



Andrews Government's 'Astonishing' Financial Mismanagement Has Come Back To Bite Them – And It's Hard-working Victorians Who Will Foot The Bill

Publish Date:

May 2023

Tuesday's Budget is yet another missed opportunity in the task of restoring Victoria by eliminating the toxic culture of spending, borrowing, and higher taxation

"If the Victorian Government does not address the budget deficit and rising debt levels, Victoria could face a debt trap in which even more drastic action is required."

That was the key warning from research the Institute of Public Affairs released in October 2022, which found structural budget deficits, cost blowouts, rising debt levels, and low business confidence would lead Victoria into an economic crisis from which there was no escape.

Eight months later, this prediction has proven true – and to an even greater extent than most economists predicted.



According to the State Budget handed down on Tuesday, the Victorian Government has accrued \$31.5 billion in “COVID debt”.

To put it into perspective, Victoria’s COVID debt is \$3 billion greater than the entire state debt of Western Australia.

When Daniel Andrews was elected Premier in November 2014, debt per Victorian was \$3,500.

At the state election last year, it was approaching \$15,000 per Victorian and is now projected to rise to more than \$22,000 by 2026.

The Victorian Government’s own forecasts indicate that annual interest payments to service the state’s debt will cost almost \$8 billion alone by mid-2027.

This means that each year \$8 billion will be diverted away from schools, hospitals and roads to pay for the mistakes of the past.

Worse still, Tuesday’s Budget reveals Victoria’s level of debt is still going to rise.

It remains on track to balloon to \$259 billion by 2035 according to IPA forecasts.

The Victorian Government’s finances have not been in such poor shape since the Cain-Kirner economic collapse of the early 1990s.

However, unlike that point in time, there are no public assets left to sell to fuel Victoria’s recovery.

There is now no other option; Victoria’s rampant debt and expenditure will now have to be paid for by a swag of new taxes on businesses and Victorians families.

Eventually it will mean cuts to basic services, no matter what the Premier says, and cuts to much needed infrastructure funding are already occurring, a prime example being the Airport Rail Project.

When you have dug yourself into a hole, usually the best response is to stop digging, but the prevailing wisdom on Spring Street appears to suggest otherwise.



Premier Daniel Andrews on Tuesday before Treasurer Tim Pallas handed down the state budget at Parliament House. Picture: NCA NewsWire/ Ian Currie

Instead of tackling the government-wide culture of poor financial decision making and unchecked profligacy, the Premier and his ministers have taken the novel approach of trying to blame the Reserve Bank.

Never mind the fact Labor have been in office in Victoria for almost a decade.

Victorian Health Minister Mary-Anne Thomas on Sunday attempted to shift the blame for her government's mass borrowing, saying they followed the advice of "the RBA and other economic commentators".

Daniel Andrews also criticised the reserve bank for making the correct, albeit overdue, decision to



raise interest rates to combat inflation, which at its core has been fuelled by reckless government spending at all levels.

Despite the obvious need for immediate action, debt and spending have increased in this budget, and Victoria is now stuck in the “debt trap” that the IPA and others have been warning about for some time.

While our fears for the state have now been realised, it appears our proposed solutions to the problem are too tough for the its weak-willed leaders.

The Victorian Government must substantially cut spending every year until it is in surplus, cut red tape to incentivise business growth and productivity, implement a freeze on all public sector hiring, and commit to no new or raised taxes in order to improve market confidence.

We cannot tax our way out of this crisis.

But the Andrews Government refuses to admit this, choosing instead to maintain excessive government spending, expand debt, increase red tape on industries, such as native logging, and introduce taxes on businesses and families which have invested for their future.

Victorians who were subject to the world’s longest lockdown will now have to pay for the privilege, at least financially, for the next 10 years thanks to the announced Victorian Government COVID-levies, that, in the best-case scenario, are designed to pay off only a fraction of overall debt.

Tuesday’s Budget is yet another missed opportunity in the task of restoring Victoria by eliminating the toxic culture of spending, borrowing, and higher taxation.

And it is, inevitably, mainstream Victorians who will pay for this astonishing mismanagement.

Original Link:

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Originally published in:

Sky News Australia