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## CONSUMER PRICE INDEX - SEPTEMBER QUARTER 1989

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### MAIN FEATURES

Weighted average of eight capital cities	Change between	
	June qtr 1989 and Sept. qtr 1989 %	Sept. qtr 1988 and Sept. qtr 1989 %
Food	+2.5	+9.0
Clothing	+0.2	+6.1
Housing	+5.4	+16.6(a)
Household equipment and operation	+1.5	+4.9
Transportation	+2.2	+6.0
Tobacco & alcohol	+2.3	+6.8
Health and personal care	+1.0	+7.5
Recreation and education	+1.0	+5.4
All groups	+2.3	+8.0(a)
All groups excluding housing	+1.7	+6.5

(a) Series has been affected by a change in treatment of mortgage interest charges from March quarter 1989. See appendix page 14.

from March quarter 1989. See also the analytical series on page 2.

The quarterly increase is down slightly on the 2.4% increase recorded in June quarter while the annual increase (8.0%) is up on the 7.6% recorded last quarter.

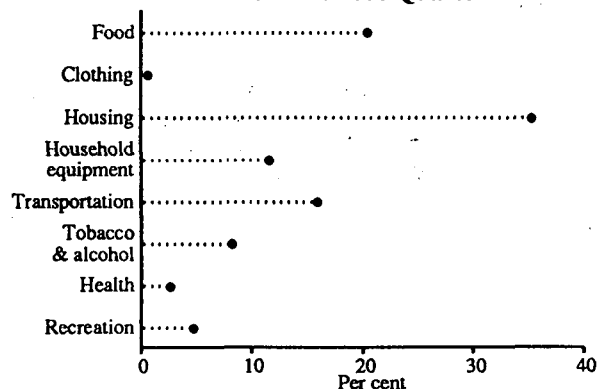
Increases in housing costs, largely driven by increases in both mortgage interest rates and house prices, contributed significantly to the annual increase in the *all groups* index over the past 12 months. The impact is illustrated by comparing the increase in the *all groups* index (8.0%) with that for *all groups excluding housing* (6.5%).

In the current quarter, the *housing* index increased by 5.4% (see Table 7) compared to the *all groups excluding housing* increase of 1.7%.

#### Main contributions to change.

Four groups accounted for more than 80% of the increase in the *all groups* index - Food (20.6%), Housing (35.4%), Household equipment and operation (11.6%) and Transportation (15.9%) - see chart below.

Percentage Contribution to Change  
from Previous Quarter



#### Overview.

The CPI increased by 2.3% between the June and September quarters and by 8.0% since September quarter last year.

The figure for change over the last year has been affected by a change in the treatment of mortgage interest charges

**Food: +2.5%**

Although a reduction on the high rate of 3.2% recorded last quarter, the food price index was again significantly affected by increases in prices of fresh potatoes and vegetables. Increases in the prices of these items account for 39% of the movement.

Prices of fresh potatoes increased by 15.8% on average with increases being recorded in all cities except Perth where prices fell by 2.0% due to local growing areas not being subject to the excess rain experienced in the eastern States. The largest increase was recorded in Sydney (19.6%).

Other fresh vegetable prices increased by 14.1% on average with increases being recorded in all cities except Brisbane (-0.9%) and Darwin (-0.2%). The largest increase was recorded in Melbourne (30.1%). Price increases for pumpkin, cabbages and celery contributed most to the national result.

**Housing: +5.4%**

This is the largest increase recorded since December quarter 1988 (6.2%) and represents a small increase on the result recorded last quarter (5.3%). The housing group is the largest contributor to the change in the all groups index number this quarter - accounting for 35.4% of the change. Increases in mortgage interest charges account for about 84% of this.

The strong rise in mortgage interest charges this quarter (10.2%) results from an increase of 3.8% in the value of the debt outstanding combined with a 6.0% increase in interest rates. While the increase in the debt series is marginally down on the high rate recorded last quarter (4.0%), the rate of increase in interest rates has risen from last quarter (5.1%) and represents the highest rate of increase recorded since the commencement of this series in March quarter 1987.

**Household equipment & operation: +1.5%**

This represents an increase on the low rate recorded for the previous two quarters (1.0%). Increases in consumer credit charges account for 37% of the movement.

Consumer credit charges increased by 4.0% this quarter compared with 2.6% last quarter and results from an increase of 1.6% in the value of the debt outstanding combined with a 2.4% increase in interest rates.

**Transportation: +2.2%**

This represents a reduction on the rate of increase recorded last quarter (2.4%). Increases in motor vehicle insurance charges account for 43% of the movement.

Motor vehicle insurance charges increased on average by 7.7%. Increases were recorded in all cities except Canberra (where they fell by 6.8% due to a reduction in third party compulsory insurance charges in June). The largest increase was recorded in Sydney (18.4%) due mainly to an increase in third party compulsory insurance charges from 1 July.

**ANALYTICAL SERIES.**

An improved approach to the treatment of mortgage interest charges in the Consumer Price Index was introduced in March quarter 1989. In order to provide the correct basis of comparison for the analysis of changes in the prices of goods and services over periods including December quarter 1988, the ABS has compiled index number series using the new debt profile approach from the time that mortgage interest charges were first included in the CPI two years ago. These series (including indexes for All Groups) are published in the appendix to this publication and are recommended for analytical purposes (as distinct from statutory indexation and contract escalation purposes).

Percentage changes in the analytical All groups index are presented for each city and the weighted average of the eight capital cities in the table below

ANALYTICAL SERIES	Change between	
	June qtr 1989 and Sept. qtr 1989 %	Sept. qtr 1988 and Sept. qtr 1989 %
All groups index		
Sydney	+2.8	+9.0
Melbourne	+2.2	+8.2
Brisbane	+1.8	+8.1
Adelaide	+1.7	+7.0
Perth	+2.4	+8.5
Hobart	+1.7	+7.0
Canberra	+1.6	+6.9
Darwin	+1.4	+5.0
Weighted average of eight capital cities	+2.3	+8.3

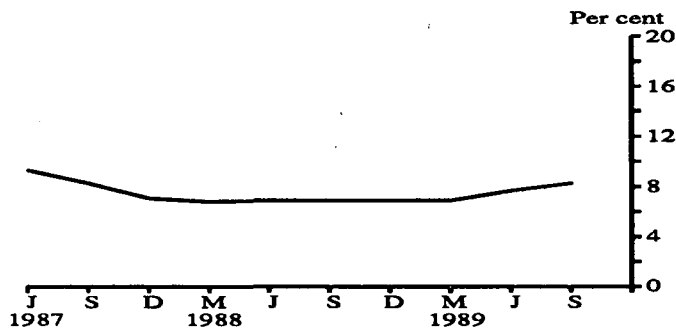
**Changes over recent years.**

The graphs on the following page illustrate the changes that have taken place over the last two and a half years in the rate of change of prices as measured by the analytical CPI series (compared to the same quarter of the previous year) for the All groups index and each of the eight major groups.

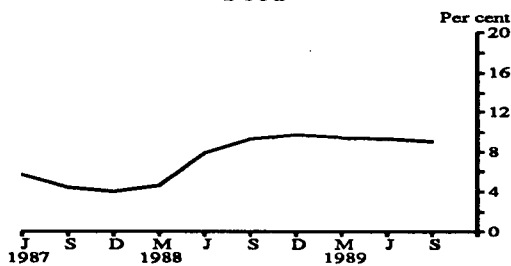
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ANALYTICAL SERIES: WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES  
PERCENTAGE CHANGE ON CORRESPONDING QUARTER OF PREVIOUS YEAR

