



# Australian Bureau of Statistics

CATALOGUE NO. 6401.0

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## CONSUMER PRICE INDEX, DECEMBER QUARTER 1991

*NOTE: This is the last quarter for which the CPI will be published on the present reference base. A new reference base will be introduced in the next issue of this publication - see Appendix.*

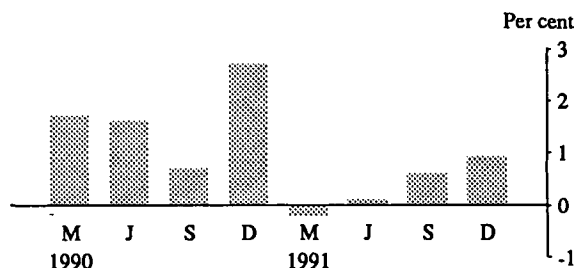
### MAIN FEATURES

Weighted average of eight capital cities	Change between—	
	Sep qtr 1991 and Dec qtr 1991	Dec qtr 1990 and Dec qtr 1991
	%	%
Food	0.5	3.0
Clothing	0.4	2.0
Housing	-0.5	-3.9
Household equipment and operation	0.6	2.4
Transportation	1.6	-1.8
Tobacco and alcohol	1.0	5.8
Health and personal care	4.2	11.8
Recreation and education	1.1	1.0
<b>All groups</b>	<b>0.9</b>	<b>1.5</b>
All groups excluding housing	1.2	2.5
All groups excluding health and personal care	0.7	0.8

ALL GROUPS - ANNUAL MOVEMENT



ALL GROUPS - QUARTERLY MOVEMENT



The low annual movement recorded this quarter reflects a number of influences.

Mortgage interest charges have fallen by 12.6 per cent since December quarter 1990, mainly due to a fall in interest rates of 18.1 per cent.

Petrol prices have dropped by 16.0 per cent from the high level prevailing during the Gulf crisis 12 months ago.

The cost of holiday travel and accommodation in Australia has fallen by 10.0 per cent, mainly due to substantial reductions in domestic airfares.

Significant price increases were recorded for hospital and medical services (+19.7% - due to increases both in the net cost of medical services and in health insurance premiums) and tobacco and alcohol (+5.8%).

### SUMMARY OF FINDINGS

#### Overview

The CPI increased by 0.9 per cent between the September and December quarters and by 1.5 per cent since December quarter 1990. This is the lowest annual movement recorded since March quarter 1964 (+1.0%).

#### INQUIRIES

- for further information about statistics in this publication and the availability of related unpublished statistics, contact **Information Services** on Canberra (06) 252 6627 or any ABS State office.
- for more detailed information about these statistics, contact Ms Maree Roy on Canberra (06) 252 6251 or any ABS State office.
- for information about other ABS statistics and services please refer to the back page of this publication.

### Main contributions to change

The two groups having the most influence on the quarterly change in the all groups index were Transportation and Health and Personal Care. The Housing group provided an offsetting factor.

#### Transportation: +1.6%

Increases in motor vehicle prices (+1.9%), motoring charges (+3.6%) and the motor vehicle insurance index (+6.9%) were partially offset by a fall in petrol prices (-0.4%).

Motor vehicle prices increased in all cities except Hobart (-0.5%), increases ranging from 3.2 per cent in Brisbane to 0.4 per cent in Darwin. The 1.9 per cent increase this quarter follows a 1.5 per cent increase in September quarter and a 2.0 per cent increase in June quarter.

Increases in motoring charges this quarter are due mainly to the reintroduction of motor vehicle registration fees in Melbourne in September.

The increase in the motor vehicle insurance costs index this quarter (+6.9%) results from an adjustment to the Sydney index to compensate for an overestimation of the price fall recorded in September quarter, combined with significant increases in premiums in Perth. Although the adjustment in Sydney affects the quarterly movement, the annual movement is not affected.

The decrease in petrol prices in the December quarter of 0.4 per cent reflected small price falls in August (-0.9%), September (-0.5%) and October (-0.1%), an increase in November (0.8%) and a fall in December (-0.3%).

#### Health and Personal Care: +4.2%

The increase this quarter was due to increases in costs of hospital and medical services (+9.1%) with a slight offset from a fall in the price of pharmaceuticals (-4.1%) due to the PBS safety net scheme.

The increase in hospital and medical services result mainly from changes to the Medicare rebate from 1 December. Modest fee increases and increases in health insurance premiums during September quarter also contributed to the change.

#### Housing: -0.5%

The fall in housing costs resulted from a fall in mortgage interest charges (-2.1%) partially offset by an increase in local government rates and charges (+2.9%).

The fall in mortgage interest charges this quarter results from an increase of 1.7 per cent in the value of the debt outstanding combined with a decrease in interest rates of 3.8 per cent. This is the sixth consecutive quarter in which mortgage interest charges have fallen.

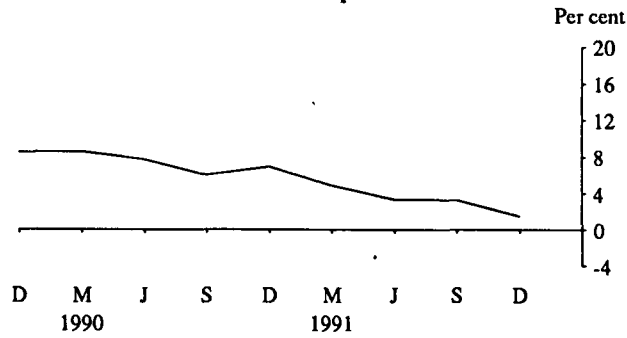
### CONSUMER PRICE INDEX- ALL GROUPS PERCENTAGE CHANGES

	<i>Change between—</i>	
	<i>Sep qtr 1991 and Dec qtr 1991</i>	<i>Dec qtr 1990 and Dec qtr 1991</i>
	%	%
Sydney	1.1	1.5
Melbourne	0.8	1.7
Brisbane	1.1	1.8
Adelaide	0.8	1.8
Perth	0.4	-0.1
Hobart	0.7	1.8
Darwin	1.2	1.6
Canberra	0.8	1.7
Weighted average of eight capital cities	0.9	1.5

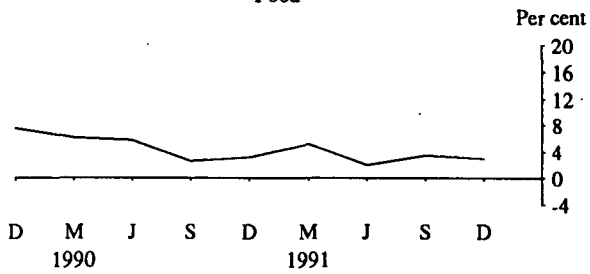
IAN CASTLES  
Australian Statistician

# **WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES PERCENTAGE CHANGE ON CORRESPONDING QUARTER OF PREVIOUS YEAR**

