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FAILED BUDGET COMPOUNDED BY BABY BONUS TRICKERY: IPA

The Gillard government proposal to abolish the Baby Bonus scheme in the 2012-13 Budget will be more than nullified by the ballooning welfare state, according to free market think tank the Institute of Public Affairs.

'Abolishing the Baby Bonus has long been advocated by the IPA, and so the proposal to wipe this wasteful program off the spending books is welcome,' said IPA Senior Fellow Dr Julie Novak.

'However, this announcement is a case of 'too little, too late' for a federal Budget already deep in deficit and public debt.'

'Big-government welfare recklessly keeps growing, with the Baby Bonus absorbed into Family Tax Benefit, and other huge increases in social spending in the fiscal pipeline, such as the National Disability Insurance Scheme and the Gonski school funding package.'

The legacy of the Rudd-Gillard government on budgetary and fiscal management, from 2008-09 to 2012-13, can be assessed using a few simple criteria:

- Revenue: Despite government complaints of a 'revenue write-down,' general government revenues have risen from \$299 billion to \$360 billion; taxes have risen by \$60 billion over five years due, in part, to a raft of tax increases such as rising alcohol, fuel and tobacco excises, closure of income tax relief, and new carbon, mining and superannuation taxes.
- Government spending: General government expenditures have risen by \$57 billion over five years, from \$325 billion to \$381 billion, with much of this growth driven by the unnecessary fiscal stimulus program and middle-class welfare state transfers.
- Budget deficit: Treasurer Swan has not delivered a budget surplus in his five years in office with cumulative cash deficits totalling \$192 billion, including a \$19.4 billion deficit in 2012-13 despite previous assurances to deliver a surplus.
- Public debt: General government gross debt increased from \$121 billion to \$303 billion, whereas net debt rose from *minus* \$5 billion (representing net assets on the balance sheet) to \$162 billion.
- Public sector employment: General government employment (including defence personnel) has risen by about 6,000 staff since the first Swan budget, from 250,566 people (full-time equivalent basis) to 256,631.

'The fact is that the government has engineered an unprecedented period of fiscal profligacy, deserving nothing less than the censure of voters at the next federal election,' Dr Novak said.

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