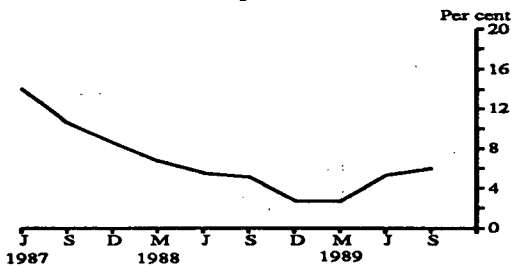
All Groups



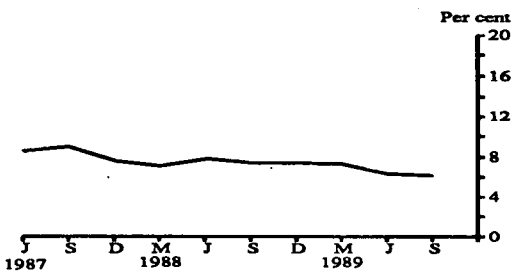
Food



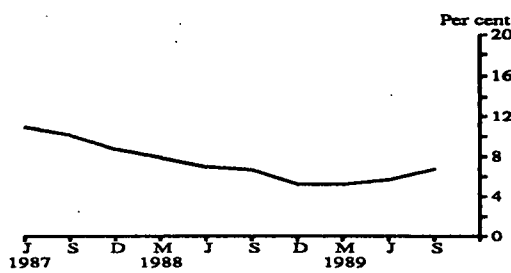
Transportation



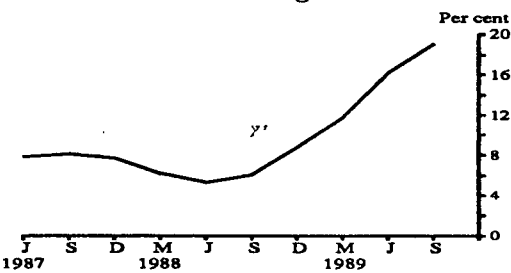
Clothing



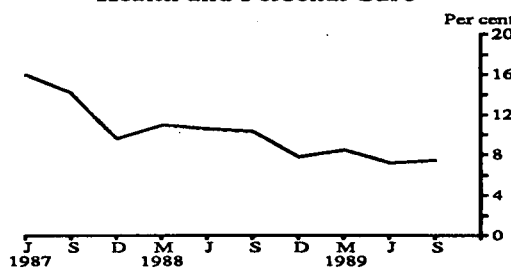
Tobacco and Alcohol



Housing



Health and Personal Care



Household Equipment and Operation



Recreation and Education

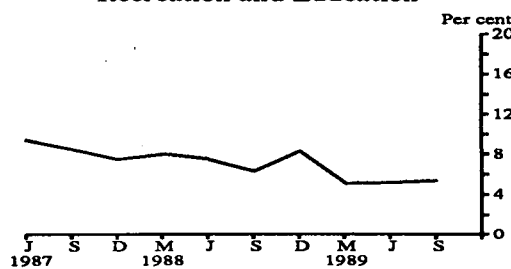


TABLE 1. CONSUMER PRICE INDEX: ALL GROUPS INDEX NUMBERS  
(Base of each index: Year 1980-81 = 100.0)

Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
1985-86	147.5	149.8	149.0	150.2	147.1	147.9	150.8	146.2	148.7
1986-87	161.4	163.9	161.8	164.0	161.8	162.5	163.4	159.3	162.6
1987-88	173.7	175.9	173.1	175.0	173.3	174.4	174.7	170.6	174.5
1988-89	187.7	187.9	185.4	187.8	186.1	185.3	186.3	178.9	187.3
Quarter -									
1985-86									
September	142.7	145.3	144.7	146.0	142.9	143.8	146.2	143.2	144.2
December	145.9	147.8	147.5	149.1	146.1	146.7	149.3	144.8	147.1
March	149.4	151.8	151.0	151.4	148.5	149.0	152.5	147.4	150.5
June	152.0	154.2	152.7	154.4	150.8	152.2	155.1	149.4	153.0
1986-87									
September	155.8	158.2	156.4	158.9	155.9	156.3	158.4	153.3	157.0
December	160.1	162.9	160.7	162.9	160.7	161.4	162.3	158.6	161.5
March	163.5	166.0	164.1	165.7	163.8	164.8	165.1	161.4	164.7
June	166.1	168.6	166.1	168.4	166.6	167.3	167.8	163.9	167.2
1987-88									
September	169.0	171.6	168.4	170.5	169.1	170.3	170.0	166.6	170.0
December	171.8	174.5	171.5	173.8	171.8	172.9	173.0	169.5	172.9
March	175.6	177.1	174.6	176.3	174.6	175.8	176.4	171.7	176.0
June	178.3	180.4	177.9	179.2	177.7	178.4	179.5	174.5	179.0
1988-89									
September	182.9	183.0	180.5	182.7	181.3	180.6	181.7	175.6	182.4
December	187.6	186.2	183.7	185.7	185.1	183.5	185.0	177.2	186.2
March	187.8	188.7	186.4	189.5	187.0	186.8	187.2	180.0	188.0
June	192.5	193.8	191.0	193.2	191.0	190.3	191.5	182.9	192.6
1989-90									
September	197.8	198.1	194.5	196.5	195.5	193.6	194.5	185.5	197.0

TABLE 2. CONSUMER PRICE INDEX : ALL GROUPS PERCENTAGE CHANGES.

Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
Change from previous year									
1986-87	9.4	9.4	8.6	9.2	10.0	9.9	8.4	9.0	9.3
1987-88	7.6	7.3	7.0	6.7	7.1	7.4	6.9	7.1	7.3
1988-89	8.1	6.8	7.1	7.3	7.4	6.3	6.6	4.9	7.4
Change from corresponding quarter of previous year									
1987-88									
September	8.5	8.5	7.7	7.3	8.5	9.0	7.3	8.7	8.3
December	7.3	7.1	6.7	6.7	6.9	7.1	6.6	6.9	7.1
March	7.4	6.7	6.4	6.4	6.6	6.7	6.8	6.4	6.9
June	7.3	7.0	7.1	6.4	6.7	6.6	7.0	6.5	7.1
1988-89									
September	8.2	6.6	7.2	7.2	7.2	6.0	6.9	5.4	7.3
December	9.2	6.7	7.1	6.8	7.7	6.1	6.9	4.5	7.7
March	6.9	6.5	6.8	7.5	7.1	6.3	6.1	4.8	6.8
June	8.0	7.4	7.4	7.8	7.5	6.7	6.7	4.8	7.6
1989-90									
September	8.1	8.3	7.8	7.6	7.8	7.2	7.0	5.6	8.0
Change from previous quarter									
1987-88									
September	1.7	1.8	1.4	1.2	1.5	1.8	1.3	1.6	1.7
December	1.7	1.7	1.8	1.9	1.6	1.5	1.8	1.7	1.7
March	2.2	1.5	1.8	1.4	1.6	1.7	2.0	1.3	1.8
June	1.5	1.9	1.9	1.6	1.8	1.5	1.8	1.6	1.7
1988-89									
September	2.6	1.4	1.5	2.0	2.0	1.2	1.2	0.6	1.9
December	2.6	1.7	1.8	1.6	2.1	1.6	1.8	0.9	2.1
March	0.1	1.3	1.5	2.0	1.0	1.8	1.2	1.6	1.0
June	2.5	2.7	2.5	2.0	2.1	1.9	2.3	1.6	2.4
1989-90									
September	2.8	2.2	1.8	1.7	2.4	1.7	1.6	1.4	2.3

TABLE 3. CONSUMER PRICE INDEX : CHANGE BETWEEN JUNE QUARTER 1989 AND SEPTEMBER QUARTER 1989  
MAIN CONTRIBUTIONS TO CHANGE IN TERMS OF ALL GROUPS INDEX POINTS

