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### MAIN FEATURES

	Chang	ge between
Weighted average of eight capital cities	Sept. qtr 1989 and Dec. qtr 1989 %	Dec. qtr 1988 and Dec. qtr 1989 %
Food Clothing Housing	+0.3 +2.0 +3.4	+7.6 +5.1 +13.6(a)
Household equipment and operation Transportation Tobacco & alcohol Health and	+1.5 +2.4 +2.0	+4.9 +8.2 +8.7
personal care Recreation and education	+0.7 +2.5	+7.7 +5.5
All groups	+1.9	+7.8(a)
All groups excluding housing	+1.6	+6.8
All groups excluding food	+2.2	+7.8(a)
(a) Series has been affect mortgage interest charges	ed by a change i s from March qu	n treatment of arter 1989.

mortgage interest charges from March quarter 19 See appendix page 14.

#### Overview.

The CPI increased by 1.9% between the September and December quarters and by 7.8% since December quarter last year.

The figure for change over the last year has been affected by a change in the treatment of mortgage interest charges from March quarter 1989. See also the analytical series on page 2.

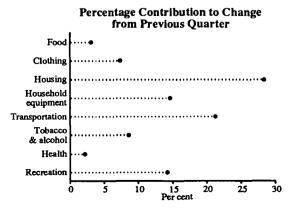
Both the quarterly and annual rates of increase (1.9%) and (7.8%) are down on the results recorded in September quarter (2.3%) and (8.0%).

Increases in housing costs, largely driven by increases in mortgage interest charges and local government rates and charges, continue to contribute significantly to the movement in the *all groups* index. Between the September and December quarters, the index for *all groups excluding housing* increased by 1.6% while the index for the *housing group* increased by 3.4%.

On the other hand, the relatively small increase in food prices this quarter (0.3% - mainly due to falls in the prices of fresh fruit and vegetables) had a moderating influence as illustrated by comparing the increase in the index for all groups excluding food (2.2%) with that for the all groups.

### Main contributions to change.

Four groups accounted for more than 75% of the increase in the all groups index - Housing (28.4%), Household equipment and operation (14.7%), Transportation (21.3%)and Recreation and education (14.3%) - see chart below.



## Housing: +3.4%

Although the rate of increase is significantly lower than the high rate of 5.4% recorded last quarter, the housing group continues to be the largest contributor to the change in the all groups index - accounting for 28.4% of the change. Increases in mortgage interest charges account for about 56% of this and increases in local government rates and charges account for a further 24%.

The increase in mortgage interest charges this quarter of 4.1% is down significantly on the 10.2% increase recorded last quarter mainly due to a reduction in the rate of increase in interest rates (down from 6.0% to 0.8%). The value of the debt outstanding increased by 3.4% compared with 3.8% in September quarter.

The increase in local government rates and charges of 7.4% this quarter reflects the timing of the inclusion of rating changes in the CPI. For purely practical reasons, the ABS has adopted the convention of reflecting each new years' rates in the CPI in the second quarter of the rating year for the rating authority concerned. As a result, changes in general property rates for Sydney and Melbourne are reflected in the June quarter each year and in December quarter for all other cities. Changes in water, sewerage and drainage rates for all cities are reflected in the December quarter.

### Household equipment and operation: +1.5%

This represents no change on the rate recorded last quarter. Increases in consumer credit charges account for 26% of the movement and increases in furniture prices for a further 26%.

Consumer credit charges increased by 2.8% this quarter, compared with 4.0% last quarter, comprising 1.6% from increases in the value of debt outstanding and 1.2% from increases in interest rates.

Furniture prices increased by 2.4% on average with increases being recorded in all cities except Perth where prices fell by 0.6% mainly due to an increase in the incidence of items being sold on special.

## Transportation: +2.4%

This represents an increase on the rate of 2.2% recorded last quarter. Increases in prices of automotive fuel account for 47% of the movement and increases in prices of motor vehicles for a further 25%.

Petrol prices increased by 4.7% on average with increases being recorded in all cities except Hobart (-1.9%) and Darwin (-1.3%). Information available suggests that, for the December quarter as a whole, the incidence of discounting decreased in all cities except Hobart and Darwin where it increased slightly.

Prices of motor vehicles increased by 1.7% on average with increases being recorded in all cities.

## Recreation and education: +2.5%

This is the largest increase recorded since March quarter 1988 (3.9%) and represents a significant increase on the result recorded last quarter (1.0%). Increases in prices for holiday travel and accommodation overseas account for 40% of the movement and increases in prices for holiday travel and accommodation in Australia for a further 38%.

Prices for holiday travel and accommodation overseas

increased by 6.7% on average with increases being recorded for all cities. Increases in prices of overseas airfares (mainly due to a move to "high season" fares) contributed most to the national result.

Prices for holiday travel and accommodation in Australia increased by 6.5% on average with increases being recorded for all cities. Increases in prices of domestic accommodation and package tours contributed most to the national result.

## 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

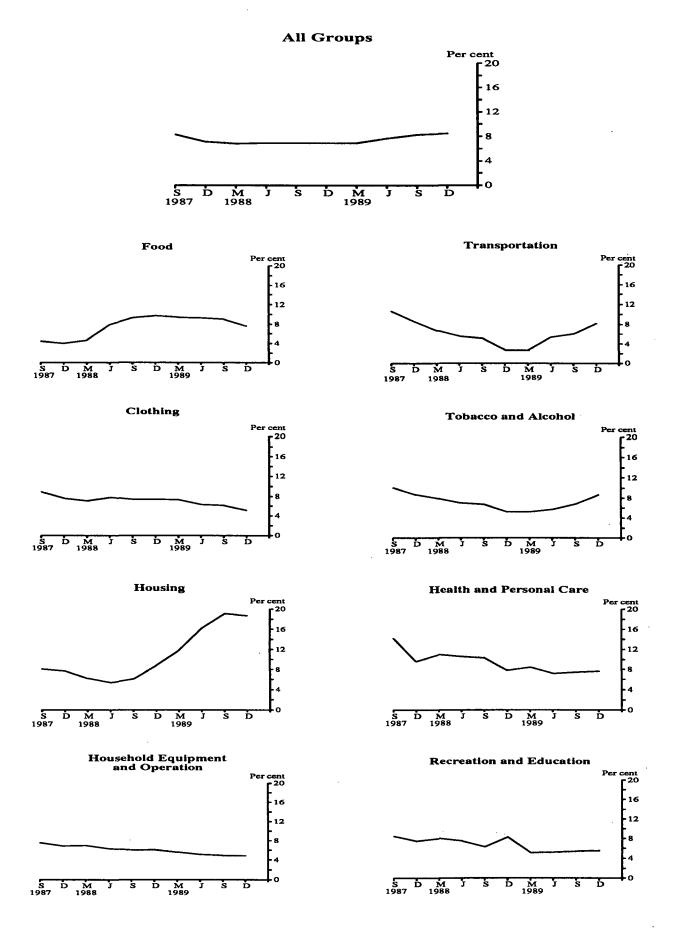
ANALYTICAL SERIES	Chang	ge between
All groups index	Sept. qtr 1989 and Dec. qtr 1989 %	Dec. qtr 1988 and Dec. qtr 1989 %
Sydney	+1.8	+8.9
Melbourne	+2.0	+8.7
Brisbane	+1.7	+8.2
Adelaide	+1.6	+7.0
Perth	+2.0	+8.9
Hobart	+1.8	+7.3
Canberra	+2.2	+7.4
Darwin	+1.8	+5.9
Weighted average of		
eight capital cities	+1.9	+8.5

