

record price changes; and consequently, in our view, changes in weighting should be avoided, unless circumstances demand the immediate revision of the weight given to a particular item or items. We think that a complete overhaul of the weighting pattern should be made at intervals of five years.

25. In assessing the weighting of the proposed index it is necessary to take account of changes in prices between 1946 and 1948, so that the weighting of the new index will represent, at least approximately, the 1948 pattern of expenditure—that is, the 1946 distribution adjusted to take account of price changes between 1946 and 1948 (see Appendix A). The group weighting of the proposed index compares with that of pre-existing New Zealand indices as follows:—

NEW ZEALAND: WEIGHTS OF RETAIL PRICES INDICES  
(At prices ruling in June, 1948)

| Group.                             | Proposed<br>Consumers'<br>Price Index. | Wartime<br>Prices Index. | Government<br>Statistician's Old<br>Series (1926-30<br>Base) Index. |
|------------------------------------|----------------------------------------|--------------------------|---------------------------------------------------------------------|
|                                    | Per Cent.                              | Per Cent.                | Per Cent.                                                           |
| Food .. .. .                       | 35½                                    | 43                       | 38                                                                  |
| Housing .. .. .                    | 16½                                    | 23                       | 21                                                                  |
| Fuel and lighting .. .. .          | 3½                                     | 6½                       | 7                                                                   |
| Clothing, drapery, and footwear .. | 19½                                    | 13½                      | 18                                                                  |
| Miscellaneous .. .. .              | 24½                                    | 14                       | 16                                                                  |
| All items included in index        | 100                                    | 100                      | 100                                                                 |

The greater coverage of miscellaneous commodities and services in the proposed consumers' price index compared with previous indices is reflected in the above figures. Miscellaneous goods and services account for 24½ per cent. of total expenditure at June, 1948, prices in the proposed index, compared with 16 per cent. in the Government Statistician's 1926-30 base index and 14 per cent. in the Wartime Prices Index. The wider coverage of the new index, reflected in the higher importance of miscellaneous items, has resulted, of course, in lower percentages for other groups except clothing, where wider coverage and relatively higher prices have resulted in a higher weight for this group than in previous indices. Despite the inclusion of water-heating in the new index (an item not covered previously), the percentage of fuel and lighting to total expenditure is much lower in the new index than in previous indices owing to relatively low prices in this group (notably of electric current).

26. The weighting pattern for the proposed index was designed with due regard to the principles laid down by the International Conference of Labour Statisticians in the following resolution:—

11. (1) In establishing the weighting diagram for a cost-of-living index for a particular group, individual items priced should be assigned weights corresponding to the consumption expenditures not only on the individual items themselves but also on other articles not priced, in accordance with the principle that the weights for items not priced may be added to the weights for those priced, when the price movements of the latter are representative of the price movements of the former.

(2) In this manner, all items purchased by the group covered can be represented in the index, although not all are priced.