

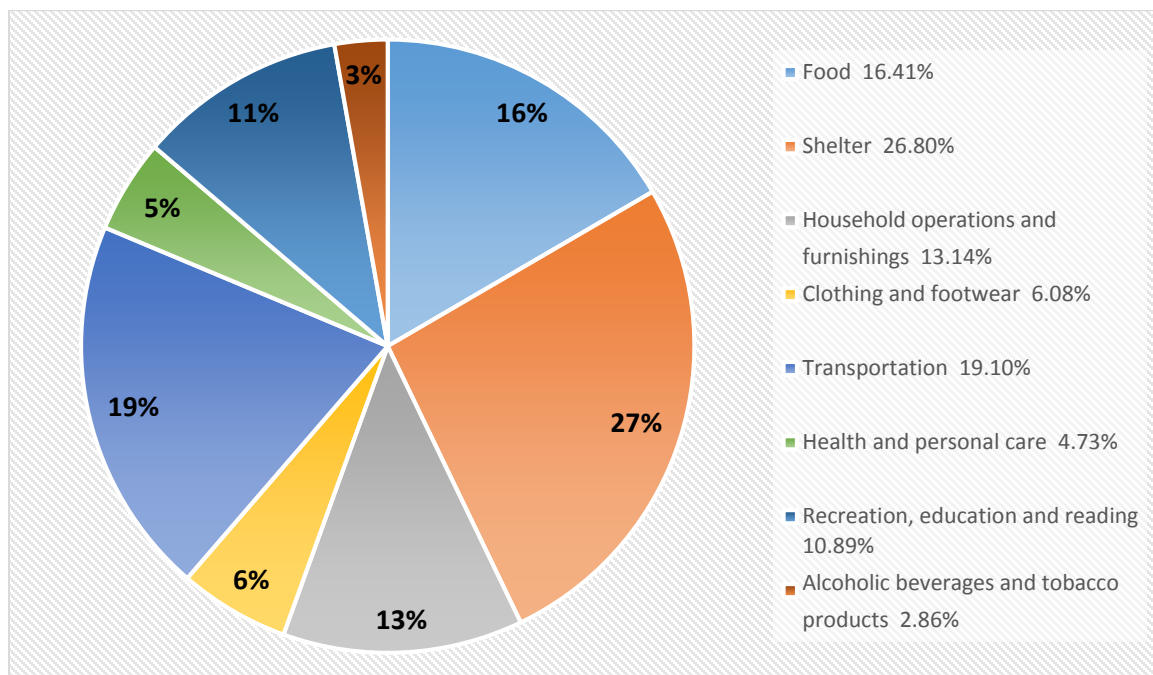
## *Alberta Consumer Price Index (ACPI)*

Local Authorities Pension Plan (LAPP) uses a standard measure of inflation to calculate Cost of Living Adjustments (COLA). The measure used is called the *Alberta Consumer Price Index (ACPI)*. It measures, over time, the percentage of change in the price of a basket of goods and services purchased by Albertans.

This basket of items is determined by Statistics Canada. The items are unchanging (or of consistent quality and quantity) so that the change in the cost of the basket over time represents the movement in prices. The items in the basket are reviewed at least every five years to make sure that they remain current. The measurement in movement of prices over time is shown in the monthly *ACPI* values.

The basket of goods and services is split into eight major components as follows:

**Alberta Consumer Price Index Weighting by Component**



The percentage weightings indicate the relative importance of each major group's contribution to the *ACPI*. The index value associated with these major components is called the "All Items" index value. The values in this index are referenced by LAPP regulations to determine COLA effective every January 1.

You may have noticed that often, the media reports movements in the *ACPI* or in the *Consumer Price Index* (Canada wide) by comparing the current monthly index value to both the preceding month and to the same month in the preceding year. These comparisons can make it seem as if COLA is not keeping up with the rate of inflation. However, when COLA is calculated every January 1, the most recent 24 *ACPI* values (ending the preceding October) are used. This ensures that COLA reflects all changes in the *ACPI* equally.

For more information on consumer price indexes, see the [Statistics Canada Web site](#).