

Budget Briefing

Understanding the 2015 Budget

Senator Scott Ludlam and Senator Larissa Waters



The budget itself wasn't just disappointing, it was BORING. This wasn't a budget for a nicer or even meaner, more exciting Mad Max-style Australia like the previous one. This was simply designed to stun the nation into forgetting how terrible the last budget was.

IT WAS AWFUL AND NOW THEY WERE GOING TO TALK ABOUT IT FOR MONTHS!



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“The Budget that was announced this week cannot be separated from the one that preceded it. The 2014 Budget laid the foundations for a cruel and uncertain future, and this week, the Abbott government has cemented those foundations, maintaining cuts that put pressure on Australians. It is a budget that further entrenches the Abbott government’s cruel and ideological attack on the Australian community.”

Richard Di Natale – Australian Greens Leader

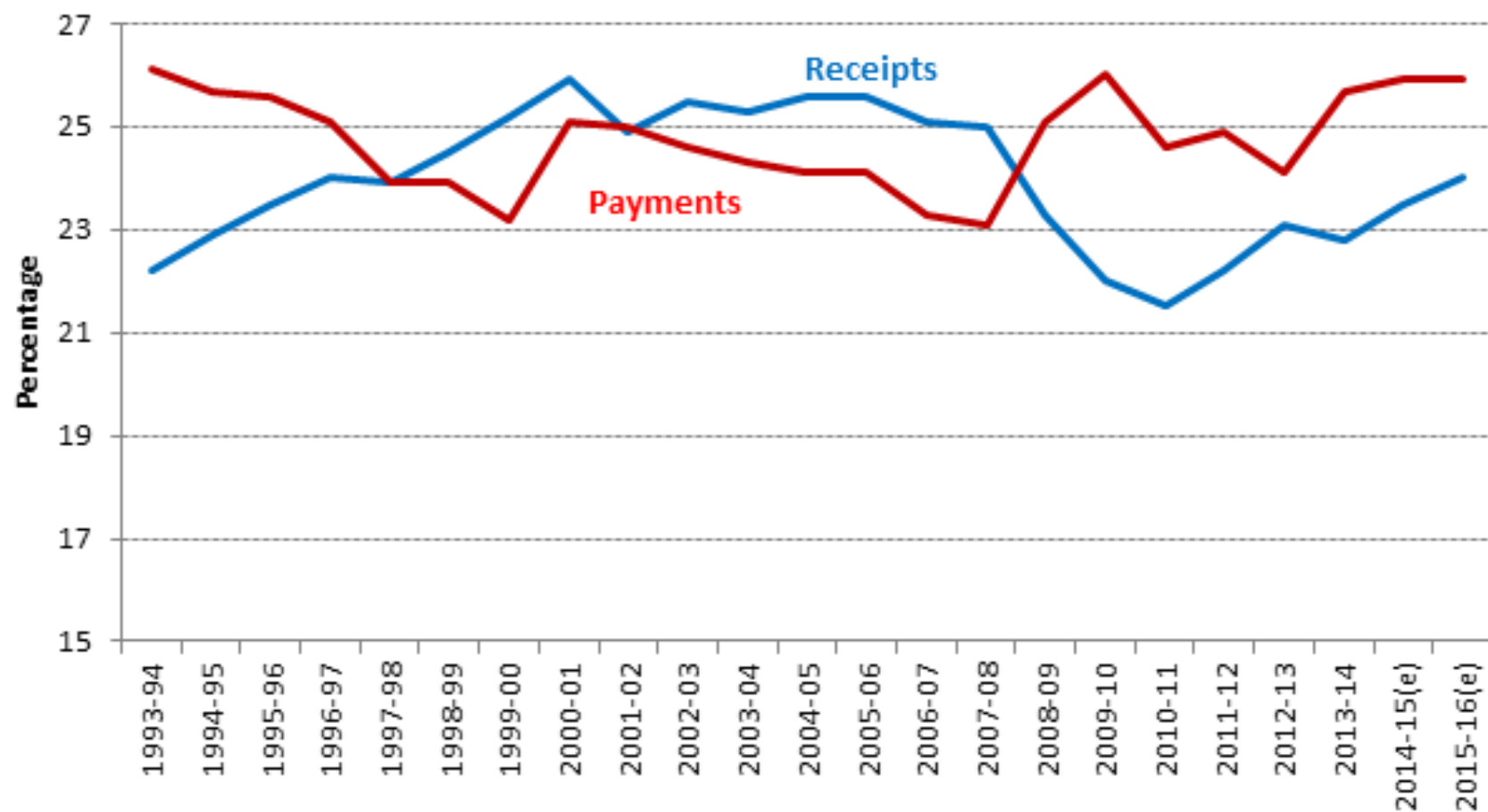
What remains from 2014?