Item	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
<b>FOOD</b>	0.95	1.19	0.60	0.74	0.50	0.69	0.81	0.28	0.90
Bread	0.07	0.03	0.02	0.00	0.05	0.03	0.02	0.02	0.04
Cakes and biscuits	0.06	0.01	0.02	0.01	0.03	0.01	0.01	0.01	0.03
Beef & veal	0.05	0.05	0.03	0.01	0.02	0.02	0.07	0.03	0.04
Processed meat	0.03	0.02	0.06	0.05	0.01	-0.02	0.00	0.00	0.03
Fish	0.03	0.00	0.03	-0.02	0.00	0.01	0.03	0.00	0.02
Fresh fruit	0.11	0.04	0.09	0.10	0.01	-0.02	0.07	-0.15	0.07
Fresh potatoes	0.08	0.08	0.08	0.11	-0.01	0.03	0.04	0.08	0.07
Fresh vegetables	0.17	0.63	-0.02	0.24	0.18	0.33	0.16	0.00	0.29
Processed vegetables	0.03	0.03	0.03	0.01	0.00	0.01	0.03	0.05	0.02
Confectionery	0.07	0.08	0.02	0.04	0.08	0.10	0.09	0.02	0.07
Meals out	0.16	0.16	0.03	0.02	0.02	0.09	0.05	0.04	0.11
Food additives sauces & spices	0.01	0.03	0.01	-0.01	0.02	0.01	0.02	0.02	0.02
<b>CLOTHING</b>	0.03	0.08	-0.02	0.02	-0.07	0.02	0.05	-0.03	0.03
Womens underwear nightwear etc.	0.03	0.01	0.03	0.03	0.00	0.02	0.03	0.01	0.02
<b>HOUSING</b>	1.76	1.51	1.25	1.01	2.06	1.00	1.18	0.89	1.55
Privately-owned dwelling rents	0.22	0.15	0.16	0.13	0.16	0.04	0.03	0.02	0.18
Govt-owned dwelling rents	0.01	0.02	0.02	0.07	0.00	0.00	0.00	0.07	0.01
Mortgage interest charges	1.46	1.28	1.04	0.76	1.82	0.93	1.06	0.73	1.30
House insurance	0.06	0.02	0.01	0.01	0.03	0.00	0.04	0.06	0.04
<b>HOUSEHOLD EQUIP. &amp; OPERATION</b>	0.47	0.56	0.43	0.44	0.64	0.40	0.53	0.38	0.51
Electricity	0.12	0.07	0.00	0.10	0.25	0.00	0.11	0.00	0.10
Gas	0.01	0.05	0.00	0.00	0.04	0.00	0.01	0.00	0.02
Furniture	0.03	0.09	0.02	0.11	0.14	0.10	0.10	0.08	0.07
Appliances	0.08	0.03	0.04	0.05	0.02	0.02	0.06	0.02	0.05
Consumer credit charges	0.19	0.19	0.26	0.15	0.20	0.17	0.23	0.22	0.19
<b>TRANSPORTATION</b>	1.33	0.27	0.72	0.14	0.56	0.44	-0.30	0.35	0.69
Motor vehicles	0.12	0.13	0.22	0.09	0.10	0.11	-0.11	0.19	0.12
Automotive fuel	0.21	0.05	0.11	-0.12	0.28	0.31	-0.03	0.06	0.13
Vehicle insurance (a)	0.72	0.11	0.04	0.04	0.12	0.00	-0.24	0.03	0.30
Motoring charges	0.04	-0.17	0.15	0.06	0.03	0.00	0.01	0.00	-0.01
Vehicle servicing etc.	0.01	0.10	0.13	0.02	0.02	0.00	0.04	0.05	0.06
Urban transport fares	0.22	0.04	0.06	0.04	0.01	0.01	0.04	0.01	0.10
<b>TOBACCO &amp; ALCOHOL</b>	0.41	0.34	0.32	0.43	0.36	0.26	0.25	0.27	0.36
Beer	0.09	0.10	0.16	0.21	0.22	0.09	0.06	0.04	0.12
Wine	0.04	0.04	0.02	0.09	0.06	0.04	0.02	0.03	0.04
Spirits	0.05	0.04	0.05	0.08	0.01	0.03	0.03	0.06	0.05
Cigarettes & tobacco	0.22	0.16	0.09	0.05	0.07	0.09	0.13	0.13	0.16
<b>HEALTH &amp; PERSONAL CARE</b>	0.09	0.13	0.01	0.28	0.19	0.04	0.15	0.07	0.12
Hospital & medical services	0.04	0.06	0.03	0.19	0.09	0.08	0.11	0.09	0.07
Dental services	0.02	0.06	0.01	0.05	0.05	0.02	0.04	0.00	0.04
Pharmaceuticals	-0.06	-0.07	-0.07	-0.06	-0.05	-0.10	-0.06	-0.05	-0.07
Toiletries & personal products	0.06	0.05	0.02	0.09	0.02	0.03	0.05	0.02	0.06
<b>RECREATION &amp; EDUCATION</b>	0.17	0.21	0.17	0.21	0.28	0.46	0.38	0.40	0.21
Video & sound equipment	-0.04	-0.05	-0.02	-0.04	-0.06	-0.03	-0.03	-0.04	-0.05
Sports & photo equip & toys	0.01	0.06	0.06	0.08	0.03	0.14	0.02	0.01	0.04
Holiday travel & accom in Aust	0.09	0.07	0.05	0.06	0.08	0.12	0.23	0.21	0.08
Entertainment	0.04	0.10	0.04	0.05	0.10	0.06	0.09	0.02	0.07
Child care fees	0.01	0.06	0.01	0.02	0.02	0.09	0.02	0.10	0.03
<b>Total change</b>	<b>5.3</b>	<b>4.3</b>	<b>3.5</b>	<b>3.3</b>	<b>4.5</b>	<b>3.3</b>	<b>3.0</b>	<b>2.6</b>	<b>4.4</b>
<b>Contribution of selected State &amp; local government charges (b) to total change (a)</b>	<b>0.66</b>	<b>0.09</b>	<b>0.23</b>	<b>0.26</b>	<b>0.31</b>	<b>0.01</b>	<b>0.11</b>	<b>0.08</b>	<b>0.34</b>

(a) Changes to compulsory third party insurance arrangements in NSW on 1 July 1989 accounted for 0.71 points of the change in the Sydney All groups index. Under the new arrangements, the provision of third party compulsory insurance services is split between government and private insurers (previously all provided by the government insurer). 0.41 of the 0.71 was attributed to changes in premiums payable to private insurers and the remaining 0.30 attributed to changes in charges payable to the government sector. The equivalent contributions to change in the national All groups index are 0.25, 0.14 and 0.11 respectively.

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

TABLE 4. CHANGE BETWEEN JUNE QUARTER 1989 AND SEPTEMBER QUARTER 1989 (a)  
PERCENTAGE CONTRIBUTION TO CHANGE IN WEIGHTED AVERAGE EIGHT CAPITAL CITIES ALL GROUPS INDEX.

Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
Food	7.7	7.9	1.5	1.5	1.1	0.3	0.6	0.1	20.6
Clothing	0.2	0.6	0.0	0.0	-0.2	0.0	0.0	0.0	0.7
Housing	14.2	10.0	3.1	2.1	4.6	0.4	0.8	0.2	35.4
Household equipment and operation	3.8	3.8	1.1	0.9	1.4	0.1	0.4	0.1	11.6
Transportation	10.7	1.8	1.8	0.3	1.2	0.2	-0.2	0.1	15.9
Tobacco and alcohol	3.2	2.3	0.8	0.9	0.8	0.1	0.2	0.1	8.3
Health and personal care	0.7	0.9	0.0	0.6	0.4	0.0	0.1	0.0	2.7
Recreation and education	1.3	1.4	0.4	0.4	0.6	0.2	0.3	0.1	4.8
All groups	42.0	28.5	8.8	6.7	10.1	1.2	2.2	0.6	100.0

(a) Table 4 shows the percentage contribution of Groups in each city to the change (between June quarter 1989 and September quarter 1989) 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									
1986-87	8.0	9.6	7.4	7.3	11.2	10.5	16.1	9.3	9.3
1987-88	5.2	7.8	6.9	6.9	7.8	8.4	11.3	7.8	7.3
1988-89	9.4	7.1	10.8	5.7	3.9	5.7	8.4	6.2	7.1
Change from corresponding quarter of previous year									
1987-88									
September	4.4	8.9	8.1	7.6	10.6	10.1	14.2	8.5	8.3
December	4.0	7.6	7.7	6.9	8.6	8.7	9.6	7.5	7.1
March	4.6	7.1	6.2	7.0	6.7	7.9	11.0	8.0	6.8
June	7.9	7.8	5.3	6.3	5.5	7.0	10.6	7.5	6.9
1988-89									
September	9.3	7.4	6.1	6.0	5.1	6.7	10.3	6.3	6.9
December	9.7	7.4	8.8	6.1	2.7	5.2	7.8	8.3	6.9
March	9.4	7.3	11.8	5.6	2.7	5.2	8.5	5.1	6.9
June	9.3	6.3	16.2	5.1	5.3	5.7	7.2	5.2	7.7
1989-90									
September	9.0	6.1	19.1	4.9	6.0	6.8	7.5	5.4	8.3
Change from previous quarter									
1987-88									
September	1.5	0.8	2.0	1.9	2.0	1.5	1.0	1.8	1.7
December	1.2	3.0	1.2	1.5	2.6	1.7	2.9	0.5	1.7
March	1.7	0.1	0.7	1.2	1.0	2.0	4.6	3.9	1.7
June	3.3	3.8	1.2	1.6	-0.2	1.6	1.7	1.0	1.6
1988-89									
September	2.8	0.4	2.8	1.6	1.5	1.3	0.8	0.8	1.7
December	1.6	3.0	3.8	1.6	0.3	0.2	0.5	2.4	1.7
March	1.5	-0.1	3.5	0.7	1.0	2.0	5.3	0.8	1.6
June	3.2	2.8	5.3	1.0	2.4	2.1	0.5	1.1	2.4
1989-90									
September	2.5	0.2	5.4	1.5	2.2	2.3	1.0	1.0	2.3

