

# **IPA MEDIA RELEASE**

Institute of Public Affairs | Australia's leading free market think tank

10 March 2015

## **GOVERNMENT'S DECISION TO ABANDON CUTS A MISTAKE**

The government's decision to abandon its cuts to the car industry subsidies is a poor one and will damage the Australian economy, according to free market think tank the Institute of Public Affairs.

"The government thinks it has removed another 'barnacle' by abandoning these cuts, but they have only created a new one," says Dr Mikayla Novak, Senior Research Fellow at the Institute of Public Affairs.

Today, Industry Minister Ian Macfarlane announced that the government has abandoned its commitment to making cuts to the car industry worth \$500 million.

"Car industry subsidies are a blight on Australian politics," says Dr Novak.

"This example of corporate welfare redistributes funds raised from taxpayers, including many low income earners, to international car manufacturers to boost their profits," says Dr Novak.

The best path forward for the car industry is through liberalising the market, according to Dr Novak.

"Corporate welfare should not exist in the Australian economy. If an industry is providing the public with goods that they want, they would not need government handouts to survive. There is nothing about the car industry that demands government support," says Dr Novak.

"The government should commit to abolishing car industry subsidies, not abandoning their cuts to them," says Dr Novak.

**For media and comment: Dr Mikayla Novak, 0408 873 739 or [mnovak@ipa.org.au](mailto:mnovak@ipa.org.au)**