

Consumers price index review: 2024

24 April 2025, 11:00am

Consumers price index review: 2024 outlines the changes made to the basket of goods and services following a review of the consumers price index (CPI).

These changes were introduced in *Consumers price index: March 2025 quarter*, published on 17 April 2025.

The tables below provide information about the new CPI expenditure weights by group, subgroup, class, and region, as well as a breakdown of tradeable and non-tradeable components.

'Consumers price index review: 2024 – basket items' includes items from the 2024 and 2020 CPI reviews.

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[Consumers price index review: 2024 – basket items](#)

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() Purpose and summary

Purpose

Consumers price index review: 2024 outlines changes made as a result of the review of the items in the consumers price index (CPI) basket, and their relative importance. These changes are implemented in the *Consumers price index: March 2025* release.

Summary of key points

- 11 items were added to the CPI basket, and 21 items were removed.
- 55 existing items were consolidated into 13 broader items.
- The basket now contains 598 items, down from 649.
- The largest increase in relative importance was in the transport group, driven by international airfares, as spending on travel returned to more typical levels following the COVID-19 pandemic.
- The relative importance of the housing and household utilities, recreation and culture, and clothing and footwear groups also increased.
- The alcoholic beverages and tobacco group had the largest decrease in relative importance, driven by a decline in spending on cigarettes and tobacco. However, there was a large increase in spending on e-cigarettes, vapes, and vaping products.
- The relative importance of the health, household contents and services, miscellaneous goods and services, communication, education, and food groups also decreased.

About the CPI review

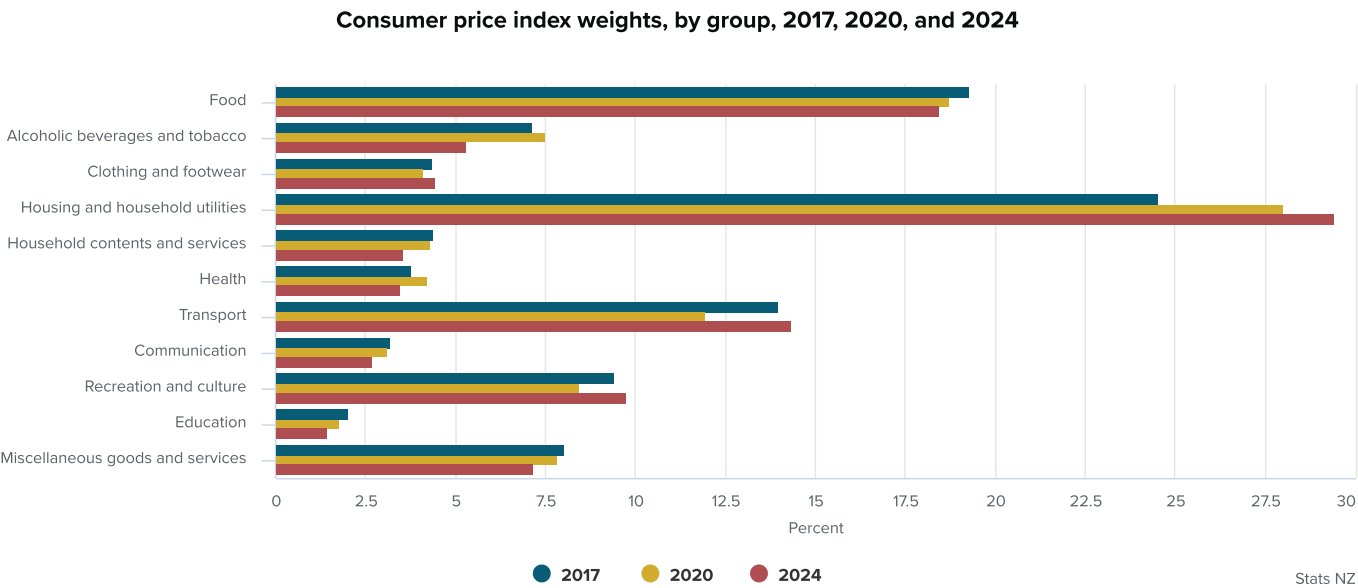
The consumers price index is typically reviewed every three years to ensure it reflects current household spending patterns. The 2024 CPI review was delayed a year due to COVID-19 restrictions, which postponed the Household Economic Survey (HES) data collection for the year to June 2022. However, the updated CPI weights still fall within the five-year timeframe recommended by the International Labour Organization (ILO).

Household spending patterns change over time due to shifts in tastes, lifestyles, and incomes, as well as the availability of goods and services for purchase. Spending patterns also respond to price changes, with households generally purchasing more of goods and services that become relatively cheaper, and cutting back on those that become more expensive. For example, if apple prices rise significantly while pear prices increase only slightly, consumers are likely to buy more pears and fewer apples than before.

The 2024 review has updated the basket of goods and services, along with the relative importance of the items within it, to reflect spending patterns for the year ending June 2023 (2022/23). Previous weights were based on spending patterns from the year ending June 2019 (2018/19).

Figure 1 compares the new December 2024 weights for the 11 CPI groups with the June 2020 and September 2017 weights.

Figure 1



(i) Changes to the CPI basket

As part of the 2024 basket review we have:

- added 11 items
- removed 21 items
- changed specifications for 3 items
- consolidated 55 items into 13 items.

There are now 598 items in the CPI basket, down from 649 after additions, removals, and changes to product specifications.

Table 1 lists the items added to the basket.

Table 1

Items added to the CPI basket in 2024	
Item	Details
Spinach (fresh)	Increased expenditure; replaces celery.
Meal kits, delivered	Increased household spending.
Cocktails (on licence)	Increased expenditure; replaces ready-to-drink pre-mix spirit (RTD) (on licence).
Headwear	Increased household spending; replaces ties.
Sofas, couches	Full suites have fallen in popularity; now pricing individual sofas/couches.
Bed bases, frames	Full suites have fallen in popularity; now pricing individual bed base/frames.
Pillows	Increased household spending; replaces bedspreads, quilts, duvet inners.
Cruises	Improved data availability; now captured as a basket item.
Smart watches and wearable devices	Increased household spending.
Streaming services	Previously included under 'subscriber TV' but now tracked as a separate item.
Hair styling products	Increased household spending; replaces hair colouring.
Source: Stats NZ	

Table 2 lists the items removed from the basket.

Table 2

Items removed from the CPI basket in 2024	
Item	Details
Celery	Low expenditure; replaced with spinach.
Liqueurs (off licence)	Low expenditure. Other off-licence alcohol items remain in the basket.
Ready-to-drink pre-mix spirit (RTD) (on licence)	Low expenditure; replaced with cocktails (on licence).
Men's jerseys	Low expenditure. Other men's clothing items remain in the basket.
Men’s ties	Low expenditure; replaced with headwear.
Alarm monitoring services	Low expenditure.
Lounge suites	Low expenditure; replaced with sofas, couches.
Bedroom suites	Low expenditure; replaced with bed base or frame.
Duvet inners	Low expenditure; replaced with pillows.
Electric fan heaters	Low expenditure. Heat pump purchases remain in the basket.
Chainsaw hire	Low expenditure. Power tool purchases remain in the basket.
Urban ferry fares	Low expenditure. Long-distance ferry fares remain in the basket.
Home telephone line rentals and associated services (such as voicemail)	Still has moderate expenditure, however landlines are being phased out in favour of VOIP/mobiles.
Home telephone national call services	Low expenditure. Remaining telecommunications items include cellphone and internet charges.
Pre-recorded DVD discs	Low expenditure.
Food magazines	Low expenditure. Women’s interest, home and garden, current affairs, and entertainment magazines remain in the basket.
Open Polytechnic fees	Low expenditure. Standard polytechnics remain in the basket.
Hair colour (supermarkets)	Replaced with hair styling products.
Hair colour (other stores)	Replaced with hair styling products.
Indemnity insurance on buildings	Low expenditure; other types of insurance remain in the basket.
Indemnity insurance on house contents	Low expenditure; other types of insurance remain in the basket.
Source: Stats NZ	

Table 3 summarises item specification changes.

Table 3

Item specification ⁽¹⁾ changes to CPI basket items in 2024	
Item	Details
Soya milk, shelf stable	Specification expanded to include all plant-based milks.
Women’s tracksuit trousers	Specification expanded to include women’s yoga pants and activewear.
Piano lessons	Specification expanded to include all music lessons.
1. While specifications were updated for some items as a part of the 2024 CPI review, we did not explicitly review the specifications of all basket items.	
Source: Stats NZ	

Table 4 summarises the items that have been consolidated into broader categories. This consolidation allows more frequent model and weight updates, rather than being restricted to updates only when the entire CPI is reviewed.

Table 4

Consolidated items in CPI basket in 2024	
Item	Detail
Chocolate, blocks	Consolidating 'chocolate, blocks (convenience stores)' and 'chocolate, blocks (supermarkets)' into one item.
Energy drinks	Consolidating 'energy drink, carbonated, can, 250ml' and 'energy drink, carbonated, bottle, 350ml' into one item.
Domestic air transport	A single item now represents all the domestic air travel routes, consolidating 17 items into one.
International air transport	International air transport items now represent a region instead of single route, consolidating 19 sub-items into six.
Stamps and postage-paid packaging (sub-item level)	Ten items consolidated into three items.
Motor boats; trailers; and outboard motors	Consolidated into 'motor boats, including trailer and outboard motor'.
Golf club membership	Consolidating 'golf club membership (men's)' and 'golf club membership (women's)' into one item.
Source: Stats NZ	

‘Consumers price index review: 2024 – basket item list’ under [Download data](#) (/methods/consumers-price-index-review-2024/?stage=Stage#download-data) provides a full list of items in the 2024 CPI basket.

Criteria for selecting CPI basket items

Basket items are selected to represent the range of goods and services that households purchase. Selections are made to ensure a balanced representation across groups, subgroups, classes, and sections. We include more items in categories where price changes vary significantly, and fewer items in categories where there is little variation in price movements.

Items are typically added when their relative importance grows to the point that they account for a significant share of household spending. We remove items that have declined in importance.