- Tertiary education remains on the chopping block, with university fee deregulation still part of the government's agenda despite being rejected by students across the country.
- Changes to the Family Tax Benefit system remain, putting even more financial pressure on parents around the country.
- The \$80 billion slashed from health and education last year continues to take effect, with no indication these cuts that have caused stress around the country in our public hospitals and schools will be reversed.
- Science and innovation continues to be under attack, with last year's cuts made even deeper through further slashing of funding to Cooperative Research Centres, science funding and innovation. Investment in R&D in Australia is now at record lows.
- The legal aid organisations that help care for the most vulnerable still face great uncertainty around their long-term funding.
- University fees will also be deregulated to enable tertiary institutions to begin charging hundreds of thousands of dollars for courses.
- Attacks on young Australians trying to find work continue, with Earn or Learn remaining a centrepiece of this Government's budget. Tony Abbott fails to understand that whether it is for 1 month or 6 months young people under 25 can't pay the rent or feed themselves if they don't have an income.

Liberal Party Myths: economic management

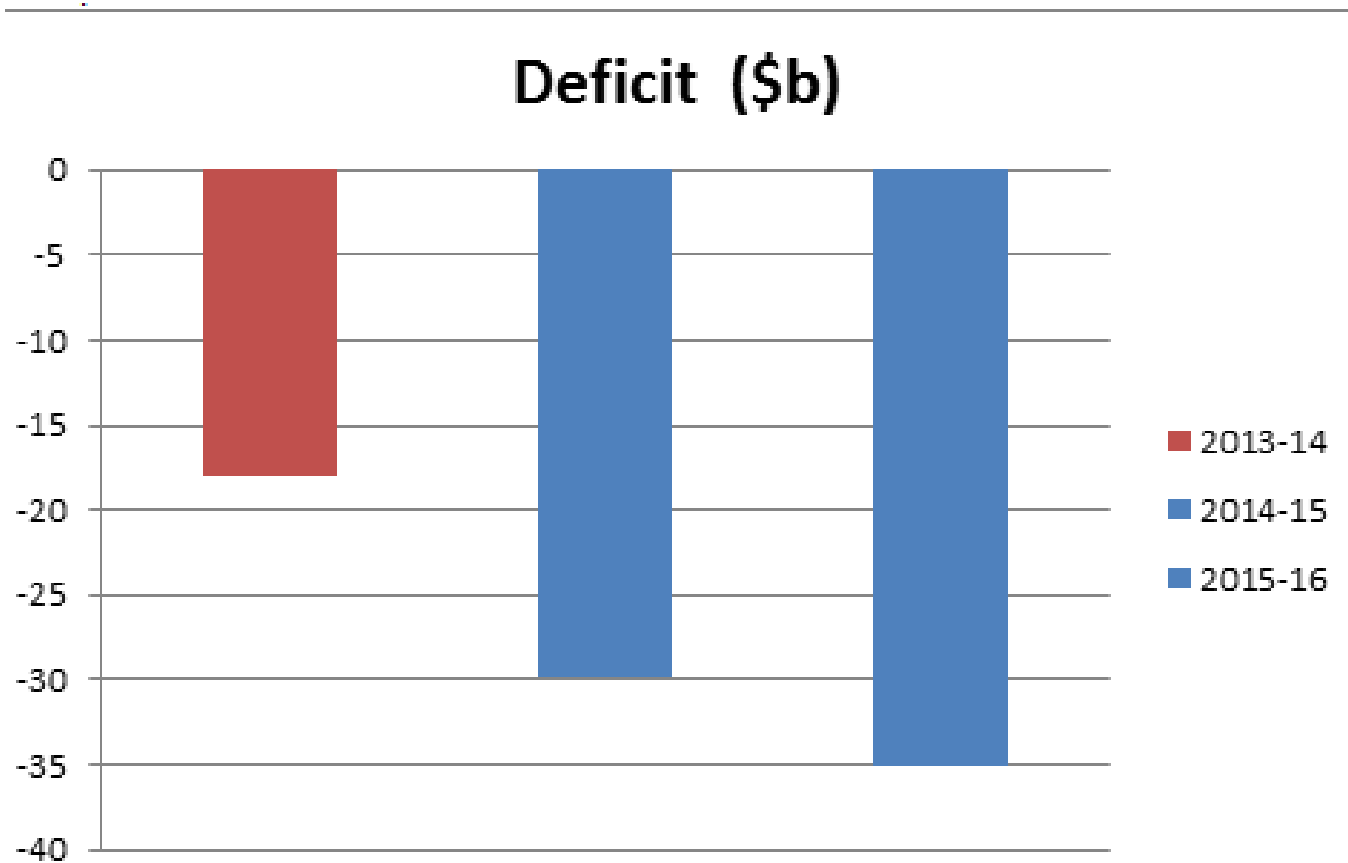
- They will keep saying that they are the superior economic managers, but it is far from true. They are awful at it.
- Unemployment has risen after removing the supposed 'job destroying' mining tax and carbon price, there is no foresight or watching global trends to see where and how we can invest as the mining era recedes and the coal industry starts meeting its inevitable end
- Even if we look beyond the awful ways in which the government want to spend our money, what makes them poor managers is that they only want to look at cutting expenditure.
- Balancing the budget is impossible if you only look at one side of the ledger. We should look at more efficient spending, but economic credibility requires raising revenue too.