(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	Canberra	Darwin	Weighted average of eight capital cities
FOOD (Base of each index : Year 1980-81 = 100.0)									
1987-88									
September	157.1	164.1	158.5	162.5	161.2	165.7	152.5	153.5	160.2
December	159.9	164.9	160.6	163.9	163.6	168.7	155.6	156.7	162.2
March	162.8	167.7	163.8	165.0	168.3	170.3	158.6	159.5	165.0
June	168.2	174.0	168.6	170.0	172.0	173.9	163.0	163.8	170.4
1988-89									
September	172.3	179.5	172.3	176.0	176.6	178.1	167.8	167.2	175.1
December	176.0	182.3	173.9	177.4	178.7	180.6	170.7	168.1	177.9
March	178.4	183.9	177.6	180.4	183.8	181.9	172.8	171.8	180.5
June	184.5	190.8	183.8	185.6	185.7	185.2	176.6	175.2	186.2
1989-90									
September	189.4	196.6	186.8	189.5	188.4	188.8	180.8	176.7	190.8
CLOTHING (Base of each index : Year 1980-81 = 100.0)									
1987-88									
September	158.2	158.8	159.5	161.6	160.7	158.3	160.7	145.7	159.1
December	162.7	163.6	165.3	166.5	165.3	161.0	164.2	150.3	163.8
March	163.4	163.3	165.3	166.7	165.4	161.2	163.8	148.1	163.9
June	169.2	170.3	169.8	173.1	171.9	167.7	170.7	153.5	170.1
1988-89									
September	169.4	171.2	170.7	174.5	172.2	168.6	171.6	152.7	170.8
December	174.0	177.5	175.6	180.3	177.6	173.2	175.9	156.7	176.0
March	173.9	177.3	175.6	180.2	177.0	173.1	175.1	157.6	175.9
June	179.2	181.1	180.0	186.2	182.7	178.3	180.9	159.8	180.8
1989-90									
September	179.6	182.3	179.7	186.6	181.5	178.5	181.7	159.2	181.2
HOUSING (a) (Base of each index : Year 1980-81 = 100.0)									
1987-88									
September	168.9	183.4	161.1	173.4	161.2	163.6	179.4	155.8	172.3
December	171.9	183.9	163.3	176.1	163.5	164.1	180.4	161.9	174.4
March	177.0	186.8	163.9	175.2	163.5	163.4	182.2	162.1	177.2
June	182.5	189.1	167.8	175.8	166.0	165.0	183.7	164.1	180.8
1988-89									
September	193.2	193.7	171.5	180.0	175.2	167.2	189.0	161.8	188.0
December	208.1	204.5	180.0	185.0	188.2	173.5	196.1	164.3	199.7
March	199.7	207.3	179.0	197.2	182.1	179.9	201.9	168.9	197.7
June	210.8	218.9	186.6	204.3	193.4	186.1	210.7	174.4	208.1
1989-90									
September	222.3	230.9	195.7	212.6	206.6	193.5	220.0	180.1	219.3
HOUSEHOLD EQUIPMENT AND OPERATION (Base of each index : Year 1980-81 = 100.0)									
1987-88									
September	168.1	169.8	170.8	169.0	166.2	167.9	165.1	169.2	168.8
December	169.7	173.1	173.4	172.6	169.3	170.5	168.6	170.8	171.4
March	171.7	174.7	176.7	174.0	171.2	173.4	169.2	172.2	173.4
June	174.4	176.8	179.7	176.8	174.6	175.8	173.7	174.6	176.1
1988-89									
September	178.6	178.6	182.1	180.1	177.1	178.2	175.3	176.3	179.0
December	181.2	181.1	186.1	182.5	180.3	180.9	178.7	178.0	181.8
March	182.2	182.3	186.9	184.0	182.9	183.2	180.4	179.1	183.1
June	183.6	185.0	188.9	185.4	185.2	185.5	182.6	180.5	185.0
1989-90									
September	186.1	188.1	191.2	187.5	188.6	187.7	185.3	182.6	187.8

(a) These series have been affected by the adoption of a new approach to the treatment of mortgage interest charges. For analytical purposes (as distinct from statutory indexation and contract escalation purposes) it is recommended that the series included in table A4 of the appendix to this publication be used.

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>Canberra</i>	<i>Darwin</i>	<i>Weighted average of eight capital cities</i>
TRANSPORTATION (Base of each index : Year 1980-81 = 100.0)									
1987-88									
September	187.7	174.7	184.1	182.5	180.8	186.5	184.5	180.5	181.9
December	191.1	181.4	189.3	187.7	183.7	188.4	188.5	183.5	186.7
March	195.4	180.2	190.4	192.0	185.7	192.4	192.5	186.5	188.6
June	192.1	180.8	192.2	191.4	187.9	193.7	194.0	189.9	188.2
1988-89									
September	198.5	181.1	195.2	195.2	188.1	195.4	192.8	189.8	191.1
December	198.6	181.3	195.2	199.6	188.4	196.9	193.7	190.8	191.7
March	199.3	184.5	196.4	201.6	192.0	199.5	193.3	192.3	193.6
June	203.6	189.0	201.3	204.9	196.9	204.1	200.4	195.6	198.2
1989-90									
September	212.8	190.6	205.4	205.8	200.4	206.7	198.7	197.8	202.5
TOBACCO AND ALCOHOL (Base of each index : Year 1980-81 = 100.0)									
1987-88									
September	198.7	186.8	181.0	189.4	198.0	202.7	195.4	204.3	192.6
December	201.9	190.1	185.6	191.9	201.3	208.8	197.7	206.0	195.9
March	205.1	195.6	188.4	195.5	204.5	213.0	201.7	209.0	199.8
June	207.3	199.1	192.0	200.6	208.0	218.1	205.4	211.2	203.0
1988-89									
September	209.1	201.9	195.0	205.2	210.8	220.3	207.4	214.5	205.6
December	208.8	201.9	198.5	206.9	210.5	223.3	206.1	213.5	206.0
March	211.1	204.8	212.6	210.9	213.0	229.7	209.1	216.7	210.1
June	215.3	209.8	217.3	215.8	217.3	233.3	213.7	217.9	214.6
1989-90									
September	220.7	214.7	221.6	221.2	222.2	237.0	217.7	220.5	219.6
HEALTH AND PERSONAL CARE (Base of each index : Year 1980-81 = 100.0)									
1987-88									
September	155.9	173.4	160.3	163.8	168.5	146.0	163.4	159.8	163.7
December	161.0	177.7	165.6	169.7	171.0	151.4	168.3	163.3	168.4
March	168.6	185.8	173.2	177.1	179.2	159.4	175.1	169.6	176.2
June	170.1	190.8	175.6	180.8	181.8	160.4	178.2	173.3	179.2
1988-89									
September	170.8	192.6	175.7	182.8	186.3	159.7	179.8	173.7	180.6
December	172.8	192.6	176.4	182.7	187.1	159.7	181.3	175.1	181.5
March	181.9	203.7	187.2	190.8	193.9	168.4	188.7	187.0	191.1
June	182.2	205.0	189.1	191.6	195.7	170.6	189.5	188.7	192.1
1989-90									
September	183.7	207.2	189.3	196.0	199.2	171.3	192.4	190.4	194.1
RECREATION AND EDUCATION (Base of each index : March Quarter 1982 = 100.0)									
1987-88									
September	146.3	152.1	150.1	148.8	143.1	153.1	150.0	144.2	148.7
December	147.2	152.7	150.1	150.6	144.1	155.3	152.3	144.8	149.5
March	153.0	158.6	157.1	155.7	148.6	159.9	160.3	147.2	155.3
June	153.8	160.4	159.7	158.6	150.0	161.3	160.7	148.1	156.9
1988-89									
September	155.8	161.1	160.3	158.3	152.3	162.8	162.2	149.5	158.1
December	161.2	163.7	163.5	161.6	155.2	165.0	167.5	152.5	161.9
March	161.9	165.4	164.4	163.3	157.4	167.6	169.1	153.1	163.2
June	163.5	167.9	167.3	165.2	156.6	168.2	169.4	155.1	165.0
1989-90									
September	165.0	169.4	168.7	166.9	158.8	171.8	172.0	158.0	166.6



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 June qtr 1989 and Sept qtr 1989	
	Sept qtr 1988	June qtr 1989	Sept qtr 1989	June qtr 1989 and Sept qtr 1989	Sept qtr 1988 and Sept qtr 1989	June qtr 1989	Sept qtr 1989			
<b>FOOD</b>										
Dairy products	175.1	186.2	190.8	2.5	9.0	36.64	37.54		0.90	
Cereal products	165.3	174.6	175.5	0.5	6.2	2.90	2.91		0.01	
Meat and seafoods	191.5	201.7	206.1	2.2	7.6	3.76	3.85		0.09	
Beef and veal	149.3	160.9	163.0	1.3	9.2	6.84	6.93		0.09	
Lamb and mutton	154.3	167.8	171.6	2.3	11.2			1.99		0.04
Pork	150.5	155.1	155.3	0.1	3.2			0.95		0.01
Poultry	149.2	160.4	164.3	2.4	10.1			0.35		0.01
Bacon and ham	136.3	151.0	148.5	-1.7	9.0			0.74		-0.01
Processed meat	129.1	139.2	140.1	0.6	8.5			0.62		0.00
Fish	144.7	151.0	154.8	2.5	7.0			1.31		0.03
Fresh fruit and vegetables	195.5	221.4	224.7	1.5	14.9			0.99		0.02
Processed fruit and vegetables	209.6	229.8	254.4	10.7	21.4	4.03	4.46		0.43	
Soft drinks - ice cream & conf.	178.7	193.5	197.4	2.0	10.5	1.68	1.72		0.04	
Meals out and take away foods	190.8	198.9	201.9	1.5	5.8	5.31	5.39		0.08	
Other food	186.2	198.0	200.8	1.4	7.8	9.00	9.13		0.13	
	165.6	171.5	173.8	1.3	5.0	3.11	3.15		0.04	
<b>CLOTHING</b>										
Men's and boys' clothing	170.8	180.8	181.2	0.2	6.1	13.23	13.26		0.03	
Women's and girls' clothing	166.3	173.4	174.4	0.6	4.9	3.72	3.74		0.02	
Fabrics and knitting wool	171.5	183.1	183.7	0.3	7.1	6.02	6.04		0.02	
Footwear	180.5	187.9	187.5	-0.2	3.9	0.91	0.91		0.00	
Dry cleaning and shoe repairs	170.0	180.8	179.6	-0.7	5.6	2.09	2.07		-0.02	
	183.4	199.0	201.9	1.5	10.1	0.49	0.49		0.00	
<b>HOUSING</b>										
<i>HOUSING (a)</i>										
Rents	188.0	208.1	219.3	5.4	16.6	28.98	30.53		1.55	
Privately-owned dwelling rents	184.1	208.1	219.3	5.4	19.1	28.98	30.53		1.55	
Government-owned dwelling rents	203.3	217.2	221.6	2.0	9.0	9.24	9.43		0.19	
Home ownership	199.7	213.9	218.3	2.1	9.3			8.59		0.18
<i>Home ownership (a)</i>	233.5	243.4	247.9	1.8	6.2			0.84		0.01
Mortgage interest charges(b)	181.5	204.4	218.6	6.9	20.4	19.74	21.11		1.37	
Mortgage interest charges(a)(b)	175.9	204.4	218.6	6.9	24.3	19.74	21.11		1.37	
Local govt. rates & charges	114.8	133.9	147.5	10.2	28.5			14.19		1.30
House repairs and maintenance	109.2	133.9	147.5	10.2	35.1	12.89	14.19		1.30	
House insurance	193.7	205.4	205.4	0.0	6.0	3.35	3.35		0.00	
	171.0	179.7	181.2	0.8	6.0	2.74	2.76		0.02	
	176.7	190.2	199.1	4.7	12.7	0.76	0.80		0.04	
<b>HOUSEHOLD EQUIPMENT AND OPERATION</b>										
Fuel and light	179.0	185.0	187.8	1.5	4.9	34.35	34.86		0.51	
Furniture and floor coverings	200.2	201.6	207.4	2.9	3.6	4.39	4.52		0.13	
Appliances	178.5	187.7	189.8	1.1	6.3	7.76	7.85		0.09	
Household textiles	138.8	141.3	143.9	1.8	3.7	2.74	2.79		0.05	
Household utensils and tools	172.3	181.1	184.9	2.1	7.3	1.29	1.32		0.03	
Household supplies and services	194.3	202.1	202.4	0.1	4.2	3.35	3.35		0.00	
Postal and telephone services	184.8	190.7	191.2	0.3	3.5	7.32	7.33		0.01	
Consumer credit charges (b)	158.7	157.2	157.3	0.1	-0.9	2.58	2.58		0.00	
	115.1	121.6	126.5	4.0	9.9	4.92	5.11		0.19	