The review also introduces new goods and services that have emerged since the last update, provided they meet a meaningful spending threshold.

Updating items and specifications

Some items were replaced with more popular alternatives within the same sub-section, and certain specifications were adjusted to broaden the scope of representative items. However, we did not explicitly review basket items' specifications.

In this review, multiple items have been consolidated. For example, domestic airfares (listed in the basket as domestic air transport) have been reduced from 17 individual routes to a single, generalised, domestic airfare item. While the item has been consolidated, the same number of routes continue to be priced. This approach allows greater flexibility to update the routes being priced between CPI reviews: for instance, adding new routes as they grow in popularity.

Similarly, we have broadened some item categories. For instance, soya milk, shelf stable, has been expanded to include all plant-based milks.

Price collection methods

Price data is collected through various methods, including postal surveys, emails, field visits, online price collection, web-scraping, administrative data, and scanner data.

We will continue to explore new data sources and improve collection methods. This includes reducing field collection in favour of online methods and web-scraping, where possible.

Information sources for the basket review

The main source of information for the 2024 CPI review was the 2022/23 Household Economic Survey (HES). The survey ran from July 2022 to June 2023 and was completed by about 3,400 households. It collected information on what households spend on food, and other goods and services.

[Household expenditure statistics: Year ended June 2023](#) (/information-releases/household-expenditure-statistics-year-ended-june-2023/?stage=Stage) has for more information on the HES.

HES respondents tend to under-report expenditure on some goods and services (for example, alcohol and tobacco), and large, infrequent purchases such as international flights may not be reported frequently enough to provide accurate estimates of total household expenditure. In other cases, HES has no recorded expenditure for some goods and services that we know consumers are purchasing – for example, real estate agent fees.

For these reasons, we complement HES data with information from other sources, including Stats NZ surveys, government administrative data, retail transaction data, supermarket scanner data and information provided by businesses and government agencies.

When we use these other data sources we often have to adjust the data so that it matches the CPI's reference population, and remove business or tourist expenditure.

() Analysing the expenditure weights

The following analysis includes graphs comparing the new CPI weights with those from 2020 and 2017. Note that the 2024 weights are for the December quarter, while the 2020 weights are for the June quarter, and the 2017 weights are for the September quarter. This means that there may be some differences when comparing relative weights, caused by seasonal price patterns. However, this does not affect the quality of the index as weights are price updated every quarter.

Tables 1 and 2 in 'Consumers Price Index Review: 2024' under [Download data](/methods/consumers-price-index-review-2024/?stage=Stage#download-data) (/methods/consumers-price-index-review-2024/?stage=Stage#download-data) show the new CPI expenditure weights at the December 2024 quarter, along with the weights at the June 2020 and September 2017 quarters.

We publish expenditure weights and indexes at the group, subgroup, and class level. Expenditure for the year ending June 2023 (the weight reference period) was price updated to the December 2024 quarter (the price reference period).

Price updating calculates the amount households would need to spend in the December 2024 quarter to purchase the same quantity (volume) of goods and services they purchased in the year to June 2023.

After price updating, the expenditure on goods and services purchased in 2022/23 is 6.93 percent higher for the December 2024 quarter.

Main changes to CPI weights

The 2024 CPI weights show increases (from the June 2020 quarter to December 2024 quarter) in the relative importance of:

- accommodation services (from 1.08 percent in 2020 to 2.68 percent in 2024)
- passenger transport services (from 1.56 percent to 3.22 percent)
- major recreational and cultural equipment (from 0.31 percent to 0.61 percent)
- private transport supplies and services (from 6.11 percent to 7.27 percent)
- footwear (from 0.72 percent to 0.83 percent)
- non-alcoholic beverages (from 1.94 percent to 2.20 percent)
- home ownership (from 8.65 percent to 9.51 percent)
- property rates and related services (from 3.23 percent to 3.55 percent).

The 2024 CPI weights show decreases (from the June 2020 quarter to December 2024 quarter) in the relative importance of:

- cigarettes and tobacco (from 3.21 percent in 2020 to 1.80 percent in 2024)
- newspapers, books, and stationery (from 0.72 percent to 0.44 percent)
- early childhood education (from 0.61 percent to 0.37 percent)
- glassware, tableware, and household utensils (from 0.34 percent to 0.24 percent)
- household textiles (from 0.41 percent to 0.29 percent)
- other household supplies and services (from 1.14 percent to 0.83 percent)
- audio-visual and computing equipment (from 0.82 percent to 0.60 percent).

Food

The food group in the December 2024 quarter had a relative importance of 18.45 percent, down from 18.72 percent in the June 2020 quarter. Although spending on the food group increased, it did not grow as strongly as other groups in the CPI

basket, resulting in a decrease in its relative weight. However, food prices rose 22.82 percent between the June 2020 and December 2024 quarters.

The fruit and vegetables subgroup contributed the most to the overall decline in relative importance, decreasing from 2.37 percent to 2.10 percent.

All other food subgroups saw a decrease in relative importance, except for non-alcoholic beverages, which increased from 1.94 percent to 2.20 percent.

Figure 2 compares the December 2024 expenditure weights for the food subgroups with those for 2017 and 2020.

Figure 2



Alcoholic beverages and tobacco

The alcoholic beverages and tobacco group had a relative importance of 5.31 percent in the December 2024 quarter, down from 7.49 percent in the June 2020 quarter.

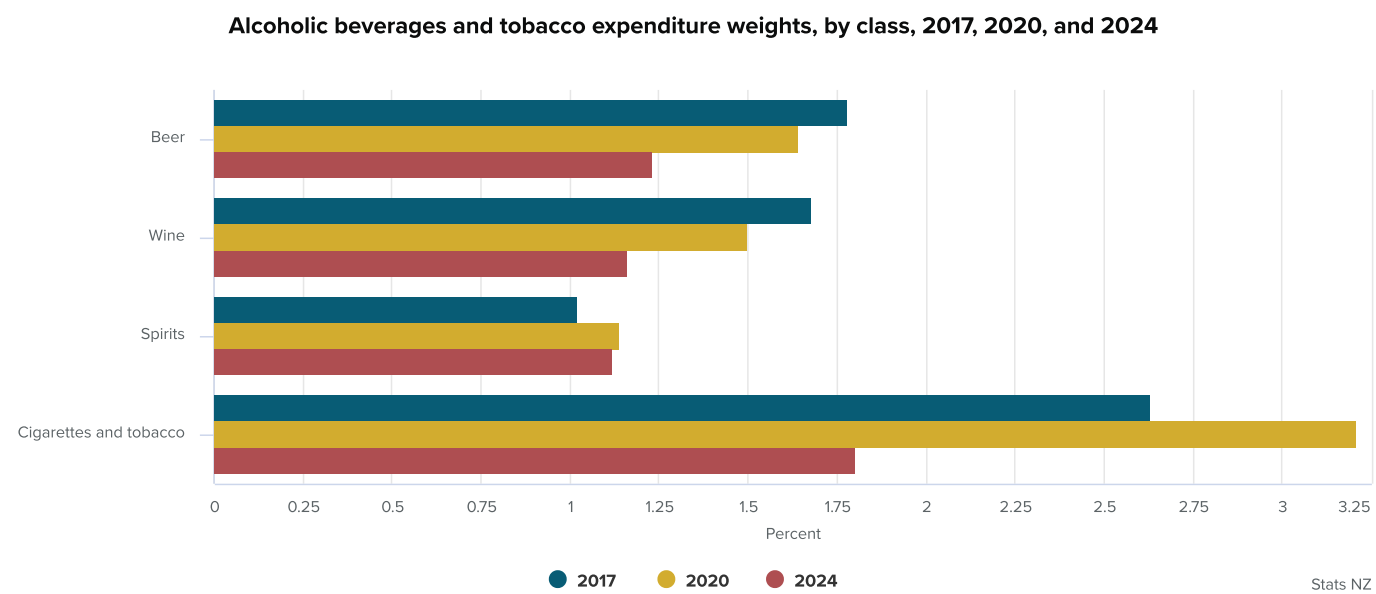
The cigarettes and tobacco subgroup contributed the most to the overall decline in relative weight, decreasing from 3.21 percent in 2020 to 1.80 percent in 2024.

E-cigarettes, vapes, and vaping products are classified within the cigarettes and tobacco subgroup. While spending on these items has increased significantly, their prices remain much lower than those of cigarettes and tobacco. Health survey data shows that the number of daily vapers continues to rise, while the number of daily smokers continues to decline.

The alcoholic beverages subgroup decreased in relative weight from 4.28 percent in 2020 to 3.51 percent in 2024. Although spending on wine, beer, and spirits increased, it grew at a slower rate than other areas, resulting in a decline in relative importance.

Figure 3 compares the December 2024 expenditure weights for the alcoholic beverages and tobacco classes with those for 2017 and 2020.