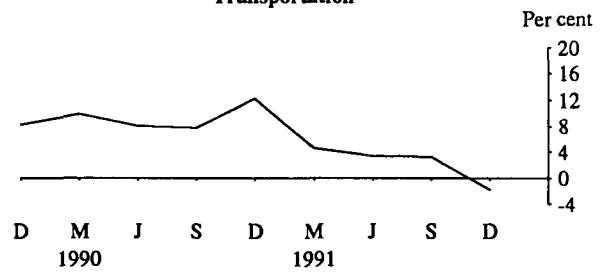
## **All Groups**



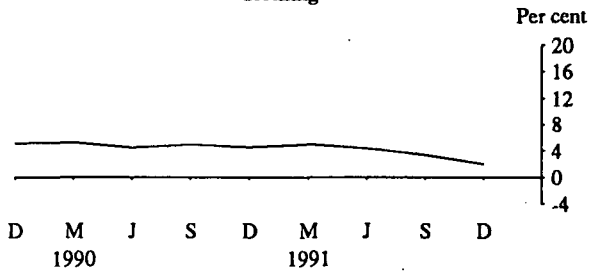
## **Food**



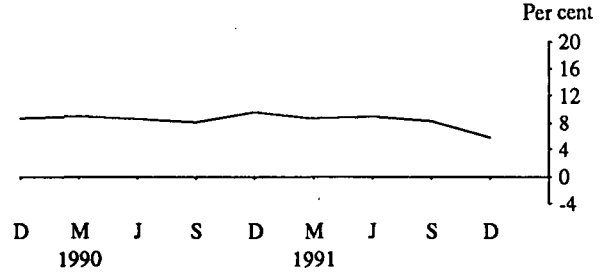
## **Transportation**



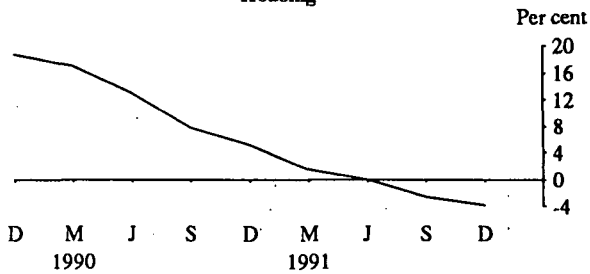
## **Clothing**



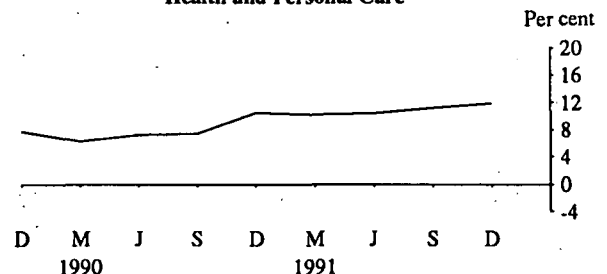
## **Tobacco and Alcohol**



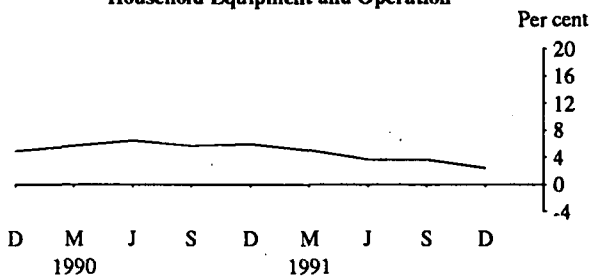
## **Housing**



## **Health and Personal Care**



## **Household Equipment and Operation**



## **Recreation and Education**

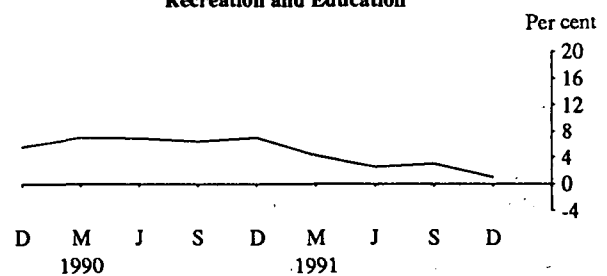


TABLE 1. CONSUMER PRICE INDEX: ALL GROUPS INDEX NUMBERS  
(Base of each index: Year 1980-81 = 100.0)

Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Weighted average of eight capital cities
1987-88	173.7	175.9	173.1	175.0	173.3	174.4	170.6	174.7	174.5
1988-89	187.7	187.9	185.4	187.8	186.1	185.3	178.9	186.4	187.3
1989-90	203.0	203.6	199.3	201.2	201.7	198.3	190.0	200.2	202.3
1990-91	213.0	215.3	209.1	213.6	211.9	208.0	200.8	210.4	213.0
1987-88—									
December	171.8	174.5	171.5	173.8	171.8	172.9	169.5	173.0	172.9
March	175.6	177.1	174.6	176.3	174.6	175.8	171.7	176.4	176.0
June	178.3	180.4	177.9	179.2	177.7	178.4	174.5	179.5	179.0
1988-89—									
September	182.9	183.0	180.5	182.7	181.3	180.6	175.6	181.7	182.4
December	187.6	186.2	183.7	185.7	185.1	183.5	177.2	185.0	186.2
March	187.8	188.7	186.4	189.5	187.0	186.8	180.0	187.2	188.0
June	192.5	193.8	191.0	193.2	191.0	190.3	182.9	191.5	192.6
1989-90—									
September	197.8	198.1	194.5	196.5	195.5	193.6	185.5	194.5	197.0
December	201.4	202.0	197.9	199.6	199.5	197.1	188.8	198.8	200.7
March	204.9	205.1	200.9	202.5	204.1	200.2	191.2	202.7	204.1
June	208.0	209.0	203.7	206.2	207.5	202.1	194.6	204.8	207.4
1990-91—									
September	209.2	210.7	204.8	208.8	209.1	204.2	196.7	206.5	208.9
December	214.2	217.0	210.1	215.1	214.3	209.2	202.2	212.3	214.5
March	214.6	216.0	210.6	214.6	212.1	208.7	201.6	211.3	214.1
June	213.9	217.5	210.7	215.8	212.0	209.7	202.5	211.4	214.4
1991-92—									
September	215.1	219.0	211.5	217.3	213.1	211.5	203.1	214.2	215.7
December	217.5	220.7	213.8	219.0	214.0	213.0	205.5	216.0	217.7

