

which would sufficiently represent price changes in both areas. Although rural centres of importance are well represented, the index must be regarded as covering more particularly urban localities. A rural index, as such, would require some adjustment of weighting and, perhaps, a greater representation of smaller shopping centres. Nevertheless, price *changes* move in reasonably close harmony throughout New Zealand, and it is considered that the proposed index will represent average retail price changes to rural consumers reasonably well.

CHAPTER 5—COLLECTION OF PRICES

15. While a carefully designed weighting pattern and representative geographical coverage are necessary if a consumers' price index is to reflect accurately the average movements in prices charged to consumers, it is even more important to ensure that the prices on which the index is based represent actual selling-prices. This point was given considerable emphasis by the International Conference of Labour Statisticians, as the following resolution shows:—

7. (1) The effective administration of the price-collecting programme requires the careful selection and training of price-collection personnel.

(2) The use of appropriate methods of price verification, such as "check pricing" in which price quotations are verified by means of duplicate prices obtained by different agents, or "purchase checking" in which actual purchases of the goods priced are made, is recommended.

The Committee regards this matter of pricing as of first importance; and it has noted with satisfaction that a small staff of price-collectors has been appointed to the Census and Statistics Department to supervise the actual collection of prices for inclusion in the index. The necessity for making special arrangements to collect statistics of retail prices for inclusion in a consumers' price index is not lessened by the existence of price control. In the first place, actual prices of many commodities and services are not fixed by price control, but in these cases additions to retailers' actual costs are allowed, and these costs may vary, so that it is necessary to approach retailers to ascertain actual retail prices being charged. In yet other instances maximum prices are fixed by Price Orders. It is not sufficient to take, for the purposes of the index, controlled maximum prices. It frequently happens that the actual prices charged at a particular time do not reach the prescribed maxima; while, again, prices charged may, in individual instances, at times exceed the maxima. In either event, the prices actually charged should be recorded in the index. For this reason it is most important that the collection of price statistics should be made under the authority of the Census and Statistics Act, thereby ensuring secrecy of the individual returns, which are required for a purely statistical purpose—namely, the compilation of a prices index representing average prices charged to consumers.

16. As has been indicated previously, the index will be very comprehensive in its coverage of the goods and services used in the average household. Clearly, it would be impossible to collect prices for every commodity or service represented in the index; and a selection of items has been made, accounting for the greater part of expenditure in each group, and representing all items in that particular group. The list of goods and services priced is shown in Appendix B. Altogether, prices will be collected for 300 commodities and services.* As will be shown in the section on weighting, each priced item will carry a weight representing its own consumption plus consumption of related commodities or services not priced. By this means full coverage of all commodities and services of any importance in the household budget is ensured. It is,

* The numbers of items priced in the retail price index numbers for certain overseas countries are: Australia, 160; South Africa, 208; United Kingdom, 230; United States of America, 160; Canada, 152.