# 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.

From this issue, the date of scheduled release of the next issue of the Consumer Price Index publication will be shown at the end of the Explanatory notes (see paragraph 14, page 13).

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



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									
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
December	201.4	202.0	197.9	199.6	199.5	197.1	198.8	188.8	200.7

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

### 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	m previous year					
1986-87 1987-88 1988-89	9.4 7.6 8.1	9.4 7.3 6.8	8.6 7.0 7.1	9.2 6.7 7.3	10.0 7.1 7.4	9.9 7.4 6.3	8.4 6.9 6.6	9.0 7.1 4.9	9.3 7.3 7.4
		Change fro	om correspond	ing quarter of p	revious year				
1987-88 December March June	7.3 7.4 7.3	7.1 6.7 7.0	6.7 6.4 7.1	6.7 6.4 6.4	6.9 6.6 6.7	7.1 6.7 6.6	6.6 6.8 7.0	6.9 6.4 6.5	7.1 6.9 7.1
1988-89 September December March June	8.2 9.2 6.9 8.0	6.6 6.7 6.5 7.4	7.2 7.1 6.8 7.4	7.2 6.8 7.5 7.8	7.2 7.7 7.1 7.5	6.0 6.1 6.3 6.7	6.9 6.9 6.1 6.7	5.4 4.5 4.8 4.8	7.3 7.7 6.8 7.6
1989-90 September December	8.1 7.4	8.3 8.5	7.8 7.7	7.6 7.5	7.8 7.8	7.2 7.4	7.0 7.5	5.6 6.5	8.0 7.8
			Change from	m previous quai	ter				
1987-88 December March June	1.7 2.2 1.5	1.7 1.5 1.9	1.8 1.8 1.9	1.9 1.4 1.6	1.6 1.6 1.8	1.5 1.7 1.5	1.8 2.0 1.8	1.7 1.3 1.6	1.7 1.8 1.7
1988-89 September December March June	2.6 2.6 0.1 2.5	1.4 1.7 1.3 2.7	1.5 1.8 1.5 2.5	2.0 1.6 2.0 2.0	2.0 2.1 1.0 2.1	1.2 1.6 1.8 1.9	1.2 1.8 1.2 2.3	0.6 0.9 1.6 1.6	1.9 2.1 1.0 2.4
1989-90 September December	2.8 1.8	2.2 2.0	1.8 1.7	1.7 1.6	2.4 2.0	1.7 1.8	1.6 2.2	1.4 1.8	2.3 1.9