TABLE 2. CONSUMER PRICE INDEX: ALL GROUPS PERCENTAGE CHANGES

Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Weighted average of eight capital cities
Change from previous year									
1988-89	8.1	6.8	7.1	7.3	7.4	6.3	4.9	6.7	7.3
1989-90	8.2	8.4	7.5	7.1	8.4	7.0	6.2	7.4	8.0
1990-91	4.9	5.7	4.9	6.2	5.1	4.9	5.7	5.1	5.3
Change from corresponding quarter of previous year									
1989-90—									
December	7.4	8.5	7.7	7.5	7.8	7.4	6.5	7.5	7.8
March	9.1	8.7	7.8	6.9	9.1	7.2	6.2	8.3	8.6
June	8.1	7.8	6.6	6.7	8.6	6.2	6.4	6.9	7.7
1990-91—									
September	5.8	6.4	5.3	6.3	7.0	5.5	6.0	6.2	6.0
December	6.4	7.4	6.2	7.8	7.4	6.1	7.1	6.8	6.9
March	4.7	5.3	4.8	6.0	3.9	4.2	5.4	4.2	4.9
June	2.8	4.1	3.4	4.7	2.2	3.8	4.1	3.2	3.4
1991-92—									
September	2.8	3.9	3.3	4.1	1.9	3.6	3.3	3.7	3.3
December	1.5	1.7	1.8	1.8	-0.1	1.8	1.6	1.7	1.5
Change from previous quarter									
1989-90—									
December	1.8	2.0	1.7	1.6	2.0	1.8	1.8	2.2	1.9
March	1.7	1.5	1.5	1.5	2.3	1.6	1.3	2.0	1.7
June	1.5	1.9	1.4	1.8	1.7	0.9	1.8	1.0	1.6
1990-91—									
September	0.6	0.8	0.5	1.3	0.8	1.0	1.1	0.8	0.7
December	2.4	3.0	2.6	3.0	2.5	2.4	2.8	2.8	2.7
March	0.2	-0.5	0.2	-0.2	-1.0	-0.2	-0.3	-0.5	-0.2
June	-0.3	0.7	0.0	0.6	0.0	0.5	0.4	0.0	0.1
1991-92—									
September	0.6	0.7	0.4	0.7	0.5	0.9	0.3	1.3	0.6
December	1.1	0.8	1.1	0.8	0.4	0.7	1.2	0.8	0.9

TABLE 3. CONSUMER PRICE INDEX : CHANGE BETWEEN SEPTEMBER QUARTER 1991 AND DECEMBER QUARTER 1991  
MAIN CONTRIBUTIONS TO CHANGE IN TERMS OF ALL GROUPS INDEX POINTS

Item	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Weighted average of eight capital cities
FOOD	0.31	0.24	0.34	0.39	-0.42	0.38	0.45	0.27	0.23
Milk and cream	0.03	0.02	0.08	0.02	-0.01	-0.01	0.04	0.01	0.03
Cheese	-0.04	-0.01	0.00	0.05	-0.07	0.04	0.05	0.01	-0.02
Bread	0.00	0.03	0.06	0.09	0.09	0.01	0.03	-0.01	0.04
Cakes and biscuits	0.03	0.04	0.03	0.01	-0.03	0.02	0.01	0.02	0.03
Beef and veal	-0.03	-0.01	-0.06	-0.02	0.02	0.01	0.03	-0.01	-0.02
Lamb and mutton	-0.07	-0.05	-0.02	-0.07	-0.05	0.03	-0.03	-0.07	-0.06
Poultry	0.02	-0.01	-0.02	0.05	-0.11	-0.07	-0.05	-0.06	-0.01
Fish	0.00	-0.03	0.01	-0.03	0.01	-0.02	0.01	-0.03	-0.01
Fresh fruit	-0.20	-0.17	-0.14	-0.23	-0.13	-0.12	-0.03	0.03	-0.17
Fresh potatoes	0.02	0.04	0.07	0.11	0.00	0.06	0.02	0.03	0.04
Fresh vegetables	0.36	0.16	0.38	0.24	-0.17	0.19	0.26	0.17	0.23
Fruit juice	0.04	0.00	0.01	0.03	0.02	-0.01	0.02	0.02	0.02
Confectionery	0.06	0.03	0.04	0.07	0.03	0.08	0.10	0.08	0.06
Take away foods	0.08	0.20	0.02	0.09	0.07	0.05	0.06	0.07	0.11
CLOTHING	0.06	0.10	-0.04	-0.03	0.16	0.00	-0.08	0.10	0.06
Men's outer clothing	0.09	0.05	0.03	0.01	0.01	0.02	0.01	0.03	0.05
Men's shirts	0.01	0.04	0.00	-0.01	0.00	0.02	-0.01	0.04	0.02
Boys' clothing	-0.01	-0.01	-0.01	0.00	-0.01	0.00	0.00	0.01	-0.01
Women's outer clothing	0.01	-0.01	-0.09	0.00	0.09	-0.05	-0.01	-0.03	0.00
Fabrics and knitting wool	-0.02	0.00	-0.01	-0.02	0.00	0.02	-0.02	0.01	-0.01
HOUSING	-0.15	-0.27	0.13	0.01	-0.50	-0.09	0.25	0.43	-0.14
Privately-owned dwelling rents	0.04	0.00	0.02	0.03	-0.11	0.06	0.08	0.10	0.01
Government-owned dwelling rents	0.00	0.00	0.01	0.00	0.00	0.03	0.07	0.12	0.01
Mortgage interest charges	-0.26	-0.31	-0.10	-0.36	-0.61	-0.34	-0.07	-0.07	-0.30
Local government rates and charges	0.08	0.04	0.16	0.32	0.18	0.12	0.15	0.21	0.12
HOUSEHOLD EQUIPMENT AND OPERATION	0.43	0.09	0.24	0.19	0.04	0.39	-0.10	0.05	0.23
Furniture	0.38	0.14	0.29	0.23	-0.02	0.27	0.10	0.05	0.23
Floor coverings	0.00	-0.06	0.00	-0.02	0.00	-0.03	-0.01	-0.05	-0.01
Bedding	-0.01	0.00	0.02	0.04	0.02	0.05	0.00	0.01	0.01
Tableware glassware and cutlery	-0.01	0.02	-0.08	-0.01	0.11	0.03	0.00	0.01	0.00
Kitchen and cooking utensils	0.01	0.05	0.00	0.00	0.00	0.04	0.01	-0.02	0.02
Tools	-0.07	-0.01	0.02	0.04	0.07	0.07	-0.08	-0.01	-0.01
Other household non-durables	0.01	-0.02	0.02	-0.06	-0.02	0.00	-0.01	-0.01	-0.01
Consumer credit charges	-0.02	-0.01	-0.04	0.01	-0.01	-0.01	-0.08	0.04	-0.01
TRANSPORTATION	0.75	0.56	0.44	0.46	0.48	-0.13	0.38	0.33	0.58
Motor vehicles	0.18	0.26	0.47	0.17	0.11	-0.09	0.05	0.32	0.22
Automotive fuel	-0.04	-0.08	-0.03	0.13	-0.08	-0.10	-0.03	0.04	-0.04
Vehicle insurance	0.60	0.11	-0.02	0.12	0.51	0.06	0.10	-0.10	0.30
Motoring charges	0.00	0.19	0.02	0.00	0.01	0.00	0.06	0.16	0.06
Urban transport fares	0.02	0.08	-0.01	0.00	0.00	0.04	0.01	0.00	0.02
TOBACCO AND ALCOHOL	0.28	0.15	0.03	0.16	0.16	0.36	0.06	0.20	0.19
Beer	0.03	0.05	-0.05	0.09	0.13	0.27	-0.02	0.05	0.04
Wine	0.05	-0.03	-0.01	0.00	0.01	-0.02	0.02	0.00	0.01
Spirits	0.04	0.03	0.02	0.02	0.04	0.04	0.01	0.01	0.03
Cigarettes and tobacco	0.14	0.09	0.06	0.04	-0.03	0.08	0.05	0.14	0.09
HEALTH AND PERSONAL CARE	0.62	0.59	0.69	0.38	0.50	0.15	0.70	0.37	0.57
Hospital and medical services	0.58	0.59	0.64	0.45	0.53	0.19	0.61	0.35	0.55
Dental services	0.02	0.02	0.00	-0.02	0.00	0.00	0.02	0.01	0.02
Pharmaceuticals	-0.06	-0.07	-0.08	-0.06	-0.08	-0.09	0.00	-0.05	-0.06
Toiletries and personal products	0.05	0.04	0.12	-0.02	0.01	0.03	0.07	0.06	0.05
RECREATION AND EDUCATION	0.18	0.21	0.44	0.13	0.57	0.53	0.64	0.06	0.26
Books newspapers and magazines	0.02	-0.01	0.03	0.01	-0.13	0.06	0.08	0.03	0.02
Sports and photo equip and toys	-0.03	-0.17	0.04	-0.09	0.03	0.02	-0.05	-0.11	-0.07
Holiday travel and accommodation in Australia	0.00	0.19	0.03	0.01	0.06	0.23	0.14	0.06	0.07
O'ceas holiday travel and accommodation	0.14	0.20	0.32	0.14	0.34	0.19	0.36	0.02	0.19
Entertainment	0.06	-0.05	0.05	0.11	-0.01	-0.01	0.11	0.02	0.03
Total change	2.4	1.7	2.3	1.7	1.0	1.6	2.3	1.8	2.0
Contribution of selected State and local government charges (a) to total change	0.13	0.19	0.17	0.30	0.66	0.26	0.27	0.51	0.24