Australian Government general government sector receipts and payments as percentage of GDP - 1993-94 to 2015-16(e)



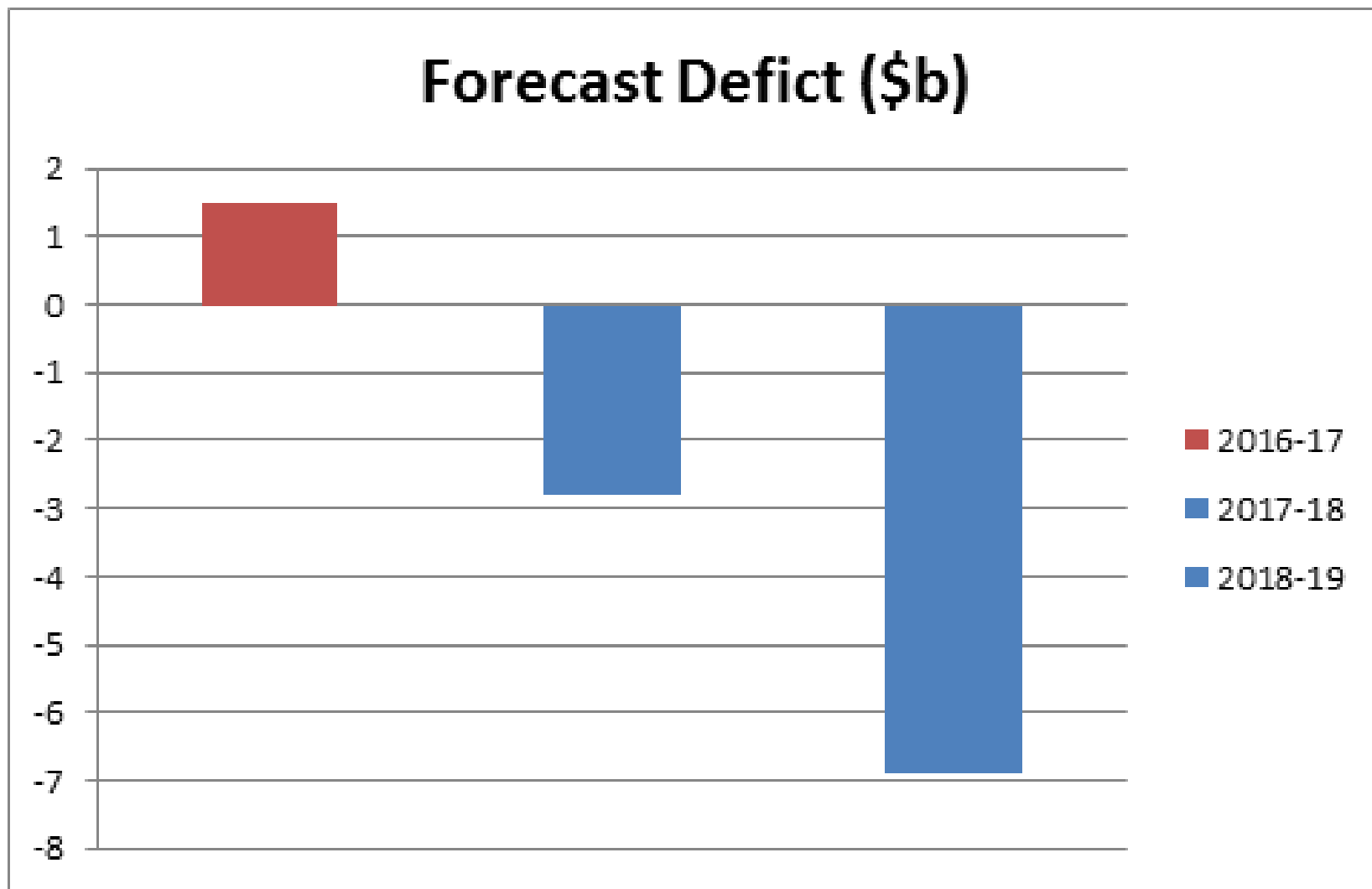
Source: *Budget strategy and outlook: budget paper no. 1: 2015-16*, Statement 10, Table 1.