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

			•					d	Weighted werage of
ltem	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	eight capitat cities
FOOD	0.01	0.29	-0.19	-0.21	0.43	0.60	0.45	0.37	0.12
Cheese	0.05	0.02	0.04	0.02	0.04	0.05	0.02	0.01	0.04
Bread	0.03	0.04	0.01	0.02	0.09	0.02	0.03	0.03	0.04
Fish	-0.04	-0.02	-0.02	-0.08	-0.05	-0.03	-0.04	-0.05	-0.04
Fresh fruit	-0.03	-0.10	-0.07	-0.21	-0.05	0.00	0.10	-0.05	-0.0
Fresh potatoes	0.13	0.31	0.09	0.20	0.04	0.05	0.16	0.17	0.11
Fresh vegetables	-0.58	-0.55	-0.71	-0.56	-0.16	-0.11	-0.46	-0.25	-0.5
Soft drinks and cordials	0.07	0.07	0.02	-0.01	0.15	0.01 0.04	0.03 0.04	0.09 0.01	0.0
Ice cream & ice confectionery Take-away foods	0.06 0.11	0.03 0.16	0.02 0.05	0.05 0.07	0.03 0.09	0.04	0.04	0.01	0.04 0.11
Other food	0.02	0.04	0.05	0.04	0.08	0.05	0.04	0.03	0.04
CLOTHING	0.25	0.31	0.31	0.15	0.32	0.29	0.28	0.09	0.27
Men's outer clothing	0.03	0.02	0.03	0.00	0.01	0.03	0.03	-0.01	0.02
Men's shirts	0.01	0.01	0.03	0.00	0.02	0.01	0.00	0.00	0.02
Men's underwear nightwear etc	0.01	0.03	0.00	0.01	0.02	0.01	0.02	0.00	0.02
Boy's clothing	0.01	0.03	0.06	0.01	0.00	0.01	0.00	0.00	0.03
Women's outer clothing	0.13	0.09	0.10	0.06	0.13	0.16	0.11	0.04	0.10
Womens underwear nightwear etc. Girl's clothing	0.03 0.00	0.04 0.03	0.00 0.02	0.03 0.02	0.03 0.01	0.00 0.01	0.01 0.03	0.01 0.00	0.0: 0.0:
HOUSING	1.28	0.79	0.92	0.78	1.31	0.89	1.22	0.84	1.05
Privately-owned dwelling rents	0.14	0.15	0.30	0.08	0.02	0.07	0.02	0.05	0.13
Govt-owned dwelling rents	0.00	0.00	0.03	0.01	0.03	0.02	0.38	0.48	0.03
Mortgage interest charges	0.71	0.49	0.36	0.42	0.93	0.48	0.60	0.19	0.5
Local govt rates & charges	0.43	0.08	0.17	0.23	0.26	0.22	0.16	0.12	0.2
House repairs & maintenance	0.05	0.06	0.06	0.04	0.03	0.09	0.04	0.04	0.0:
HOUSEHOLD EQUIP. & OPERATION	0.40	0.73	0.71	0.72	0.17	0.48	0.59	0.33	0.54
Electricity	0.00	0.07	0.00	0.00	0.00	0.00	0.05	0.00	0.0
Gas	0.02	0.05	0.01	0.00	0.00	0.01 0.17	0.00	0.00	0.0
Furniture	0.03	0.22	0.19	0.39	-0.04 0.03	0.17	0.28 0.01	0.09 0.00	0.14 0.03
Floor coverings Appliances	0.04 0.02	0.04 0.04	0.08 0.07	0.03 0.02	0.03	0.04	0.01	0.00	0.0
Household cleaning agents	0.02	0.04	0.07	0.02	0.06	0.05	0.03	0.03	0.0
Consumer credit charges	0.16	0.13	0.17	0.12	0.15	0.13	0.13	0.14	0.1
TRANSPORTATION	0.88	0.81	0.80	0.76	0.44	0.28	0.98	0.35	0.7
Motor vehicles	0.13	0.24	0.21	0.17	0.25	0.33	0.20	0.21	0.2
Automotive fuel	0.47	0.37	0.46	0.31	0.07	-0.18	0.46	-0.09	0.3
Vehicle insurance	0.01	0.11	0.00	0.10	0.07	0.02	-0.01	0.01	0.0
Motoring charges	0.07	0.00	0.00	0.02	0.01	0.01	0.18	0.08	0.0
Vehicle servicing etc. Urban transport fares	0.13 0.06	0.06 0.05	0.12 0.00	0.14 0.00	0.03 0.02	0.10 0.01	0.14 0.00	0.12 0.00	0.1 0.0
TOBACCO & ALCOHOL	0.33	0.33	0.18	0.18	0.51	0.20	0.29	0.59	0.3
Beer	0.16	0.13	0.07	0.11	0.15	0.05	0.13	0.18	0.1
Spirits	0.05	0.03	0.04	0.06	0.04	0.06	0.04	0.07	0.0
Cigarettes & tobacco	0.13	0.19	0.06	0.08	0.34	0.10	0.11	0.26	0.1
HEALTH & PERSONAL CARE	0.03	-0.03	0.11	0.35	0.26	0.19	0.16	0.27	0.0
Hospital & medical services	0.04	-0.01	0.16	0.41	0.25	0.29	0.22	0.34	0.1
Dental services Pharmaceuticals	0.04 -0.08	0.02 -0.11	0.01 -0.11	0.03 -0.07	0.04 -0.08	0.02 -0.13	0.03 -0.09	0.00 -0.06	0.0 -0.0
<b>RECREATION &amp; EDUCATION</b>	0.48	0.62	0.59	0.38	0.53	0.51	0.32	0.54	0.5
Sports & photo equip & toys	0.02	0.02	0.11	0.04	0.04	-0.04	0.05	0.11	0.0
Holiday travel & accom in Aust	0.17	0.27	0.17	0.11	0.14	0.40	0.20	0.04	0.2
Holiday travel & accom overseas	0.16	0.22	0.28	0.15	0.31	0.17	0.22	0.40	0.2
Entertainment	0.12	0.09	0.04	0.13	0.04	0.01	-0.12	0.04	0.0
Total change	3.6	3.9	3.4	3.1	4.0	3.5	4.3	3.3	3.
Contribution of selected State &									
local government charges (a) to	o 40		0.00		0.00		0.01	0.77	
total change	0.43	0.24	0.20	0.25	0.29	0.24	0.81	0.67	0.3

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

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
Food	0.0	2.4	-0.6	-0.5	1.1	0.3	0.4	0.1	3.2
Clothing	2.4	2.5	0.9	0.4	0.8	0.1	0.2	0.0	7.4
Housing	12.3	6.3	2.8	1.9	3.5	0.4	1.0	0.2	28.4
Household equipment and operation	3.8	5.8	2.1	1.8	0.4	0.2	0.5	0.1	14.7
Transportation	8.4	6.4	2.4	1.8	1.2	0.1	0.8	0.1	21.3
Tobacco and alcohol	3.2	2.6	0.6	0.4	1.4	0.1	0.2	0.2	8.6
Health and personal care	0.3	-0.3	0.3	0.9	0.7	0.1	0.1	0.1	2.2
Recreation and education	4.6	4.9	1.8	0.9	1.4	0.2	0.3	0.1	14.3
All groups	35.0	30.6	10.3	7.5	10.6	1.5	3.6	0.9	100.0

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

(a) Table 4 shows the percentage contribution of Groups in each city to the change (between September quarter 1989 and December quarter 1989) in the All Groups index for the weighted average of the eight capital cities.

## ANALYTICAL SERIES (a)

Period	Food	Clothing	Housing	Household equipment and operation	Trans- portation	Tobacco and alcohol	Health and personal care	Recreation and education	All Groups
······································		····	Ch	ange from prev	vious year				
1986-87 1987-88 1988-89	8.0 5.2 9.4	9.6 7.8 7.1	7.4 6.9 10.8	7.3 6.9 5.7	11.2 7.8 3.9	10.5 8.4 5.7	16.1 11.3 8.4	9.3 7.8 6.2	9.3 7.3 7.1
		Cha	nge from corr	responding qua	rter of previou	s year			
1987-88 December March June	4.0 4.6 7.9	7.6 7.1 7.8	7.7 6.2 5.3	6.9 7.0 6.3	8.6 6.7 5.5	8.7 7.9 7.0	9.6 11.0 10.6	7.5 8.0 7.5	7.1 6.8 6.9
1988-89 September December March June	9.3 9.7 9.4 9.3	7.4 7.4 7.3 6.3	6.1 8.8 11.8 16.2	6.0 6.1 5.6 5.1	5.1 2.7 2.7 5.3	6.7 5.2 5.2 5.7	10.3 7.8 8.5 7.2	6.3 8.3 5.1 5.2	6.9 6.9 7.7
1989-90 September December	9.0 7.6	6.1 5.1	19.1 18.7	4.9 4.9	6.0 8.2	6.8 8.7	7.5 7.7	5.4 5.5	8.3 8.5
			Cha	ange from prev	ious quarter				
1987-88 December March June	1.2 1.7 3.3	3.0 0.1 3.8	1.2 0.7 1.2	1.5 1.2 1.6	2.6 1.0 -0.2	1.7 2.0 1.6	2.9 4.6 1.7	0.5 3.9 1.0	1.7 1.7 1.6
1988-89 September December March June	2.8 1.6 1.5 3.2	0.4 3.0 -0.1 2.8	2.8 3.8 3.5 5.3	1.6 1.6 0.7 1.0	1.5 0.3 1.0 2.4	1.3 0.2 2.0 2.1	0.8 0.5 5.3 0.5	0.8 2.4 0.8 1.1	1.7 1.7 1.6 2.4
1989-90 September December	2.5 0.3	0.2 2.0	5.4 3.4	1.5 1.5	2.2 2.4	2.3 2.0	1.0 0.7	1.0 2.5	2.3 1.9

(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.

Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
		(Base		OOD : Year 1980-81	= 100.0)			·	
1987-88									
December March	159.9 162.8	164.9 167.7	160.6 163.8	163.9 165.0	163.6 168.3	168.7 170.3	155.6 158.6	156.7 159.5	162.2 165.0
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 March	176.0 178.4	182.3 183.9	173.9 177.6	177.4 180.4	178.7 183.8	180.6 181.9	170.7 172.8	168.1 171.8	177.9 180.5
June	184.5	190.8	183.8	185.6	185.7	185.2	176.6	175.2	186.2
1989-90									
September December	189.4 189.4	196.6 198.1	186.8 185.8	189.5 188.4	188.4 190.6	188.8 192.1	180.8 183.2	176.7 178.6	190.8 191.4
				100.4	190.0	172.1			
		(Base		OTHING .: Year 1980-81	i = 100.0)				
1987-88			······································		e				
December	162.7	163.6	165.3	166.5	165.3	161.0	164.2	150.3	163.8
March June	163.4 169.2	163.3 170.3	165.3 169.8	166.7 173.1	165.4 171.9	161.2 167.7	163.8 170.7	148.1 153.5	163.9 170.1
	109.2	170.5	107.0	175.1	171.9	107.7	170.7	155.5	
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 June	173.9 179.2	177.3 181.1	175.6 180.0	180.2 186.2	177.0 182.7	173.1 178.3	175.1 180.9	157.6 159.8	175.9 180.8
	179.4	101.1	100.0	100.2	104.1	178.5	100.9	139.0	100.0
1989-90 September	179.6	182.3	179.7	186.6	181.5	178.5	181.7	159.2	181.2
December	182.8	186.4	184.7	188.7	186.4	182.3	185.7	161.2	184.9
		(Base		JSING (a) c : Year 1980-8	1 =100.0)				
1097.00									
1987-88 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	102.0	102.7	171 6	100.0	175.0	1(7.0	100.0	161.0	100 0
September December	193.2 208.1	193.7 204.5	171.5 180.0	180.0 185.0	175.2 188.2	167.2 173.5	189.0 196.1	161.8 164.3	188.0 199.7
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 December	222.3 230.6	230.9 237.2	195.7 202.4	212.6 219.0	206.6 215.1	193.5 200.0	220.0 229.6	180.1 185.5	219.3 226.8
<u></u>				MENT AND		1			
	· · · · · · · · · · · · · · · · · · ·			: Year 1980-8	1 = 100.0)				<u> </u>
1987-88	1/0 7	170 1	170.4	170 4	1/0 0	170 5	1707	170.0	
December March	169.7 171.7	173.1 174.7	173.4 176.7	172.6 174.0	169.3 171.2	170.5 173.4	168.6 169.2	170.8 172.2	171.4 173.4
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 March	181.2 182.2	181.1 182.3	186.1 186.9	182.5 184.0	180.3 182.9	180.9 183.2	178.7 180.4	178.0 179.1	181.8 183.1
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	187.8 190.7
December	188.3	192.2	195.0	191.1	189.5	190.4	188.2	184.5	190.7

TABLE 6. CONSUMER PRICE INDEX - GROUP INDEXES

(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.

									Weighted average of eight
Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	capital cities
		(Base		ANSPORTATI : Year 1980-81					
1987-88		101.4	100.0	107.7	100.7	100 4	100 5	102.5	1967
December March	191.1 195.4	181.4 180.2	189.3 190.4	187.7 192.0	183.7 185.7	188.4 192.4	188.5 192.5	183.5 186.5	186.7 188.6
June	192.1	180.8	192.2	191.4	187.9	193.7	194.0	189.9	188.2
1988-89									
September December	198.5 198.6	181.1 181.3	195.2 195.2	195.2 199.6	188.1 188.4	195.4 196.9	192.8 193.7	189.8 190.8	191.1 191.7
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
December	212.0	195.4	209.9	210.5	203.1	208.5	204.4	199.9	207.4
		(Base		CCO AND AL : Year 1980-8					
1987-88									
December March	201.9 205.1	190.1 195.6	185.6 188.4	191.9 195.5	201.3 204.5	208.8 213.0	197.7 201.7	206.0 209.0	195.9 199.8
June	205.1	199.1	192.0	200.6	204.5	213.0	201.7	209.0	203.0
1988-89									
September	209.1	201.9	195.0 198.5	205.2	210.8	220.3 223.3	207.4 206.1	214.5	205.6
December March	208.8 211.1	201.9 204.8	212.6	206.9 210.9	210.5 213.0	229.7	208.1 209.1	213.5 216.7	206.0 210.1
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
December	225.1	219.5	224.2	223.5	229.1	239.9	222.0	226.4	219.0
		(Base		AND PERSON : Year 1980-8					
1987-88									
December March	161.0 168.6	177.7 185.8	165.6 173.2	169.7 177.1	171.0 179.2	151.4 159.4	168.3 175.1	163.3 169.6	168.4 176.2
June	170.1	190.8	175.6	180.8	181.8	160.4	178.2	173.3	178.2
1988-89									
September December	170.8 172.8	192.6 192.6	175.7 176.4	182.8 182.7	186.3 187.1	159.7 159.7	179.8 181.3	173.7 175.1	180.6 181.5
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 Santambar	183.7	207.2	189.3	196.0	199.2	171.2	102.4	100 4	104.1
September December	183.7	206.7	191.4	201.7	204.1	171.3 174.2	192.4 195.5	190.4 196.4	194.1 195.5
, <sub>198</sub> 81871		(Base of		IION AND ED March Quarter 1		)		-	
1987-88	== · · · · · · · · · · · · · · · · · ·	······································		· · · · ·					
December	147.2	152.7	150.1	150.6	144.1	155.3	152.3	144.8	149.5
March June	153.0 153.8	158.6 160.4	157.1 159.7	155.7 158.6	148.6 150.0	159.9 161.3	160.3 160.7	147.2 148.1	155.3 156.9
1988-89									
September December	155.8 161.2	161.1 163.7	160.3 163.5	158.3 161.6	152.3 155.2	162.8 165.0	162.2 167.5	149.5 152.5	158.1 161.9
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
December	169.2	174.0	173.3	170.1	162.8	175.6	172.0	161.8	170.8
		<u> </u>							<u> </u>