(a) Composition of this category is described in footnote (d) Table 8, page 11.

TABLE 4. CHANGE BETWEEN SEPTEMBER QUARTER 1991 AND DECEMBER QUARTER 1991 (a)  
PERCENTAGE CONTRIBUTION TO CHANGE IN WEIGHTED AVERAGE EIGHT CAPITAL CITIES ALL GROUP INDEX

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Weighted average of eight capital cities
Food	5.3	3.5	2.1	1.9	-2.2	0.3	0.2	0.4	11.6
Clothing	0.9	1.4	-0.3	-0.1	0.8	0.0	0.0	0.1	3.0
Housing	-2.4	-3.9	0.8	0.0	-2.7	-0.1	0.1	0.6	-7.4
Household equipment and operation	7.3	1.3	1.4	0.9	0.2	0.3	0.0	0.1	11.7
Transportation	12.6	8.4	2.7	2.3	2.6	-0.1	0.2	0.5	29.6
Tobacco and alcohol	4.6	2.2	0.1	0.8	0.8	0.3	0.0	0.3	9.4
Health and personal care	10.4	8.8	4.2	1.8	2.6	0.1	0.3	0.5	28.9
Recreation and education	2.9	3.1	2.7	0.6	3.0	0.5	0.3	0.1	12.9
All Groups	41.5	24.6	13.7	8.2	5.2	1.4	1.1	2.6	100.0

(a) Table 4 shows the percentage contribution of Groups in each city to the change (between September quarter 1991 and December quarter 1991) in the All Groups index for the weighted average of the eight capital cities.

#### ANALYTICAL SERIES (a)

TABLE 5. DEBT PROFILE METHOD — WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES: PERCENTAGE CHANGES

Period	Food	Clothing	Housing	Household equipment and operation	Trans- portation	Tobacco and alcohol	Health and personal care	Recreation and education	All Groups
Change from previous year									
1988-89	9.4	7.1	10.8	5.7	3.9	5.7	8.4	6.2	7.1
1989-90	7.1	5.2	16.8	5.5	8.0	8.3	7.2	6.2	8.2
1990-91	3.2	4.6	3.6	5.0	6.9	8.8	9.7	5.0	5.3
Change from corresponding quarter of previous year									
1989-90—									
December	7.6	5.1	18.7	4.9	8.2	8.7	7.7	5.5	8.5
March	6.2	5.2	17.0	5.7	9.9	8.9	6.2	7.0	8.6
June	5.8	4.4	13.0	6.4	8.0	8.6	7.2	6.9	7.7
1990-91—									
September	2.6	4.9	7.8	5.7	7.7	8.1	7.4	6.4	6.0
December	3.2	4.5	5.1	6.0	12.2	9.6	10.5	7.0	6.9
March	5.2	4.9	1.6	5.0	4.5	8.7	10.2	4.2	4.9
June	2.0	4.3	0.0	3.6	3.3	8.9	10.4	2.5	3.4
1991-92—									
September	3.4	3.3	-2.6	3.6	3.2	8.3	11.2	3.0	3.3
December	3.0	2.0	-3.9	2.4	-1.8	5.8	11.8	1.0	1.5
Change from previous quarter									
1989-90—									
December	0.3	2.0	3.4	1.5	2.4	2.0	0.7	2.5	1.9
March	0.2	0.1	2.0	1.5	2.6	2.2	3.8	2.3	1.7
June	2.8	2.0	1.6	1.7	0.6	1.8	1.5	1.0	1.6
1990-91—									
September	-0.7	0.7	0.6	0.9	1.9	1.9	1.2	0.5	0.7
December	0.9	1.7	0.8	1.8	6.7	3.4	3.6	3.1	2.7
March	2.1	0.5	-1.4	0.5	-4.6	1.3	3.5	-0.3	-0.2
June	-0.3	1.4	0.0	0.3	-0.5	2.1	1.7	-0.7	0.1
1991-92—									
September	0.6	-0.3	-2.0	0.9	1.9	1.3	1.9	0.9	0.6
December	0.5	0.4	-0.5	0.6	1.6	1.0	4.2	1.1	0.9

(a) This table is intended to assist in the analysis of price change (as distinct from movements in the CPI) and is therefore based on indexes calculated using the debt profile method of measuring mortgage interest charges from March quarter 1987.