Figure 3



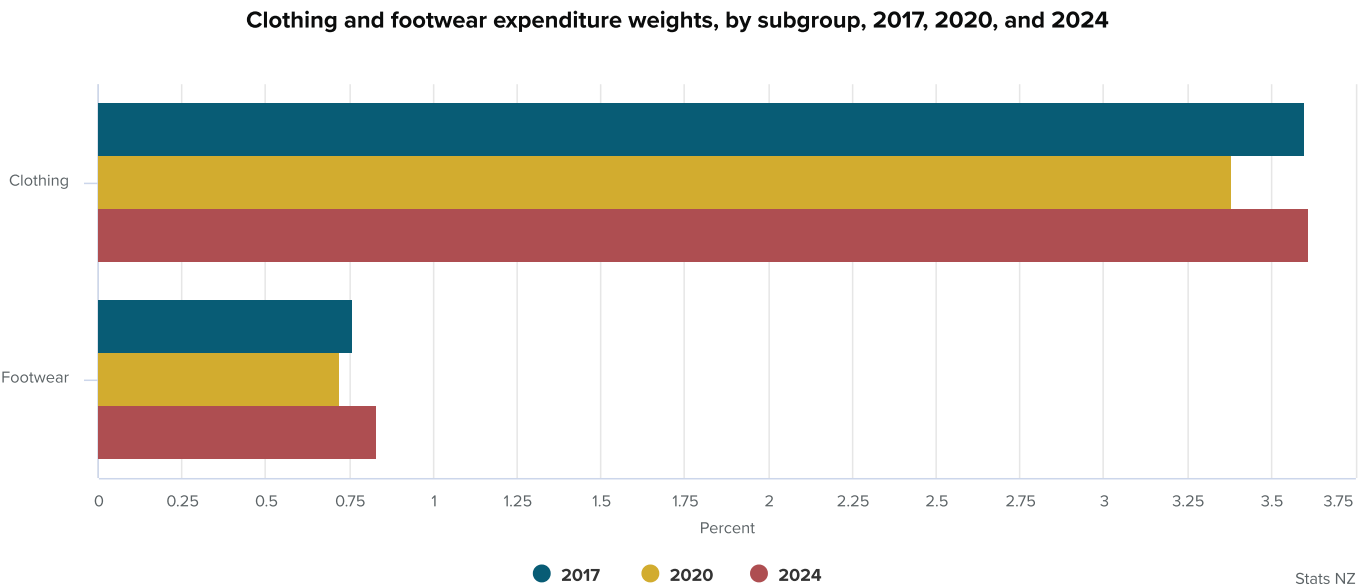
Clothing and footwear

The clothing and footwear group had a relative importance of 4.45 percent in the December 2024 quarter, up from 4.10 percent in the June 2020 quarter.

The relative weights for both clothing and footwear increased, with footwear contributing most to the rise: its weight grew from 0.72 percent in 2020 to 0.83 percent in 2024. Spending increased by 62 percent across all clothing and footwear categories.

Figure 4 compares the December 2024 expenditure weights for the clothing and footwear subgroups with those for 2017 and 2020.

Figure 4



Housing and household utilities

The housing and household utilities group had a December 2024 quarter relative importance of 29.41 percent, up from 28.00 percent in the June 2020 quarter.

The largest increase in relative weight came from home ownership, which rose from 8.65 percent to 9.51 percent. Spending on home ownership increased by 64.27 percent, and prices rose 41.63 percent.

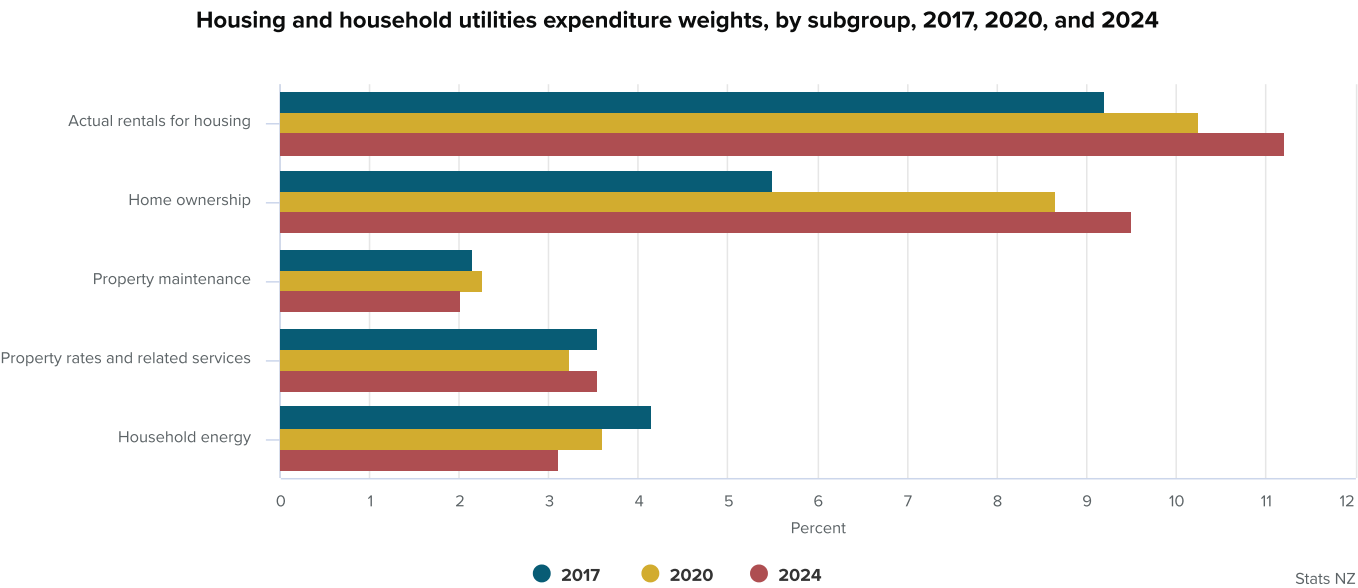
There was also an increase in the relative weight of property rates and related services, which rose from 3.23 percent to 3.55 percent. Spending on property rates and related services increased by 64.26 percent, and prices rose 45.01 percent.

Actual rentals for housing increased in relative weight from 10.26 percent to 11.21 percent. Expenditure increased by 63.45 percent, while prices increased 19.23 percent.

Although spending on household energy and property maintenance both increased, their growth was not as strong as other subgroups, which resulted in a decrease in relative weight. Prices for household energy increased by 12.65 percent, while prices for property maintenance increased by 20.49 percent.

Figure 5 compares the December 2024 expenditure weights for the housing and household utilities subgroups with those for 2017 and 2020.

Figure 5



Household contents and services

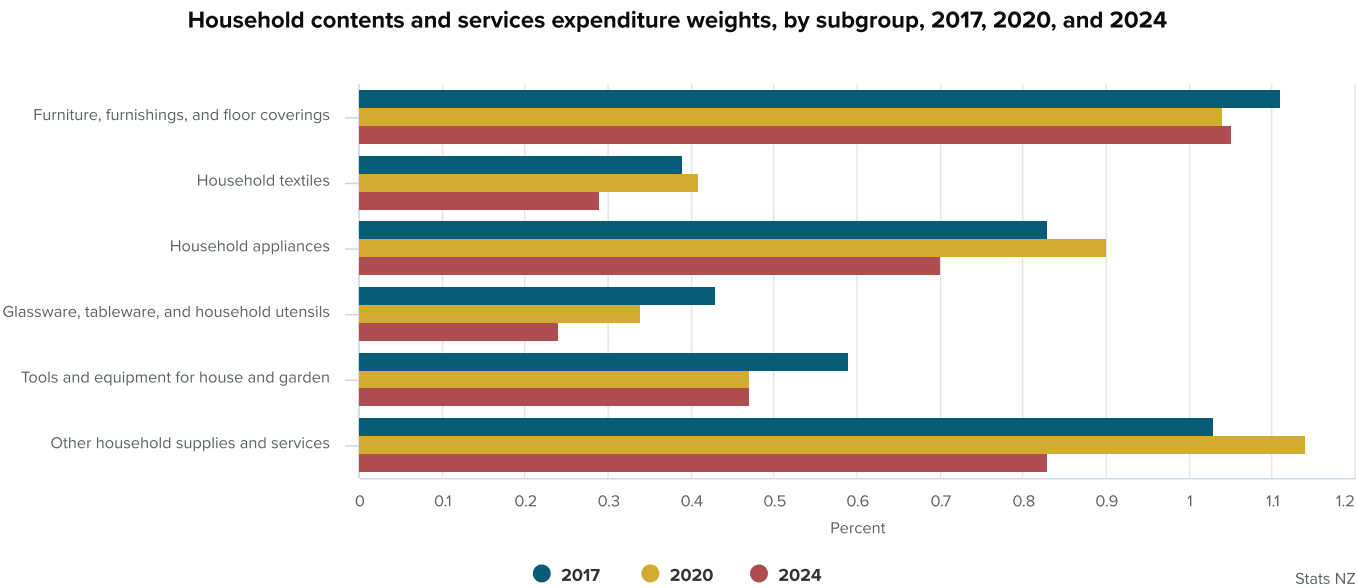
The household contents and services group had a relative importance of 3.58 percent in the December 2024 quarter, down from 4.30 percent in the June 2020 quarter.

The largest decrease in relative weight was in the glassware, tableware, and household utensils subgroup, which dropped from 0.34 percent to 0.24 percent.

The household textiles subgroup also dropped in relative weight, from 0.41 percent to 0.29 percent.

Figure 6 compares the December 2024 expenditure weights for the household contents and services subgroups with those for 2017 and 2020.

Figure 6



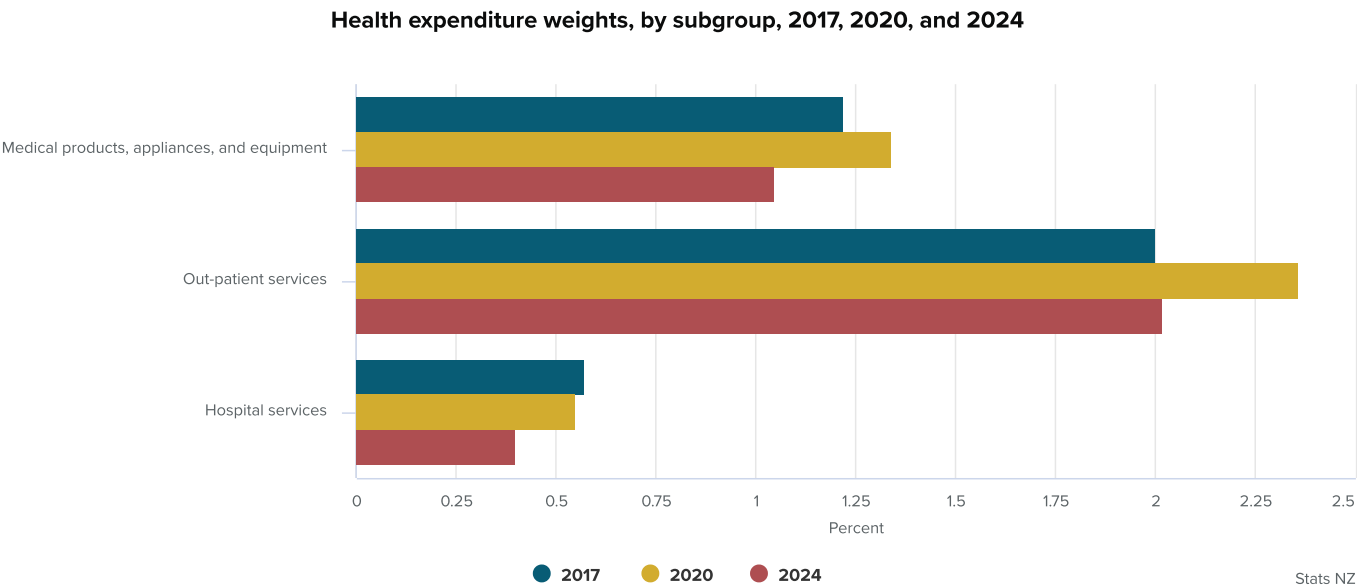
Health

The health group had a relative importance of 3.47 percent in the December 2024 quarter, down from 4.24 percent in the June 2020 quarter.