For footnotes see page 10.

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 June qtr 1989 and Sept qtr 1989
	Sept qtr 1988	June qtr 1989	Sept qtr 1989	June qtr 1989 and Sept qtr 1989	Sept qtr 1988 and Sept qtr 1989	June qtr 1989	Sept qtr 1989	June qtr 1989	
TRANSPORTATION	191.1	198.2	202.5	2.2	6.0	31.70	32.39	31.70	0.69
Private motoring	189.0	196.2	200.1	2.0	5.9	29.85	30.44	29.85	0.59
Motor vehicles	213.7	221.0	223.5	1.1	4.6	11.09	11.21	11.09	0.12
Automotive fuel	156.8	165.7	168.3	1.6	7.3	7.88	8.01	7.88	0.13
Vehicle insurance	228.9	234.6	252.6	7.7	10.4	3.92	4.22	3.92	0.30
Motoring charges	181.7	188.8	187.4	-0.7	3.1	1.50	1.49	1.50	-0.01
Tyres and tubes	155.6	161.8	162.3	0.3	4.3	0.44	0.44	0.44	0.00
Vehicle serv. repairs & parts	189.2	194.5	196.5	1.0	3.9	5.01	5.07	5.01	0.06
Urban transport fares	212.3	216.6	228.7	5.6	7.7	1.85	1.95	1.85	0.10
TOBACCO AND ALCOHOL	205.6	214.6	219.6	2.3	6.8	15.72	16.08	15.72	0.36
Alcoholic drinks	192.5	197.6	201.3	1.9	4.6	11.23	11.45	11.23	0.22
Beer	200.5	201.1	204.9	1.9	2.2	6.64	6.76	6.64	0.12
Wine	165.8	173.8	177.2	2.0	6.9	2.32	2.36	2.32	0.04
Spirits	186.1	200.2	204.0	1.9	9.6	2.27	2.32	2.27	0.05
Cigarettes and tobacco	238.8	260.2	269.1	3.4	12.7	4.48	4.64	4.48	0.16
HEALTH AND PERSONAL CARE	180.6	192.1	194.1	1.0	7.5	11.30	11.42	11.30	0.12
Health services	171.0	186.1	189.2	1.7	10.6	6.50	6.60	6.50	0.10
Personal care products	195.2	200.4	199.7	-0.3	2.3	3.56	3.55	3.56	-0.01
Hairdressing services	180.6	188.9	193.1	2.2	6.9	1.24	1.27	1.24	0.03
RECREATION AND EDUCATION(c)	158.1	165.0	166.6	1.0	5.4	20.68	20.89	20.68	0.21
Books - newspapers and magazines	223.1	226.3	226.9	0.3	1.7	2.39	2.40	2.39	0.01
Recreational goods	125.2	124.5	124.8	0.2	-0.3	4.90	4.91	4.90	0.01
Holiday travel and accomm.(c)	162.6	171.4	173.9	1.5	6.9	6.06	6.15	6.06	0.09
Recreational services	192.3	204.5	207.8	1.6	8.1	4.59	4.66	4.59	0.07
Education and child care(c)	185.9	205.7	207.8	1.0	11.8	2.75	2.78	2.75	0.03
ALL GROUPS	182.4	192.6	197.0	2.3	8.0	192.6	197.0	192.6	4.4
ALL GROUPS (a)	181.9	192.6	197.0	2.3	8.3	192.6	197.0	192.6	4.4

(a) Series in italics reflect changes on the debt profile basis and are recommended for analytical purposes (as distinct from statutory indexation and contract escalation purposes). (b) Base : December quarter 1986 = 100.0. (c) 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 June qtr 1989 and Sept qtr 1989
	Sept qtr 1988	June qtr 1989	Sept qtr 1989	June qtr 1989 and Sept qtr 1989	Sept qtr 1988 and Sept qtr 1989	June qtr 1989	Sept qtr 1989	
ALL GROUPS	182.4	192.6	197.0	2.3	8.0	192.6	197.0	4.4
ALL GROUPS(a)	181.9	192.6	197.0	2.3	8.3	192.6	197.0	4.4
SPECIAL SERIES								
All groups - excluding food	184.5	194.4	198.8	2.3	7.8	155.96	159.44	3.48
All groups - excluding food(a)	183.8	194.4	198.8	2.3	8.2	155.96	159.44	3.48
All groups - excluding housing	181.6	190.1	193.4	1.7	6.5	163.62	166.45	2.83
All groups - excl. home ownership	182.6	191.4	194.7	1.7	6.6	172.86	175.88	3.02
Mortgage interest and consumer credit charges (b)	114.9	130.3	141.3	8.4	23.0	17.80	19.31	1.51
Mortgage interest and consumer credit charges (a)(b)	111.0	130.3	141.3	8.4	27.3	17.80	19.31	1.51
All groups excl. mortgage int. and consumer credit charges (b)	112.8	118.3	120.2	1.6	6.6	174.79	177.68	2.89
All groups-excluding hospital & medical services	183.2	193.2	197.7	2.3	7.9	187.92	192.24	4.32
All groups - excluding hospital & medical services(a)	182.7	193.2	197.7	2.3	8.2	187.92	192.24	4.32
All groups - goods component (c)	179.4	187.4	190.1	1.4	6.0	121.56	123.31	1.75
All groups-services comp. (d)	190.1	204.4	212.0	3.7	11.5	71.04	73.67	2.63
All groups - services comp (a)(d)	188.6	204.4	212.0	3.7	12.4	71.04	73.67	2.63
Selected State and local govt. charges (e)(f)	215.9	220.5	227.0	2.9	5.1	12.08	11.81	0.34
All groups - excl. selected State and local govt. charges (e)(f)	180.1	190.5	194.8	2.3	8.2	180.52	185.17	4.05
All groups - excl. selected State and local govt charges (a)(e)(f)	179.5	190.5	194.8	2.3	8.5	180.52	185.17	4.05

(a) Series in italics reflect changes on the debt profile basis and are recommended for analytical purposes (as distinct from statutory indexation and contract escalation purposes). (b) Base : December quarter 1986 = 100.0. (c) The special series 'All groups, goods component' comprises the Food 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. (d) The 'All groups, services component' comprises all items not included in the 'All groups, goods component'. (e) Selected State and local government charges comprise: government-owned dwelling rent; 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 were described in the Appendix to the December quarter 1987 issue of this publication. (f) The index points contribution of 'Selected State and local government charges' in June quarter 1989 has changed due to a change in weighting of the government component of motor vehicle third party compulsory insurance.

## 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:

June quarter 1989: 192.6 (see Table 1)

less: March quarter 1989: 188.0 (see Table 1)

Change in index points: +4.6

$$\text{Percentage change} = \frac{+4.6}{188.0} \times 100 = +2.4\%$$

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 2.90 index points to the total All Groups index number of 192.6 for June quarter 1989. 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)

**Symbols and other usages**

n.a. not available

r revised

**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.

**Electronic services**

**VIATEL.** Key \*656# for selected current economic, social and demographic statistics.

**AUSSTATS.** Thousands of up-to-date time series are available on this ABS on-line service through PAXUS COMNET.

**TELESTATS.** This service provides foreign trade statistics tailored to users' requirements.

Further information is available on (062) 52 5404.

