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**CONSUMER PRICE INDEX - JUNE QUARTER 1989**

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**MAIN FEATURES**

	Change between	
	Mar. qtr 1989 and Jun. qtr 1989 %	Jun. qtr 1988 and Jun. qtr 1989 %
Weighted average of eight capital cities		
Food	+3.2	+ 9.3
Clothing	+2.8	+ 6.3
Housing	+5.3	+15.1(a)
Household equipment and operation	+1.0	+ 5.1
Transportation	+2.4	+ 5.3
Tobacco & alcohol	+2.1	+ 5.7
Health and personal care	+0.5	+7.2
Recreation and education	+1.1	+5.2
All groups	+2.4	+7.6(a)
All groups excluding housing	+2.0	+6.3

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

Main price changes between March quarter 1989 and June quarter 1989 were as follows:

**FOOD : +3.2%**

Beef and Veal prices increased in all cities except Hobart where they fell.  
Poultry prices increased in all cities except Adelaide and Canberra.  
Fish prices decreased in all cities.  
Fresh fruit prices fell in all cities except Adelaide and Hobart where they rose.  
Fresh vegetable prices increased in all cities.  
Prices of meals out and take away food increased in all cities.

**CLOTHING : +2.8%**

The main clothing price increases in all cities were for seasonal winter items.

**HOUSING : +5.3%**

Privately owned dwelling rents increased in all cities.  
Mortgage interest charges increased in all cities.  
House repairs and maintenance costs increased in all cities.  
House insurance costs increased in all cities except Adelaide.

**HOUSEHOLD EQUIPMENT AND OPERATION : +1.0%**

Furniture prices increased in all cities.  
Prices of kitchen and cooking utensils increased in all cities.  
Charges for telephone services decreased in all cities.  
Consumer credit charges increased in all cities.

**TRANSPORTATION : +2.4%**

Motor vehicle prices increased in all cities.  
Automotive fuel prices increased in all cities.  
Vehicle insurance costs increased in all cities except Brisbane and Adelaide where they decreased.  
Motor vehicle servicing and repair costs increased in all cities except Sydney, Melbourne and Adelaide where they fell.

**TOBACCO AND ALCOHOL : +2.1%**

Beer and spirit prices increased in all cities.  
Wine prices increased in all cities except Darwin where they decreased.  
Prices of cigarettes and tobacco increased in all cities.

**HEALTH AND PERSONAL CARE : +0.5%**

Net medical expenses increased in all cities.  
The cost of prescription drugs fell in all cities mainly due to the increased effect of the safety net provisions.

**RECREATION AND EDUCATION : +1.1%**

Video and sound equipment prices decreased in all cities except Darwin where they increased.  
Entertainment charges increased in all cities.  
Prices for holiday travel and accommodation overseas increased for all cities except Perth.

## 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.

	Change between	
	Mar. qtr 1989 and Jun. qtr 1989 %	Jun. qtr 1988 and Jun. qtr 1989 %
All groups index		
Sydney	+2.5	+8.4
Melbourne	+2.7	+7.3
Brisbane	+2.5	+7.6
Adelaide	+2.0	+7.4
Perth	+2.1	+7.7
Hobart	+1.9	+6.5
Canberra	+2.3	+6.4
Darwin	+1.6	+4.5
Weighted average of eight capital cities	+2.4	+7.7

## MORTGAGE INTEREST CHARGES MODEL - on floppy disk.

We are now preparing for public release a detailed model of the new 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 will be produced as a Lotus 1-2-3 worksheet, supplied on floppy disk. Copies of the model and its documentation, will be available from the Australian Bureau of Statistics before the release of the September quarter CPI. Quarterly updates (in printed form) of new information on housing prices and mortgage interest rates are supplied. 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.

**IAN CASTLES.**  
Australian Statistician

## 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* (Catalogue No. 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* (Catalogue No. 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:

March quarter 1989: 188.0 (see Table 1)

less: December quarter 1988: 186.2 (see Table 1)

Change in index points: +1.8

Percentage change =  $\frac{+1.8}{186.2} \times 100 = +1.0\%$

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 2.87 index points to the total All Groups index number of 188.0 for March 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.

Symbols and other usages

- nil or rounded to zero

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.