All subgroups decreased in relative importance, with the largest decrease in out-patient services, which fell from 2.36 percent to 2.02 percent. This fall was mainly driven by decreases in medical services and dental services. Spending on health increased by 22.21 percent, and prices increased 19.67 percent.

Figure 7 compares the December 2024 expenditure weights for the health subgroups with those for 2017 and 2020.

Figure 7



Transport

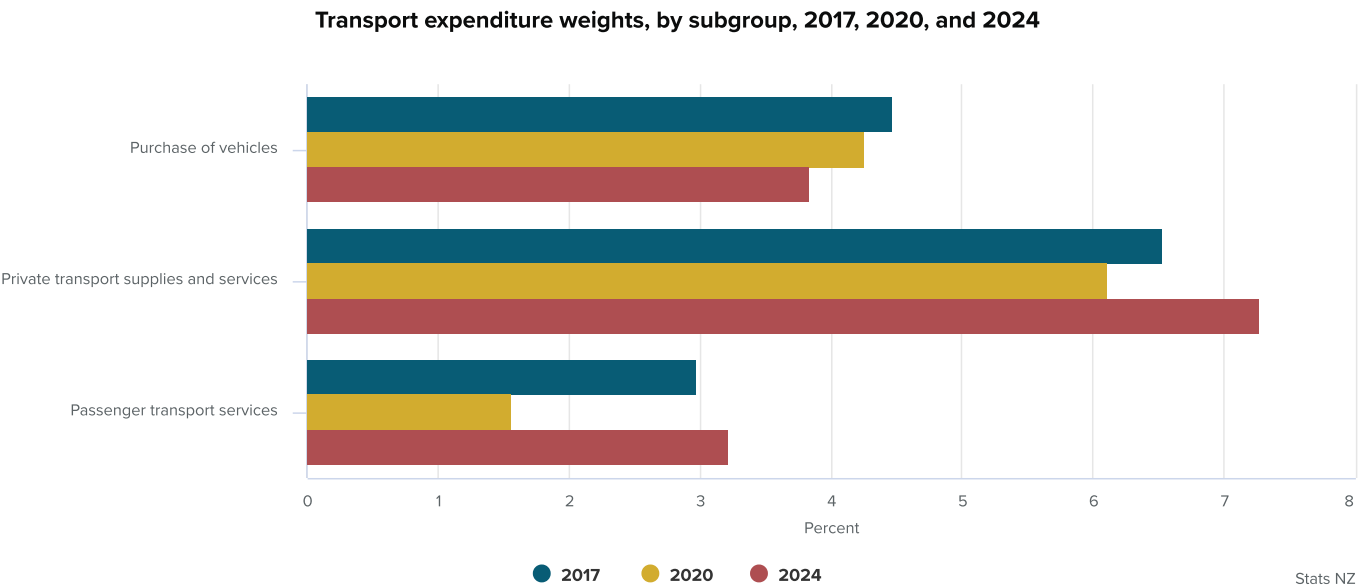
The transport group had a relative importance of 14.34 percent in the December 2024 quarter, up from 11.93 percent in the June 2020 quarter. This group had the highest increase in weight.

The passenger transport services subgroup, which includes domestic and international airfares, was the main contributor to the increase in relative weight, rising from 1.56 percent to 3.22 percent. International airfares were significantly impacted by COVID-19 and have been updated annually to account for changes as travel gradually returns to normal. These annual adjustments concluded in June 2023.

There was also an increase in the relative weight of the private transport supplies and services subgroup, which increased from 6.11 percent to 7.27 percent. This was driven by higher spending on vehicle servicing and repairs, and other private transport services. While spending on petrol increased, it did not grow as strongly as other transport items, resulting in a decline in its relative weight.

Figure 8 compares the December 2024 expenditure weights for the transport subgroups with those for 2017 and 2020.

Figure 8



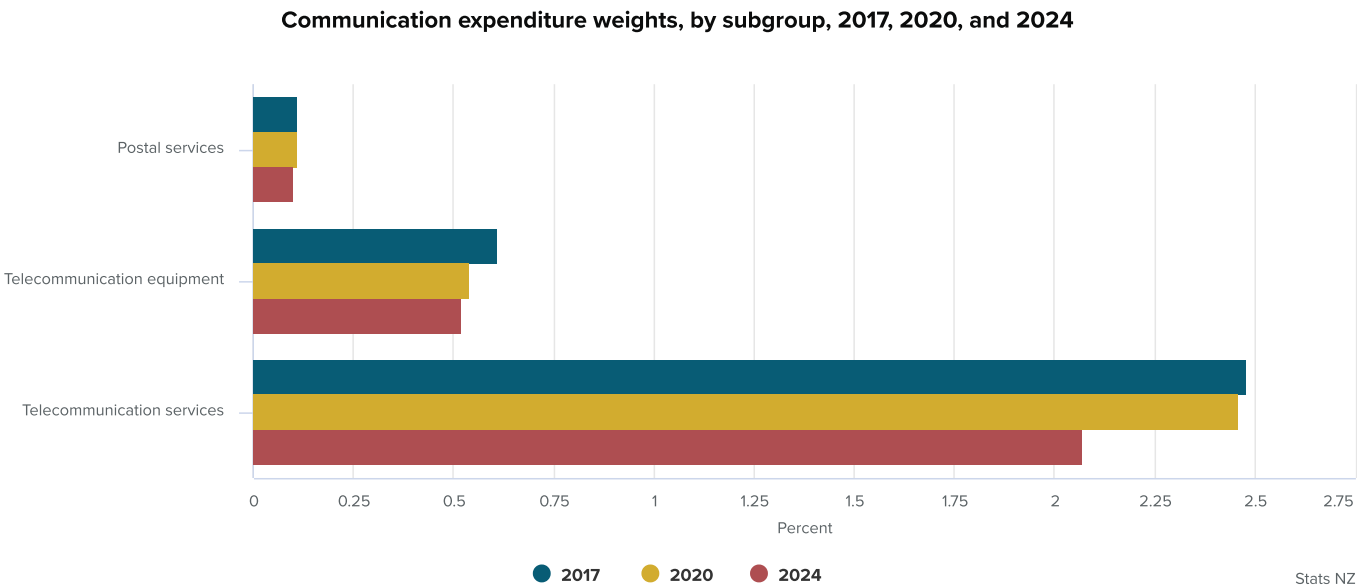
Communication

The communication group had a relative importance of 2.69 percent in the December 2024 quarter, down from 3.11 percent in the June 2020 quarter.

The largest decrease in relative weight came from telecommunication services, which decreased from 2.46 percent to 2.07 percent. This subgroup includes prepaid cellphone top-ups and cellphone pricing plans.

Figure 9 compares the December 2024 expenditure weights for the communication subgroups with those for 2017 and 2020.

Figure 9



Recreation and culture

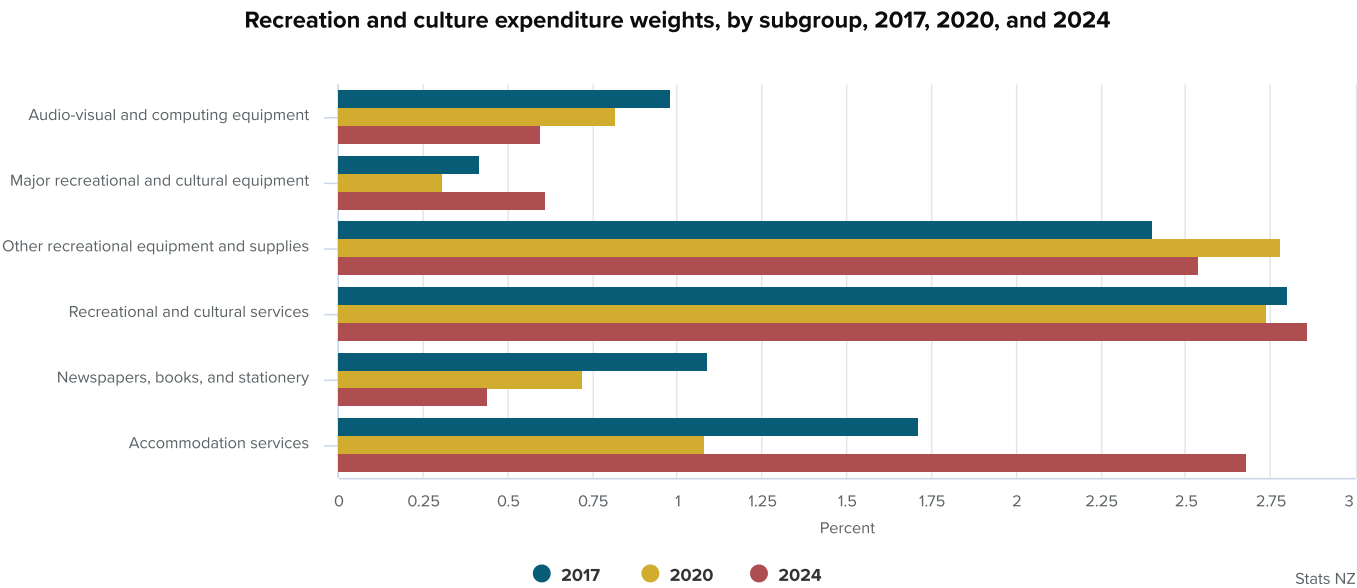
The recreation and culture group had a relative importance of 9.73 percent in the December 2024 quarter, up from 8.46 percent in the June 2020 quarter.