TABLE 6. CONSUMER PRICE INDEX — GROUP INDEXES

Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra	Weighted average of eight capital cities
FOOD (Base of each Index: Year 1980-81 = 100.0)									
1989-90—									
December	189.4	198.1	185.8	188.4	190.6	192.1	178.6	183.2	191.4
March	191.4	195.4	187.5	186.8	194.0	192.1	177.7	185.3	191.7
June	196.3	202.8	191.6	190.7	198.2	194.9	182.3	187.9	197.0
1990-91—									
September	193.9	201.4	189.2	192.6	198.9	194.8	182.1	186.9	195.7
December	196.4	201.5	191.5	196.1	201.1	197.1	185.3	188.5	197.5
March	202.3	204.1	199.0	197.6	203.2	200.6	190.4	192.5	201.7
June	199.4	205.6	197.1	198.1	202.8	200.5	190.9	192.5	201.0
1991-92—									
September	201.7	206.2	196.4	198.1	206.2	201.2	187.4	194.7	202.3
December	203.3	207.4	198.1	200.1	204.1	203.2	189.7	196.1	203.4
CLOTHING (Base of each Index: Year 1980-81 = 100.0)									
1989-90—									
December	182.8	186.4	184.7	188.7	186.4	182.3	161.2	185.7	184.9
March	182.7	186.9	183.6	190.1	185.8	183.5	161.9	185.0	185.0
June	186.9	191.0	186.6	191.9	188.6	186.9	164.3	190.2	188.7
1990-91—									
September	188.1	192.3	188.1	193.2	189.2	187.2	167.2	191.8	190.0
December	191.1	194.6	194.2	196.0	194.1	191.2	169.1	194.8	193.2
March	192.0	195.4	195.1	196.5	195.3	191.8	170.7	195.1	194.1
June	195.0	198.9	196.4	198.4	196.5	194.3	171.6	197.9	196.8
1991-92—									
September	193.9	198.5	195.3	199.0	197.1	193.5	171.3	197.3	196.2
December	194.6	199.8	194.6	198.6	199.5	193.5	169.5	198.7	197.0
HOUSING (Base of each Index: Year 1980-81 = 100.0)									
1989-90—									
December	230.6	237.2	202.4	219.0	215.1	200.0	185.5	229.6	226.8
March	234.5	242.6	205.4	223.4	222.6	203.0	188.3	233.0	231.4
June	237.8	248.0	208.3	226.5	225.8	204.8	190.4	234.8	235.1
1990-91—									
September	239.5	249.1	209.4	228.1	226.7	205.4	189.9	234.9	236.4
December	239.8	251.9	213.3	232.2	227.7	207.2	197.1	241.4	238.4
March	236.6	248.7	211.3	228.8	222.1	205.1	196.1	238.3	235.1
June	237.1	249.1	211.2	228.6	218.7	205.5	197.0	237.8	235.1
1991-92—									
September	232.5	243.3	208.4	225.5	211.9	202.1	198.1	233.4	230.3
December	231.6	241.2	209.4	225.5	208.6	201.4	199.7	236.8	229.2
HOUSEHOLD EQUIPMENT AND OPERATION (Base of each Index: Year 1980-81 = 100.0)									
1989-90—									
December	188.3	192.2	195.0	191.1	189.5	190.4	184.5	188.2	190.7
March	191.4	195.5	196.4	193.5	192.6	192.3	185.7	190.6	193.5
June	193.9	198.8	199.5	197.8	197.6	194.6	189.5	194.4	196.8
1990-91—									
September	192.8	203.0	202.1	199.8	199.8	199.4	192.8	197.6	198.5
December	198.7	204.6	205.2	203.1	202.3	202.7	194.6	200.2	202.1
March	200.3	205.4	207.3	203.2	202.8	203.1	196.0	200.4	203.2
June	200.1	205.8	208.1	205.5	203.8	204.8	197.6	201.9	203.8
1991-92—									
September	201.5	209.2	208.0	206.2	206.5	207.2	198.3	203.2	205.7
December	203.8	209.7	209.3	207.1	206.7	209.3	197.8	203.5	206.9

TABLE 6. CONSUMER PRICE INDEX — GROUP INDEXES — *continued*

<i>Period</i>	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	<i>Darwin</i>	<i>Canberra</i>	<i>Weighted average of eight capital cities</i>
TRANSPORTATION (Base of each Index: Year 1980-81 = 100.0)									
1989-90—									
December	218.9	195.4	209.9	210.5	203.1	208.5	199.9	204.4	207.4
March	224.8	200.4	214.9	215.6	207.7	212.8	202.2	212.0	212.7
June	226.1	201.1	216.1	218.3	209.6	211.0	205.3	212.9	214.0
1990-91—									
September	232.7	204.3	218.0	221.8	212.7	214.7	209.4	216.5	218.1
December	245.9	220.9	231.4	236.3	228.6	228.4	221.2	230.6	232.8
March	236.2	209.4	222.7	226.5	214.9	220.8	212.7	220.3	222.2
June	233.0	209.1	222.1	225.2	216.3	220.6	212.4	217.4	221.0
1991-92—									
September	234.0	213.8	228.6	232.2	221.3	224.8	215.6	227.5	225.1
December	239.1	217.1	231.1	235.0	224.3	224.1	218.0	229.3	228.7
TOBACCO AND ALCOHOL (Base of each Index: Year 1980-81 = 100.0)									
1989-90—									
December	225.1	219.5	224.2	223.5	229.1	239.9	226.4	222.0	223.9
March	229.1	224.6	229.9	228.5	236.4	244.6	230.0	226.8	228.9
June	233.1	228.2	234.3	234.0	240.9	249.1	235.1	230.1	233.0
1990-91—									
September	237.1	232.9	238.4	239.5	245.8	252.3	239.2	234.2	237.4
December	242.0	247.3	242.4	253.5	247.2	258.4	246.6	239.3	245.4
March	246.3	250.2	243.8	257.9	249.6	259.6	250.2	240.7	248.7
June	250.4	256.7	247.9	264.8	254.8	263.7	254.9	244.3	253.8
1991-92—									
September	258.4	257.5	249.2	266.0	253.8	267.0	254.0	249.4	257.2
December	262.0	259.6	249.5	267.9	255.9	272.2	254.6	252.5	259.7
HEALTH AND PERSONAL CARE (Base of each Index: Year 1980-81 = 100.0)									
1989-90—									
December	184.2	206.7	191.4	201.7	204.1	174.2	196.4	195.5	195.5
March	191.6	213.8	199.6	209.4	212.2	185.8	211.8	198.6	203.0
June	193.7	216.8	201.8	216.3	215.8	188.7	215.7	200.7	206.0
1990-91—									
September	195.4	220.2	202.5	221.2	218.9	191.2	217.7	201.1	208.5
December	202.5	231.0	205.9	228.6	223.4	196.9	221.2	210.0	216.1
March	206.9	242.2	213.4	238.9	229.5	202.8	226.2	216.3	223.7
June	208.2	249.3	214.4	245.0	230.5	211.8	231.1	219.9	227.4
1991-92—									
September	212.6	254.5	216.8	249.6	234.0	217.2	233.8	226.2	231.8
December	222.9	264.3	229.2	255.7	243.5	219.5	249.6	233.2	241.5
RECREATION AND EDUCATION (Base of each Index: March Quarter 1982 = 100.0)									
1989-90—									
December	169.2	174.0	173.3	170.1	162.8	175.6	161.8	174.3	170.8
March	172.3	179.3	175.6	173.0	167.0	179.1	164.8	180.2	174.7
June	173.8	181.5	177.5	175.3	167.8	181.0	166.5	179.1	176.4
1990-91—									
September	175.1	181.7	178.5	177.0	167.4	182.8	168.7	180.9	177.2
December	179.4	189.2	182.7	180.1	174.7	185.9	172.6	186.2	182.7
March	180.3	187.3	182.4	181.3	172.6	183.5	166.5	185.1	182.1
June	177.8	187.4	182.0	179.8	169.8	181.2	164.2	184.1	180.8
1991-92—									
September	179.5	190.0	182.4	181.9	169.5	184.5	167.5	186.5	182.5
December	181.0	191.5	185.9	182.9	173.8	188.5	172.1	186.9	184.5



