Institute of Public Affairs MEDIA RELEASE

8 May 2023

FEDERAL GOVERNMENT SPENDING TO DRIVE MORTGAGE PAYMENTS UP $3,000 A YEAR VIA INFLATION

"Forecast increases in Federal Government spending will drive inflation higher, causing average mortgage repayments to increase by over $3,000 per annum, for the next three years," said Daniel Wild Deputy Executive Director of the Institute of Public Affairs.

New economic research released by the IPA shows that increased Federal Government spending, already locked in from last year's October Budget, **will cause average household mortgage repayments to rise by $257 per month, or $3,088 per annum, for the next three years.**

"Australia is in the midst of a cost-of-living crisis with basic household goods and energy bills rising beyond the means of too many Australians. The Treasurer must cut spending in this week's Federal Budget if we have any hope of fixing runaway inflation and household costs," said Mr Wild.

With Federal Government spending estimated to rise by at least 4.6 per cent per annum, this in turn could push Australia's inflation rate up a further 1.6 percentage points over the next three years.

"Reckless levels of government spending are the root cause of Australia's current high inflation rate, and it is households and businesses that get left with the bill," said Mr Wild.

"Governments at all levels must exercise responsible economic leadership through fiscal discipline. The Federal Government has the opportunity this week to take the lead in tackling inflation and the cost-of-living crisis before it's too late."

The new IPA data also demonstrates the devastating impact profligate government spending, which rose 28.9 per cent between 2020 and 2022, as part of the COVID pandemic response, had on household mortgages.

"Spending on the COVID pandemic response from governments has caused the typical monthly mortgage repayment to rise by $554, or over $6,600 per annum, which is the spark that lit Australia's current inflation and cost of living crisis," said Mr Wild.

"Australian families and businesses are facing acute and immediate cost of living pressures, caused by rapidly rising inflation, energy costs, and rising mortgage repayment rates."

"Governments need to cut spending now or we face an economic era of high inflation, in which higher and rising interest rates become the norm."

To download the IPA's research click here.

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