.91	8.05	11.01	18.37	18.92	31.63	15.78
Miscellaneous goods and services	5.98	8.64	10.44	14.92	17.50	27.89	14.47
Total expenditure	69.49	114.28	147.24	183.39	217.92	285.53	172.35
Selected other payments(b)	5.38	21.18	33.34	43.21	68.86	113.10	48.81

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

PRICES AND HOUSEHOLD EXPENDITURE

HOUSEHOLD EXPENDITURE BY STATES AND TERRITORIES, 1975-76

	N.S.W.	Vic.	Qld	S.A.	W.A.	Tas.	N.T.	A.C.T.	Australia
Number of households in sample	1,583	1,327	846	550	506	422	324	311	5,869
Estimated total number of households in population ('000)	1,471.2	1,163.0	607.2	374.6	355.4	121.8	12.7	53.7	4,159.5
Average number of persons per household	3.11	3.10	3.09	2.86	3.12	3.24	3.25	3.34	3.09
Average age of household head (years)	46.20	45.95	46.61	45.82	43.79	45.68	36.82	38.06	45.80
Average weekly household income (\$)	220.78	232.10	220.39	217.27	226.85	210.11	336.51	315.52	225.35
<i>Average Weekly Household Expenditure (\$)</i>									
Commodity or service—									
Current housing costs(a)	24.98	24.18	20.91	19.80	25.12	18.34	30.43	34.26	23.65
Fuel and power	3.87	4.75	3.40	3.43	3.58	4.42	3.35	5.64	4.02
Food	34.05	35.07	31.56	31.93	32.24	31.35	45.08	38.34	33.64
Bread, cakes and cereals	4.05	3.91	3.53	3.62	3.44	3.77	3.75	3.90	3.83
Meat and fish	7.92	8.64	8.08	7.20	7.44	7.88	9.74	8.91	8.06
Dairy products, oils and fats	5.18	5.27	5.04	4.53	5.10	5.02	5.87	5.52	5.12
Fruit and vegetables	4.94	4.92	4.82	4.22	4.67	4.18	8.24	5.66	4.82
Other food	11.96	12.34	10.10	12.37	11.59	10.49	17.50	14.35	11.80
Alcohol and tobacco	10.72	10.75	8.57	9.16	10.47	9.03	20.26	11.56	10.24
Clothing and footwear	14.14	16.56	11.17	14.23	12.92	15.01	11.42	17.84	14.35
Household equipment and operation	16.68	17.92	16.00	17.25	17.66	18.88	23.09	27.03	17.28
Medical care and health expenses	5.37	5.54	5.11	5.36	4.74	4.45	4.48	5.42	5.30
Transport and communication	33.98	34.14	30.94	32.42	33.52	35.47	49.97	43.99	33.62
Recreation and education	14.50	17.02	14.47	17.26	16.68	13.99	21.44	25.28	15.78
Miscellaneous goods and services	14.47	14.56	15.39	14.03	12.22	13.53	27.60	18.76	14.47
Total expenditure	172.78	180.49	157.52	164.87	169.15	164.48	237.12	228.13	172.35
Selected other payments(b)	52.30	46.43	44.35	41.68	51.23	41.24	54.32	104.94	48.81

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

HOUSEHOLD EXPENDITURE BY REGIONS

	1974-75	1975-76			
	<i>All capital cities(c)</i>	<i>All capital cities(d)</i>	<i>Urban regions(e)</i>	<i>Rural regions(f)</i>	<i>Australia</i>
Number of households in sample	9,095	2,813	2,225	831	5,869
Estimated total number of households in population ('000)	2,634.7	2,692.8	1,105.2	361.6	4,159.5
Average number of persons per household	3.08	3.07	3.05	3.35	3.09
Average age of household head (years)	44.98	45.24	46.65	47.40	45.80
Average weekly household income (\$)	205.92	239.28	201.48	194.63	225.35
<i>Average Weekly Household Expenditure(\$)</i>					
Commodity or service—					
Current housing costs(a)	22.71	26.95	19.95	10.38	23.65
Fuel and power	3.54	4.10	3.96	3.59	4.02
Food	32.38	35.16	31.03	30.31	33.64
Bread, cakes and cereals	3.54	3.89	3.72	3.72	3.83
Meat and fish	7.90	8.36	7.52	7.45	8.06
Dairy products, oils and fats	4.68	5.17	4.78	5.80	5.12
Fruit and vegetables	4.69	5.05	4.32	4.73	4.82
Other food	11.57	12.69	10.69	8.62	11.80
Alcohol and tobacco	9.25	10.83	9.94	6.76	10.24
Clothing and footwear	13.91	15.74	12.30	10.28	14.35
Household equipment and operation	14.65	18.65	14.88	14.38	17.28
Medical care and health expenses	5.84	5.38	5.08	5.37	5.30
Transport and communication	26.26	34.80	31.65	30.90	33.62
Recreation and education	13.80	16.86	14.20	12.61	15.78
Miscellaneous goods and services	14.62	15.66	12.59	11.32	14.47
Total expenditure	157.00	184.14	155.57	135.90	172.35
Selected other payments(b)	40.62	53.78	41.70	33.63	48.81