- This shows the balance between what the government has received and spent since the Keating government until next year's budget. It shows that they have been balanced over the years, with public spending shooting up when recessions, or near recessions have occurred.
- It also shows that despite all the government's talk about cutting spending, it is not making that much impact – it is just staying flat. Meanwhile 80% of the expected rise in revenue is from bracket creep.
- The government is doing nothing but rely on the average Australian's rising income so they can tax them more. Very sneaky and against their ideology, but they would rather do nothing than introduce a new measure.

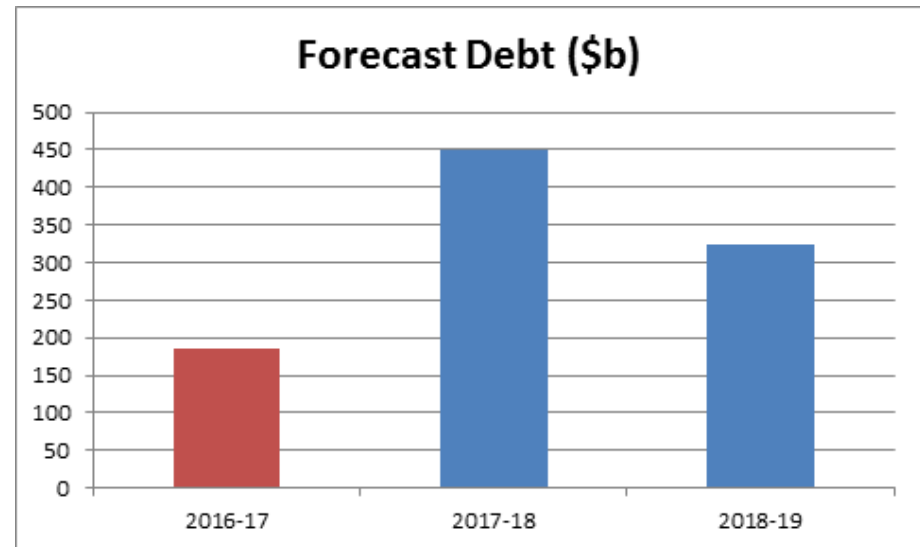
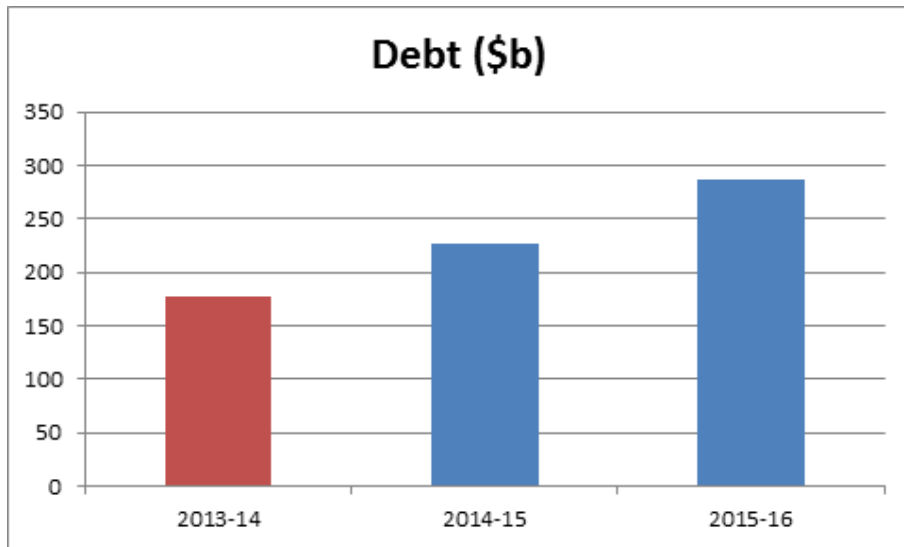