TABLE 7. CONSUMER PRICE INDEX — GROUPS, SUB-GROUPS AND SELECTED EXPENDITURE CLASSES: WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES

Group, Sub-group and Expenditure class	Index numbers (Base of each index: Year 1980-81=100.0)				Percentage Change between				Contribution to total CPI (expressed as All Groups index points)				Change between Sep qtr 1991 and Dec qtr 1991	
	Dec qtr 1990	Sep qtr 1991	Dec qtr 1991	Dec qtr 1991	Sep qtr 1991	Dec qtr 1991	Dec qtr 1991	Dec qtr 1991	Sep qtr 1991	Dec qtr 1991	Dec qtr 1991	Dec qtr 1991	Sep qtr 1991	Dec qtr 1991
	197.5	202.3	203.4	203.4	0.5	3.0	3.0	3.0	39.79	40.02	40.02	40.02	0.23	0.23
FOOD														
Dairy products	190.8	197.9	197.8	197.8	-0.1	3.7	3.7	3.7	3.28	3.28	3.28	3.28	0.00	0.00
Cereal products	226.6	230.9	234.3	234.3	1.5	3.4	3.4	3.4	4.31	4.37	4.37	4.37	0.06	0.06
Meat and seafoods	166.3	166.7	164.5	164.5	-1.3	-1.1	-1.1	-1.1	7.09	7.00	7.00	7.00	-0.09	-0.09
Beef and veal	177.9	180.0	178.2	178.2	-1.0	0.2	0.2	0.2						
Lamb and mutton	154.2	158.7	149.9	149.9	-5.5	-2.8	-2.8	-2.8						
Pork	168.3	170.7	169.9	169.9	-0.5	1.0	1.0	1.0						
Poultry	146.0	139.6	137.2	137.2	-1.7	-6.0	-6.0	-6.0						
Bacon and ham	147.2	143.9	147.4	147.4	2.4	0.1	0.1	0.1						
Processed meat	164.5	169.9	169.1	169.1	-0.5	2.8	2.8	2.8						
Fish	216.5	207.1	204.1	204.1	-1.4	-5.7	-5.7	-5.7						
Fresh fruit and vegetables	189.2	195.5	201.1	201.1	2.9	6.3	6.3	6.3						
Processed fruit and vegetables	209.5	211.3	213.3	213.3	0.9	1.8	1.8	1.8						
Soft drinks - ice cream and confectionery	221.4	230.3	232.5	232.5	1.0	5.0	5.0	5.0						
Meals out and take away foods	219.0	226.2	228.6	228.6	1.1	4.4	4.4	4.4						
Other foods	186.7	188.4	187.2	187.2	-0.6	0.3	0.3	0.3						
CLOTHING														
Men's and boy's clothing	193.2	196.2	197.0	197.0	0.4	2.0	2.0	2.0						
Women's and girls' clothing	185.7	188.5	191.4	191.4	1.5	3.1	3.1	3.1						
Fabrics and knitting wool	197.1	198.9	199.0	199.0	0.1	1.0	1.0	1.0						
Footwear	195.9	201.7	199.1	199.1	-1.3	1.6	1.6	1.6						
Dry cleaning and shoe repairs	187.4	192.0	192.4	192.4	0.2	2.7	2.7	2.7						
	228.0	236.9	237.2	237.2	0.1	4.0	4.0	4.0						
HOUSING														
Rents	238.4	230.3	229.2	229.2	-0.5	-3.9	-3.9	-3.9						
Privately-owned dwelling rents	236.8	241.0	241.4	241.4	0.2	1.9	1.9	1.9						
Government-owned dwelling rents	233.0	236.6	236.9	236.9	0.1	1.7	1.7	1.7						
Home ownership	265.9	277.1	279.0	279.0	0.7	4.9	4.9	4.9						
Mortgage interest charges (a)	239.5	225.9	224.2	224.2	-0.8	-6.4	-6.4	-6.4						
Local government rates and charges	160.3	143.1	140.1	140.1	-2.1	-12.6	-12.6	-12.6						
House repairs and maintenance	237.5	243.5	250.6	250.6	2.9	5.5	5.5	5.5						
House insurance	194.5	203.3	204.3	204.3	0.5	5.0	5.0	5.0						
	215.8	242.0	241.1	241.1	-0.4	11.7	11.7	11.7						
HOUSEHOLD EQUIPMENT AND OPERATION														
Fuel and light	202.1	205.7	206.9	206.9	0.6	2.4	2.4	2.4						
Furniture and floor coverings	220.8	230.2	231.0	231.0	0.3	4.6	4.6	4.6						
Appliances	210.0	208.5	213.7	213.7	2.5	1.8	1.8	1.8						
Household textiles	147.1	150.9	151.1	151.1	0.1	2.7	2.7	2.7						
Household utensils and tools	193.7	201.9	201.2	201.2	-0.3	3.9	3.9	3.9						
Household supplies and services	214.0	215.5	215.9	215.9	0.2	0.9	0.9	0.9						
Postal and telephone services	203.8	208.2	208.4	208.4	0.1	2.3	2.3	2.3						
Consumer credit charges (a)	162.8	169.5	169.4	169.4	-0.1	4.1	4.1	4.1						
	142.5	144.3	143.9	143.9	-0.3	1.0	1.0	1.0						

For footnotes see end of Table

TABLE 7. CONSUMER PRICE INDEX — GROUPS, SUB-GROUPS AND SELECTED EXPENDITURE CLASSES: WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES — continued