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

	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 - 1984-85									
June	139.7	142.4	141.1	143.0	139.9	140.2	142.8	138.4	141.1
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

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

	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									
1986-87									
June	+9.3	+9.3	+8.8	+9.1	+10.5	+9.9	+8.2	+9.7	+9.3
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
Change from previous quarter									
1986-87									
June	+1.6	+1.6	+1.2	+1.6	+1.7	+1.5	+1.6	+1.5	+1.5
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

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

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
<b>FOOD</b>	+1.20	+1.38	+1.20	+1.00	+0.37	+0.63	+0.72	+0.65	+1.13
Beef & veal	+0.10	+0.17	+0.07	+0.08	+0.06	-0.02	+0.04	+0.09	+0.11
Lamb & mutton	+0.04	+0.07	+0.07	+0.02	+0.01	+0.05	+0.06	-	+0.05
Poultry	+0.03	+0.05	+0.02	-	+0.01	+0.03	-0.03	+0.02	+0.03
Fish	-0.02	-0.01	-0.04	-0.01	-0.02	-0.02	-0.02	-0.01	-0.02
Fresh fruit	-0.03	-0.03	-0.09	+0.11	-0.22	+0.02	-0.17	-0.03	-0.05
Fresh vegetables	+0.71	+0.61	+0.66	+0.44	+0.03	+0.15	+0.48	+0.34	+0.56
Fruit juice	+0.02	+0.05	+0.03	+0.01	+0.05	+0.01	-0.02	+0.03	+0.03
Soft drinks & cordials	+0.04	+0.07	+0.03	+0.09	+0.02	-	+0.02	+0.07	+0.05
Meals out	+0.07	+0.08	+0.08	+0.04	+0.10	+0.02	+0.10	+0.05	+0.08
Take away foods	+0.11	+0.16	+0.14	+0.11	+0.15	+0.16	+0.21	+0.02	+0.14
<b>CLOTHING</b>	+0.42	+0.29	+0.27	+0.42	+0.37	+0.40	+0.41	+0.09	+0.36
Boys' clothing	+0.02	+0.05	+0.01	+0.02	+0.04	+0.02	+0.05	+0.02	+0.03
Women's outer clothing	+0.12	+0.07	+0.07	+0.09	+0.09	+0.16	+0.09	+0.01	+0.09
Women's knitwear	+0.03	+0.02	+0.03	+0.08	+0.04	-	+0.01	-	+0.04
Girls' clothing	+0.03	+0.05	+0.02	+0.03	+0.04	+0.02	+0.03	-	+0.03
Women's footwear	+0.07	+0.04	+0.02	+0.06	+0.03	+0.05	+0.06	+0.01	+0.05
<b>HOUSING</b>	+1.71	+1.45	+1.04	+0.87	+1.75	+0.84	+1.11	+0.85	+1.45
Privately-owned dwelling rents	+0.23	+0.14	+0.23	+0.03	+0.22	+0.05	+0.05	+0.01	+0.17
Government-owned dwelling rents	+0.01	-	+0.01	-	-	-	-	-0.01	+0.01
Mortgage interest charges	+1.31	+1.04	+0.71	+0.78	+1.40	+0.76	+0.98	+0.77	+1.11
Local government rates & charges	+0.06	+0.17	-	-	-	-	-	-	+0.07
House repairs & maintenance	+0.07	+0.10	+0.05	+0.06	+0.10	+0.02	+0.08	+0.05	+0.08
House insurance	+0.02	+0.01	+0.03	-	+0.03	+0.02	+0.01	+0.03	+0.01