The largest increase in relative weight came from accommodation services, which rose from 1.08 percent to 2.68 percent. Overseas accommodation costs were significantly impacted by COVID-19 and have been updated annually to reflect changes as overseas travel gradually returns to normal. These annual adjustments concluded in June 2023.

Major recreational and cultural equipment also contributed to the increase, with its relative weight rising from 0.31 percent to 0.61 percent. This subgroup includes the purchase of boats, yachts, and spa pools which all increased in expenditure.

Figure 10 compares the December 2024 expenditure weights for the recreation and culture subgroups with those for 2017 and 2020.

Figure 10



Education

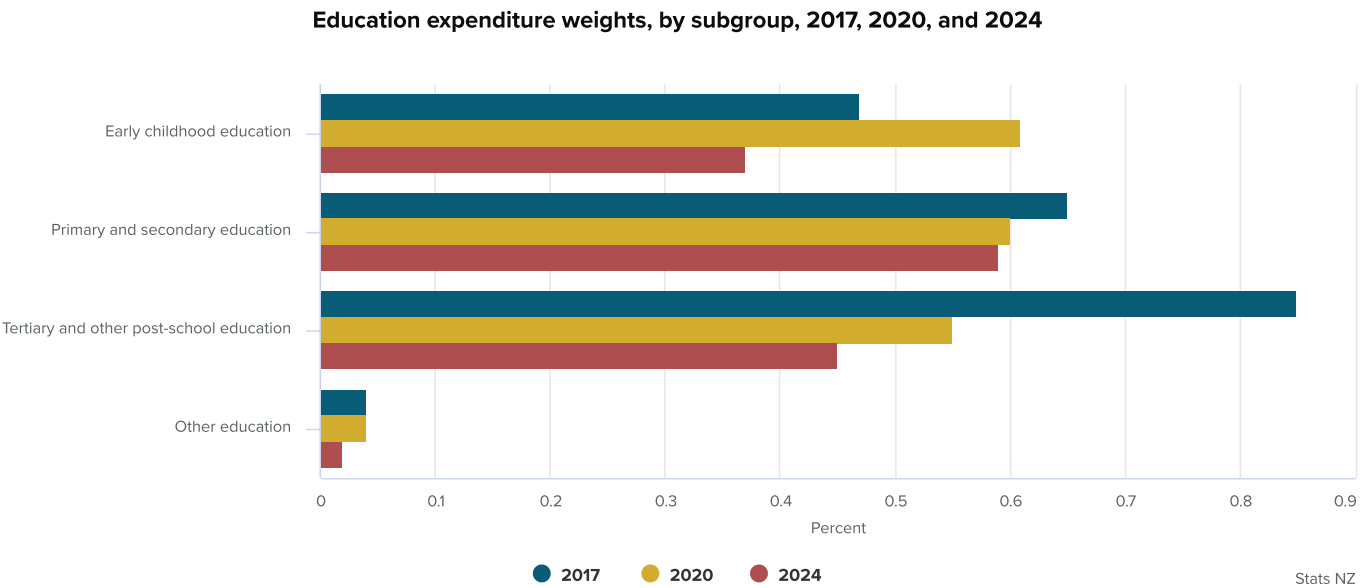
The education group had a relative importance of 1.43 percent in the December 2024 quarter, down from 1.80 percent in the June 2020 quarter.

The relative weights for all education subgroups decreased. The relative weight for the early childhood education subgroup decreased from 0.61 percent to 0.37 percent, with spending falling by 9.16 percent, influenced by the FamilyBoost scheme.

While spending on primary and secondary, tertiary and other post-school education all increased, these rises were smaller compared to other subgroups, resulting in an overall decrease in relative weight.

Figure 11 compares the December 2024 expenditure weights for the education subgroups with those for 2017 and 2020.

Figure 11



Miscellaneous goods and services

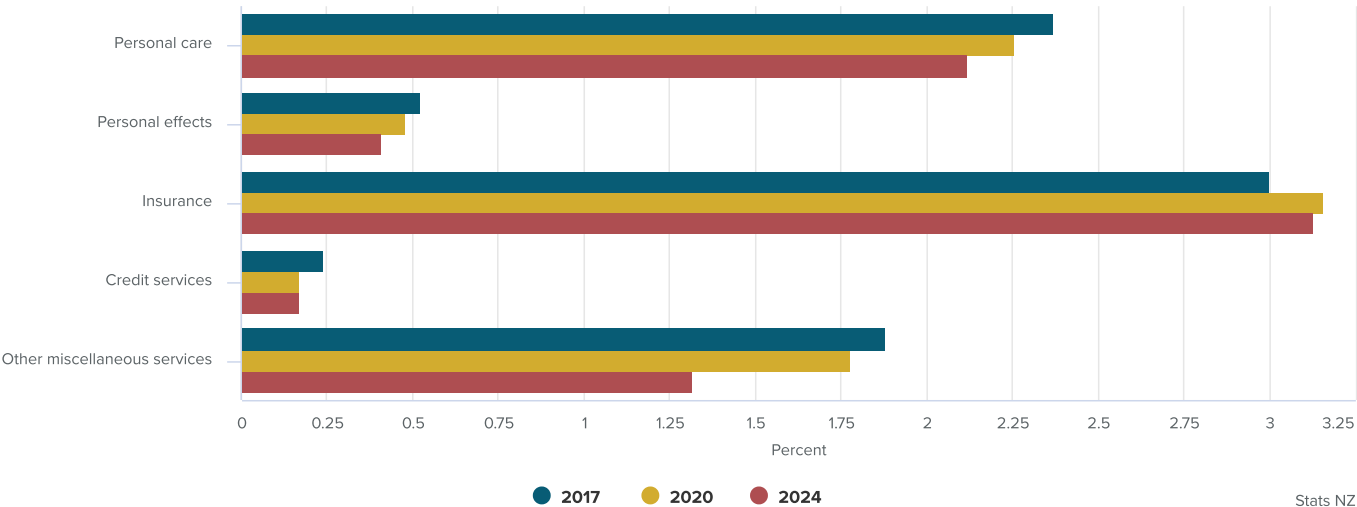
The miscellaneous goods and services group had a relative importance of 7.15 percent in the December 2024 quarter, down from 7.85 percent in the June 2020 quarter.

All subgroups in this category saw a decline in relative importance. The largest decrease was in other miscellaneous services, which fell from 1.78 percent to 1.32 percent. This subgroup includes services such as real estate fees, auction fees, and land and building valuation services.

Figure 12 compares the December 2024 expenditure weights for the miscellaneous goods and services subgroups with those for 2017 and 2020.

Figure 12

Miscellaneous goods and services expenditure weights, by subgroup, 2017, 2020, and 2024



CPI all groups plus interest

We have excluded interest payments from the CPI since 1999, but have produced an analytical CPI all groups plus interest series since then. The interest component of this index has a December 2024 quarter relative weight of 7.29 percent, up from 5.72 percent in the June 2020 quarter.

The main source of information for interest expenditure weights was the money, credit, and financial statistics published by the Reserve Bank of New Zealand.

Tradeables and non-tradeables

Analytical series are produced to break down tradeable and non-tradeable goods and services, offering insights into how domestic and global factors influence price changes in New Zealand.

Tradeables are goods and services that are imported or in competition with foreign goods and services, either in domestic or foreign markets. Non-tradeables are goods and services that do not face foreign competition.

Table 5 shows which of the items added to the basket of goods and services are tradeable or non-tradeable.

Table 5

Tradeable and non-tradeable items added to the CPI basket in 2024	
Tradeable	Non-tradeable
Spinach (fresh)	Cocktails (on licence)
Headwear	Meal kits, delivered
Sofas, couches	
Bed bases, frames	
Pillows	
Cruises	
Smart watches and wearable devices	
Streaming services	
Hair styling products	
Source: Stats NZ	

Table 6 shows which of the items removed from the basket of goods and services are tradeable and non-tradeable.

Table 6

Tradeable and non-tradeable items removed from the CPI basket in 2024	
Tradeable	Non-tradeable
Celery	Alarm monitoring services
Liqueurs (off licence)	Chainsaw hire
Ready-to-drink pre-mix spirit (RTD) (on licence)	Home line rentals
Men's jerseys	Open Polytechnic fees
Men's ties	Indemnity insurance on buildings
Lounge suites	Indemnity insurance on house contents
Bedroom suites	Urban ferry fares
Duvet inners	Home telephone national call services
Electric fan heaters	
Pre-recorded DVD discs	
Food magazines	
Hair colour (supermarkets)	
Hair colour (other stores)	
Source: Stats NZ	

In the December 2024 quarter, the tradeables component had an expenditure weight of 41.70 percent, up from 39.92 percent in 2020. The non-tradeables component had a weight of 58.30 percent, down from 60.08 percent in 2020.

See table 6 in ‘Consumers price index review: 2024’ under [Download data](#) (/methods/consumers-price-index-review-2024/?stage=Stage#download-data) for the 2024 tradeables/non-tradeables CPI weights.

(i) CPI pricing centres and regional expenditure weights

CPI prices are collected from 12 regional pricing centres across five regions: Auckland, Wellington, the rest of the North Island, Canterbury, and the rest of the South Island.

Regional weights ensure that price changes in more populous regions (for example, Wellington). Instead of using the population weight of a region to determine its regional weight in the CPI, we base our regional weights on regional household spending from the HES.

Regional pricing centres

The 12 regional pricing centres are Whangārei, Auckland, Hamilton, Tauranga, Napier-Hastings, New Plymouth, Palmerston North, Wellington, Nelson, Christchurch, Dunedin, and Invercargill.

Regional expenditure weights versus population weights

Regional weights in the CPI ensure that price changes in areas with higher household spending have a proportionate impact on the CPI index. For example, a larger region like Auckland, which has a greater share of national expenditure, will have a stronger influence on the CPI index than a smaller region like Canterbury.