Group, Sub-group and Expenditure class	Index numbers (Base of each index: Year 1980-81=100.0)			Percentage Change between		Contribution to total CPI (expressed as All Groups index points)				Change between Sep qtr 1991 and Dec qtr 1991	
	Dec qtr 1990	Sep qtr 1991	Dec qtr 1991	Sep qtr 1991 and Dec qtr 1991	Dec qtr 1990 and Dec qtr 1991	Sep qtr 1991	Dec qtr 1991	Dec qtr 1991	Dec qtr 1991	Sep qtr 1991 and Dec qtr 1991	Dec qtr 1991 and Dec qtr 1991
<b>TRANSPORTATION</b>											
Private motoring	232.8	225.1	228.7	1.6	-1.8	36.00	36.58			0.58	
Motor vehicles	230.1	221.1	224.7	1.6	-2.3	33.62	34.18			0.56	
Automotive fuel	228.4	234.9	239.4	1.9	4.8			12.01			0.22
Vehicle insurance	238.8	201.4	200.6	-0.4	-16.0	11.79		9.54			-0.04
Motoring charges	272.2	261.1	279.1	6.9	2.5	4.36		4.66			0.30
Tyres and tubes	201.6	214.7	222.4	3.6	10.3	1.71		1.77			0.06
Vehicle service repairs and parts	170.6	168.7	169.1	0.2	-0.9	0.46		0.46			0.00
Urban transport fares	216.0	222.3	222.5	0.1	3.0	5.73		5.74			0.01
	261.3	278.6	282.0	1.2	7.9	2.38	2.40			0.02	
<b>TOBACCO AND ALCOHOL</b>											
Alcoholic drinks	245.4	257.2	259.7	1.0	5.8	18.83	19.02			0.19	
Beer	219.5	227.3	229.0	0.7	4.3	12.92	13.01			0.09	
Wine	227.7	234.0	235.4	0.6	3.4			7.76			0.04
Spirits	175.2	181.7	182.5	0.4	4.2	7.72		2.43			0.01
Cigarettes and tobacco	231.3	244.5	247.7	1.3	7.1	2.42		2.81			0.03
	319.0	343.6	348.8	1.5	9.3	5.92	6.01			0.09	
<b>HEALTH AND PERSONAL CARE</b>											
Health services	216.1	231.8	241.5	4.2	11.8	13.64	14.21			0.57	
Personal care products	216.7	235.3	251.6	6.9	16.1	8.21	8.78			0.57	
Hairdressing services	211.9	225.1	224.3	-0.4	5.9	4.00	3.98			-0.02	
	210.9	216.9	219.1	1.0	3.9	1.43	1.44			0.01	
<b>RECREATION AND EDUCATION (b)</b>											
Books newspapers and magazines	182.7	182.5	184.5	1.1	1.0	22.88	23.14			0.26	
Recreational goods	249.4	265.8	268.2	0.9	7.5	2.81	2.83			0.02	
Holiday travel and accommodation (b)	124.8	126.3	124.7	-1.3	-0.1	4.97	4.90			-0.07	
Recreational services	201.1	182.4	189.9	4.1	-5.6	6.45	6.71			0.26	
Education and child care (b)	228.5	241.4	242.5	0.5	6.1	5.41	5.44			0.03	
	234.4	243.0	243.2	0.1	3.8	3.25	3.25			0.00	
<b>ALL GROUPS</b>	214.5	215.7	217.7	0.9	1.5	215.7	217.7			2.0	

(a) Base : December quarter 1986 = 100.0. (b) Base : March quarter 1982 = 100.0.

TABLE 8. CONSUMER PRICE INDEX — SPECIAL SERIES: WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES

	Index numbers (Base of each index: Year 1980-81=100.0)			Percentage Change between		Contribution to total CPI (expressed as All Groups index points)		Change between Sep qtr 1991 and Dec qtr 1991	
	Dec qtr 1990	Sep qtr 1991	Dec qtr 1991	Sep qtr 1991 and Dec qtr 1991	Dec qtr 1991	Sep qtr 1991	Dec qtr 1991	Sep qtr 1991	Dec qtr 1991
	214.5	215.7	217.7	0.9	1.5	215.7	217.7	215.7	217.7
ALL GROUPS	214.5	215.7	217.7	0.9	1.5	215.7	217.7	215.7	217.7
All groups - excluding food	219.0	219.3	221.5	1.0	1.1	175.93	177.67	175.93	177.67
All groups - excluding clothing	216.5	217.6	219.7	1.0	1.5	201.37	203.28	201.37	203.28
All groups - excluding housing	210.6	213.3	215.8	1.2	2.5	183.67	185.78	183.67	185.78
All groups - excluding household equipment and operation	217.3	218.0	220.1	1.0	1.3	177.55	179.29	177.55	179.29
All groups - excluding transportation	211.0	213.9	215.6	0.8	2.2	179.72	181.11	179.72	181.11
All groups - excluding tobacco and alcohol	211.8	212.2	214.1	0.9	1.1	196.89	198.67	196.89	198.67
All groups - excluding health and personal care	214.8	215.1	216.6	0.7	0.8	202.08	203.48	202.08	203.48
All groups - excluding recreation and education	215.7	217.1	219.0	0.9	1.5	192.84	194.55	192.84	194.55
All groups - excluding home ownership	211.9	214.7	217.1	1.1	2.5	193.91	196.05	193.91	196.05
Mortgage interest and consumer credit charges (a)	154.9	143.4	141.1	-1.6	-8.9	19.59	19.28	19.59	19.28
All groups - excluding mortgage interest and consumer credit charges	130.8	132.7	134.2	1.1	2.6	196.13	198.41	196.13	198.41
All groups - excluding hospital and medical services	214.9	215.7	217.1	0.6	1.0	209.71	211.11	209.71	211.11
All groups - goods component (b)	205.3	207.7	208.9	0.6	1.8	134.64	135.45	134.64	135.45
All groups - services component (c)	234.2	233.3	236.6	1.4	1.0	81.08	82.24	81.08	82.24
Selected State and local government charges (d)	247.2	257.3	261.9	1.8	5.9	13.39	13.63	13.39	13.63
All groups - excluding selected State and local government charges (d)	212.2	212.9	214.7	0.8	1.2	202.33	204.06	202.33	204.06

(a) Base : December quarter 1986 = 100.0. (b) The special series 'All groups, goods component' comprises the Food group (except meals out); Clothing group (except dry cleaning and shoe repairs); Household equipment and operation group (except veterinary services, house contents insurance, repairs to appliances, postal and telephone services and consumer credit charges); Tobacco and alcohol group; materials used in house repairs and maintenance; motor vehicles; automotive fuel; tyres and tubes; parts used in vehicle service and repairs; personal care products; books, newspapers and magazines; and recreational goods. (c) The 'All groups, services component' comprises all items not included in the 'All groups, goods component'. (d) Selected State and local government charges comprise: government-owned dwelling rents; water and sewerage rates; council property rates and charges; electricity prices; gas prices (Melbourne and Perth only); motor vehicle third party insurance premiums (except Canberra and in part only in Sydney and Brisbane); motor vehicle registration fees; drivers' licence fees; urban bus fares (government bus fares only in Sydney and Melbourne, council fares only in Brisbane); urban rail and tram fares (not applicable in Hobart, Canberra and Darwin). The derivations and limitations of these figures was described in the Appendix to the December quarter 1982 issue of this publication.

## EXPLANATORY NOTES

**Brief description of the CPI**

1. The CPI measures quarterly changes in the price of a *basket* of goods and services which account for a high proportion of expenditure by the CPI population group (ie metropolitan wage and salary earner households). This *basket* covers a wide range of goods and services, arranged in the following eight groups: food; clothing; housing; household equipment and operation; transportation; tobacco and alcohol; health and personal care; and recreation and education. Pensioners and other social welfare recipients are not included in the CPI population group and the index does not reflect concessional prices paid by these people such as subsidised government dwelling rents, public transport fares and the like.

2. The capital city indexes measure price movements over time in each city individually. They do not measure differences in retail price levels between cities.

3. Further information about the CPI is contained in a booklet entitled *A Guide to the Consumer Price Index* (6440.0) which is available from the ABS on request. A more detailed account is contained in *The Australian Consumer Price Index, Concepts, Sources and Methods* (6461.0).

