



MEDIA RELEASE

THE HON JOE HOCKEY MP

SHADOW TREASURER

A SHAMELESS CON

This Budget confirms that Kevin Rudd and Wayne Swan are addicted to spending and allergic to tough decisions.

This is another big taxing, big spending Labor Budget with no serious reform.

The Budget assumes less smoking with higher tobacco taxes, yet it assumes more investment with massively higher mining taxes.

Kevin Rudd and Wayne Swan are asking the Australian people to trust them to deliver a Budget outcome that is based on the most favourable terms of trade in 60 years, assumes a significant increase in investment in resources and assumes no new additional Government expenditure between now and 2014.

The Budget's return to surplus relies upon a great big new tax on Australia's resources sector, not tough decisions.

This great big new mining tax is a dagger to the heart of the Australian economy, putting major projects at risk and sending jobs offshore.

Mr Rudd and Mr Swan want to sacrifice Australia's future economic prosperity to improve the numbers in this Budget's bottom line.

Spending in this Budget will increase by \$26 billion over the next three years relative to last year's record spending forecast.

The Government will have to borrow over \$700 million a week to fund its reckless and wasteful spending – putting upward pressure on interest rates and the cost of living for Australian families.

Interest on net government debt will be \$4.6 billion in 2010/11.

By 2012/13 the Government will be spending \$6.5 billion a year on interest payments.

The peak debt bill of \$93.7 billion will be the amount owed by the Australian people to pay for Kevin Rudd's spending spree.

The Government has not taken a single tough decision to rein in its reckless and wasteful spending. The improvement in the Budget's fiscal position is a direct result of a growing economy and stronger terms of trade combined with tax hikes on miners and cigarettes and an attack on private health insurance.

The Budget also exposes the costs of the Government's waste, mismanagement and policy failures, including a \$1 billion blowout as a result of Kevin Rudd weakening Australia's borders and \$1 billion being spent to fix Labor's tragic home insulation mess.

TAX:

The Government's \$9 billion a year mining tax will damage the sector of the Australian economy which did the most to see us through the Global Financial Crisis. Already this reckless decision has resulted in BHP casting doubt over the \$20 billion expansion of Olympic Dam, Santos deferring a decision on a \$15 billion LNG export-terminal in Gladstone, Xstrata suspending a \$30 million regional exploration programme, and Origin Energy predicting increases in domestic energy and fuel prices.

Small business across Australia will be deeply concerned by the additional \$445 million that Mr Rudd and Mr Swan will be giving to the Australian Taxation Office for increased compliance.

BILLION DOLLAR BOAT BLOWOUT:

Labor's Budget reveals the economic cost of Kevin Rudd losing control of Australia's borders.

Offshore asylum seeker management has blown-out by a massive \$777 million since last year's Budget. This blow-out in offshore management costs has occurred at the same time as Kevin Rudd has walked away from his commitment to universal offshore processing. Labor will spend an additional \$202 million on accommodation for illegal arrivals both on Christmas Island and on the Australian mainland in Darwin, Sydney and Port Augusta.

HOME INSULATION PROGRAMME:

The Budget confirms that Kevin Rudd's home insulation disaster will cost at least \$1 billion to fix, with thousands of homes across Australia still not inspected in the aftermath of the scheme's cancellation. The Home Insulation programme which has been linked to four deaths and resulted in 240,000 dangerous and dodgy insulation jobs, 1,000 electrified roofs, and 120 house fires, will now cost the Budget a further \$1 billion. This programme is the most monumental failure of government policy in living memory.

LABOR SPIN ON SKILLS, EDUCATION AND EMPLOYMENT:

By setting a target for full employment at an unemployment rate of 4.75 per cent in 2012, the Government is effectively giving up on the employment prospects of 75,000 Australians.

The Government's promise of a \$661 million for skills investment re-badges \$601 million of existing spending, including a \$456 million cut in the Productivity Places Programme.

Further delays in the Julia Gillard school halls programme will mean that \$500 million of stimulus funding will not be spent until 2011/12, at least three years after the Global Financial Crisis.

HEALTH:

The Budget confirms that Kevin Rudd's health policies will be about more bureaucrats and not better services. The Government will spend around \$500 million to establish new layers of Commonwealth bureaucracy. In less than a month, Kevin Rudd has broken his promise of no net increase in health bureaucrats.

Having broken his election promise and built just two of 36 GP super clinics, Kevin Rudd is now asking the Australian people to trust him to build 23 more. On this conversion rate, Australians can expect this latest promise from Kevin Rudd to deliver just 1.4 extra super clinics.

Furthermore, what the Government isn't telling people is that only 9 of the additional 23 super clinics will be at full scale.

ENVIRONMENT:

Having shelved its response to what Kevin Rudd described as “the greatest moral challenge of our time”, the Budget demonstrates that the Government does not have a credible policy on climate change. The Coalition remains the only major party with a policy that will reduce carbon emissions by five per cent by 2020 while at the same time delivering good environmental outcomes.

But the Budget confirms that Kevin Rudd's original great big new tax on everything – the ETS – will be coming back after the election.

MORE WASTE AND GOVERNMENT ADVERTISING:

In an undisguised election campaign strategy, the Government will spend \$126 million on print, radio and television advertising.

Despite having no climate change policy, the Government will spend \$30 million for another climate change advertising campaign.

The Government will also spend \$38.5 million over two years to advertise the outcomes of the Henry Tax Review even though they only adopted a handful of the Review's 138 recommendations.

Despite having not even introduced their Paid Parental Leave (PPL) legislation into the Parliament, for the second Budget year running, the Government has committed funding for PPL advertising to a new total of \$12 million.

The Prime Minister's daily PR spin on hospitals will continue with a new \$29.5 million advertising campaign to sell their health package even though Western Australia has not signed on and all new beds won't even be delivered until 2013-14.

With broadband services under the NBN still years away, the Rudd Government has committed \$16 million over two years, including \$7.6 million in the current financial year, on an NBN advertising campaign while at the same time, cutting \$16.4 million from the previous Coalition Government's 'Australian Broadband Guarantee' programme which ensured fast and affordable broadband.

It would appear that politically motivated government advertising is more important to Kevin Rudd than the \$21.2 million programme to combat illicit drugs, from which he has cut \$4 million.

DEFENCE

Wayne Swan's Budget delivers Kevin Rudd's priorities to Defence – more bureaucrats and less to the front line, increasing civilian numbers by 1,500 and cutting the number of uniform personnel by 500. The Budget will also place greater pressure on recruitment and retention in the ADF with further cuts to the successful defence gap year programme.

INFRASTRUCTURE:

The Budget does not invest a single additional dollar in Australia's major road networks. There is no additional funding for the duplication of the Pacific Highway, making a farce of Kevin Rudd's commitment to finish the duplication by 2016 – another broken promise.

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