TABLE 6. CONSUMER PRICE INDEX - GROUP INDEXES - continued

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

	In (Base Year	Index numbers (Base of each index: Year 1980-81=100.0)	rs dex: 00.0)	Percentage Change beiwe	Perceniage Change beiween		Contributi All	Contribution to total CPI (expressed as All Groups index points)	(expressed	R	
Group, Sub-group and Expenditure class	Dec qir 1988	Sept qtr 1989	Dec qtr 1989	Sept qtr 1989 and Dec qtr 1989	Dec qtr 1988 and Dec qtr 1989		Sept qtr 1989	Dec dtr 1989	050	Change between Sept qtr 1989 and Dec qtr 1989	between qir 1989 and qir 1989
FOOD Dairy products Cereal products Meat and seafoods Beef and veal Lamb and mutton Pork Poultry Bacon and ham	177.9 1699.9 152.2 154.8 154.8 152.2 145.9 135.6 135.6	190.8 1755.5 1756.1 171.6 171.6 171.6 1855.3 1885.3 1895.3	191.4 180.5 180.5 163.3 151.1 151.1 152.5	0,4,10,6,4,1,6,4,4,6 8,8,9,0,7,6,6,4,4,6 9,1,0,0,7,6,6,7,6,7,6,7,6,7,6,7,7,6,7,7,6,7	10 10 10 10 10 10 10 10 10 10 10 10 10 1	37.54 2.91 3.85 6.93	0.025 0.745 0.7550 0.7550 0.7550 0.7550000000000	37.66 2.99 3.92 6.95	1.98 0.32 0.65 0.65	0.12 0.08 0.07 0.02	0.0.0.0.0 0.0.0.0 0.0.0.0 0.0.0 0.0.0 0.0.0 0.0 0.0 0 0.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Fish Fresh fruit and vegetables Processed fruit and vegetables Soft drinks - ice cream & conf. Meals out and take away foods Other food	215.9 201.7 182.9 195.2 167.9	224.7 254.4 197.4 201.9 200.8 173.8	210.3 230.3 200.1 203.7 203.7 177.8		141 941 941 93 93 93 93 93 93 93 93 94 94 94 94 94 94 94 94 94 94 94 94 94	4.46 5.39 9.13 3.15	6	4.04 5.54 3.25 3.22	c <i>ć</i> :n	-0.42 0.02 0.15 0.01 0.07	5
CLOTHING Men's and boys' clothing Women's and girls' clothing Fabrics and knitting wool Footwear Dry cleaning and shoe repairs	176.0 170.1 177.9 184.4 175.5 189.1	181.2 174.4 183.7 187.5 179.6 201.9	184.9 177.6 188.3 189.9 181.6 207.9	2.0 3.11 3.01 3.01 3.01 3.01 3.01 3.01 3.	5.45 8.50 9.50 9.50 9.50 9.50 9.50 9.50 9.50 9	13.26 3.74 6.04 0.91 0.91		13.53 3.82 6.19 0.92 0.92 0.51		0.27 0.08 0.015 0.03 0.03 0.03	
HOUSING HOUSING (a) Rents Privately-owned dwelling rents Government-owned dwelling rents	199.7 191.1 208.1 204.3 239.2	219.3 219.3 221.6 218.3 247.9	226.8 226.8 225.4 221.7 225.1	33 79 19 19 19 19 19 19 19 19 19 19 19 19 19	13.6 88.3 86.5 88.3 86.5 86.5 86.5 86.5 86.5 86.5 86.5 86.5	30.53 30.53 9.43	8.59 0.84		8.72 0.87	1.05 1.05 0.16	0.13 0.03
Home ownership Home ownership (a) Mortgage interest charges(b) Mortgage interest charges(a)(b) Local govt. rates & charges House repairs and maintenance House insurance	190.4 184.0 127.6 115.2 200.9 175.2 181.6	218.0 218.6 147.5 147.5 205.4 181.2 199.1	227.7 233.6 153.6 184.4 198.8	1.4 1.4 1.4 1.6 1.8 1.0	2017 2017 2017 2017 2017 2017 2017 2017	11.12	14.19 14.19 3.35 2.76 0.80	21.99 1 1	14.78 14.78 3.60 2.81 0.80	0.98 9.99	0.59 0.59 0.05 0.00 0.00
HOUSEHOLD EQUIPMENT AND OPERATION Fuel and light Fumiture and floor coverings Appliances Household textiles Household utensils and tools Household supplies and services Postal and telephone services Consumer credit charges (b)	181.8 201.1 181.2 141.2 173.7 198.7 188.5 116.4	187.8 207.4 189.8 184.9 202.4 157.3 157.3 126.5	190.7 209.4 194.2 187.6 192.8 192.8 192.8 130.0	2.88 2.88 2.88 2.88 2.88 2.88 2.88 2.88	644 647 60 67 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	34.86 4.52 7.85 7.85 7.85 7.85 7.13 8.13 8.11 8.13 8.11 8.12 8.13		35.40 8.03 8.03 2.83 7.134 7.139 5.25 5.25		0.54 0.04 0.02 0.02 0.02 0.07 0.14 0.12	

	In (Bas Year	Index numbers lase of each index: ar 1980-81=100.0)	rs idex: 00.0)	Perci Change	Percentage Change between		Contribul. Ali	Contribution to total CPI (expressed as Ail Groups index points)	expressed	R	
Group, Sub-group and Expenditure class	Dec qtr 1988	Sepi atr 1989	Dec qtr 1989	Sept qtr 1989 and Dec qtr 1989	Dec qtr 1988 and Dec qtr 1989		Sept gtr 1989	Dec qtr 1989		Change between Sept qtr 1989 and Dec qtr 1989	ange between Sept qir 1989 Dec qir 1989
TRANSPORTATION Private motoring Motor vehicles Automotive fuel Vehicle insurance Motoring charges Tyres and tubes	191.7 189.5 152.9 152.9 184.9 188.9	202.5 202.5 223.5 168.3 187.4 187.4	207.4 205.0 227.4 176.2 255.6 191.6 191.6	222 441 722 722 722 720 720 720 720 720 720 720	8.2 8.2 115.1 316.2 316.2 316.2 4.2	32.39 30.44	11.21 8.01 1.49 0.44	33.18 31.19 8.8 8.8 1.1 1.1 0.0	11.41 8.38 1.53 0.44	0.79 0.75	0.20 0.05 0.05 0.06 0.06 0.06 0.06
Vehicle serv. repairs & parts Urban transport fares	192.0 215.4	196.5 228.7	200.4 232.7	2.0	4.4 8.0	1.95	2.07	.c 1.98	.1.	0.03	0.10
TOBACCO AND ALCOHOL Alcoholic drinks Beer Wine	206.0 190.7 195.3	219.6 201.3 204.9	223.9 204.2 208.8 176.5	2.0 1.9 2.0	8.7 5.2 5.2	16.08 11.45	6.76 2.36	16.40 11.61 2.2.6	6.89 2.36	0.32 0.16	0.13
Spirits Cigarettes and tobacco	189.9 246.6	204.0 269.1	207.9 278.0	3.3	9.5 12.7	4.64	2.32	4.79 2.	36	0.15	0.04
HEALTH AND PERSONAL CARE Health services Personal care products Hairdressing services	181.5 177.2 184.9 184.1	194.1 189.2 199.7 193.1	195.5 193.1 195.1 196.7	0.7 2.1 1.9	7.7 9.0 5.5 6.8	11.42 6.60 3.55 1.27		11.50 6.74 3.47 1.29		0.08 0.14 0.02	
RECREATION AND EDUCATION(c) Books - newspapers and magazines Recreational goods Holiday travel and accomm.(c) Recreational services Education and child care(c)	161.9 224.4 124.5 173.3 173.3 173.3 186.6	166.6 226.9 124.8 173.9 207.8 207.8	170.8 228.1 125.2 185.4 211.7 208.2	2.5 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1 0.1	5.5 1.6 0.6 7.7 11.6	20.89 2.40 2.40 6.15 2.78 2.78		21.42 2.41 4.93 6.55 2.78 2.78		0.53 0.00 0.00 0.00 0.00 0.00	
ALL GROUPS ALL GROUPS (a)	186.2 185.0	197.0 197.0	200.7	1.9 1.9	7.8 8.5	197.0 197.0		200.7 2 <i>00.7</i>		3.7 3.7	