Text and tables for selected Main Economic Indicator publications. Further information is available on (062) 52 5405.

**Floppy disk service**

Selected ABS statistics are available on floppy disk. Further information is available on (062) 52 6684.

**HOUSE PRICE INDEXES: EIGHT CAPITAL CITIES****ABS CATALOGUE NO. 6416.0**

We have recently released a new quarterly publication - House Price Indexes: Eight Capital Cities June quarter 1989. This Publication provides estimates of changes in housing prices for each of the eight capital cities of Australia. The information is presented in the form of price indexes constructed separately for *Established Houses* and for *Project Homes*.

The house price indexes included in this publication are those compiled for use in calculating the Mortgage Interest Charges component of the Consumer Price Index

**How to Subscribe -**

1. If you are already an ABS subscriber, just include House Price Indexes (Catalogue No. 6416.0) on your 1990 renewal form (despatched in September 1989).
2. If you are not already a subscriber, or you have returned your 1990 renewal form, telephone the ABS subscription service in your capital city and we will arrange for you to receive the House Price Indexes publication as soon as possible.

Sydney 2684626

Perth 3235285

Darwin 813456

Melbourne 6157089

Adelaide 2377573

Canberra 526133

Brisbane 2226352

Hobart 205810

**MORTGAGE INTEREST CHARGES MODEL**

We have now released a detailed model of the debt profile method, which was recently adopted for calculating the mortgage interest charges component of the Consumer Price Index.

This model will be useful to analysts and others in understanding the details of the debt profile method, and can be used in forecasting the housing component of the Consumer Price Index.

The model has been produced as a Lotus 1-2-3 worksheet, supplied on floppy disk. Quarterly updates (in printed form) of new information on housing prices and mortgage interest rates will be supplied following the release of the Consumer Price Index. The annual subscription to this service is \$350.00.

If you would like more information on this new product or an order form, call Keith Woolford on (062)526251.

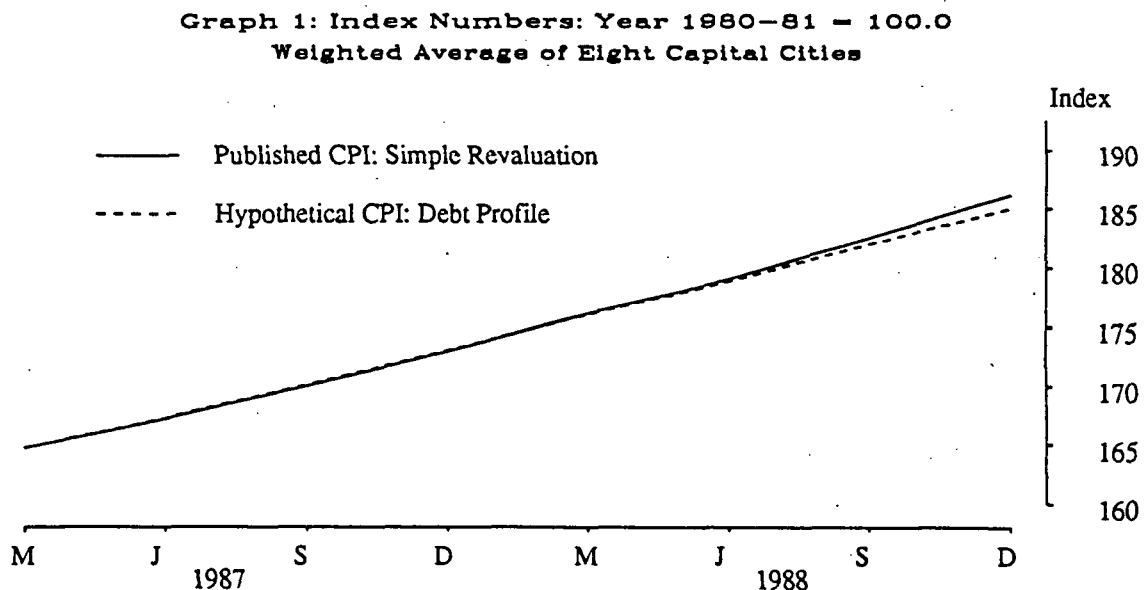
## APPENDIX: New Treatment of Mortgage Interest Charges

1.1 The Australian Bureau of Statistics has improved the method of accounting for changes in mortgage interest charges in the CPI from March quarter 1989. This appendix explains the reasons for the change, and how it was implemented.

1.2 Mortgage interest charges have been included in the CPI since the last major review was completed in December 1986. In the course of that review the ABS examined two methods for treating mortgage interest charges: the simple revaluation method and the debt profile method.

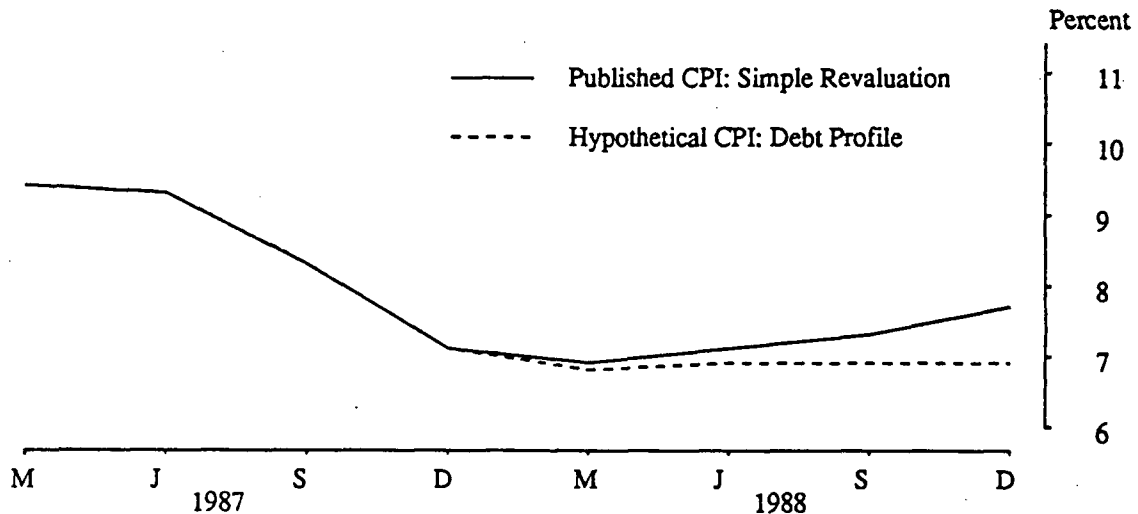
1.3 The ABS considered that the debt profile method was conceptually superior, but that the simple revaluation method was easier to understand and to explain. Studies at the time showed that the two methods could be expected to produce very similar results. For this reason, and because the ABS considered it important that the CPI be well understood and accepted by a broad range of users, the ABS decided to use the simple revaluation method.

1.4 The graph below compares the CPI All groups indexes on both bases. It shows that, for the first 18 months of the use of the simple revaluation approach, the results were similar to what they would have been if the more sophisticated debt profile method had been adopted.



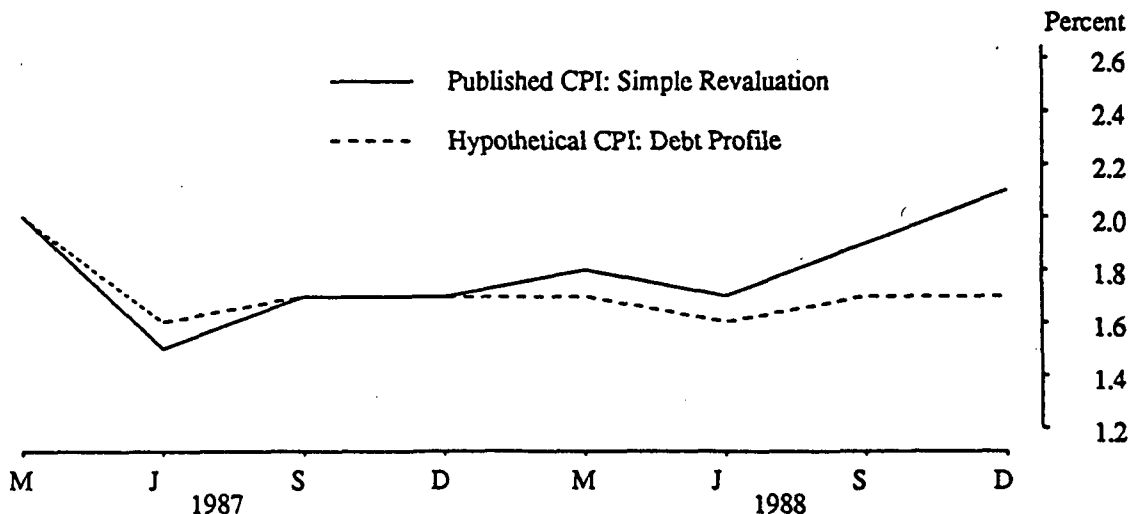
1.5 In the latter half of 1988, however, the two methods produced diverging results. For example, the annual movement in the published CPI over the year to December quarter 1988 was 7.7%, whereas the annual movement indicated by the debt profile approach was 6.9%. Only six months earlier the movements in the two series on the year-on-year basis had been virtually identical.