<b>HOUSEHOLD EQUIPMENT &amp; OPERATION</b>	+0.26	+0.48	+0.37	+0.27	+0.45	+0.43	+0.44	+0.26	+0.36
Furniture	+0.02	+0.27	+0.11	+0.23	+0.14	+0.12	+0.19	+0.09	+0.14
Appliances	-0.05	+0.02	-	+0.02	-	+0.01	-0.03	-	-0.01
Tableware, glassware & cutlery	-0.06	+0.01	-	-0.01	+0.02	-	-	-0.01	-0.02
Kitchen & cooking utensils	+0.05	+0.02	+0.02	+0.06	+0.05	+0.03	+0.04	+0.05	+0.04
Stationery	+0.09	+0.04	-0.05	-0.20	-0.05	+0.08	+0.01	-0.03	+0.02
Telephone Services	-0.06	-0.06	-0.06	-0.07	-0.05	-0.07	-0.06	-0.08	-0.07
Consumer credit charges	+0.12	+0.11	+0.19	+0.11	+0.16	+0.13	+0.14	+0.18	+0.13
<b>TRANSPORTATION</b>	+0.63	+0.76	+0.87	+0.54	+0.79	+0.76	+1.23	+0.53	+0.73
Motor vehicles	+0.01	+0.10	+0.13	+0.06	+0.06	+0.06	+0.30	+0.06	+0.07
Automotive fuel	+0.62	+0.56	+0.66	+0.60	+0.64	+0.63	+0.80	+0.43	+0.61
Vehicle insurance	+0.01	+0.08	-	-0.07	+0.03	+0.03	+0.05	+0.04	+0.03
Vehicle servicing etc.	-0.01	-0.03	+0.04	-0.06	+0.02	+0.02	+0.03	+0.01	-0.02
<b>TOBACCO &amp; ALCOHOL</b>	+0.31	+0.34	+0.35	+0.39	+0.32	+0.26	+0.29	+0.12	+0.33
Beer	+0.09	+0.11	+0.15	+0.12	+0.11	+0.12	+0.10	+0.06	+0.11
Wine	+0.06	+0.08	+0.04	+0.09	+0.09	+0.01	+0.10	-0.03	+0.07
Spirits	+0.08	+0.07	+0.09	+0.10	+0.06	+0.04	+0.04	+0.04	+0.07
Cigarettes & tobacco	+0.08	+0.08	+0.07	+0.08	+0.07	+0.09	+0.06	+0.07	+0.07
<b>HEALTH &amp; PERSONAL CARE</b>	+0.02	+0.08	+0.11	+0.05	+0.09	+0.14	+0.04	+0.08	+0.06
Hospital & medical services	+0.02	+0.08	+0.02	+0.01	-	+0.11	+0.02	-	+0.03
Dental services	+0.02	+0.03	+0.04	+0.05	+0.03	+0.03	+0.03	-	+0.02
Pharmaceuticals	-0.02	-0.03	-0.02	-0.01	-0.02	-0.05	-0.02	-	-0.02
<b>RECREATION &amp; EDUCATION</b>	+0.19	+0.33	+0.37	+0.22	-0.10	+0.08	+0.04	+0.28	+0.22
Books, newspapers & magazines	-0.04	+0.03	+0.03	+0.01	-0.04	+0.04	-0.05	+0.11	-0.01
Video & sound equipment	-0.04	-0.04	-0.04	-0.02	-0.04	-0.04	-0.06	+0.01	-0.03
Sports & photo equip & toys	+0.02	+0.07	-	-	-0.05	-0.03	+0.08	+0.07	+0.03
Holiday travel & accommodation in Aust	+0.02	-0.02	-0.01	+0.06	+0.04	-0.05	-0.07	+0.02	-
Holiday travel & accommodation overseas	+0.16	+0.18	+0.17	+0.11	-0.01	+0.08	+0.22	+0.07	+0.14
Entertainment	+0.06	+0.07	+0.19	+0.06	+0.02	+0.06	+0.08	+0.03	+0.07
Child care fees	-	+0.04	-	+0.01	-0.01	+0.03	-0.18	-	-
<b>Total change</b>	<b>+4.7</b>	<b>+5.1</b>	<b>+4.6</b>	<b>+3.7</b>	<b>+4.0</b>	<b>+3.5</b>	<b>+4.3</b>	<b>+2.9</b>	<b>+4.6</b>
Contribution of selected State and local government charges (a) to total change	+0.07	+0.17	+0.03	-0.17	+0.01	-	+0.06	-0.01	+0.07