(a) Included in current housing costs are both principal and interest components of any housing loan repayments. Excluded are outright purchase of, or deposit on, dwellings or land, and other payments of a capital nature. (b) 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. (c) The six State Capital Statistical Divisions and the Canberra Statistical District (excluding Queanbeyan) as defined for the purpose of the 1971 Census of Population and Housing. (d) As for footnote (c) but includes Greater Darwin. (e) 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. (f) Localities with a population of less than 500 persons and rural areas (remote areas with less than 0.15 dwellings per square mile were excluded from the survey).

HOUSEHOLD EXPENDITURE BY HOUSEHOLD COMPOSITION, AUSTRALIA, 1975-76

	1 adult	2 adults	3 or more adults	1 adult with children	2 adults 1 child	2 adults 2 children	2 adults 3 or more children	3 or more adults with children	All households(c)
Number of households in sample . . .	865	1,591	392	204	617	938	788	470	5,869
Estimated total number of households in population ('000) . . .	642.2	1,158.3	318.2	142.5	413.1	650.5	494.4	338.4	4,159.5
Average number of persons per household . . .	1.00	2.00	3.28	2.89	3.00	4.00	5.60	5.37	3.09
Average age of household head (years) . . .	57.50	50.97	52.91	37.68	35.65	35.53	37.56	47.00	45.80
Average weekly household income (\$) . . .	105.04	210.65	328.77	140.43	231.27	248.37	232.95	380.65	225.35
<i>Average Weekly Household Expenditure(\$)</i>									
Commodity or service—									
Current housing costs(a) . . .	16.37	23.64	22.68	21.02	27.66	29.04	23.85	23.96	23.65
Fuel and power . . .	2.35	3.74	4.17	3.53	4.18	4.61	5.13	5.30	4.02
Food . . .	15.44	26.90	43.14	27.01	32.61	38.95	45.95	58.18	33.64
Bread, cakes and cereals . . .	1.62	2.77	4.64	3.15	3.48	4.60	6.17	6.75	3.83
Meat and fish . . .	3.56	6.96	10.72	6.16	7.49	9.00	10.65	13.74	8.06
Dairy products, oils and fats . . .	2.01	3.70	5.58	4.73	5.47	6.32	8.05	8.65	5.12
Fruit and vegetables . . .	2.28	3.99	6.16	3.84	4.81	5.63	6.47	7.75	4.82
Other food . . .	5.97	9.49	16.04	9.13	11.36	13.40	14.61	21.30	11.80
Alcohol and tobacco . . .	4.80	9.53	16.21	5.49	10.92	10.23	10.57	18.04	10.24
Clothing and footwear . . .	6.92	10.65	21.71	10.43	14.47	16.44	16.86	28.15	14.35
Household equipment and operation . . .	7.66	18.04	16.75	11.84	18.97	22.07	18.45	22.81	17.28
Medical care and health expenses . . .	2.35	4.58	7.63	2.64	5.92	6.35	6.26	8.14	5.30
Transport and communication . . .	14.37	29.11	52.61	17.46	34.17	36.35	37.06	63.83	33.62
Recreation and education . . .	7.03	11.67	26.52	10.13	13.46	19.51	19.98	28.27	15.78
Miscellaneous goods and services . . .	8.89	13.00	21.43	12.88	12.25	14.71	15.39	25.18	14.47
Total expenditure . . .	86.18	150.85	232.87	122.43	174.61	198.24	199.51	281.87	172.35
Selected other payments(b) . . .	19.86	53.26	66.72	12.02	54.14	60.22	45.39	64.00	48.81

(a) Included in current housing costs are both principal and interest components of any housing loan repayments. Excluded are outright purchases of, or deposit on, dwellings or land, and other payments of a capital nature. (b) 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 dwelling and land, and gambling winnings, are offset against payments. (c) Includes four households where no person was 18 years or over. (These households are not included elsewhere in this table.)

