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## **RUDD TAX SURGE A DISASTER FOR WORKING AUSTRALIANS: IPA**

The Rudd government's Economic Statement, released today, reveals a raft of damaging tax hikes to bankroll a continuing spending splurge over the next few years, according to free market think tank the Institute of Public Affairs.

'The Economic Statement is littered with tax increases, and is not a credible plan for systematically dealing with Australia's overspending problem,' said IPA Senior Fellow Dr Julie Novak.

'The bank deposits tax has already caused damage to bank shareholders and superannuants with bank shares in their portfolios, as \$4 billion was wiped from bank share values this week alone.'

'Savers are likely to be punished for this measure, which is expected to raise \$733 million at the end of the forward estimates period, as banks are forced to pass on the tax through lower interest rates on deposits.'

'Contrary to government rhetoric, the tax is not an 'insurance premium' paid by bailed out bankers, but a cynical revenue grab from savers,' said Dr Novak.

Other tax measures announced in the Economic Statement will also have adverse impacts on individuals and families.

'The 60 per cent jump in the tobacco excise, raising \$5.3 billion extra over the next four years, is a regressive tax-increase measure hurting low income families the most,' said Dr Novak.

While the spending reductions announced in the Statement, such as slowing the growth of the foreign aid budget, are a welcome start, they are of insufficient scale to systematically reduce the size of Australian government.

'The spending cuts have been dwarfed by new spending increases totalling \$1.4 billion this financial year alone, and so the budget bottom line position has worsened appreciably since the May Budget,' said Dr Novak.

'Despite its promise to deliver a budget surplus sometime in the future, the fiscal management practices of the Rudd government so far has featured a lack of discipline in cleaning up the fiscal mess it itself has made.'

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