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TASMANIA REMAINS IN BUDGET QUAGMIRE

“The Tasmanian state budget, released today, is an indictment on the performance of a Giddings government unable or unwilling to promote economic growth and reduce the size of government,” said Ms Julie Novak, Research Fellow at the Institute of Public Affairs, a free market think tank.

“The budget papers show that Tasmania is experiencing anaemic, below-trend growth of 1.25 per cent this year, which is expected to carry through to next year.”

“And the government’s announcement of tax increases for conveyance and insurance duties, and for taxes on motor vehicles, means a further loss in business competitiveness at a time when the state is desperate for more growth.”

The 2012-13 Tasmanian budget also highlights the Giddings government’s ongoing timidity in substantially reining in government expenditure, as part of a broader strategy to ease taxpayer burdens and make Tasmania an attractive place to invest and do business.

“The government lauds itself on its additional savings measures totalling \$68 million spread over four years, but these are more than wiped out by an expected \$183 million in general government spending in the next financial year alone,” Ms Novak said.

“And while Tasmanians are being urged to tighten their own belts, the government wastefully spends on major events funding, implementing a plastic bag ban, and grants to NGOs as if taxpayer funds can be used without due consideration for fiscal prudence.”

“The government also hands out costly energy concession freebies to favoured constituents, but it should instead have agreed to all the Energy Expert Panel’s recommendations on electricity market competition and privatisation to restrain price increases and improve energy efficiency,” Ms Novak said.

“The budget also reveals, for the first time, the true cost of the Fair Work Australia decision to gift social workers a huge pay rise, with state taxpayers slugged an extra \$30 million over four years.”

“The spending addiction of this government is exemplified by the fact that the state’s general government sector is expected to re-join the national and international public net debt club from 2013.”

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