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

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

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
				%					
Food	+9.2	+8.7	+2.9	+1.9	+0.8	+0.2	+0.5	+0.1	+24.3
Clothing	+3.2	+1.8	+0.6	+0.8	+0.8	+0.1	+0.3	-	+7.7
Housing	+13.1	+9.2	+2.5	+1.7	+3.7	+0.3	+0.8	+0.2	+31.4
Household equipment and operation	+2.0	+3.0	+0.9	+0.5	+0.9	+0.1	+0.3	+0.1	+7.8
Transportation	+4.8	+4.8	+2.1	+1.0	+1.7	+0.3	+0.8	+0.1	+15.6
Tobacco & alcohol	+2.4	+2.2	+0.8	+0.7	+0.7	+0.1	+0.2	-	+7.1
Health & personal care	+0.1	+0.5	+0.3	+0.1	+0.2	+0.1	-	-	+1.3
Recreation & education	+1.4	+2.1	+0.9	+0.4	-0.2	-	-	+0.1	+4.8
All groups	+36.2	+32.3	+10.9	+7.3	+8.6	+1.2	+2.9	+0.6	+100.0

(a) Table 4 shows the percentage contribution of Groups in each city to the change (between March quarter 1989 and June 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

	Food %	Clothing %	Housing %	Household equipment and operation %	Transportation %	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									
1986-87									
June	+5.7	+8.5	+7.8	+7.3	+14.1	+10.9	+16.0	+9.4	+9.3
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
Change from previous quarter									
1986-87									
June	+0.1	+3.1	+2.2	+2.2	+0.9	+2.4	+2.1	+1.5	+1.6
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

(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

Quarter	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
FOOD (Base of each index : Year 1980-81 = 100.0)									
1986-87									
June	155.7	160.5	156.8	158.8	159.6	162.5	150.6	153.8	157.9
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
CLOTHING (Base of each index : Year 1980-81 = 100.0)									
1986-87									
June	156.8	157.3	157.9	160.8	160.6	156.8	159.4	143.6	157.8
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
HOUSING (a) (Base of each index : Year 1980-81 = 100.0)									
1986-87									
June	165.4	180.1	159.1	171.9	159.4	161.7	178.0	152.6	169.4
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
HOUSEHOLD EQUIPMENT AND OPERATION (Base of each index : Year 1980-81 = 100.0)									
1986-87									
June	164.3	166.7	168.3	166.5	163.2	165.0	161.9	166.4	165.6
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

(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

Quarter	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
TRANSPORTATION (Base of each index : Year 1980-81 = 100.0)									
1986-87 June	182.6	171.0	181.7	181.8	178.0	183.8	183.4	176.4	178.4
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
TOBACCO AND ALCOHOL (Base of each index : Year 1980-81 = 100.0)									
1986-87 June	195.7	184.8	177.0	187.0	194.7	196.7	192.5	199.4	189.7
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
HEALTH AND PERSONAL CARE (Base of each index : Year 1980-81 = 100.0)									
1986-87 June	153.5	172.8	159.5	162.5	164.8	145.6	160.0	158.8	162.0
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
RECREATION AND EDUCATION (Base of each index : March Quarter 1982 = 100.0)									
1986-87 June	144.3	149.1	146.7	146.3	140.0	148.8	147.6	140.4	146.0
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

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)				Change between		Contribution to total CPI (expressed as All Groups index points)			
	June qtr 1988	March qtr 1989	June qtr 1989	March qtr 1989	June qtr 1988 and June qtr 1989 %	June qtr 1989	March qtr 1989	June qtr 1989	Change between March qtr 1989 and June qtr 1989	
<b>FOOD</b>										
Dairy products	170.4	180.5	186.2	35.51	+3.2	36.64	35.51	36.64	+1.13	
Cereal products	163.7	172.9	174.6	2.87	+1.0	2.90	2.87	2.90	+0.03	
Meat and seafoods	188.3	200.4	201.7	3.74	+0.6	3.76	3.74	3.76	+0.02	
Beef and veal	146.3	156.4	160.9	6.65	+2.9	6.84	6.65	6.84	+0.19	
Lamb and mutton	148.4	158.6	167.8		+5.8		1.84		1.95	
Pork	144.9	146.8	155.1		+5.7		0.89		0.94	
Bacon and ham	146.3	158.0	160.4		+1.5		0.33		0.34	
Poultry	138.6	145.3	151.0		+3.9		0.72		0.75	
Bacon and ham	130.9	139.2	139.2		-		0.62		0.62	
Processed meat	140.6	148.7	151.0		+1.5		1.26		1.28	
Fish	194.1	225.2	221.4		-1.7		0.99		0.97	
Fresh fruit and vegetables	191.7	199.4	229.8		+15.2		3.50	4.03	+0.53	
Processed fruit and vegetables	174.9	188.6	193.5		+2.6		1.64	1.68	+0.04	
Soft drinks, ice cream and confectionery	185.5	195.6	198.9		+1.7		5.22	5.31	+0.09	
Meals out and take away foods	183.1	193.4	198.0		+2.4		8.79	9.00	+0.21	
Other food	161.0	171.2	171.5		+0.2		3.10	3.11	+0.01	
<b>CLOTHING</b>										
Men's and boys' clothing	170.1	175.9	180.8		+2.8		12.87	13.23	+0.36	
Women's and girls' clothing	166.1	169.3	173.4		+2.4		3.72	3.64	+0.08	
Fabrics and knitting wool	171.1	178.0	183.1		+2.9		5.85	6.02	+0.17	
Footwear	168.3	174.2	180.8		+3.8		0.90	0.91	+0.01	
Dry cleaning and shoe repairs	178.2	194.1	199.0		+2.5		2.01	2.09	+0.08	
<b>HOUSING (a)</b>										
Rents	180.8	197.7	208.1		+5.3		27.53	28.98	+1.45	
Privately-owned dwelling rents	179.1	197.7	208.1		+5.3		27.53	28.98	+1.45	
Government-owned dwelling rents	197.2	213.1	217.2		+1.9		9.07	9.24	+0.17	
Home ownership	219.5	209.5	213.9		+2.1					
Home ownership (a)	173.8	191.2	204.4		+0.6		8.24	8.41	+0.17	
Home ownership (b)	171.4	191.2	204.4		+6.9		18.47	19.74	+1.27	
Mortgage interest charges (a)	107.8	122.4	133.9		+9.4		11.78	12.89	+1.11	
Mortgage interest charges (b)	105.5	122.4	133.9		+9.4		11.78	12.89	+1.11	
Local government rates and charges	193.7	200.9	205.4		+2.2		3.28	3.35	+0.07	
House repairs and maintenance	166.8	174.6	179.7		+2.9		2.66	2.74	+0.08	
House insurance	174.0	186.2	190.2		+2.1		0.75	0.76	+0.01	
<b>HOUSEHOLD EQUIPMENT AND OPERATION</b>										
Fuel and light	176.1	183.1	185.0		+1.0		33.99	34.35	+0.36	
Furniture and floor coverings	192.9	201.4	201.6		+0.1		4.39	4.39	+0.00	
Appliances	178.2	183.8	187.7		+2.1		7.60	7.76	+0.16	
Household textiles	137.0	142.0	141.3		-0.5		2.75	2.74	-0.01	
Household utensils and tools	167.9	177.0	181.1		+2.3		1.26	1.29	+0.03	
Household supplies and services	190.5	199.0	202.1		+1.6		3.30	3.35	+0.05	
Postal and telephone services	180.4	189.2	190.7		+0.8		7.26	7.32	+0.06	
Consumer credit charges (a)	157.0	160.7	157.2		-2.2		2.64	2.58	-0.06	
Consumer credit charges (b)	113.9	118.5	121.6		+2.6		4.79	4.92	+0.13	

