**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:

|  |  |
| --- | --- |
| **Home outline** | **Housing (Rent): 24%** |
| **Grocery bag outline** | **Food: 34%** |
| **Fluorescent Light Blub outline** | **Utilities: 8%** |
| Car outline | **Transport: 14%** |
| Desk outline | **Education: 5%** |
| Money outline | **Others: 15%** |

**Their annual personal rate of inflation as of March 2022 is 4.7%.**

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

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**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.**

**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/mar-2022). 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 annualised increase in a quarter since June 2001.­

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-)

|  |  |  |
| --- | --- | --- |
| **Grocery bag outline** | **Food and non-alcoholic beverages** | 16.8 |
| **Beer outline** | **Alcohol and tobacco** | 9.0 |
| **Clothes hanger outline** | **Clothing and footwear** | 3.3 |
| **Home outline** | **Housing** | 23.2 |
| **Couch outline** | **Furnishings, household equipment/services** | 9.2 |
| **Medical outline** | **Health** | 6.5 |
| Car outline | **Transport** | 10.6 |
| **Email outline** | **Communication** | 2.4 |
| **Performance Curtains outline** | **Recreation and culture** | 8.6 |
| Desk outline | **Education** | 4.6 |
| **Piggy Bank outline** | **Insurance and financial services** | 5.8 |
|  | **TOTAL** | 100.0 |

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

The typical Queenslander according to the [2016 census](https://www.abs.gov.au/census/find-census-data/quickstats/2016/3) is 37 married with two children. If they recently bought a house with a mortgage, travel 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:

|  |  |
| --- | --- |
| **Home outline** | **Housing: 25%** |
| **Grocery bag outline** | **Food: 15%** |
| **Fluorescent Light Blub outline** | **Utilities: 3%** |
| Car outline | **Transport: 13%** |
| Desk outline | **Education: 5%** |
| Money outline | **Others: 39%** |

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

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

A full-time domestic male undergraduate 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:

|  |  |
| --- | --- |
| **Home outline** | **Housing (Rent): 33%** |
| **Grocery bag outline** | **Food: 19%** |
| **Fluorescent Light Blub outline** | **Utilities: 7%** |
| Car outline | **Transport: 12%** |
| Desk outline | **Education: 14%** |
| Money outline | **Others: 15%** |

**Their annual personal rate of inflation as of March 2022 is 4.8%.**

AIBE Explainer Series: Inflation