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11 November 2015

WELFARE REFORM MUST CONTRIBUTE TO BUDGET REPAIR: NEW REPORT

Australia's welfare system is unsustainable and is in need of reform to help Australia's growing budget problem, according to a new report from free market think tank the Institute of Public Affairs.

The report, *Making welfare sustainable: Targeting welfare to those who need it most*, argues that middle and upper classes are still receiving too much in welfare spending from federal and state governments.

"Australia does not have a revenue problem, it has a spending problem, including welfare," says Dr Mikayla Novak, Senior Research Fellow at the Institute of Public Affairs and the author of the report.

"Spending reductions must do the heavy lifting of budget repair, and ensuring an improved targeting system for welfare payments and social services should be a part of this reform."

"Middle income earning households on average receive more in benefits (\$462 per week) than they pay in taxes (\$348 per week). This is simply unsustainable," says Dr Novak.

"Even rich households in the top 20 per cent of the income distribution are receiving up to a total of \$23 billion per annum from the welfare system, mainly in education and health benefits."

The report also shows what would happen if welfare spending was directed toward those in genuine need.

"If welfare spending was only allocated to people on the poverty line, then each eligible person would receive \$48,923 per year, which is considerably greater than what single people presently receive on payments such as Newstart and the Age Pension," says Dr Novak.

"This captures the essence of the government over-spending problem. The federal government is spending more and more on subsidies despite our budget problems, and what is being spent is not going to those who actually need help," says Dr Novak.

The report, *Making welfare sustainable: Targeting welfare to those who need it most*, is available [here](#).

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