

11 November 2022

INFLATION COST AUSTRALIAN HOUSEHOLDS \$7,800 OVER PAST YEAR

"The impact of inflation is making it harder for Australian families to make ends meet and this hit to household budgets is only going to grow as inflation rates continue to rapidly rise," said Daniel Wild, Deputy Executive Director of the Institute of Public Affairs.

New research from the IPA shows that, on average, in the year to September 2022, Australian households have had to spend an additional \$7,844, or around \$654 more per month, to buy the same items they did a year ago.

"Australian inflation rate is currently at a 32-year high, with the September quarter results showing the Consumer Price Index shooting up to 7.3%, from 6.1%, which is approximately three times the rate of wage growth," Mr Wild said.

Increases in the costs of non-discretionary items such as food, housing and transport made up almost 68% of the increases in costs to households across the nation. The highest average increases in costs across the consumer basket nationally included:

- **Housing** – annual cost increase of \$2,637 or \$220 per month,
- **Food** – annual cost increase of \$1,635 or \$136 per month, and
- **Transport** – annual increase of \$1,049 or \$87 per month.

"There is no escape for Australian families from the increasing costs of housing, food and transport as they are key everyday necessities," Mr Wild said.

The impact of inflation is being felt right across Australia. On a state-by-state basis, the costs to households are:

- **The Northern Territory:** \$9,103 annual increase or \$759 per month.
- **Queensland:** \$8,383 annual increase or \$699 per month.
- **South Australia:** \$8,085 annual increase or \$674 per month.
- **Tasmania:** \$7,977 annual increase or \$665 per month.
- **New South Wales:** \$7,973 annual increase or \$664 per month.
- **Victoria:** \$7,868 annual increase or \$656 per month.
- **Western Australia:** \$6,313 annual increase or \$526 per month.

Recently, IPA research, *Hard Lessons: Reckoning the Humanitarian, Economic, and Social Costs of Zero-Covid*, found that 39.7% of price rises between March 2020 and June 2022 were due to the misguided, expansionary policies and stimulus spending of governments during the COVID-19 pandemic.

"Long-term, unsustainable levels of government spending, spurred to even greater heights due to COVID-19 measures, have unleashed this inflation bomb and it's Australian families who are in the firing line," Mr Wild said.

"Rapidly rising inflation is an indictment of the major economic institutions in Australia, foremost among which are the Treasury and the RBA, who encouraged massive government spending and assured the public that inflation can be kept under control."

For media and comment: Andrew Hudgson, Director of Communications, on 0404 020 896, or at ahudgson@ipa.org.au