The Hon Josh Frydenberg MP

The Treasury

Langton Crescent

Parkes ACT 2600

Australia

29 January 2021

Dear Mr Treasurer

Thank you for the opportunity to provide a submission regarding priorities for the 2021-22 Commonwealth Budget. Please find enclosed three research reports from the Institute of Public Affairs which constitute our pre-Budget submission.

* *Selling Australia’s Future: Why government debt matters and how to return to surplus* outlines the current debt situation and models different scenarios over the medium-term considering different interest rate and economic growth assumptions. We find that the Budget could return to surplus by 2031-32 if non-state allocated spending growth is reduced to an average of 4% (from the current 5%) over the next decade.
* *Economic Scars: How the lockdowns have permanently disfigured the Australian economy* provides five key pieces of evidence that lockdowns, rather than ‘freezing’ the economy in place, disfigured it. The number of people receiving JobSeeker failed to decline even as States eased lockdown measures; almost all the net increase in jobs between May and August were part-time; the public sector continued to add jobs throughout the crisis, and all job losses were suffered in the private sector; young people were disproportionately impacted by job losses and are in a state of structurally high unemployment; and small businesses were placed under disproportionate strain compared to their larger counterparts.
* *How Red Tape Stops Business and Job Creation* finds that the growth of regulation between 2004-05 and 2018-19 is responsible for up to 398,000 businesses never being created, costing up to 894,400 jobs and $26.3 billion in wages that were never paid.

I hope this research proves useful in the context of the 2021-22 Budget, and welcome any opportunities to provide further information and evidence.

Kind regards,

**Cian Hussey**

**Research Fellow**
**Institute of Public Affairs**