The [**Wage Price Index**](https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/mar-2022) **(WPI)** measures the increase in wages. **For the year ending March 2022, the WPI increased to 2.4%**: a return to pre-pandemic levels and below historic levels.

Chart, bar chart

Description automatically generated

**What matters for the standard of living is real wages which have declined by 2.6% and most income support schemes declined by 3% in real terms in the year to March 2022.**

Need to add a title and maybe an explanation that this is a new explainer series from AIBE

**Inflation is personal, but the CPI number is an average**

A full-time domestic male university student, living in shared off-campus accommodation in a Brisbane suburb, cycling to university, working part-time in hospitality, and receiving Youth Allowance, may spend his income as follows:

**Housing (rent): 32.6%**

**Food: 19.4%**

**Utilities: 6.7%**

**Clothing: 11.5%**

**Recreation and culture: 13.7%**

**Others: XXXX**

Tina, can you round this numbers – the number below may change

Replace list with icons

**Their annual personal rate of inflation as of March 2022 is 7.2%.**

**Inflation is personal, but the CPI number is an average.**

A 35-year-old single mother of 2 children (1 under 5 and 1 under 16) living in Brisbane, working part-time on a casual contract, and relying on means-tested income support payments, may spend their income as follows:

**Housing (rent): 24%**

**Food: 34%**

**Utilities: 8%**

**Transport: 14%**

**Education: 5%**

**Others: 15%**

Replace list with icons

**Their annual personal rate of inflation as of March 2022 is 8.7%.**

**Inflation is personal, but the CPI number is an average.**

The [typical Queenslander](https://www.abs.gov.au/AUSSTATS/abs@.nsf/mediareleasesbyReleaseDate/5CC7AB1613144B67CA2580FE0013D5E0?OpenDocument) according to the 2016 census is 38 married with two children. If they own a house with a mortgage, travels to work by car and have one child in childcare and the other in state school, then they may spend their income (net of any savings) as follows:

**Housing: 25%**

**Food: 15%**

**Utilities: 3%**

**Transport: 13%**

**Education: 5%**

**Others: 39%**

**Their annual personal rate of inflation as of March 2022 is 7.4%**.

The goods and services included in the CPI cover a high proportion of consumers’ expenditures.

[There are 87 expenditures classes arranged in eleven groups with the aggregated weights for 2021 given by:](https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/annual-weight-update-cpi-and-living-cost-indexes/2021#appendix-1-comparison-between-the-2020-and-2021-cpi-weights-weighted-average-of-eight-capital-cities-a-)

|  |  |
| --- | --- |
| **Food and non-alcoholic beverages** | 16.8 |
| **Alcohol and tobacco** | 9.0 |
| **Clothing and footwear** | 3.3 |
| **Housing** | 23.2 |
| **Furnishings, household equipment and services** | 9.2 |
| **Health** | 6.5 |
| **Transport** | 10.6 |
| **Communication** | 2.4 |
| **Recreation and culture** | 8.6 |
| **Education** | 4.6 |
| **Insurance and financial services** | 5.8 |
| **TOTAL** | 100.0 |

Replace list with icons

Inflation is the increase in the prices of the goods and services households buy.

A key measure of inflation in Australia is the **Consumer Price Index (CPI)** calculated by the [Australian Bureau of Statistics](https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release). The CPI measures the average change over time in the prices for a fixed basket of goods and services paid by households **who reside in the eight State/Territory capital cities**.

**The CPI increased to 5.1% in the first quarter of 2022 compared to the same period last year**; the highest increase since 2009.