The government will keep repeating the 'debt and deficit disaster' they inherited (red), but the deficits for the last two years (blue) show that is growing under the government's watch, with no end in sight because of their irrational opposition to look at new revenue raising measures.

Projected deficits from the last three budget papers and the government admits there is no end in sight. They cannot live up to their own rhetoric.



- While the Greens don't buy into debt and deficits being an inherently bad thing, they do make a bad combination when we are using debt just to fill the gap between revenue and spending. That is exactly what this government is doing, they are not using debt to build the infrastructure of the future. In fact infrastructure spending has dropped by 20% since Abbott came into office.
- Our growing debt levels will grow from \$286b this year to \$450 billion in two years time and just like the coming and going of the mining boom under the Howard/Costello era, Australia will have nothing substantial to show for it.



Where is climate?



Where is climate?

- There was no mention of climate change in the Treasurer's speech, despite it being the very thing that poses the major threat to our economy, our health and indeed the planet that sustains us
- Demonstrates their poor economic management by failing to anticipate global trends.
- The government is building on its reputation of ignoring global warming by also ignoring thermal coal export prices. The budget papers go to extensive detail about what the collapsing iron ore price means for government revenue, but our next biggest export, coal is not mentioned at all.
- China's coal use is dramatically declining faster than expected, India's energy minister is relying on domestic coal and has said imported coal will cease in 2017 and our biggest customer, Japan announced their (inadequate) climate plan for 2030 which shows that coal consumption will not grow in volume at all. There are no growth markets left for us, but there is nothing being contemplated on how we fill this gap in our balance of trade.

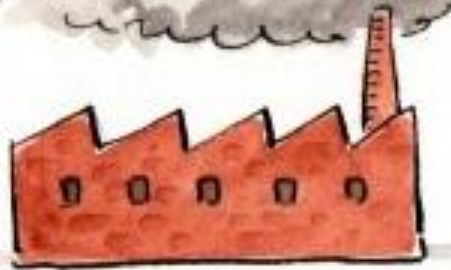


In fact, the Budget funds programs that undermine action on climate:

- **Climate sceptic Bjorn Lomborg's Consensus Centre**
- **introduction of a \$5 billion Infrastructure slush fund for Northern Australia to hand out taxpayer dollars to fund coal projects in Queensland's Galilee basin**

Where is climate?

Welcome to the
Australian Centre
for Climate Denial



Here, we trawl through mountains of scientific research, seeking tiny specks of doubt that could bring down the whole game...

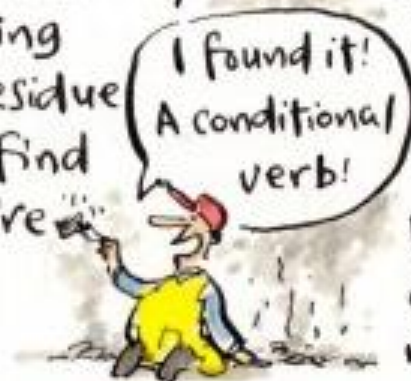


When our dedicated "experts" have finished trawling...

...they cast the unhelpful material into this giant, coal-fired furnace...



Sometimes, it's only after sifting through residue that we find what we're looking for...



Evidence against climate change is hard to find, so costly. Please, help fund our valuable research.

