

Opportunities and challenges: Leveraging alternate data sources to compile the CPI Rents Index

The Australian Bureau of Statistics (ABS) is increasingly looking for ways to leverage the use of alternate data sources in the compilation of its statistics. New data sources are providing opportunities to improve the quality and coverage of statistics in an efficient and cost effective manner, while requiring the use of innovative approaches to maximise how these datasets can be used.

The Consumer Price Index (CPI) team has been investigating the use of administrative data on rental tenancy bonds to enhance the compilation of the CPI Rents series. Rental tenancy authorities in most states and territories act as custodians of tenancy bonds, and collect information on all bonds lodged and claimed over a period. The use of this data will lead to improved responsiveness to changes in the market as well as increased sample and geographic coverage. Furthermore, this data is available at a higher frequency, and so may support the development of new products and more responsive price measures.

However, the use of the bond lodgement data is not without its limitations. Determining the best methodology to apply to the dataset requires balancing the conceptually ideal approach with the practical limitations that using administrative data entails. Other obstacles encountered include negotiating and securing ongoing data submission, and inconsistencies in the information available from different state and territory authorities. This paper details the challenges the ABS CPI team has experienced in acquiring and utilising bond lodgement data as well as potential solutions to some of the issues identified.