Regional weights can be expressed as either regional expenditure weights or regional population weights.

Regional expenditure weights are based on a region's share of national spending and are used to weight regional price changes. This approach accounts for differences in spending patterns across regions, ensuring that regions with higher per-person spending receive a greater weight.

Regional expenditure weights are preferred as they better reflect actual household spending. However, when expenditure weights are unavailable, regional population weights are used as an alternative.

Regional population weights use a region's share of the total population to weight price changes, meaning all goods and services are weighted the same across regions, regardless of spending patterns.

Calculating regional weights

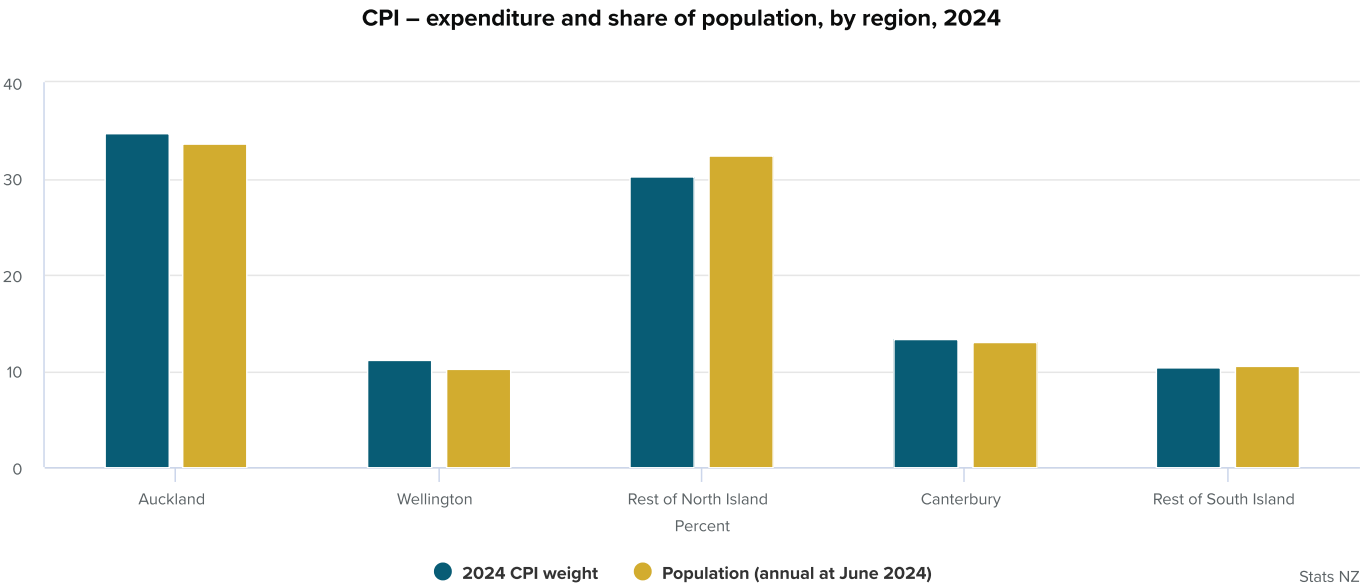
Regional expenditure weights are calculated as proportions of national expenditure for each CPI class or section (the lowest published level) using HES regional expenditure data. Class/section level proportions are applied to the individual items within each class or section to determine regional expenditure on each item. For example, regional proportions for fruit were applied to the national expenditure for each fruit item, allowing for the calculation of spending on apples in Auckland.

In cases where HES data was unavailable or where household sample sizes were too small for reliable regional breakdowns, we supplemented the data with information from other sources or used population shares.

For broad regions with multiple pricing centres (rest of North Island and rest of South Island), we used population shares to allocate the regional expenditure weight to the pricing centres. Population shares represent the proportion of people living in each pricing centre relative to the total population of that broad region, ensuring that expenditure weights reflect regional population distribution.

Figure 13 compares each region's share of national expenditure with its share of the population.

Figure 13



See tables 3 and 4 in ‘Consumers price index review: 2024’ under [Download data](#) (/methods/consumers-price-index-review-2024/?stage=Stage#download-data) for the CPI regional expenditure weight by CPI group.

() Reweighting the CPI basket

Background to reweighting

The CPI is typically reweighted every three years as part of scheduled CPI reviews. However, the 2024 CPI review fell outside this cycle due to the impact of COVID-19. Reweighting ensures that the relative importance (expenditure weights) of goods and services in the CPI basket continues to reflect up-to-date household spending patterns. This frequency adheres to the International Labour Organization's (ILO) recommendation of conducting a reweight at least once every five years.

The 2024 reweight was based on data from the 2022/23 HES and other sources, while the previous reweight in 2020 used data from the 2018/19 HES and additional sources.

Data sources for reweighting the CPI basket

The 2022/23 Household Economic Survey (HES) expenditure module is the primary data source used to review the CPI basket and weights. However, additional data sources are necessary, as HES does not always provide accurate expenditure estimates for certain goods and services. For example, tobacco and alcohol consumption are often underreported, and large, infrequent purchases (such as new cars) may not be fully captured. In some cases, HES records no expenditure for items that are known to be part of consumer spending, such as real estate agent fees.

To supplement HES data, a range of alternative data sources are used, including Stats NZ surveys, government administrative data, retail transaction data, supermarket scanner data, and information provided by businesses and government agencies.

In the 2024 review, 50.85 percent of the CPI weights were derived from HES, compared to 64.1 percent in the 2020 review.

See table 5 of the ‘Consumers Price Index Review: 2024’ under [Download data](/methods/consumers-price-index-review-2024/?stage=Stage#download-data) (/methods/consumers-price-index-review-2024/?stage=Stage#download-data) for a detailed breakdown of group-level CPI weights by data source.

For HES 2022/23, the selected sample size was 5,500 households, with a target response rate of 3,500 households (63.6 percent). The achieved sample rate was 3,384 households (61.5 percent). More information about the 2022/23 expenditure survey is available in:

- [Household Expenditure Statistics: Year ended June 2023](/information-releases/household-expenditure-statistics-year-ended-june-2023/?stage=Stage) (/information-releases/household-expenditure-statistics-year-ended-june-2023/?stage=Stage)
- [Household Economic Survey \(Expenditure\) 2022/23 – DataInfo+](https://datainfoplus.stats.govt.nz/item/nz.govt.stats/bb33039e-f49f-4d5d-90f1-d30d91fdadeb) (https://datainfoplus.stats.govt.nz/item/nz.govt.stats/bb33039e-f49f-4d5d-90f1-d30d91fdadeb) .

What the basket represents

The goods and services in the CPI basket are a sample representing the broader range of items households purchase. The expenditure weights assigned to the 598 individual goods and services in the 2024 basket represent spending on those items. Additionally, these weights account for expenditure on similar goods and services not directly included in the basket but expected to follow similar price changes.

For example, while oranges and mandarins are included in the basket, lemons are not. Expenditure on lemons (and other citrus fruits not in the basket) is allocated to oranges and mandarins in proportion to the spending directly allocated to these two fruits.

Excluding out-of-scope expenditure

When using other data sources for expenditure estimates, adjustments are often needed to align the data with the CPI’s reference population.

The HES (and CPI) reference population consists of New Zealand-resident, private households living in permanent private dwellings. This means the reference population excludes:

- overseas visitors who expect to be a resident in New Zealand for fewer than 12 months
- people living in non-private dwellings such as hotels, motels, boarding houses, hostels, motor camps, and homes for the elderly which provide medical care and services
- patients in hospital
- residents of psychiatric and penal institutions
- members of the permanent armed forces
- members of the non-New Zealand armed forces
- overseas diplomats.

Children, including those at boarding schools, are not surveyed in the HES. However, expenditure made on behalf of children by their parents or guardians is included.

For survey purposes, a ‘household’ is a group of people who share a private dwelling and normally spend four or more nights a week in that household. They must share food consumption or contribute some portion of income towards the essentials of living as a group.

How we exclude out-of-scope data

The HES and CPI reference populations are the same, so no adjustments are needed when using HES data to estimate expenditure weights.

However, when other data sources are used to estimate expenditure weights, adjustments are generally required to ensure the data aligns with the HES/CPI reference population. Without these adjustments, weights derived from external sources may be too high compared to those based on HES data. In addition to excluding out-of-scope individuals, we also exclude expenditure by businesses and government.

We source information from a variety of providers, with data suppliers requested to report spending data that closely matches the scope of the CPI where possible. However, many suppliers could not provide data at this level of detail and instead provided data with a broader scope. To account for this, the portion of expenditure that falls within the CPI’s scope was estimated.

We derive specific adjustment ratios for various areas of the basket to exclude out-of-scope expenditure. These ratios are then applied to the relevant independently sourced expenditures. For example, the ratios account for the share of expenditure by overseas visitors.

Table 7 shows the information sources used to derive the out-of-scope adjustment factors.

Table 7

Information sources for out-of-scope adjustment factors		
Type of out-of-scope expenditure	Information source	Breakdown
Business and government	National accounts household consumption expenditure	Estimates proportion of total retail spending by the business sector, by retail store type
Non-private and non-permanent households	Population estimates	Usually resident population
Non-residents (overseas visitors)	Tourism satellite account	International visitor expenditure as a proportion of total supply, by product
Source: Stats NZ		

Price updating expenditure

For the 2024 review, the ‘weight reference’ period is the year to June 2023, aligning with the 2022/23 HES. However, HES expenditure on some goods and services is collected on a one-year recall basis in the expenditure questionnaire, meaning purchases can span the two-year period from July 2021 to June 2023. When we used other data sources to derive expenditure weights, we used information for the year to June 2023 where possible.

Expenditure information from the 2022/23 HES and other sources has been ‘price updated’ to the ‘price reference’ period of the December 2024 quarter. Price updating is a common international practice recommended for CPIs by the ILO.

The effect of price updating is to express the quantities underlying the 2022/23 expenditure values in the price of the December 2024 quarter (the price reference period). In general, we used lower-level CPI indexes corresponding to the goods

and services in the new basket to price-update the expenditure weights.

