



# Australian Bureau of Statistics

## 6466.0 - Information Paper: Introduction of the Pensioner and Beneficiary Living Cost Index, Australia, 2009

Latest ISSUE Released at 11:30 AM (CANBERRA TIME) 30/06/2009 Statistical Standard

## Summary

### Main Features

The Consumer Price Index (CPI) is an important economic indicator. It provides a general measure of changes in prices of consumer goods and services purchased by Australian households. The CPI is used for a variety of purposes, such as in the development and analysis of government economic policy, the adjustment of some government benefits, and in individual contracts. Following the 13th series review in 1998, the CPI has been specifically designed as a general measure of price inflation for the household sector as a whole. The CPI measures the changes in the price of a fixed basket of goods and services acquired by household consumers.

The government's Pension Review Report completed by Dr Jeff Harmer in February 2009 followed a comprehensive review of Australia's pension system. In considering indexation arrangements, detailed analysis of the CPI and other measures of price changes led the Review to conclude that "an alternative measure of price change which is more fully responsive to specific changes in pensioners' purchasing power would be appropriate".

In response to the Review, the government has funded the ABS to produce a new index that more specifically reflects changes in the living costs of pensioners and other households receiving income support from the government. In the 2009–10 Budget, the government has indicated that it will use this index, to be known as the Pensioner and Beneficiary Living Cost Index (PBLCI), to index base pension rates where it is higher than the CPI. The ABS will publish the PBLCI on a quarterly basis commencing on 24 August 2009.

Initially, the PBLCI will be constructed as a by-product of processing the quarterly CPI. Over time, the ABS will progressively improve the index to better reflect the price changes experienced by pensioners and beneficiaries.

This Information Paper, available from the Downloads tab, provides an overview of the new index, including how it is calculated and its relationship to the CPI. Quarterly movements in the PBLCI compared with the CPI for the period June quarter 2007 to June quarter 2008 are shown in Appendix 1.

### About this Release

This Information Paper, available from the Downloads tab, provides an overview of the new index, including how it is calculated and its relationship to the CPI. Quarterly movements in the PBLCI compared with the CPI for the period June quarter 2007 to June quarter 2008 are shown in Appendix 1.

### ABS introduces new Pensioner and Beneficiary Living

# Cost Index (Media Release)

June 25, 2009

**MEDIA RELEASE**  
Embargoed: 11.30 am (AEST)

46/2009

## **ABS introduces new Pensioner and Beneficiary Living Cost Index**

The ABS has released an information paper outlining the new Pensioner and Beneficiary Living Cost Index (PBLCI).

The Consumer Price Index (CPI) provides a general measure of changes in prices of consumer goods and services purchased by Australian households and is used for a variety of purposes, such as in the development and analysis of government economic policy, the adjustment of some government benefits, and individual contracts.

The Pension Review Report completed in February 2009 concluded that an alternative measure of price change more fully responsive to changes in pensioners' purchasing power would be appropriate.

The government has funded the ABS to produce a new index that more specifically reflects changes in the living costs of pensioners and other households receiving income support from the government. In the 2009–10 Budget, the government has indicated that it will use this PBLCI to index base pension rates where it is higher than the CPI. The ABS will publish the PBLCI quarterly commencing on 24 August 2009.

The ABS will progressively improve the index to better reflect the price changes experienced by pensioners and beneficiaries.

This Information Paper provides an overview of the new index including how it is calculated and its relationship to the CPI.

Further information is available in the Information Paper: Introduction of the Pensioner Cost Living Index (PBLCI) (cat. no 6466.0.0)

### **Media Note:**

- Please ensure when reporting on ABS data that you attribute the Australian Bureau of Statistics (or the ABS) as the source.

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