**Graph 2: Percentage Change on Corresponding Quarter of Previous Year  
Weighted Average of Eight Capital Cities**



1.6 The next graph compares, for the same period, the percentage changes in the CPI on both bases from one quarter to the next. It shows that, up to the June quarter 1988, the quarterly movements in the two series did not differ by more than 0.1 percentage points. In the second half of the year – a period of unusually steep increases in housing prices – there was a significant divergence between movements in the actual CPI and the movements which would have occurred if the debt profile approach had been followed.

**Graph 3: Percentage Change on Previous Quarter  
Weighted Average of Eight Capital Cities**



1.7 Recent experience has thus shown that the simple revaluation approach can no longer be relied upon to produce a result similar to that of the conceptually superior debt profile method.

1.8 The debt profile method is conceptually superior to the alternative because it recognises that mortgage interest charges paid by households depend on the age of the mortgage. It treats mortgages of different ages separately, and weights changes in interest charges for recent mortgages appropriately higher than interest charges for old mortgages.

1.9 Whereas the simple revaluation method takes full account of changes in housing prices immediately, the debt profile approach effectively reacts to the changes in a smoothed fashion over a period of years. The conceptual bases of the two methods and their responses to changes in housing prices are discussed more fully in an ABS Information paper (see paragraph 1.16 below).

1.10 Because of the many important uses to which published CPI figures have already been put, the published indexes have not been revised. Instead, the index number published for the March quarter 1989 is the number which would have resulted from the application of the debt profile method from the time that mortgage interest charges were introduced to the CPI two years ago. It is necessary to effect the change in the method of treatment of mortgage interest charges in this way, in order to avoid the double counting of effects (such as changes in house prices) which have already been taken into account in the series.

1.11 This means that the index number for the March quarter 1989 incorporates changes in mortgage interest charges during the past two years on the new debt profile basis, whereas the index number for the December quarter 1988 incorporated the changes in charges which had occurred up to that time on the old simple revaluation basis.

1.12 In order to provide the correct basis of comparison for the analysis of changes in the prices of goods and services over periods including December quarter 1988 and March quarter 1989, the ABS is publishing an alternate CPI series using the debt profile method for the treatment of mortgage interest charges. This series is recommended for use for analytical purposes (as distinct from statutory indexation and contract escalation purposes).

1.13 A table comparing the published CPI on the simple revaluation basis and the alternative CPI side by side from March quarter 1987 to December quarter 1988 is in Table A1. The index for the December quarter 1988 in the alternative series is 0.6% lower than the published index for the December quarter. The table also shows that the alternative series gives a lower index in December quarter 1988 for the four largest of the individual capitals, and a higher index for the four smallest capitals.

1.14 The debt profile series in the appendix have been updated to March quarter 1989, because it is the debt profile basis on which the CPI is now calculated. No figures on the old simple revaluation basis will be published beyond December quarter 1988.

1.15 Since mortgage interest charges were introduced to the CPI two years ago, the ABS has been publishing a number of special series, including for "All groups, excluding housing", "All Groups, excluding home ownership" and "All groups, excluding mortgage interest and consumer credit charges". These series will continue to be published in Table 8 of this bulletin. Neither these series nor any of the component series of the CPI which do not include mortgage interest charges are affected by a break in series.

1.16 More detailed information on the changed treatment of mortgage interest charges is given in "The Australian Consumer Price Index: Treatment of Mortgage Interest Charges" (Catalogue No. 6442.0) available from all ABS offices.



TABLE A1. CONSUMER PRICE INDEX: ALL GROUPS INDEX NUMBERS  
(Base of each Index: Year 1980-81 = 100.0)  
COMPARISON BETWEEN INDEX NUMBERS COMPILED USING THE SIMPLE REVALUATION AND DEBT PROFILE METHODS  
(a) (b)

Period	Sydney		Melbourne		Brisbane		Adelaide		Perth		Hobart		Canberra		Darwin		Weighted average of eight capital cities	
	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile
1986-87	161.4	161.4	163.9	164.0	161.8	161.8	164.0	164.1	161.8	161.8	162.5	162.4	163.4	163.5	159.3	159.4	162.6	162.6
1987-88	173.7	173.4	175.9	176.1	173.1	173.0	175.0	175.6	173.3	173.2	174.4	174.7	174.7	175.3	170.6	171.1	174.5	174.5
1988-89	n.a.	186.7	n.a.	187.9	n.a.	185.1	n.a.	188.2	n.a.	185.4	n.a.	185.5	n.a.	186.4	n.a.	179.5	n.a.	186.9
1986-87																		
September	155.8	155.8	158.2	158.2	156.4	156.4	158.9	158.9	155.9	155.9	156.3	156.3	158.4	158.4	153.3	153.3	157.0	157.0
December	160.1	160.1	162.9	162.9	160.7	160.7	162.9	162.9	160.7	160.7	161.4	161.4	162.3	162.3	158.6	158.6	161.5	161.5
March	163.5	163.6	166.0	166.1	164.1	164.1	165.7	165.8	163.8	163.9	164.8	164.8	165.1	165.2	161.4	161.6	164.7	164.7
June	166.1	166.0	168.6	168.7	166.1	166.1	168.4	168.7	166.6	166.7	167.3	167.2	167.8	168.2	163.9	164.1	167.2	167.3
1987-88																		
September	169.0	169.1	171.6	171.8	168.4	168.5	170.5	171.1	169.1	169.2	170.3	170.4	170.0	170.7	166.6	167.0	170.0	170.1
December	171.8	171.8	174.5	174.8	171.5	171.6	173.8	174.5	171.8	171.8	172.9	173.3	173.0	173.8	169.5	169.9	172.9	173.0
March	175.6	175.2	177.1	177.2	174.6	174.5	176.3	177.0	174.6	174.6	175.8	176.2	176.4	176.9	171.7	172.3	176.0	175.9
June	178.3	177.6	180.4	180.6	177.9	177.5	179.2	179.9	177.7	177.3	178.4	178.7	179.5	179.9	174.5	175.0	179.0	178.8
1988-89																		
September	182.9	181.5	183.0	183.1	180.5	180.0	182.7	183.6	181.3	180.2	180.6	181.0	181.7	181.9	175.6	176.7	182.4	181.9
December	187.6	185.0	186.2	185.8	183.7	182.9	185.7	186.6	185.1	183.2	183.5	183.7	185.0	185.1	177.2	178.3	186.2	185.0
March	n.a.	187.8	n.a.	188.7	n.a.	186.4	n.a.	189.5	n.a.	187.0	n.a.	186.8	n.a.	187.2	n.a.	180.0	n.a.	188.0
June	n.a.	192.5	n.a.	193.8	n.a.	191.0	n.a.	193.2	n.a.	191.0	n.a.	190.3	n.a.	191.5	n.a.	182.9	n.a.	192.6
1989-90																		
September	n.a.	197.8	n.a.	198.1	n.a.	194.5	n.a.	196.5	n.a.	195.5	n.a.	193.6	n.a.	194.5	n.a.	185.5	n.a.	197.0

(a) Mortgage Interest Charges were first introduced to the CPI in March quarter 1987. Prior to that quarter the change in treatment of Mortgage Interest Charges has no effect on published index numbers. (b) The published CPI index numbers are shown in bold type in this table.

TABLE A2. CONSUMER PRICE INDEX: ALL GROUPS PERCENTAGE CHANGES  
COMPARISON BETWEEN PERCENTAGE CHANGES BASED ON INDEX NUMBERS COMPILED USING THE SIMPLE REVALUATION AND DEBT PROFILE METHODS (a) (b)

