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26 April 2023

New figures confirm inflation has passed its peak

The latest ABS data confirms that inflation has passed its peak and is beginning to moderate.

These new numbers show annual inflation peaked last December but it will still remain higher than we'd like for longer than we'd like.

The Consumer Price Index (CPI) rose 7 per cent over the year to the March quarter, down from 7.8 per cent over the year to the December quarter.

Inflation increased 1.4 per cent in the March quarter – the smallest quarterly increase since December 2021.

The ABS monthly indicator also moderated to 6.3 per cent over the 12 months to March, from 6.8 per cent over the year to February.

This confirms the importance of a responsible and methodical Budget that provides security in uncertain times, sets Australia up for the future, and doesn't add to price pressures – and that's what we will deliver on 9 May.

The data captures the impact of cost-of-living pressures affecting Australians and reflects the complex and confronting times we are in.

While inflation is still unacceptably high, we welcome that some price pressures have started to ease.

The drivers of the moderation in inflation were lower fuel prices from previous war-driven highs, easing vegetable prices from the floods and easing growth in the cost of new dwellings.

We understand that households and businesses are under pressure from rising rates and higher prices brought about by the war in Ukraine, pressures on international supply chains and other challenges ignored for too long.

That's why the upcoming May Budget will strike the right balance between dealing with the immediate challenges in our economy and laying the foundations for a stronger, more secure economy that better safeguards us against global shocks.

We will provide targeted cost-of-living relief that does not add to inflation, address supply side problems and invest in future growth, and make our nation's finances more sustainable.

We recognise that high energy prices are compounding the inflation challenge, which is why the Government's energy relief package is specifically aimed at taking some of the edge off increasing energy bills.

Coupled with action to cap coal costs for power generators, gas price caps under the Government's Energy Price Relief Plan nearly halved wholesale energy prices.

We're also making child care cheaper for more than a million Australian families.

From September, we'll be making medicines even cheaper for millions of people around Australia, by introducing changes which will require fewer visits to the GP and pharmacist.

We're getting wages moving again in responsible ways, including supporting wage rises for workers on minimum and award wages and funding wage increases for aged care workers.

The Albanese Labor Government has the right economic plan to steer Australians through these difficult times.


While we face growing challenges in 2023, we are focused on growing the economy the right way.

That's why our plan for inflation is about providing cost-of-living relief, tackling the supply chain challenges that were left to us and getting wages growing again in a responsible way, while demonstrating spending restraint in the May Budget.



The Hon Dr Jim Chalmers MP
Treasurer

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