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)				Change between		Contribution to total CPI (expressed as All Groups index points)			
	June qtr 1988	March qtr 1989	June qtr 1989	March qtr 1989 %	June qtr 1989 %	March qtr 1989	June qtr 1989	Change between March qtr 1989 and June qtr 1989	June qtr 1989	
<b>TRANSPORTATION</b>										
Private motoring	188.2	193.6	198.2	+2.4	+5.3	30.97	31.70	+0.73		
Motor vehicles	186.8	191.5	196.2	+2.5	+5.0	29.13	29.85	+0.72		
Automotive fuel	208.6	219.6	221.0	+0.6	+5.9	11.02			+0.07	
Vehicle insurance	157.7	152.9	165.7	+8.4	+5.1	7.27	11.09	7.88	+0.61	
Motoring charges	226.6	232.9	234.6	+0.7	+3.5	3.89	3.92	3.92	+0.03	
Tyres and tubes	182.5	186.9	188.8	+1.0	+3.5	1.49	1.50	1.50	+0.01	
Vehicle servicing, repairs & parts	155.2	159.4	161.8	+1.5	+4.3	0.43	0.44	0.44	+0.01	
Urban transport fares	185.7	195.0	194.5	-0.3	+4.7	5.03	5.01	5.01	-0.02	
	198.1	215.8	216.6	+0.4	+9.3	1.84	1.85		+0.01	
<b>TOBACCO AND ALCOHOL</b>										
Alcoholic drinks	203.0	210.1	214.6	+2.1	+5.7	15.39	15.72	+0.33		
Beer	190.8	193.2	197.6	+2.3	+3.6	10.98	11.23	+0.25		
Wine	200.4	197.9	201.1	+1.6	+0.3	6.53	6.64	+0.11		
Spirits	161.5	168.7	173.8	+3.0	+7.6	2.25	2.32	+0.07		
Cigarettes and tobacco	183.0	193.5	200.2	+3.5	+9.4	2.20	2.27	+0.07		
	233.3	255.7	260.2	+1.8	+11.5	4.41	4.48			
<b>HEALTH AND PERSONAL CARE</b>										
Health services	179.2	191.1	192.1	+0.5	+7.2	11.24	11.30	+0.06		
Personal care products	168.2	184.3	186.1	+1.0	+10.6	6.43	6.50	+0.07		
Hairdressing services	196.8	201.5	200.4	-0.5	+1.8	3.58	3.56	-0.02		
	178.4	186.9	188.9	+1.1	+5.9	1.23	1.24	+0.01		
<b>RECREATION AND EDUCATION(c)</b>										
Books, newspapers and magazines	156.9	163.2	165.0	+1.1	+5.2	20.46	20.68	+0.22		
Recreational goods	220.0	227.0	226.3	-0.3	+2.9	2.40	2.39	-0.01		
Holiday travel and accommodation(c)	123.9	124.7	124.5	-0.2	+0.5	4.91	4.90	-0.01		
Recreational services	162.8	167.1	171.4	+2.6	+5.3	5.90	6.06	+0.16		
Education and child care(c)	189.2	201.3	204.5	+1.6	+8.1	4.51	4.59	+0.08		
	185.2	205.2	205.7	+0.2	+11.1	2.74	2.75	+0.01		
<b>ALL GROUPS</b>	179.0	188.0	192.6	+2.4	+7.6	188.0	192.6	+4.6		
<b>ALL GROUPS (a)</b>	178.8	188.0	192.6	+2.4	+7.7	188.0	192.6	+4.6		