Period	Sydney		Melbourne		Brisbane		Adelaide		Perth		Hobart		Canberra		Darwin		Weighted average of eight capital cities	
	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile
Change from previous year																		
1987-88	+7.6	+7.4	+7.3	+7.4	+7.0	+6.9	+6.7	+7.0	+7.1	+7.0	+7.4	+7.6	+6.9	+7.2	+7.1	+7.3	+7.3	+7.3
1988-89	n.a.	+7.7	n.a.	+6.7	n.a.	+7.0	n.a.	+7.2	n.a.	+7.0	n.a.	+6.2	n.a.	+6.3	n.a.	n.a.	n.a.	+7.1
Change from corresponding quarter of previous year																		
1986-87																		
June	+9.3	+9.2	+9.3	+9.4	+8.8	+8.8	+9.1	+9.3	+10.5	+10.5	+9.9	+9.9	+8.2	+8.4	+9.7	+9.8	+9.3	+9.3
1987-88																		
September	+8.5	+8.5	+8.5	+8.6	+7.7	+7.7	+7.3	+7.7	+8.5	+8.5	+9.0	+9.0	+7.3	+7.8	+8.7	+8.9	+8.3	+8.3
December	+7.3	+7.3	+7.1	+7.3	+6.7	+6.8	+6.7	+7.1	+6.9	+6.9	+7.1	+7.4	+6.6	+7.1	+6.9	+7.1	+7.1	+7.1
March	+7.4	+7.1	+6.7	+6.7	+6.4	+6.3	+6.4	+6.8	+6.6	+6.5	+6.7	+6.9	+6.8	+7.1	+6.4	+6.6	+6.9	+6.8
June	+7.3	+7.0	+7.0	+7.1	+7.1	+6.9	+6.4	+6.6	+6.7	+6.4	+6.6	+6.9	+7.0	+7.0	+6.5	+6.6	+7.1	+6.9
1988-89																		
September	+8.2	+7.3	+6.6	+6.6	+7.2	+6.8	+7.2	+7.3	+7.2	+6.5	+6.0	+6.2	+6.9	+6.6	+5.4	+5.8	+7.3	+6.9
December	+9.2	+7.7	+6.7	+6.5	+7.1	+6.6	+6.8	+7.7	+7.7	+6.6	+6.1	+6.0	+6.9	+6.5	+4.5	+4.9	+7.7	+6.9
March	n.a.	+7.2	n.a.	+6.5	n.a.	+6.8	n.a.	+7.1	n.a.	+7.1	n.a.	+6.0	n.a.	+5.8	n.a.	+4.5	n.a.	+6.9
June	n.a.	+8.4	n.a.	+7.3	n.a.	+7.6	n.a.	+7.4	n.a.	+7.7	n.a.	+6.5	n.a.	+6.4	n.a.	+4.5	n.a.	+7.7
1989-90																		
September	n.a.	+9.0	n.a.	+8.2	n.a.	+8.1	n.a.	+7.0	n.a.	+8.5	n.a.	+7.0	n.a.	+6.9	n.a.	+5.0	n.a.	+8.3
Change from previous quarter																		
1986-87																		
June	+1.6	+1.5	+1.6	+1.6	+1.2	+1.2	+1.6	+1.7	+1.7	+1.7	+1.5	+1.5	+1.6	+1.8	+1.5	+1.5	+1.5	+1.6
1987-88																		
September	+1.7	+1.9	+1.8	+1.8	+1.4	+1.4	+1.2	+1.4	+1.5	+1.5	+1.8	+1.9	+1.3	+1.5	+1.6	+1.8	+1.7	+1.7
December	+1.7	+1.6	+1.7	+1.7	+1.8	+1.8	+1.9	+2.0	+1.6	+1.5	+1.5	+1.7	+1.8	+1.8	+1.7	+1.7	+1.7	+1.7
March	+2.2	+2.0	+1.5	+1.4	+1.8	+1.7	+1.4	+1.4	+1.6	+1.6	+1.7	+1.7	+2.0	+1.8	+1.3	+1.4	+1.8	+1.7
June	+1.5	+1.4	+1.9	+1.9	+1.7	+1.7	+1.6	+1.6	+1.8	+1.5	+1.5	+1.4	+1.8	+1.7	+1.6	+1.6	+1.7	+1.6
1988-89																		
September	+2.6	+2.2	+1.4	+1.4	+1.5	+1.4	+2.0	+2.1	+2.0	+1.6	+1.2	+1.3	+1.2	+1.1	+0.6	+1.0	+1.9	+1.7
December	+2.6	+1.9	+1.7	+1.5	+1.8	+1.6	+1.6	+1.6	+2.1	+1.7	+1.6	+1.5	+1.8	+1.8	+0.9	+0.9	+2.1	+1.7
March	n.a.	+1.5	n.a.	+1.6	n.a.	+1.9	n.a.	+1.6	n.a.	+2.1	n.a.	+1.7	n.a.	+1.1	n.a.	+1.0	n.a.	+1.6
June	n.a.	+2.5	n.a.	+2.7	n.a.	+2.5	n.a.	+2.0	n.a.	+2.1	n.a.	+1.9	n.a.	+2.3	n.a.	+1.6	n.a.	+2.4
1989-90																		
September	n.a.	+2.8	n.a.	+2.2	n.a.	+1.8	n.a.	+1.7	n.a.	+2.4	n.a.	+1.7	n.a.	+1.6	n.a.	+1.4	n.a.	+2.3

(a) Mortgage Interest Charges were first introduced to the CPI in March quarter 1987. Prior to that quarter the change in treatment of Mortgage Interest Charges has no effect on published index numbers. (b) Percentage movements based on the published CPI index numbers are shown in bold type in this table.

TABLE A3. CONSUMER PRICE INDEX: MORTGAGE INTEREST CHARGES AND COMPONENT SERIES  
WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES

INDEX NUMBERS COMPILED USING THE DEBT PROFILE METHOD

Period	Index numbers			Percentage changes from previous quarter (Base of each index : December qtr 1986 = 100.0)		
	Mortgage Debt	Mortgage Interest Rates	Mortgage Interest Charges	Mortgage Debt	Mortgage Interest Rates	Mortgage Interest Charges
Quarter						
1986-87						
December	100.0	100.0	100.0			
March	101.6	101.2	102.9	+1.6	+1.2	+2.9
June	103.3	101.6	104.9	+1.7	+0.4	+1.9
1987-88						
September	105.0	101.9	107.0	+1.6	+0.3	+2.0
December	106.7	100.0	106.7	+1.6	-1.9	-0.3
March	108.7	97.3	105.8	+1.9	-2.7	-0.8
June	110.9	95.1	105.5	+2.0	-2.3	-0.3
1988-89						
September	113.6	96.2	109.2	+2.4	+1.2	+3.5
December	116.9	98.5	115.2	+2.9	+2.4	+5.5
March	121.1	101.1	122.4	+3.6	+2.6	+6.3
June	125.9	106.3	133.9	+4.0	+5.1	+9.4
1989-90						
September	130.7	112.7	147.5	+3.8	+6.0	+10.2

TABLE A4. CONSUMER PRICE INDEX: HOUSING GROUP INDEX NUMBERS  
(Base of each Index: Year 1980-81 = 100.0)  
INDEX NUMBERS COMPILED USING THE DEBT PROFILE METHOD  
(a)

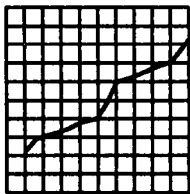
Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
Quarter									
1986-87									
March	160.9	177.2	157.9	171.7	157.1	159.3	178.7	152.2	166.5
June	165.3	181.3	159.3	174.3	160.1	161.2	181.0	154.1	170.1
1987-88									
September	169.2	185.0	161.4	177.9	162.1	164.8	185.1	158.4	173.5
December	171.5	186.4	163.5	181.1	163.9	166.8	186.1	164.5	175.6
March	174.4	187.5	163.2	180.6	163.4	166.3	186.0	165.9	176.9
June	177.6	190.1	164.9	181.7	163.5	167.0	186.9	167.4	179.1
1988-89									
September	183.8	194.5	167.9	186.6	168.5	170.0	190.5	168.9	184.1
December	191.4	201.3	174.3	192.2	175.9	175.1	197.1	171.4	191.1
March	199.7	207.3	179.0	197.2	182.1	179.9	201.9	168.9	197.7
June	210.8	218.9	186.6	204.3	193.4	186.1	210.7	174.4	208.1
1989-90									
September	222.3	230.9	195.7	212.6	206.6	193.5	220.0	180.1	219.3

(a) Mortgage Interest Charges were first introduced to the CPI in March quarter 1987. Prior to that quarter the change in treatment of Mortgage Interest Charges has no effect on published index numbers.

TABLE A5. CONSUMER PRICE INDEX - SPECIAL SERIES : WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES  
(Base of each Index: Year 1980-81 = 100.0)  
INDEX NUMBERS COMPILED USING THE DEBT PROFILE METHOD  
(a)

Period	All Groups	All Groups, excluding Food	Mortgage interest and Consumer Credit Charges (b)	All Groups, excluding Hospital and Medical Services	All Groups, Services component	All Groups, excluding selected State and Local Government Charges
Quarter						
1986-87						
March	164.7	166.7	103.1	165.8	168.8	162.6
June	167.3	169.9	105.3	168.3	172.2	165.2
1987-88						
September	170.1	172.8	107.4	171.1	176.6	167.7
December	173.0	176.0	107.9	173.8	179.6	170.5
March	175.9	178.9	107.7	176.6	182.9	173.6
June	178.8	181.1	108.0	179.5	185.2	176.6
1988-89						
September	181.9	183.8	111.0	182.7	188.6	179.5
December	185.0	187.0	115.5	185.6	194.3	182.6
March	188.0	190.1	121.2	188.5	198.8	185.7
June	192.6	194.4	130.3	193.2	204.4	190.5
1989-90						
September	197.0	198.8	141.3	197.7	212.0	194.8

(a) Mortgage Interest Charges were first introduced to the CPI in March quarter 1987. Prior to that quarter the change in treatment of Mortgage Interest Charges has no effect on published index numbers.  
(b) Base : December quarter 1986 = 100.0.



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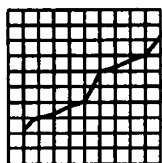
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