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Hung parliament to cost extra \$1bn in interest IPA calls for PBO costing of cross-bench negotiations

A hung federal parliament risks a credit rating downgrade and higher interest bills on national public debt, according to free market think tank the Institute of Public Affairs.

'If Australia lost its AAA credit rating the interest rate on the Commonwealth government's debt would go up by at least a quarter of a per cent. This would cost taxpayers an additional \$1 billion each year in interest payments. Given our interest bill is already \$12 billion a year and rising, Australia can't afford to be paying an additional 10 per cent in interest each year.'

'The credit ratings agencies have put Australia on notice, saying any budget blowout resulting from political negotiations with the cross-benchers will risk us losing our AAA rating,' said IPA Senior Fellow Dr Mikayla Novak.

'The danger from budget concessions for the cross-bench is that the core policy challenge of budget repair is put off even longer, and our government grows even bigger,' said Dr Novak.

'If the next government has to give concessions to win parliamentary support, such as cash to Arrium Steel in Whyalla, extra agricultural subsidies, or boondoggle regional infrastructure projects, future taxpayers will be forced to wear the additional borrowing costs.'

'This approach would be patently unfair from an intergenerational perspective, and would make the task of repairing the budget even more difficult in the medium term.'

The Institute of Public Affairs believes that any budget concessions to secure a workable parliament must be subject to independent scrutiny.

The IPA calls upon both the Coalition and Labor to refer the cost of any promises they make to cross-bench MPs to the Parliamentary Budget Office, for rigorous and transparent costing.

The Australian public need to know the impact on the budget bottom line of any promises Malcolm Turnbull or Bill Shorten make.

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