

InToWin Australia - “A Platform for Participation in Improved Political Performance”

Chapter 3 – A building needs more than good foundations

3.2 Governments spend OUR money

Governments don't have money of their own. They raise their funding from all of us, spend it according to their priorities and ultimately take no responsibility for repaying the debts they incur. Think about that for a moment. How careful would you be if you could spend whatever you wanted, on whatever you wanted, without being responsible for repayment? I'm guessing that the most likely outcome would be a collection of irresponsible purchases, inefficient spending habits and burgeoning debt. And surprise, surprise - that is just what has happened!

Over the last few decades Federal and State governments have interpreted their Constitutionally established roles more and more broadly, leading to increased interventions in society's day-to-day running. The resultant growth in expenditure all has to be funded somehow. Annual costs within government budgets have increased from \$300 billion in 2007 to \$650 billion in 2017. In that ten year period, Federal government debt has grown from \$60 billion to over \$550 billion, and total government debts to over \$750 billion. This debt is real – it will have to be repaid – by you and me, by our children – perhaps even by our grandchildren.

Governments are supposed to exert control over the accumulation of debt. They used to set and abide by statutory limits. In 2007 the Rudd Government set the Federal debt ceiling at \$75 billion. This was increased to \$200 billion in 2009, \$250 billion in 2011 and \$300 billion in May 2012. After Treasurer Joe Hockey requested Parliament's approval for an increase in the debt limit to \$500 billion in November 2013, the concept of a ceiling was effectively thrown out. We now rely on fiscal prudence – and suffer from fiscal incompetence.

Government over-spending and inefficiency is not a figment of my imagination. It is well researched, well understood and very well entrenched! The 2014 “Commission of Audit “ was an investigation into government spending established by the Liberal government of the day. That report highlighted excessive costs and rising inefficiencies, resulting from a lack of clarity in the roles and responsibilities of various levels of government.

In it's summary findings, the Commission put it bluntly –
“We have to restrain spending, rebuild our financial capacity and restore the buffer needed to shock-proof the economy from a future crisis....The aspiration is for more responsible government – to spend taxpayers' money wisely and focus more on what governments should do, rather than on those things that citizens can best do

for themselves.....The Commission believes that 'business as usual' is not a viable option for Australia. Unless we take action now, there is a very real prospect of an unprecedented run of budget deficits and a build up in net debt. This would place a significant burden on future generations to bring the Budget back under control."

Despite commissioning the review, governments have done precious little since this report to halt the growth of deficits and debt. No doubt the final report and it's recommendations lies gathering dust, along with so many other reviews, in the government's famous lost filing cabinets!

I'm starting to feel angry. Where is all this money going? I will look at one of the big budget items next time.