Effect of price updating

After price updating to the December 2024 quarter, the new CPI expenditure weights were 6.93 percent higher.

Price updating:

- increased expenditure weights for 75.75 percent of the basket items
- decreased expenditure weights for 23.58 percent of the basket items
- left the remaining 0.67 percent of basket items unchanged.

Methodology for consumer electronics

CPIs are generally calculated using a base-weighted Laspeyres (or Lowe) formula, which measures the changing cost of acquiring a fixed basket of goods and services. The underlying quantities of the basket’s contents are based on an earlier period (the ‘weight reference’ period) and remain fixed.

The 2022/23 quantities in the Laspeyres price index formula are fixed for the life of the index. These quantities are assumed to be broadly representative of household purchases throughout this period, although consumer substitution towards goods and services with lower relative price changes is expected.

However, significant shifts in quantities can occur between the 2022/23 weight reference period and the December 2024 quarter price reference period, particularly for consumer electronics, where rapid technological advancements and pricing trends lead to frequent changes in sales volumes.

To account for these shifts, we applied volume adjustments to consumer electronics as part of the reweighting process. These adjustments were made only where strong evidence indicated that the number of items purchased had changed significantly between the weight reference period and the price reference period.

Applying volume adjustments introduces a degree of subjectivity into the reweighting process. However, we only made adjustments where necessary to ensure that the underlying 2022/23 quantities remained accurate across the entire basket.

We incorporated these adjustments into the price-updating factor used to reweight the 2022/23 expenditure data.

Table 8 details the volume adjustments for consumer electronics, the reasons for applying them, and the data sources used. Note that volume changes include not only shifts in physical quantities (for example, the number of computers sold) but also quality improvements over time.

Table 8

Volume adjustments for consumer electronics CPI items		
Goods or service	Reason for adjustment	Information source
Telecommunication equipment, audio visual equipment, and computing equipment	To reduce the downward effect of price updating due to quality adjustments	Volume and sales information available from GfK ⁽¹⁾ administrative data
1. GfK is a market research company that supplies us with sales and volume data.		
Source: Stats NZ		

Managing cyclical or volatile expenditure

Expenditure for some goods and services is highly cyclical or volatile. Two highly weighted examples are the purchase of newly constructed dwellings and insurance services.

We extended the weight reference period to five years for general insurance (house, contents, car). These extensions help smooth the impact of cyclical highs or lows in housing and unusual claims years in insurance, consistent with previous reviews.

In cases where volume adjustments were applied, and for housing and insurance (where an average of more than one year was used for the weight reference period), adjustments were made to volumes for periods before or after the 2022/23 weight reference period to remove the effect of growth in the usually resident population.

At the time of the previous review (2020), New Zealand was in the middle of the COVID-19 pandemic, lockdowns, and a closed border, which particularly impacted expenditure on airfares and overseas accommodation. Due to the sharp decline in spending on these items, we temporarily reduced CPI weights for airfares and overseas accommodation during the review, with annual updates implemented thereafter to account for expected growth.

[Impacts of COVID-19 on the 2020 CPI re-weight](/methods/impacts-of-covid-19-on-the-2020-cpi-re-weight/?stage=Stage) (/methods/impacts-of-covid-19-on-the-2020-cpi-re-weight/?stage=Stage) has more information about this.

() Methods for deriving expenditure weights

The HES serves as the primary source of weighting information. HES estimates are used when they align closely with expenditure estimates from other data sources or when they provide the best available information for specific goods and services. Alternative data sources are used to calculate expenditure weights or to validate HES estimates for items with significant expenditure.

Food

The primary data source for reweighting the food group was the 2022/23 HES. However, some food items, such as confectionery and soft drinks, are not well captured in HES. To supplement this, we incorporated data from food and beverage manufacturers and distributors, as well as supermarket scanner data.

[Selected price indexes review: 2024](/methods/selected-price-indexes-review-2024/?stage=Stage) (/methods/selected-price-indexes-review-2024/?stage=Stage) has more details on the food group.

Alcoholic beverages

Households completing the HES often under-report expenditure on alcoholic beverages, so other information sources are required to calculate their CPI expenditure weights.

Expenditure weights were derived by using the quantities of alcoholic beverages available for consumption within New Zealand in the year to June 2023 as a proxy for purchases during the weight reference period. This data is available at a detailed level, such as by type of spirit for full-strength spirits.

We calculated expenditure estimates by multiplying the quantities available for consumption by the average prices from CPI price collections. Quantities were split into beverages consumed on and off licensed premises, with industry data used for beer and HES data used for wine, spirits, and liqueurs. This is an important step, as prices for alcoholic beverages consumed on licensed premises are significantly higher than those consumed off licensed premises.

Beer data was available in quantities, while spending on wine, spirits, and liqueurs, based on HES breakdowns by store type, had to be converted to quantity shares using corresponding average prices.

We used disaggregated alcohol consumption figures and supermarket scanner data on the relative shares of different types of wine to allocate quantities to a representative sample of beverages in the CPI basket.

We removed out-of-scope expenditure from international visitors, businesses, and people living in non-private dwellings using information from the sources listed in the 'Excluding out-of-scope expenditure' section above.

Cigarettes and tobacco

HES respondents also tend to under-report expenditure on cigarettes and tobacco, so other information sources are required to calculate their CPI expenditure weights.

We used the quantities of cigarettes and tobacco available for consumption in New Zealand during the year to June 2023 in the calculations.

Expenditure estimates were derived by multiplying these quantities by average prices from the CPI price collection, which indicates that price levels across different store types are relatively similar.

We removed out-of-scope expenditure from international visitors and individuals living in non-private dwellings, using information from the sources listed in the 'Excluding out-of-scope expenditure' section above.

HES data was used as the expenditure weight for e-cigarette devices and e-cigarette juices.

Clothing and footwear

Expenditure on clothing and footwear tend to be underreported in HES. As in previous reviews, we benchmarked expenditure from HES against retail trade survey (RTS) data to derive weights for clothing and footwear. We used RTS sales by store type for the year to June 2023.

For the 2024 review, we derived the weight for clothing and footwear by benchmarking the HES expenditure using RTS sales by store type for the year to June 2023.

The process involves five steps:

- Applying GST to the RTS expenditure data.
- Applying an out-of-scope spending factor to the RTS expenditure, to account for things such as purchases by international visitors and businesses.
- Identifying the total HES expenditure consumers spent on clothing at clothing stores, department stores, footwear stores, and other retailers selling clothing and footwear.
- Benchmarking the HES clothing expenditure by store type to the corresponding RTS store-type expenditure to calculate an adjustment factor.
- Applying these adjustment factors to all HES item-level expenditure by store type, then totalling the expenditure across all store types per item to get the final expenditure estimate.

Purchase of new housing

The 'net' approach

In the New Zealand CPI, the expenditure weight for purchases of housing reflects the net change in the stock of owner-occupied housing during the weight-reference period. This includes both spending on newly constructed dwellings by owner-occupiers and spending on alterations and additions to existing owner-occupied dwellings.

The net change in the number of owner-occupied dwellings reflects the following activities:

- acquiring newly constructed dwellings for occupation
- demolishing established owner-occupied dwellings
- selling established owner-occupied dwellings to landlords, small businesses, developers, or the government
- acquiring established dwellings from landlords, small businesses, developers, or the government for owner-occupation.

Sales between households of established owner-occupied dwellings do not affect the stock, as the purchase (positive expenditure) is offset by the corresponding sale (negative expenditure). However, shifts between owner-occupation and renting or small-business use contribute to changes in the stock of owner-occupied housing, either adding to or reducing the total.

[How housing costs are measured in consumer price indexes at Stats NZ](/methods/how-housing-costs-are-measured-in-consumer-price-indexes-at-stats-nz/?stage=Stage) (/methods/how-housing-costs-are-measured-in-consumer-price-indexes-at-stats-nz/?stage=Stage) has more information on the concepts of housing cost measurement in the CPI.

Calculating the expenditure weight

Dwellings estimates, derived from the Census of Population and Dwellings, are used to assess the change in the number of new owner-occupied dwellings being constructed. Comparing the stock change from the 2020 review to the 2024 review shows an 8 percent increase.

To smooth cyclical highs and lows, we used a three-year weight reference period (up to June 2023) to calculate annual average CPI expenditure weights for housing purchases. The annual changes were multiplied by the average cost of building a new dwelling each year, based on the [Value of building work put in place](https://www.stats.govt.nz/search/?Search=Value+of+building+work+put+in+place&categoryFiltersID=139&filters=Building%2CInformation+releases&topicFiltersID=15) (https://www.stats.govt.nz/search/?Search=Value+of+building+work+put+in+place&categoryFiltersID=139&filters=Building%2CInformation+releases&topicFiltersID=15) statistics. A three-year average cost per year was calculated, covering the period up to June 2023.

Expenditure on additions and alterations to existing owner-occupied dwellings is also included. This data, sourced from the HES, reflects substantial improvements such as plumbing, carpentry, landscaping, double glazing, heating installation, or building annexes (for example, new kitchens or additional rooms).

The final step involves price-updating to the December 2024 quarter. For new dwellings, the price-updating indicator used was the CPI index for the purchase of new housing.

Despite a long-term trend of declining homeownership rates, data from the Census, HES, and other sources shows a steady increase in the number of new owner-occupied dwellings.

Note:

- The CPI does not include expenditure by landlords related to the properties they rent out.
- Although the expenditure weight covers the construction costs of stand-alone houses, apartments, and townhouses, the ongoing pricing of this item is represented by the cost of building a stand-alone house. This is due to significant variations in sale prices for apartments and townhouses based on factors such as the quality of fittings, views, privacy, and shared walls, making it difficult to determine a representative price.

Health services

The expenditure weights for the various health services represent out-of-pocket spending by private households and spending on claims made on behalf of private households by health insurance companies to health service providers.

Most of the expenditure weights for the hospital services subgroup were derived from sources other than the HES. We used the annual enterprise survey (AES) to estimate the total income of hospital service providers, making adjustments to exclude government funding and employer contributions to health insurance.