**Prices**

4. Prices of goods and services included in the CPI are generally collected quarterly. However, some important items are priced monthly or more frequently (e.g. bread, fresh meat and fish, fresh fruit and vegetables, petrol, alcohol and tobacco) and a small number annually (e.g. seasonal clothing, local government rates and charges).

5. In order to facilitate a more even spread of field collection workload the bulk of the items for which prices are collected quarterly are priced in the first two months of each quarter (ie July/August, October/November, January/February, April/May). With a few exceptions items priced in the third month are those subject to price changes at discrete points of time (e.g. electricity and postal charges, milk); in these cases information about any changes in price during the quarter is obtained so that an average price for the whole quarter can be calculated.

**Weighting pattern**

6. There are 107 expenditure classes (that is, groupings of like items) in the eleventh series 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.

7. Changes in the weighting pattern have been made at approximately five-yearly intervals to take account of changes in household spending patterns. The CPI now comprises eleven series of price indexes which have been linked to form a continuous series.

**Analysis of CPI changes**

8. Movements in indexes from one period to another can be expressed either as changes in *index points* or as percentage changes. The following example illustrates the method of calculating index points changes and percentage changes between any two periods:

All Groups CPI: Weighted average of eight capital cities

Index numbers:

Sep quarter 1991:	215.7	(see Table 1)
less: Jun quarter 1990:	214.4	(see Table 1)
Change in index points:	1.3	

$$\text{Percentage change} = \frac{1.3}{214.4} \times 100 = 0.6\%$$

9. In this publication, percentage changes are calculated to illustrate 3 different kinds of movements in index numbers:

- movements between consecutive financial years (where the index numbers for financial years are simple averages of the quarterly index numbers),
- movements between corresponding quarters of consecutive years, and
- movements between consecutive quarters.

10. Table 7 provides a detailed analysis, for the weighted average of eight capital cities, of movements in the CPI since the previous quarter, including information on movements for subgroups and for selected expenditure classes. It also shows the contribution which each group and subgroup makes to the total CPI. For instance, the dairy products subgroup contributed 3.28 index points to the total All Groups index number of 215.7 for September quarter 1991. The final column shows contributions to the change in All Groups index points by each group and subgroup.

11. Table 8 provides summary information about a range of Special series in a similar format to that provided in Table 7.

12. Information on the impact of changes in Selected State and local government charges on the CPI is included in Tables 3 and 8. Table 3 shows the contribution made by changes in these charges to the CPI for each capital city, while Table 8 shows index numbers for two special series *Selected State and local government charges* and *All Groups excluding selected State and local government charges*. An explanation of the derivation and limitations of these figures was published in the Appendix to the December quarter 1982 issue of this publication.

#### Related publications

13. Users may also wish to refer to the following publications which are available on request:

*The Australian Consumer Price Index: Concepts Sources and Methods (6461.0)*

*A Guide to the Consumer Price Index (6440.0)*

*Information Paper: The Australian Consumer Price Index: Treatment of Mortgage Interest Charges (6442.0)*

*House Price Indexes: Eight Capital Cities (6416.0)*

*Average Retail Prices of Selected Items Eight Capital Cities (6403.0)*

#### Next issue

14. The Consumer Price Index - March quarter 1992 (6401.0) is scheduled to be released on Wednesday 29 April 1992.

15. Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The catalogue and Publications Advice are available from any ABS office.

#### Symbols and other usages

n.a.	not available
r	revised
n.y.a.	not yet available

NOTE. Any discrepancies between totals and sums of components in this publication are due to rounding. For similar reasons quarterly movements shown by subgroup or group index numbers in Table 7 do not necessarily correspond exactly with those shown by the relevant index points.

## APPENDIX

## REVIEW OF THE CONSUMER PRICE INDEX

Work is proceeding on the latest in a series of periodic reviews of the Consumer Price Index (CPI). This review has three main objectives:

- to re-reference the index to a 1989-90 reference base;
- to derive updated weights based on the 1988-89 Household Expenditure Survey; and
- to review the treatment of home ownership.

The re-referenced index numbers will be published first in the March quarter 1992 issue of this publication while the results of re-weighting and the review of home ownership costs will be introduced in the September quarter 1992 issue.

**Re-referencing**

The reference base period for the CPI is that period for which the value of the index is set to 100.0. The current *reference base period* is the financial year 1980-81. (This is distinct from the *weighting base*. The most recent weights relate to expenditures in 1984 and were introduced from the December quarter 1986 - see *Reweightings* below.)

Commencing with the March quarter 1992 issue of this publication, all CPI series will be presented on a reference base of 1989-90 = 100.0. The conversion of series on the old base to the new base involves a rescaling of the index numbers. For example:

For the All Groups index for Sydney, an arithmetic conversion factor is obtained as follows:

Index number for Year 1989-90 (on base 1989-90 = 100.0) will be 100.0

Index number for Year 1989-90 (on base 1980-81 = 100.0) is 203.0

$$\text{Conversion factor} = \frac{100.0}{203.0} = 0.4926$$

The factor 0.4926 may be applied to any Sydney All Groups index number on the old (1980-81 = 100.0) reference base to derive the corresponding number on the new (1989-90 = 100.0) reference base.

The procedure shown in the above example may be followed in respect of any specific index series for which 1989-90 index numbers have been published on both reference bases.

A consequence of re-referencing price indexes can be that period to period percentage changes calculated using the re-referenced index number series may differ slightly from those calculated using the original series. These

differences do not constitute a revision of the index but simply reflect the effect of rounding.

**Reweighting**

In compiling the CPI, price movements for the different component items are combined using weights which represent the relative importance of each of the components to the total expenditure of the CPI population group.

Over a period of time, the expenditure patterns of consumers change in response to factors such as:

- changes in relative prices,
- changes in tastes,
- changes in disposable income, and
- introduction of new products.

In order to maintain the relevancy of the CPI it is important that it be reviewed periodically and the weights updated to reflect current expenditure patterns. However, it is also true that, in general, expenditure patterns change very slowly and that price indexes are relatively insensitive to small changes in weights.

Australian practice has been to reweight about every 5 years. Since the inception of the CPI in 1960 there have been 10 such reweights with the last reweight introduced in December quarter 1986. Consequently, the CPI now consists of eleven short term price indexes which have been "linked" together at the time of each reweight to form one continuous series.

The linking process involves measuring price movements using one weighting pattern up to the time of the link and then another weighting pattern from that time onwards. This ensures that the resulting continuous series reflect only price variations and not differences in cost of the old and new "baskets" of items. The introduction of new weights by linking does not, of itself, raise or lower the level of the index.

The new 12th series CPI with weights based on household expenditure in 1988-89 will be introduced for September quarter 1992 and linked to the current 11th series CPI at June quarter 1992. The new weighting pattern and other details of the current review will be provided in an Information Paper to be released later this year.

**Review of Home Ownership**

The ABS has been involved in extensive consultations with users as a part of the review of home ownership in the CPI. The results of the home ownership review will also be provided in an Information Paper to be released later in the year.



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