(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

	(B) Yeu	Index numbers (Base of each index: Year 1980-81=100.0)	rs dex: 00.0)	Perce Change	Perceniage Change beiween	Conti	Contribution to total CPI (expressed as All Groups index points)	ssed as
	Dec qtr 1988	Sept qtr 1989	Dec qtr 1989	Sept qtr 1989 and Dec qtr 1989	Dec qtr 1988 and Dec qtr 1989	Sept gtr 1989	Dec qir 1989	Change beiween Sept qir 1989 Dec qir 1989
ALL GROUPS ALL GROUPS(a)	186.2 185.0	197.0 197.0	200.7 2 <i>0</i> 0.7	9.1 9.1	7.8 8.5	197.0 197.0	200.7 200.7	3.7 3.7
SPECIAL SERIES All groups - excluding food All groups - excluding food(a) All groups - excluding housing All groups - excl. home ownership	188.5 187.0 184.0 185.1	198.8 198.8 193.4	203.2 203.2 196.5 197.8	2.2 1.6 1.6	7.8 6.8 6.9	159.44 159.44 166.45 175.88	163.01 163.01 169.09 178.68	3.57 3.57 2.64 2.80
Mortgage interest and consumer credit charges (b)	124.3	141.3	146.6	3.8	17.9	19.31	20.04	0.73
Mortgage interest and consumer credit charges (a)(b)	115.5	141.3	146.6	3.8	26.9	16.91	20.04	0.73
All groups excl. mortgage unt and consumer credit charges (b)	114.5	120.2	122.2	1.7	6.7	177.68	180.63	2.95
All groups-excluding hospital & medical services	186.9	197.7	201.3	1.8	7.7	192.24	195.82	× 3.58
All groups - excluding hospital & medical services(a) All groups - services component (c) All groups - services comp. (d) All groups - services comp (a)(d)	185.6 181.1 197.7 194.3	<b>197.7</b> 190.1 212.0 212.0	<b>201.3</b> 192.6 218.0 <b>218.0</b>	1.8 2.8 2.8	8.5 6.4 10.3	192.24 123.31 73.67 73.67	<b>195.82</b> 124.93 75.75 75.75	3.58 1.62 2.08
Selected State and local govt. charges (e)	219.1	227.0	233.4	2.8	6.5	11.81	12.14	0.33
All groups - excl. selected State and local govt. charges (c)	183.8	194.8	198.3	1.8	7.9	185.17	188.53	3.36
All groups - excl. selected State and local govt charges (a)(e)	182.6	194.8	198.3	1.8	8.6	185.17	188.53	3.36
(a) Series in italics reflect changes on the debt profile basis and are recommended for analytical purposes (as distinct from stautory indexation and contract scalation purposes). (b) Base : December quarter 1986 = 100.0. (c) The special series are sould equipment on the debt profile basis and are recommended for analytical purposes (as distinct from stautory indexation and contract scalation purposes). (b) Base : December quarter 1986 = 100.0. (c) The special relations provides, postal and telephone services and constant insurance, regists to appliances, postal and telephone services and constant charges); Tobaco and alcohol group; materials used in house repairs and maintenance, most vehicle structure and transmiser, and recreational group; materials used in house repairs and maintenance, most vehicles and constant structures, and recreation algohol group; materials used in house repairs and maintenance, most vehicles and constant singurance. Tobaco and allohol group; materials used in house repairs and magazines; and recreation algohol group; materials used in house repairs and maintenance, most vehicle; the schices and constant singurance and sevenand energies; from and contract escalation purposed). (b) Base : December quarter 1986 = 100.0. (c) The special reprises to appliances, postal and telephone services and constanter charges); Tobaco and allohop; materials used in house repeix and maintenance, most vehicle; there are constant singurance and parts and maintenance, moder with (b) Base ; December quarter 1986 at a do local group (score, reduction purposed), the special structure and sevenage rates; council property rates and charges; electricity prices; gas prices (Melbourne and Perth only); motor vehicle third party insurance premium (cooper drame and in part only in Sydney and Birbane); urban rail and tram fars (not capter and in part only in Sydney and Birbane); urban rail and tram fars (not applicable in Hobart, Canberra and Darwin). The derivations and limitations of these figures was described	ommended for a a mended for a it charges); Toba it charges); Toba it rand sewcrage i stration fees; driv ations of these fi	nalytical pup othing group (ex ecco and alcohol I goods. (d) The ates; council pr tars' licence fee gures was descr	oses (as distinct teept dry cleanin group; material All groups, ser operty rates and s; urban bus fare ibed in the Appe	from statutory in g and shoe repair vices component charges; electrici government bu adux to the Decer	dexation and contra b) Household equi- pairs and maintern comprises all itera comprises gas price y prices; gas price fares only in Syd nber quarter 1982	act escalation purposes). () act escalation purposes). () unce; motor vehicles; auto is not included in the 'All s (Melbourne and Perth or ney and Melbourne, coun- issue of this publication.	b) Base : December quarter 196 p (except veterinary services, h moive fuely tyres and ubes; pa groups, goods component'. (e) any); motor vehicle third party i thy fares only in Brisbane); urbs	66 = 100.0. (c) The special ouse contents insurance, rurs used in verticle service Selected State and local nsurance premiums (except un rail and tram fares (not

