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NEW REPORT REVEALS MISSING \$129b IN INFRASTRUCTURE SPENDING

New research released today by the Institute of Public Affairs shows that the increase in federal government debt since the global financial crisis was misspent. The research reveals that whilst the federal government borrowed \$266 billion between 2008-2009 and 2013-14, a total of only \$137.3 billion was spent by the federal government on infrastructure programs during that period.

“This means that there is at least \$129 billion that could have been spent on long term productive assets such as infrastructure that was instead spent on other purposes,” says Dr Mikayla Novak, Senior Research Fellow at the Institute of Public Affairs and the author of the report.

At best, just over half of the debt increase could be said to have been spent on productive infrastructure, with a significant share of the debt financing recurrent spending.

The report, *Canberra's debt problem: Where's the money gone?*, argues that if the federal government is going to go into debt then it should at least spend those borrowings on productive infrastructure. Instead, a large proportion of the spending went to recurrent spending programs, such as welfare.

“This is a very damaging finding. The federal government did not borrow money to invest in productive infrastructure that could generate a positive return in the future. Instead, they spent much of the debt simply financing the day-to-day expenses of government.”

“The federal government has to get serious about returning Australia to surplus. The best way to do that is by reducing recurrent spending. Australia simply cannot afford to continue to fund the normal activities of government with increased borrowings.”

“Australia's public debt is not a far-off problem, it is a problem right now and the Australian economy is suffering. Urgent reform is needed to avert fiscal disaster,” says Dr Novak.

***Canberra's debt problem: Where's the money gone?*, is available to download here:**

<http://www.ipa.org.au/publications/2389/canberra's-debt-problem:-where's-the-money-gone->

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