



Announcement

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Base shift Consumer price index in 2007

In 2007, the calculation method and publication of the consumer price index (CPI) will be changed in some respects. The CPI defines the official inflation rate in the Netherlands and is used, for instance, to make changes in rates and contracts. The main changes are outlined below and a more elaborate explanation will be given once the first results are published.

Main changes

The most important changes concerning the CPI are:

- The base year is shifted to 2006 (2006 = 100).
- Annually a new basket of goods and services is defined (annual base shift).
- Part of health care and the supplementary health insurance will be included in the CPI.

Consequences for CPI users

For most people who use the CPI, for instance to update rates and contracts, the changes will have no further consequences. The transition to the new series 2006 = 100 is more or less the same as the base shifts previously implemented every five years.

On the other hand, the base shift will have consequences for people who use more detailed figures and weighting factors to make more complicated calculations. With the introduction of 2006=100, the CPI will be calculated as a chain index with annual base shift. For the next few years, the reference year will be 2006, but the weighting factors will be adjusted annually to comply with new spending pattern of the average Dutch consumer. Interpretation and use of the weighting factors will also be slightly different.

Base shift CPI

The CPI measures price developments of a basket of goods and services, purchased by the average Dutch consumer. Price developments of each group of articles are weighted relative to their share in total consumer spending. When the base is shifted, the weighting factors are also adjusted to comply with the new spending pattern.

Annual base shift

In 2006, the base shift frequency changes from once every five years to once every year. As a result, the CPI is more flexible and up-to-date and more suitable to respond to recent changes in the spending pattern of consumers.

More coverage for the CPI

The compulsory basic health insurance is part of the new Health Care Insurance Act, introduced in 2006. People are free to take out a policy against risks not covered by the basic health insurance. In the new series, health care costs not included in the basic health insurance policy will be included in the CPI. This also applies to supplementary insurance premiums. The basic health insurance is compulsory and the premium will be taken into account, when the disposable income is calculated, but will remain outside the scope of the CPI.