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## **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:	
Sept quarter 1989:	197.0 (see Table 1)
less: June quarter 1989:	192.6 (see Table 1)
Change in index points:	+4.4
4 4 ـ	

Percentage change = 
$$\frac{+4.4}{192.6}$$
 x 100 = +2.3%

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 2.91 index points to the total All Groups index number of 197.0 for September 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)

#### Next issue

14. The Consumer Price Index - March quarter 1990 (6401.0) is scheduled to be released on Wednesday 2 May 1990.

### 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.
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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).
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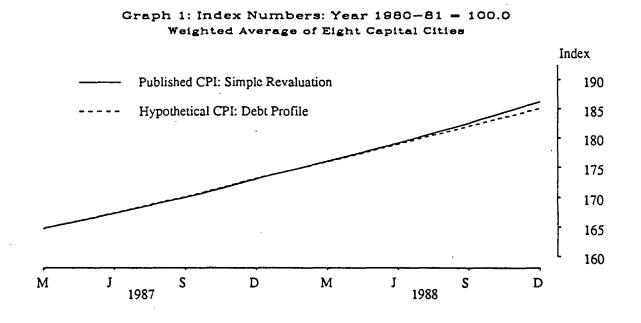
# **APPENDIX:** New Treatment of Mortgage Interest Charges

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.

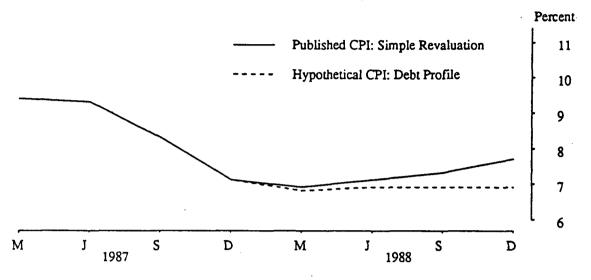
1.2 Mortgage interest charges have been included in the CPI since the last major review was completed in December 1986. In the course of that review the ABS examined two methods for treating mortgage interest charges: the simple revaluation method and the debt profile method.

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.

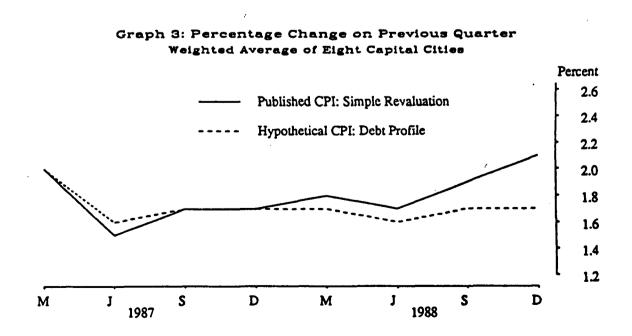


1.5 In the latter half of 1988, however, the two methods produced diverging results. For example, the annual movement in the published CPI over the year to December quarter 1988 was 7.7%, whereas the annual movement indicated by the debt profile approach was 6.9%. Only six months earlier the movements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



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)

186.9 161.5 167.3 175.9 200.7 Debt profile 162.6 174.5 164.7 173.0 178.8 181.9 185.0 188.0 192.6 197.0 157.0 cities Weighted average of eight capital 170.1 Simple revaluation 174.5 161.5 164.7 167.2 170.0 172.9 176.0 179.0 182.4 186.2 162.6 157.0 n.a. n.a. n.a. n.a. n.a. Debt profile 179.5 158.6 161.6 167.0 169.9 172.3 175.0 178.3 180.0 182.9 185.5 188.8 176.7 159.4 153.3 **164.1** 171.1 Darwin Simple revaluation 163.9 170.6 158.6 161.4 166.6 169.5 171.7 174.5 175.6 177.2 n.a. n.a. n.a. n.a. 153.3 159.3 n.a. Debt profile 163.5 175.3 186.4 162.3 165.2 168.2 173.8 176.9 179.9 181.9 187.2 191.5 194.5 198.8 170.7 185.1 158.4 Canberra Simple revaluation 185.0 174.7 162.3 167.8 170.0 [73.0 176.4 179.5 n.a. п.а. 163.4 n.a. 165.1 181.7 n.a. n.a. 158.4 Debt profile 193.6 174.7 161.4 164.8 167.2 73.3 176.2 181.0 183.7 186.8 190.3 162.4 185.5 156.3 170.4 178.7 197.1 Hobart Simple revaluation 174.4 161.4 164.8 167.3 172.9 175.8 180.6 183.5 **n.a**. 162.5 [70.3 178.4 n.a. n.a. n.a. n.a. 1563 Debt profile 199.5 161.8 195.5 173.2 163.9 166.7 169.2 171.8 174.6 177.3 180.2 183.2 187.0 191.0 185.4 155.9 160.7 Perth Simple revaluation 173.3 163.8 171.8 174.6 181.3 n.a. n.a. 161.8 **n.a**. 166.6 177.7 185.1 n.a. 155.9 160.7 П.а. **[69.1** Debt profile 175.6 158.9 162.9 165.8 177.0 183.6 186.6 189.5 196.5 199.6 188.2 168.7 174.5 179.9 193.2 171.1 164.1 Adelaide Simple revaluation 164.0 175.0 162.9 165.7 170.5 173.8 176.3 182.7 185.7 158.9 168.4 179.2 n.a. n.a. n.a. n.a. **D.**8 Debt profile 180.0 194.5 197.9 161.8 173.0 171.6 182.9 160.7 168.5 174.5 177.5 186.4 191.0 156.4 164.1 166.1 185.1 Brisbane Simple revaluation 161.8 171.5 174.6 177.9 183.7 n.a. n.a. n.a. 160.7 164.1 168.4 180.5 п.а. 173.1 156.4 166.1 n.a. Debi profile 202.0 164.0 187.9 162.9 168.7 171.8 174.8 177.2 180.6 185.8 188.7 193.8 176.1 158.2 166.1 183.1 198.1 Melbourne Simple revaluation 163.9 175.9 162.9 166.0 168.6 171.6 174.5 180.4 183.0 n.a. n.a. 158.2 177.1 1862 n.a. n.a. n.a Debt profile 161.4 173.4 186.7 163.6 166.0 171.8 175.2 177.6 185.0 187.8 192.5 201.4 155.8 181.5 197.8 160.1 169.1 Sydney Simple revaluation 187.6 163.5 161.4 173.7 п.а. 155.8 169.0 171.8 175.6 178.3 182.9 n.a. **n.a**. n.a. n.a. 160.1 166.1 September September December September December September December December 1988-89 1987-88 1988-89 1987-88 1986-87 1986-87 06-6861 March March March Period June June June

(b) The published CPI index numbers are shown in bold (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.

