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ANDREWS' POLICIES PUT VIC SURPLUS AT RISK: IPA

The halving of the Victorian budget surplus reveals a worrying new deterioration in the state's financial management standards, according to free market think tank the Institute of Public Affairs.

"Fresh into its first term of office, the Andrews government plans a significant uplift in spending when the Victorian economy can least afford it," says Dr Mikayla Novak, Senior Research Fellow at the Institute of Public Affairs.

"The surplus over the next three years will fall from an estimated \$9.5 billion under the previous Napthine Government to about \$4 billion, with almost all of this reduction attributed to spending growth of three per cent over the next four years," says Dr Novak.

After weak short term economic growth compared with the 2014-15 Budget forecasts, the government is looking to help underwrite spending growth on a gamble to tax highly mobile foreign homebuyers.

"A lowlight of this budget is the shameless and xenophobic tax imposts on foreign home buyers, raising \$333 million over four years," says Dr Novak.

"This unconscionable measure will certainly make foreign investors think twice about purchasing properties here."

"It deprives Victorians of the opportunity to sell their homes to whomever they choose, and is an affront to Victoria's reputation as a tolerant, multicultural society open to all newcomers," says Dr Novak.

The recent announcement of a Western Distributor toll road, replacing the previous government's East-West link plan, also comes at great financial risk to Victorian taxpayers.

"Cancelling the East-West link to assuage inner city Green concerns was an indictment, exposing Victoria to sovereign risk concerns. And this new toll road plan by Premier Andrews creates new problems by holding the new toll road developers hostage to potential union interference," says Dr Novak.

"As major project failures throughout the state showed, such as the Wonthaggi desalination plant, union closed shop arrangements unnecessarily inflate project costs and exert undue delays."

"The new state Government needs to urgently reduce CFMEU influence in its ranks to help restore Victoria as a high growth, competitive economy," says Dr Novak.

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