

2. In regard to milk, consumption is reasonably constant throughout the year, though there is a definite seasonal change in prices as between summer and winter. Meats are in much the same position as milk, though in this case there is evidence that meat consumption is actually higher in the colder winter months than in the summer. In consequence of the seasonal changes in prices of these two important groups of commodities, the monthly food groups indices will show some seasonal fluctuation. In view of the fact that the "all groups" indices are quarterly, these particular seasonal changes will have no material effect on the all-groups index. Potatoes present a special pricing problem in the months when both new and old potatoes are on the market. This is met by averaging the prices of "new" and "old" potatoes in the manner indicated in para. 36 of the report. The distribution of oranges and bananas is carried out through the Marketing Department in such a manner as to spread supplies as evenly as possible throughout the year. There are no marked seasonal changes in prices, so that a fixed weighting system for these items produces no anomalies.

3. The Committee considered that, in addition to the items enumerated above, the more seasonal foods, such as vegetables in season—which disappear in turn from the markets for several months—and eggs—which are subject to marked variations in price and consumption—should be included in the index. This was practicable only on a changing basket system; and all these items were grouped into the one sub-group of the food groups index—namely, fruits, vegetables, and eggs. The seasonal items included in this group, together with the months in which they apply are:—

Commodity.	Months Included in Index.	Commodity.	Months Included in Index.
Peas ..	.. November–April.	Tomatoes ..	.. December–April.
Beans—		Silver beet ..	.. Whole year, except October.
French ..	.. December–April.	Apples ..	.. Whole year.
Runner ..	.. December–April.	Pears ..	.. Whole year.
Lettuce ..	.. November–May.	Peaches ..	.. December–April.
Cabbage ..	.. November–September.	Plums ..	.. December–April.
Cauliflower ..	.. Whole year, except October.	Apricots ..	.. January–February.
Carrots ..	.. Whole year.	Lemons, New Zealand ..	.. Whole year.
Parsnips ..	.. April–October.	Grapefruit, New Zealand	.. June–October.
Swedes ..	.. April–September.	Raspberries ..	.. December–February.
Beetroot ..	.. Whole year.	Strawberries ..	.. November–December.
Kumara ..	.. March–June.	Gooseberries ..	.. November–December.
Brussels sprouts ..	.. May–September.	Eggs ..	.. Whole year.
Pumpkin ..	.. Whole year, except November.		

4. It will be seen that six of the items enumerated above are included throughout the year. The weight allotted to these items, however, varies considerably as between individual months. The weights allotted to the various commodities included in the basket for each month are adjusted in such a manner that, while each receives its proper weight in relation to any other item in the basket, purely seasonal fluctuations in prices or in quantities consumed are not reflected in the index, which, however, properly reflects non-seasonal changes in prices of these commodities. As stated earlier, potatoes, onions, bananas, and oranges are included in this group with fixed weights.

5. The formula by which this computation is made is given in the following technical appendix prepared by the Census and Statistics Department (Appendix F).

APPENDIX F.—TREATMENT IN INDEX OF SEASONAL ITEMS (WITH USE OF SYMBOLS)

(Prepared by Census and Statistics Department)

Let the successive months of a year taken as typical in respect of seasonal variations be denoted by the subscripts 1, 2, 3, . . . 12, and of a year y years later by $12y + 1, 12y + 2, . . . 12y + 12$. Let the price index number of the seasonal group at month c on the base month b be denoted by p_{bc} , and let $p_{bb} = 1000$.

It is required to find $_{12y+1}a'_{12y+m}$ where both a and $m < 12$.

Let $p_n, p'_n, p''_n, \&c.$, represent the respective prices of those commodities included in the seasonal group of the index which are in season in any month n ; $q_n, q'_n, q''_n, \&c.$, the (actual or imputed) quantities of the same commodities respectively purchased in that month; and $\Sigma q_n p_{12y+1+n}$ a summation over all the same commodities.

It is assumed that positive integral values only of a, b, c, m , and n , and integral values only of r, s , and y , are to be considered, and that $p_{12y+1+n}, p'_{12y+1+n}, p''_{12y+1+n}, \&c.$, cover the same range of commodities as $p_n, p'_n, p''_n, \&c.$, for all admissible values of n and s ,