Wilcox

Housing and Homelessness

- This budget comprehensively fails to address affordable housing and homelessness. Housing affordability in Australia has reached a crisis point. One in two hundred Australians are experiencing homelessness, there are over 240,000 families languishing stuck on social housing waiting lists.
- Last year saw Hockey's razor gangs cut over half a billion dollars for homelessness and affordable housing programs, along with the axing of key peak organisations providing a voice Australia's most vulnerable, the very people suffering from the consequences of these cuts. This budget locks in those changes.
- These cuts included \$235 million from the National Rental Affordability Scheme which would have seen 12,000 new affordable rental homes delivered and the \$44m ripped from the National Partnership on Homelessness which would have built new homelessness shelters and emergency accommodation for people fleeing domestic violence.

Inaction on domestic violence

- **New funding** for a national awareness raising campaign \$16.7 million from the Commonwealth, (\$30 million total).
- **New cut**- Cuts expected to some community legal centres and Legal Aid in some states, particularly SA under the new National Partnership Agreement on Legal Assistance commencing on 1 July 2015 (some other States will benefit)
- **New cut** – 50% increase in Family Court fees, presenting another barrier to women seeking to leave abusive relationships.
- **No action** on funding for State-based DV crisis services and specialist services already struggling to keep up with demand
- **No action** on the urgent \$200 million funding boost for legal assistance recommended by the Productivity Commission.
- **No action** of respectful relationships in schools, early childhood interventions and other primary prevention
- **Locks in** \$15 million Legal Aid cut announced in the 2014 Budget and a \$6 million cut to CLCs in 2017-18 announced in the 2014 Budget
- **Locks in** \$240 million over 4 years from Department of Social Services discretionary grants program, including cuts to three housing and homelessness peak bodies and healthy relationships program in schools in Northern NSW defunded with no replacement.
- **Locks in** \$44 million cut from capital expenditure on new shelters and emergency housing announced in the 2014 Budget.
- **Locks in** funding uncertainty for 39 domestic violence services funded under the \$115 million National Partnership Agreement on Homelessness which will run out in mid 2017.

Cuts to Arts

- \$104.8 million over four years has been ripped out of the Australia Council's budget to create a new slush fund, apparently to be decided at the discretion of the Arts Minister of the day.
- funding cuts total \$29 million in the coming year, a cut of 16 per cent for the Australia Council on 2014's appropriation.
- The budget also removes \$5.2 million in funding from the Australia Council, and gives it to Creative Partnerships Australia 'to foster private sector support for the arts'.
- According to Minister Brandis' release the National Centre for Excellence in the Arts will allow for a truly national approach to arts funding and will deliver on a number of Government priorities including national access to high quality arts and cultural experiences.
- This unprecedented attack on the independence and arms-length funding processes of the Australia Council has come as a shock to the arts community.
- Only last year we saw the Abbott government bully artists and the Australia Council because it couldn't handle criticism of its cruel refugee policies, threatening to withdraw its funding for the decision of the Biennale art festival to sever ties with its founding sponsor of 41 years, Transfield Holdings
- Live music, exhibitions, literature, and performances enrich our lives. With the constant build-up of day-to-day pressures, we need them more than ever. Yet the Abbott government's intervention into the way in which the Australia Council awards funding, is further evidence of their desire to have greater ministerial control over art funding decisions so that they can gag artworks they don't like.

To get involved in our campaign to protect artistic independence, head to:

<http://grns.mp/we-heart-arts>



A Green budget

The Parliamentary Budget Office has fully costed our platform, which raises almost \$80 billion over the forward estimates, and proves we can raise the revenue we need to pay for the Australian society we want: one that is more caring, innovative and healthy, one where our children aren't condemned to experience the impacts of global warming.

Measures we have proposed include:

- the current flat superannuation tax rate of 15% replaced with a progressive system closely based on a person's marginal income tax rate, and bring in \$10 billion, over the forward estimates.
- Resourcing the ATO to effectively combat international tax minimisation and avoidance
- Apply a 'public insurance' levy on the big four banks that are too big to fail: \$16.8 billion
- Impose a \$2 per tonne levy on thermal coal exports: \$1.7 billion
- Implement the original super profits tax on mining companies: \$18.6 billion
- Introduce a new marginal tax rate of 50% on incomes over \$1 million: \$637 million
- Reduce tax avoidance by taxing discretionary trusts (except those set up by farmers) the same as corporations: \$3.6 billion
- Abolish tax breaks for the fossil fuel industry (except those used for agricultural purposes): \$10.05 billion
- Retain the carbon price with revenue of \$18 billion