

What is the Consumers Price Index?

The Consumers Price Index (CPI) is the measure of inflation for all New Zealand households. It records the change over time in the price of a basket of goods and services. The basket contains everything from food and household utilities to transport and health expenditure. The CPI is published quarterly, and can affect our lives in many ways.

Each quarter, we collect about 100,000 prices from:



Shops: We visit retail outlets such as supermarkets, department stores, and clothing shops.



Businesses: We send about 3,000 surveys to a range of businesses each quarter, including construction firms, medical centres, and used car yards.



Websites: We collect prices for things like streaming services, software, digital downloads, and airfares.



Other places: We collect data from various other sources, including scanner data for consumer electronics such as televisions, laptops, and mobile phones.



We capture household budget information through the Household Economic Survey. We ask participants to complete a questionnaire and an expenditure diary.

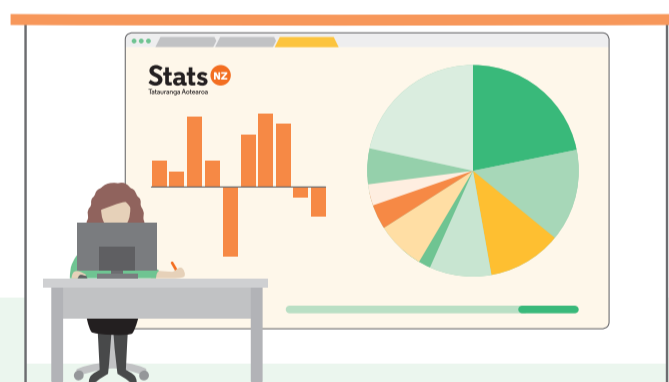


We use this data to inform what's in our basket and the relative importance of the items. For example, rent prices affect the CPI more than everyday purchases such as carrots.

We make adjustments when items change



Changes to items, such as packet size changes and advances in technology, can have an impact on the price. We make quality adjustments to account for this.



The information we collect goes through a careful process of checks and adjustments before release to make sure we are comparing 'like-for-like' prices.

Once released, the CPI can affect your household



The Reserve Bank may adjust the official cash rate based on the CPI, which may mean banks adjust their interest rates. If you are a homeowner, this will affect your mortgage interest rate.



It can also affect returns on investment for those saving money. If you are a renter, your landlord may adjust your rent.

The Government may use the CPI to adjust payments such as the Jobseeker Support and Superannuation. This will affect you if you receive one of these payments.

The CPI also helps to inform wage negotiations between employers, employees, and trade unions by reflecting changes in the cost of living.