(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)				Change between		Contribution to total CPI (expressed as All Groups index points)		
	June qtr 1988	March qtr 1989	June qtr 1989	March qtr 1989 and June qtr 1989 %	June qtr 1988 and June qtr 1989 %	March qtr 1989	June qtr 1989	Change between March qtr 1989 and June qtr 1989	
<b>ALL GROUPS</b>	179.0	188.0	192.6	+2.4	+7.6	188.0	192.6	+4.6	
<b>ALL GROUPS (a)</b>	<i>178.8</i>	<i>188.0</i>	<i>192.6</i>	<i>+2.4</i>	<i>+7.7</i>	<i>188.0</i>	<i>192.6</i>	<i>+4.6</i>	
<b>SPECIAL SERIES</b>									
All groups, excluding food	181.4	190.1	194.4	+2.3	+7.2	152.46	155.96	+3.50	
<b>All groups, excluding food (a)</b>	<i>181.1</i>	<i>190.1</i>	<i>194.4</i>	<i>+2.3</i>	<i>+7.3</i>	<i>152.46</i>	<i>155.96</i>	<i>+3.50</i>	
All groups, excluding housing	178.8	186.4	190.1	+2.0	+6.3	160.44	163.62	+3.18	
All groups, excluding home ownership	179.6	187.7	191.4	+2.0	+6.6	169.51	172.86	+3.35	
Mortgage interest and consumer credit charges (b)	109.6	121.2	130.3	+7.5	+18.9	16.57	17.80	+1.23	
<b>Mortgage interest and consumer credit charges (a) (b)</b>	<i>108.0</i>	<i>121.2</i>	<i>130.3</i>	<i>+7.5</i>	<i>+20.6</i>	<i>16.57</i>	<i>17.80</i>	<i>+1.23</i>	
All groups, excluding mortgage interest and consumer credit charges (b)	111.0	116.0	118.3	+2.0	+6.6	171.40	174.79	+3.39	
All groups, excluding hospital and medical services	179.8	188.5	193.2	+2.5	+7.5	183.33	187.92	+4.59	
<b>All groups, excluding hospital and medical services (a)</b>	<i>179.5</i>	<i>188.5</i>	<i>193.2</i>	<i>+2.5</i>	<i>+7.6</i>	<i>183.33</i>	<i>187.92</i>	<i>+4.59</i>	
All groups, goods component (c)	176.4	183.3	187.4	+2.2	+6.2	118.90	121.56	+2.66	
All groups, services component (d)	185.8	198.8	204.4	+2.8	+10.0	69.07	71.04	+1.97	
<b>All groups, services component (a) (d)</b>	<i>185.2</i>	<i>198.8</i>	<i>204.4</i>	<i>+2.8</i>	<i>+10.4</i>	<i>69.07</i>	<i>71.04</i>	<i>+1.97</i>	
Selected State and local government charges (e)	210.3	219.3	220.5	+0.5	+4.9	12.01	12.08	+0.07	
All groups, excluding selected State and local government charges (e)	176.8	185.7	190.5	+2.6	+7.7	175.96	180.52	+4.56	
<b>All groups, excluding selected State and local government charges (a) (e)</b>	<i>176.6</i>	<i>185.7</i>	<i>190.5</i>	<i>+2.6</i>	<i>+7.9</i>	<i>175.96</i>	<i>180.52</i>	<i>+4.56</i>	

(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 meals out); Clothing group (except dry cleaning and shoe repairs); Household equipment and operation group (except veterinary services, house contents insurance, repairs to appliances, postal and telephone services and consumer credit charges); Tobacco and alcohol group; materials used in house repairs and maintenance; motor vehicles; automotive fuel; tyres and tubes; parts used in vehicle service and repairs; personal care products; books, newspapers and magazines; and recreational goods. (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 rents; water and sewerage rates; council property rates and charges; electricity prices; gas prices (Melbourne and Perth only); motor vehicle third party insurance premiums (except Canberra); motor vehicle registration fees; drivers' licence fees; urban bus fares (government bus fares only in Sydney and Melbourne, council fares only in Brisbane); urban rail and tram fares (not applicable in Hobart, Canberra and Darwin). The derivations and limitations of these figures was described in the Appendix to the December quarter 1982 issue of this publication.

