

# IPA MEDIA RELEASE

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## AUSTRALIA'S BIG GOVERNMENT REACHES RECORD HIGHS

Analysis of historical trends of the size of commonwealth, state and local governments, released today by free market think tank the Institute of Public Affairs, shows that current public sector size is among its highest point since World War II.

“Bigger government means less space for individuals, the private sector and communities to make decisions about their own lives. Big government is a big problem because it reduces individual freedom and economic opportunity,” said IPA Senior Fellow Dr Julie Novak.

“Public expenditure by all levels of Australian government, as a share of gross domestic product (GDP), is now about 39 per cent. Prior to the global financial crisis (GFC), in 2007-08, the spending-to-GDP ratio was 35.8 per cent. Prior to the election of the Whitlam government in December 1972 it was 27 per cent of GDP. This represents a massive increase in the size of government in Australia.

“Confirming the ‘spend at all costs’ philosophy of successive governments, the long term trend has been for public sector spending to increase, regardless of volatile fluctuations in revenue collections.

“Indeed, governments have exhibited a recent over-spending problem, with the expenditure-to-GDP ratio climbing whilst the revenue-to-GDP ratio has fallen, leaving a legacy of multi-year budget deficits and burgeoning debts,” said Dr Novak.

Another indication of the larger size of Australian governments is the significant growth in the regulatory burden over recent decades.

“Every single year state and federal governments pass roughly 25,000 pages of legislation that regulate the lives of the Australian people. In 1983 the same figure was just 10,700.

“In some respects, it is only now, when economic conditions have been weaker than normal, that the economic costs of over-regulation have become evident to the community,” Dr Novak said.

Other measures of Australian government size - including public sector employment, welfare dependency, numbers of ministries and government agencies, and numbers of policy decisions taken - have been included in the latest IPA research. All point to growing government.

“The IPA research provides the most comprehensive historical account of government size ever undertaken in Australia, and is designed to provide the general public with crucial information about long term trends in government intervention,” Dr Novak said.

Copies of the IPA report, *Australia's Big Government, by the Numbers*, can be found at [www.ipa.org.au](http://www.ipa.org.au)

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