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**TITLE: Budget hacks away at our core principals**

**AUTHOR: Matt Grudnoff**

**PUBLICATION: The Drum**

**PUBLICATION DATE: 15/05/14**

**LINK: [www.abc.net.au](http://www.abc.net.au)**

The Government says our education system, our health care, our pensions and our social safety net are unsustainable. The big question I have is why?

Every prime minister since Whitlam has managed to maintain the principles of universal health care and education. They have managed to maintain help to our elderly and less fortunate. Why has this Government so completely failed?

They vaguely blame Labor's spending but even if the evidence showed that, and it doesn't, why don't they simply wind back those spending programs that make the budget unsustainable? Universal health care, the social safety net, pensions for our elderly - they all existed before the last Labor government.

The Government's budget emergency is the cover they are using to drive the changes, but even then you would be hard pressed to find an economist who agrees that the budget is in crisis.

The fact is that the rhetoric the Government is spinning about the sudden and simultaneously unsustainability of so many parts of the budget is a lie.

Yes the Government does need to push the budget back to a surplus but only when economic growth has strengthened.

Tax revenue, which has been savagely cut over the last eight years, is down as a percentage of GDP from its long run average. The revenue hole in this budget will need to be plugged but since it has come from a revenue shortfall it should not be fixed with further spending cuts.

For a long time both sides of Parliament have advocated lower taxes without conceding the obvious point that lower taxes means fewer services. So now we are one of the lowest taxed countries in the developed world and when the Government goes to again cut, it starts to cut away at our principles of universal health care and education.

The deceit in this Budget is the unwillingness of the Government to say that the services that Australians have come to expect from their government can be sustainably provided - but not if we continue to cut taxes.

Instead the Abbott Government has fabricated a "crisis" and is making ridiculous claims that all of the main budget programs are suddenly unsustainable.

They do this to avoid saying to the public that you can't have very low taxes and world class services.

So the Government is now intent on destroying services that Australians find important, such as universal health care and the aged pension.

It doesn't dare attack these services directly, however. Too many Australians would be upset if they openly declared an end to universal healthcare.

Instead they are doing it by the back door. One of the strangest parts of the Budget that most people will have missed is that hospital and school funding will soon be linked to the consumer price index (CPI).

The CPI is a measure of inflation but it is important to understand that it measures how much prices increase for an *average household*. Just what that has to do with the cost of running a hospital or school is left unexplained.

It leaves us in the very odd situation where a cyclone that wipes out Queensland's banana crop will increase the CPI and hence hospital funding. But also if tariffs are removed and the price of cars goes down the CPI will fall and schools will get less funding.

The major cost in running both hospitals and schools is the wages of teachers, nurses and doctors. These generally rise with wages, which on average is about 1 per cent higher than the CPI. That is the CPI grows on average at about 2.5 per cent while average wages rise at about 3.5 per cent.

This means that funding to hospitals and schools is effectively being cut by 1 per cent a year. This means that Australia's health services and our world class education system slowly dies.

And when these systems inevitably begin to fail the Government will come back and insist that to prop them up we need to collect more money from users.

We see this already with the deregulation of university fees and a co-payment for seeing the doctor. Death by a thousand cuts.

Hospitals and schools were not the only things to be indexed to the CPI. Pensions will soon move to the same rate of indexation with similar results. The elderly and disabled will over time find it increasingly difficult to survive on a pension that is already very low. Another expectation of the Australian people will be quietly cut away.

This is the point in time that people need to think about how important these things are to us as a nation. Maybe we are through with universal health care and education. Maybe we don't think we need to support our elderly or have a safety net for those on low incomes. Maybe we all want lower taxes and fewer services.

But before we go down that path let us at least have an honest discussion about where we are headed.

Do we want a health system where the first question from the paramedic isn't "what's wrong" but is rather "do you have medical insurance"?

Do we want an education system where the size of your bank account is more important than how smart you are?

Do we want aged care that relies on the family looking after the elderly?

Because there are plenty of countries around the world where this is the case. Australia is rather unique in the world, but we certainly don't have to remain like this.

The idea that everything in the Budget has suddenly become unsustainable and can only be fixed by gutting our safety net, our health care and education systems is clearly wrong.

This Budget is the first step down a path to a very different Australia.

*Matt Grudnoff is a senior economist at The Australia Institute, a Canberra-based think tank, [www.tai.org.au](http://www.tai.org.au)*