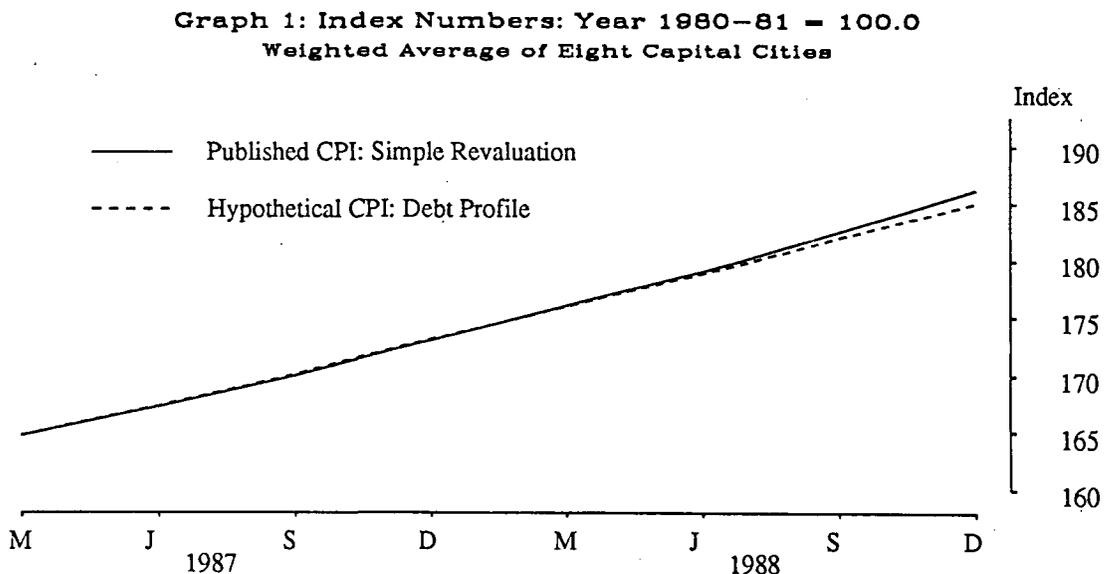
## APPENDIX: New Treatment of Mortgage Interest Charges

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 is being 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.

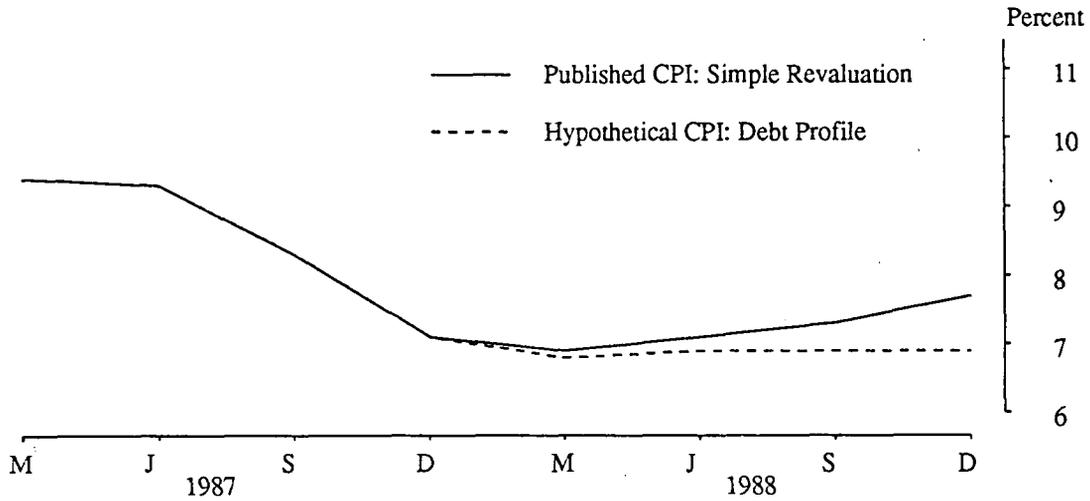
1.3 The ABS considered that the debt profile method was conceptually superior, but that the simple revaluation method was easier to understand and to explain. Studies at the time showed that the two methods could be expected to produce very similar results. For this reason, and because the ABS considered 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.



