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VICTORIA'S BUDGET STANDSTILL AS DEBT CONTINUES TO MOUNT

The Victorian government has today released a 'steady-as-she-goes' budget which does not address the core challenge of restraining the size of government, according to free market think tank the Institute of Public Affairs.

In response to a fiscal environment in which short-term revenues are lower than previously expected, the government has proposed what it describes as a 'tough' budget for difficult times.

'While there are some good measures in the Budget, such as cuts to WorkCover premiums, depicting this Budget as a tough plan for difficult times doesn't stand up to closer scrutiny,' IPA Research Fellow Ms Julie Novak said.

'General government expenses are projected to increase by nine per cent over the forward estimates, to a total of \$52.5 billion by 2015-16. The budget savings announced in the last two budgets, up to \$5.1 billion, are a mere drop in the ocean in a sea of big government left behind by the Brumby government.'

The announced public sector job cuts, while welcome, do little to alter the existing architecture of the Victorian state bureaucracy.

'Total cuts to public sector jobs of 4,200 over two years is equivalent to a reduction in numbers of only 1.26 per cent to a 333,600-strong Victorian public sector. The announced job savings are pitiful,' Ms Novak said.

The greatest concern about the 2012-13 Budget is that the government has signaled its intention to increase government net debt in the out-years even further, in a contradiction of pre-election promises to reduce the debt overhang of the previous Brumby Labor government.

'The forecast increase in state debt signals the government's intention to spend like a big-government today, forcing taxpayers hampered by cost-of-living pressures to foot the bill later.'

'And instead of picking winners with Soviet-style manufacturing blueprints and an additional \$58 million splash for manufacturers, why doesn't the government instead cut spending and hand excess tax collections back to the community?' Ms Novak said.

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