	Sydney	ey	Melbourne	urne	Brisbane	əut	Adelaide	tide	Perth	Ч	Hobart	F	Canberra	7.0	Darwin	iin	Weighted average of eight capital cities	average t capital cities
Period	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Simple revaluation	Debt profile	Debt Simple profile revaluation	Debt profile	Simple revaluation	Debt profile ri	Debt Simple profile revaluation	Debt profile 1	Simple revaluation	Debt profile	Simple revaluation	Debi profile
1987-88 1988-89	+7.6 n.a.	+7.4 +7.7	7.3 n.a.	+7.4 +6.7	+7.0 n.a.	+6.9 +7.0	+6.7 n.a.	Change fr +7.0 +7.2	Change from previous year +7.0 +7.1 +7.2 n.a.	/car +7.0 +7.0	+7.4 n.a.	+7.6 +6.2	+6.9 n.a.	+7.2 +6.3	+7.1 n.a.	+7.3 +4.9	+7.3 n.a.	+7.3
							Change from	n correspo	corresponding quarter of previous year	of previou	s year							
1987-88 September December March June	+8.5 +7.3 +7.4 +7.3	+8.5 +7.3 +7.1	+8.5 +7.1 +6.7	+8.6 +7.3 +6.7 +7.1	7.7+ 7.6+ 7.6+ 1.7+	+7.7 +6.8 +6.3	6.7+ 6.7+ 4.6+ 4.6+	+7.7 +7.1 +6.8 +6.6	8:5 8:6:9 6:0+ 7:0+	+8.5 +6.9 +6.5 +6.5	0.6+ 1.7+ 1.6+	+9.0 +7.+ +6.9 +6.9	6.7+ 6.6+ 8.6+ 7.0	+7.8 +7.1 +7.1 +7.0	+8.7 +6.9 +6.4 +6.5	+8.9 +7.1 +6.6 +6.6	+8.3 +7.1 +6.9 1.7+	+8.3 +7.1 +6.9
1988-89 September December March June	+82 +92 п.в. п.в.	+7.3 +7.7 +7.2 +8.4	+6.6 1.а. п.а.	+6.6 +6.3 +7.3	+7.2 +7.1 n.a.	+6.8 +6.6 +7.6	+7.2 +6.8 п.а.	+7.3 +6.9 +7.1 +7.4	+7.2 +7.7 n.a.	+6.5 +6.6 +7.1 +7.7	+6.0 +6.1 n.a.	+6.2 +6.0 +6.5	+6.9 +6.9 n.a. n.a.	+6.6 +5.5 +5.8	+5.4 +4.5 n.a.	+5.8 +4.9 +4.5 2.4+ 2.4+	+7.3 +7.7 n.a.	18 6'94 6'94 6'94
1989-90 September December	n.a. n.a.	+9.0 +8.9	п.а. п.а	+8.2 +8.7	n.a. n.a.	+8.1 +8.2	n.a. n.a.	+7.0 +7.0	П.а. Л.а.	+8.5 +8.9	п.а. п.а.	+7.0 +7.3	п.а. п.а.	+6.9 +7.4	n.a. n.a.	+5.0 +5.9	п.а п.а.	+8.3 +8.5
							J	<b>Change fro</b>	Change from previous quarter	larter								
1987-88 September December March June	+1.7 +1.7 +2.2	+1.9 +1.6 +2.0	+1.8 +1.7 +1.5	+1.7 +1.7 +1.4	+1.+ 8.1+ 8.1+	+1.4 +1.8 +1.7	+1.2 +1.4 +1.4	+1.4 +2.0 +1.4 +1.6	+1.5 +1.6 +1.6 +1.8	+1.5 +1.5 +1.6 +1.5	+1.8 +1.5 +1.7	+1.9 +1.7 +1.1+	+1.3 +1.8 +2.0 +1.8	+1.5 +1.8 +1.8 +1.7	+1.6 +1.7 +1.3 +1.6	+1.8 +1.7 +1.6	+1.7 +1.7 +1.8 +1.8	+1.7 +1.7 +1.7 +1.6
1988-89 September December March June	+2.6 1.2.6 п.а. п.а.	+2.2 +1.9 +1.5	+1.4 +1.7 n.a.	+1.4 +1.5 +1.6 +2.7	+1.5 +1.8 п.а.	+1.4 +1.6 +1.9 +2.5	+2.0 +1.6 n.a.	+2.1 +1.6 +1.6 +2.0	+2.0 +2.1 n.a.	+1.6 +1.7 +2.1 +2.1	+1.2 +1.6 n.a.	+1.3 +1.5 +1.7	+1.2 +1.8 n.a. n.a.	+1.1 +1.8 +1.1 +2.3	+0.6 +0.9 n.a.	+1.0 +0.9 +1.0	+1.9 +2.1 n.a.	+1.7 +1.7 +1.6 +2.4
1989-90 September December	n.a. n.a.	+2.8 +1.8	n.a n.a.	+2.2 +2.0	п.а. п.а.	+1.8 +1.7	n.a. n.a.	+1.7 +1.6	П.8 П.3.	+2.4 +2.0	n.a. n.a.	+1.7 +1.8	n.a. n.a.	+1.6 +2.2	n.a. n.a.	+1.4 +1.8	n.a. n.a.	+2.3 +1.9

TABLE A2. CONSUMER PRICE INDEX: ALL GROUPS PERCENTAGE CHANGES

(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 nu 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			ge changes from previo index : December qtr	
Period	Mortgage Debi	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
December	135.1	113.6	153.6	+3.4	+0.8	+4.1

### INDEX NUMBERS COMPILED USING THE DEBT PROFILE METHOD

				(a)	()				
Period	Sydney	Melbourne	Brisbane	Adelaide	Perth	Норат	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	1.721	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
December	230.6	237.2	202.4	219.0	215.1	200.0	229.6	185.5	226.8
(a) Mortgage Interes	t Charges were first int	roduced to the CPI in March	(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.	quarter the change in treatme	ent of Mortgage Interest Ch	arges has no effect on pub	lished index numbers.		

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

.

		4	-	All Groups,		All Groups, excluding selected
Period	All Groups	All Groups, excluding Food	Mortgage interest and Consumer Credit Charges (b)	excitaing Hospital and Medical Services	Au Groups, Services component	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
December	200.7	203.2	146.6	201.3	218.0	198.3

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

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