

CHAPTER 10—DESCRIPTION OF GROUP INDEX NUMBERS

33. Following is a description of the methods of compilation of the index in each of the main groups of expenditure :—

A. FOOD

34. The index for this group covers all items of food habitually consumed in New Zealand. In view of the importance of this group, subdivision into three sub-groups has been made as under :—

- (i) Meat and fish.
- (ii) Fruits, vegetables, and eggs.
- (iii) Other foods.

It is intended that index numbers for each of the sub-groups will be compiled and published as well as an index for food groups combined.

MEAT AND FISH

35. In the meat and fish sub-group, total New Zealand consumption of all types of meat and fish has been taken into account in the weighting. Actual prices are collected for 23 items in this group, the weight for the items not priced being spread over the priced items. For example, the weight allotted to prime ribs represents expenditure on this and allied cuts—namely, prime ribs, back ribs, and chuck. This principle is followed throughout all items in the index. Poultry is not priced owing to the difficulty of obtaining standard quotations for this item, and the weight for poultry has been spread over other items. Again, in the fish group the weight for fish on the market only for limited periods in the year—*e.g.*, oysters—is spread over the items priced. Price quotations for meat and fish are collected from representative firms in the twenty-one towns covered by the index, prices being collected on the 15th day of each month.

FRUITS, VEGETABLES, AND EGGS

36. Special difficulties are encountered in including this group of items in a prices index, but, in view of its importance in the diet, a special technique has been worked out to permit of the inclusion of this group without introducing violent seasonal fluctuations in the index. The principle adopted was to isolate the highly seasonal items which are not in continuous supply throughout the year and which are subject to marked seasonal price changes, and to form a special sub-group (fruits, vegetables, and eggs) containing these items. Using the technique devised, which is explained in Appendices E and F it is possible to eliminate the effects of these purely seasonal changes and yet to retain the non-seasonal trend of prices of these items in the index. Fruit and vegetable (seasonal items) prices are collected each week from representative retailers in the ten main towns.

In addition to the seasonal fruits and vegetables, certain “non-seasonal” items—namely, potatoes, onions, oranges, and bananas—are included with fixed weights. These items are non-seasonal, in that distribution is arranged reasonably evenly throughout the year, while, excepting for potatoes (which present rather a special problem), there are no marked seasonal price changes. As regards potatoes, a problem arises when both new potatoes and main-crop potatoes are on the market. The procedure suggested for this item is to include main-crop potatoes in the index for the months March to October inclusive. In November an average price will be calculated