For the out-patient services subgroup, we derived most expenditure weights from the HES, supplemented by insurance claims data. This approach was taken for items where the HES was deemed a reliable source for capturing expenditure, following the methodology used in the 2020 review.

Purchase of new motor cars

HES estimates for vehicle expenditure can have large relative sampling errors due to the infrequent nature of vehicle purchases, which may not be captured consistently within the approximately 3,500 households surveyed.

To derive the expenditure weight for new motor cars, we used data on new motor vehicle registrations by individuals for private use (categorised by make and model) for the year to June 2023. This was combined with corresponding list prices for the same period.

We calculated the expenditure weights by multiplying the number of registrations by the list prices, making adjustments to exclude out-of-scope expenditure and account for cash purchase discounts.

Note:

- The expenditure weight for new car purchases represents total gross expenditure on new vehicles for private household use.

- The expenditure weight for second-hand car purchases, derived from HES, represents net expenditure, which is calculated as purchases of second-hand cars minus sales and trade-ins, including trade-ins on new car purchases.

Domestic air transport

As part of the 2024 review, the approach to domestic air travel has been updated. A single basket item now represents all domestic routes, with relative weights for individual domestic routes moved to the elementary aggregate level. This adjustment allows for changes to priced routes between reviews, better reflecting consumer purchasing preferences.

We used a combination of administrative and internally sourced data to estimate total revenue from domestic passengers for the year to June 2023. Since domestic air transport trips in New Zealand are also taken by individuals outside the CPI reference population, adjustments were necessary to exclude out-of-scope trips. This involved removing estimated expenditure on domestic air transport by business users, tourists, and people who are not part of private households living in permanent dwellings (using the information sources listed in the 'Excluding out-of-scope expenditure' section above).

International air transport

Interim CPI reweight

The international airfares subgroup changed significantly between 2020 and 2024. We adjusted the base 2020 weights for international airfares to account for the effect of COVID-19 restrictions on travel. We then applied annual weight updates as travel routes reopened, ending in a final weight update in June 2023.

[Impacts of COVID-19 on the 2020 CPI re-weight](/methods/impacts-of-covid-19-on-the-2020-cpi-re-weight/?stage=Stage) (/methods/impacts-of-covid-19-on-the-2020-cpi-re-weight/?stage=Stage) has more information on the original weight adjustment.

Calculating the expenditure weight

As with domestic air transport, individual international routes have been moved to the elementary aggregate level, leaving six broad zones at the basket-item level. This adjustment allows for changes to priced routes between reviews to better reflect consumer purchasing preferences.

Estimating the expenditure weight for international air transport involved two key steps:

1. estimating the volume of in-scope trips (broken down by route) taken by the CPI reference population
2. combining these volumes with average prices, weighted by the importance of each route.

Passenger volumes were derived mainly from external migration statistics. We used information on short-term overseas trips taken by New Zealand residents, along with port-of-embarkation data, to estimate volumes at the route level. We then removed out-of-scope trips, such as those for business purposes, conventions, or conferences.

A volume adjustment was applied to international transport to better reflect expected passenger volumes in the coming years. Instead of using a 2022/2023 reference period, international airfare volumes were updated to a 2023/2024 reference period. This adjustment was made because arrival data for 2022/2023 was lower than expected, likely due to travel volumes still recovering post-COVID-19. The updated reference period provides a more representative estimate of future volumes.

We derived average prices from data collected in the CPI monthly survey of international air transport. These weighted average prices accounted for the relative importance of airlines on each route, including taxes and levies applicable to each

journey.

Finally, after combining the volumes with their corresponding weighted average prices, we removed out-of-scope expenditure from people who are not part of private households living in permanent dwellings, using information from the 'Excluding out-of-scope expenditure' section above.

Overseas accommodation

Interim CPI reweight

The accommodation subgroup changed significantly between 2020 and 2024. We adjusted the base 2020 weights for domestic and overseas accommodation to account for the effect of COVID-19 restrictions on travel. Annual weight updates were then applied as travel routes reopened, ending in a final weight update in June 2023.

[Impacts of COVID-19 on the 2020 CPI re-weight](/methods/impacts-of-covid-19-on-the-2020-cpi-re-weight/?stage=Stage) (/methods/impacts-of-covid-19-on-the-2020-cpi-re-weight/?stage=Stage) has more information on the original weight adjustment.

Calculating the expenditure weight

Historically, HES expenditure has been used for overseas accommodation. Following the interim reweighting, we decided to continue estimating expenditure for this item.

The methodology remains consistent with the interim reweighting approach, where expenditure is calculated by multiplying international travel counts for holiday travel to specific destinations by the average accommodation expenditure for those locations. Travel counts are sourced from arrival card data and other administrative sources.

Education

Expenditure for primary, intermediate, secondary, and tertiary education subgroups was estimated using alternative data sources.

Parents' contributions to state and integrated schools were estimated using Ministry of Education data. We derived the weight for private school fees from pupil enrolment numbers provided by the Ministry of Education, combined with average prices from the CPI survey of private school fees.

For the remaining education subgroups, early childhood education, tertiary and other post-school education, and other educational fees, expenditure weights were also based on Ministry of Education data on enrolments and fees.

We incorporated an adjustment into the September 2024 CPI to account for the impact of the Early Childhood Education FamilyBoost policy, which reduces out-of-pocket costs for families.

[Consumers price index: September 2024 quarter](/information-releases/consumers-price-index-september-2024-quarter/?stage=Stage) (/information-releases/consumers-price-index-september-2024-quarter/?stage=Stage) has further details.

Professional and real estate services

Expenditure on several items within the professional and real estate services class has typically been under-reported or not recorded at all in the HES. These items include legal expenses related to property transactions, property valuation, and real estate services.

Independent estimates were calculated using real estate sales data as the base, with additional data sources applied as needed, such as average real estate agency fees, Land Information New Zealand (LINZ) data on property transfers, HES data on home ownership by tenure, and data from the survey on the value of building work put in place. We then applied an out-of-scope factor to exclude sales and purchases made by the government and foreign buyers.

Insurance services

We estimate expenditure weights for various types of insurance service on a 'net' basis. Under a net approach, the cost of insurance is only the cost associated with the insurance companies providing administrative and risk-pooling services.

The insurance industry is viewed as providing an intermediation service in which the contributions made by policyholders are pooled and managed. The part of premiums that does not pay for the intermediation service goes into pools. The pools are managed by the insurance companies, invested to best advantage, and provide a source of funds for policyholders to use when they need to repair or replace insured property, pay for medical services, or obtain income.

We define the value of the insurance as:

- gross insurance premiums payable by households
- plus premium supplements (income earned on investing prepaid premiums and actuarial reserves)
- less claims
- less changes in actuarial services.

Under the net approach for insurance services, the CPI weights for goods and services covered by insurance represent total expenditure on goods and services, whether funded by insurance or other means.

Stats NZ's national accounts statistics take a similar approach to insurance services.

General insurance

The general insurance method covers dwelling, contents, and vehicle insurance.

The first step involved using industry information on the total value of claims and premiums to estimate an 'expected' service-charge ratio.

For the 2011 and 2014 CPI reviews, we had to adjust the claims to account for the 'abnormal' level of claims from the Canterbury earthquakes. The adjustment involved spreading earthquake-related claims over a 20-year period, in line with treatment in the national accounts. The adjusted claims values therefore included 'normal' claims not related to the earthquakes for the weight reference period, and one-twentieth of the claims related to the earthquakes.

We continued to use this methodology in the 2017 and 2020 CPI reviews, but ceased this approach in the 2024 review, as industry sources confirmed there are very few, if any, outstanding claims remaining from the Canterbury earthquakes.

For the second step, we applied the service charge ratio to HES expenditure on gross insurance premiums. This gave us net expenditure on insurance services. This approach is consistent with the recommended approach in the ILO Consumer price

index manual.

We use HES expenditure data, rather than industry information on premium income, to better align the scope of the estimates with the CPI's scope. HES provides reasonably reliable estimates of gross premiums paid by households, whereas industry information needs to be further adjusted to remove out-of-scope expenditure (for example, expenditure by landlords on dwelling and contents insurance relating to properties they rent out).

Health and life insurance

The CPI expenditure weights for life insurance and health insurance were based on service charges derived from industry information.

We needed to adjust the industry information service charges to bring them in line with the scope of the CPI. The information for health insurance includes a proportion that is funded by employers, which was excluded from the CPI weight calculations (the value of fringe benefits, or income paid in kind, has not traditionally been included in the CPI weights). We obtained information from the industry on the share of premiums funded by employers.

Some types of life insurance are excluded from the CPI because they represent savings and investment, rather than consumption. However, 'term' life insurance provides risk-only cover and has no surrender or residual value. Claims are paid out only in the event of death, disability, or personal accident.

For the CPI, the service provided by term life insurance is regarded as protection against the risk of disability, personal accident, or loss of life. Given that there is no investment element in this type of life insurance, it is appropriate to include it in the CPI, and therefore only information on term life insurance was used in our expenditure estimate.

We also made adjustments to exclude the estimated shares of health and life insurance service charges attributable to people who are not part of private households living in permanent dwellings (using information from the sources listed in the 'Excluding out-of-scope expenditure' section above).

Allocating claims to goods and services

Using the net approach for insurance services, we allocate spending on goods and services that are funded by insurance claims, to the expenditure weights of those goods and services. When insurance providers pay claims directly to households, the resulting expenditure made by households to repair or replace insured property is captured directly in the HES.

However, when insurance providers pay claims directly to the goods and service providers who repair or replace insured property, this expenditure on behalf of households is not captured in the HES.

We obtained information on the proportion of claims paid directly to service providers for the different types of general insurance from the industry. These proportions were applied to the claims figures used to derive the service charge weights. We added the resulting amounts to the expenditure weights of appropriate insurable goods and services. The total estimated amount of general insurance claims paid directly to goods and service providers was about \$1.5 billion (about half related to vehicle insurance).

Technical enquiries

Daniel Hubbard
info@stats.govt.nz (mailto:info@stats.govt.nz?
subject=Consumers%20price%20index%20review%3A%202024%20%E2%80%93%20technical%20enquiries)

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