

Labor's debt apocalypse is upon us

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The Albanese government has spectacularly failed on every level. Instead of pricking the Covid-inspired spending balloon it inherited, Labor has poured debt-financed money into the economy bringing debt to its present \$948 billion with another \$200 billion earmarked for the next two years and \$45 billion in off-budget spending through *Rewiring the Nation*, the *Housing Australia Future Fund*, and the *National Reconstruction Fund*.

The period from the election of the Albanese government to the third quarter of 2024 saw Australian living standards fall by 5.3 per cent, more

than those of any other OECD country and a near mirror image of the OECD average *increase* of 5.5 per cent.

Even the lacklustre 0.6 per cent GDP growth in the December quarter lifted real income per capita by a miserable 0.1 per cent and one-third of the measured value was increased government spending – a component that represents low or even negative real income effects.

Officials before a [Senate Finance Committee](#) acknowledged that fully 83 per cent of jobs created in the past year were in the ‘non-market’, government-financed sector. They represented jobs that consumers would not willingly pay for. Some such jobs (police, fire service, road building) are collectively provided and deliver services as valuable as those that individuals actually seek and pay for. But this is not the case with others.

As [Elon Musk](#) has said, you could shift everyone who is building cars to working at the Department of Motor Vehicles. That would result in no cars and a much worse standard of living, but GDP would appear to be the same!

Much of government spending is actually harmful.

Not only has the government recreated the budget as a national spendathon, it has also turbocharged the energy price increases fostered by the subsidies and regulations of the Rudd/Gillard and Turnbull/Morrison governments.

These policies have a long tail of ongoing costs. A new Cato Institute paper illustrates this in its analysis of the tax credits and obligations given to US renewable energy. Biden’s absurdly named *Inflation Reduction Act*, largely comprising subsidies to these expenditures, passed Congress with an estimated price tag at \$369 billion and \$383 billion over 10 years. Cato researchers estimate the full cost to be \$4.7 trillion by 2050!

This occurs as a result of production tax credits and investment credits in the US. In Australia, a wind farm gets a subsidy under the *Renewable*

Energy Target that lasts for its life – say 25 years. That subsidy results from obligations placed on retailers (and hence customers) to incorporate increasing amounts of wind/solar energy within their total supplies. The resultant benefit to the wind/solar suppliers (at the expense of energy consumers) has varied between \$35 and \$92 per MWh on top of the revenue from selling its energy. That revenue, until the renewable subsidies finally drove out low-cost coal, was around \$40 per MWh, but is now over \$100 per MWh and under current policies will only increase. The revenue from regulatory measures is now being replaced by government purchasing electricity directly under the *Capacity Investment Scheme* whereby the government is to spend \$68 billion over the next five years in direct contracts for wind solar and batteries. The public is ponying up \$16 billion a year in subsidies, the adverse effects of which on consumers are amplified by a consequential lift in the price of all electricity. This has lifted the national market cost of electricity from its former \$16 billion to \$34 billion, in line with their market share, 30 per cent of this accrues to renewables suppliers.

It is little wonder that the beneficiaries from that policy will pour hundreds of millions of dollars into bankrolling politicians, journalists, academics and others to promote the so-called benefits of ‘clean energy’ and the ‘climate emergency’.

Donald Trump recognised the in-built cost of the policies that the Deep State had accumulated (and accelerated in Biden’s tenure). During the election campaign he had people assessing where the cash hand-out bodies were buried and, with the DOGE, moved quickly to try to staunch the outlays of existing scams as well as turning off the tap on new ones.

The energy policies followed by the present government are already proving unworkable. Many renewable proposals are facing push-back from those disadvantaged by them in rural and coastal areas; the renewables

themselves are not showing the cost declines that were posited for them and are increasing the susceptibility to national black-outs; and economics is forcing even climate fanatics to abandon the hydrogen chimera. But the programs have a momentum that needs to be quickly addressed by an incoming government's DOGE would comprise

- Eliminating all grants, loans and subsidies to power plants
- Where possible clawing back those expenditures with long tails, perhaps with a windfall profit tax on renewables
- Reducing the regulatory constraints on new coal and gas generators and copying the nuclear power regulations that Korea uses
- Dismissing the senior management in the departments of Climate Change and Energy and of Environment

Although timid in differentiating itself from Albanese government policies, the Liberals plans to follow the DOGE example, placing Senator Jacinta Nampijinpa Price as the Elon Musk equivalent. So far, we have little information on what is to be targeted.

As with Musk, an Australian DOGE would be facing a hostile bureaucracy that will present a considerable barrier. Over a century ago, President [Calvin Coolidge](#) identified the issue saying, 'Every dollar that we carelessly waste means that (people's life) will be so much more meager. Every dollar that we prudently save means that their life will be so much more abundant.'