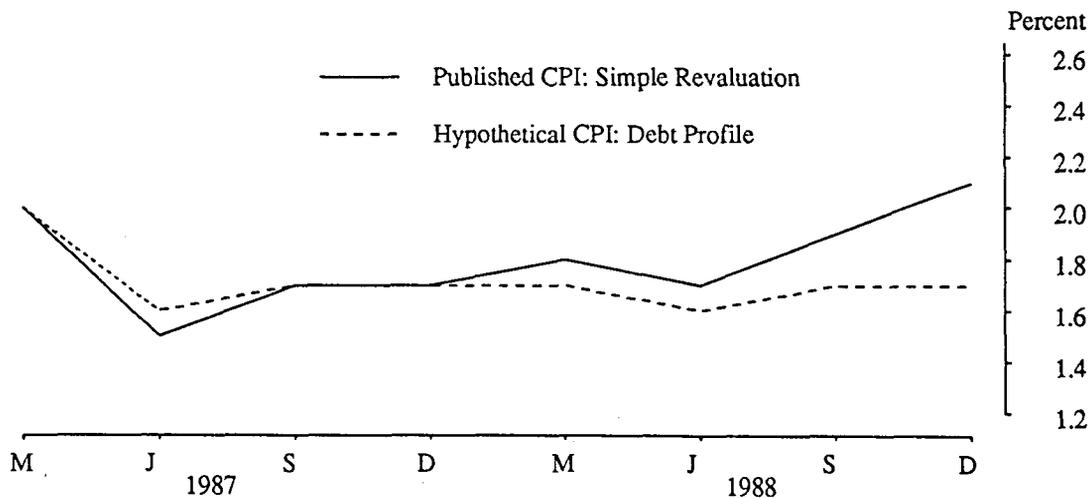
1.5 In the latter half of 1988, however, the two methods produced diverging results. For example, the annual movement in the published CPI over the year to December quarter 1988 was 7.7%, whereas the annual movement indicated by the debt profile approach was 6.9%. Only six months earlier the movements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

Quarter	Sydney		Melbourne		Brisbane		Adelaide		Perth		Hobart		Canberra		Darwin		Weighted average of eight capital cities	
	Simple revaluation	Debt profile	Simple revaluation	Debt profile														
1986-87	161.4	161.4	163.9	164.0	161.8	161.8	164.1	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	175.6	175.0	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	188.2	n.a.	n.a.	185.4	n.a.	185.5	n.a.	186.4	n.a.	179.5	n.a.	186.9
1987-88																		
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	165.8	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	168.4	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	171.1	170.5	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	174.5	173.8	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

(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)

	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 %
1986-87	+9.4	+9.4	+9.4	+9.5	+8.6	+8.6	+9.2	+9.3	+10.0	+10.0	+9.9	+9.8	+8.4	+8.4	+9.0	+9.0	+9.3	+9.3
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.	+4.9	n.a.	+7.1
	Change from corresponding quarter of previous year																	
1986-87	+9.4	+9.5	+9.4	+9.4	+8.7	+8.7	+9.4	+9.5	+10.3	+10.4	+10.6	+10.6	+8.3	+8.3	+9.5	+9.6	+9.4	+9.4
March	+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
June																		
1987-88	+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
September	+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
December	+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
March	+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
June																		
1988-89	+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
September	+9.2	+7.7	+6.7	+6.3	+7.1	+6.6	+6.8	+6.9	+7.7	+6.6	+6.1	+6.0	+6.9	+6.5	+4.5	+4.9	+7.7	+6.9
December	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
March	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
June																		
	Change from previous quarter																	
1986-87	+2.1	+2.2	+1.9	+2.0	+2.1	+2.1	+1.7	+1.8	+1.9	+2.0	+2.1	+2.1	+1.7	+1.8	+1.8	+1.9	+2.0	+2.0
March	+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
June																		
1987-88	+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
September	+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
December	+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
March	+1.5	+1.4	+1.9	+1.9	+1.9	+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
June																		
1988-89	+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
September	+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
December	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
March	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
June																		

(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

Quarter	Index numbers (Base of each index : December qtr 1986 = 100.0)			Percentage changes from previous quarter		
	Mortgage Debt	Mortgage Interest Rates	Mortgage Interest Charges	Mortgage Debt %	Mortgage Interest Rates %	Mortgage Interest Charges %
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

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)

Quarter	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin	Weighted average of eight capital cities
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

(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)

Quarter	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
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

(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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