

## COST OF LIVING PRESSURES

### TOP LINES:

- The consumer price index (CPI) rose by 2.3 per cent through the year to the September quarter 2014 (up 0.5 per cent for the September quarter). The result was the first to reflect the removal of the carbon price.
  - While it is not possible to quantify the full impact of the removal of the carbon price on the CPI, the immediate effect appears to be a decrease in electricity prices, which fell 5.1 per cent in the quarter.
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### COALITION ACTION:

- The Coalition Government has eased the cost of living by abolishing the carbon tax, with effect from 1 July 2014.

### KEY FACTS AND FIGURES

- On average, abolishing the carbon tax will save households \$550 this financial year.
- The consumer price index (CPI) rose by 2.3 per cent through the year to the September quarter 2014 (up 0.5 per cent for the September quarter) and reflected the removal of the carbon price.
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- The immediate effect of the removal of the carbon price was evident in the sharp 5.1 per cent fall in electricity prices over the quarter. The decrease in electricity prices is broadly consistent with what was expected and is the main expenditure category where the effect was expected to be clearly seen.
  - Electricity prices would otherwise normally rise in the September quarter, as states usually adjust their prices at the start of the financial year.
  - Gas prices rose 1.2 per cent in the quarter, but this would have been higher had it not been for the removal of the carbon price.
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