OUR PLAN TO GET THE BUDGET UNDER CONTROL



The Coalition is committed to living within its means and ending Labor's waste and reckless spending.

Only the Coalition can be trusted to get the Budget back under control and start paying back Labor's record debt.

Ten of the last eleven Budgets brought down by the Coalition were all surpluses including the four biggest surpluses in Australian history. By contrast, every single one of Labor's last eleven Budgets have been deficits - including

the biggest deficit in modern Australian history under Kevin Rudd. Labor last delivered a surplus Budget in 1989, almost 25 years ago. Every time the Labor Party announces tax changes, the Budget, incredibly, ends up

whilst hitting the economy with new costs. The Carbon Tax Package announced and legislated by Labor has been terrible for the economy and terrible for the Budget. Spending exceeds revenue by around \$7½ billion over the forward estimates. The Coalition will abolish the Carbon Tax and associated

financially worse off. This is because the Labor Party spends all the new tax and more

spending measures apart from the compensation to households in the form of lower taxes and fortnightly pension increases. The Mining Tax package has been a disaster for the mining industry and a disaster for the Budget. The MRRT has raised \$40 billion less than originally forecast and the package of

spending measures has left the Budget at least \$18 billion worse off. Accordingly the Coalition will abolish the Mining Tax and most of the associated spending

measures. This will leave the Budget in a significantly better fiscal position. When the Coalition makes new spending commitments we more than fully offset new spending with savings. This is reflected immediately in our Paid Parental Leave policy

which modestly improves the Budget bottom line. As part of the Coalition's commitment to living within its means, the Coalition will more than fully fund its overall package of policy commitments by announcing more than sufficient savings measures to pay for them.

announced by the Government on Friday 2 August 2013 we must proceed with the Budget bottom line savings as presented in the Pre –Election Economic and Fiscal Outlook (PEFO), given the budgetary mess created by Labor.

In addition the Coalition accepts that whilst we do not like many of the savings initiatives

This applies to all savings other than those specifically identified by the Coalition as unacceptable such as the changes announced by the Government on Fringe Benefits Tax for motor vehicles. The Coalition will not proceed with this flawed taxation change.

Further savings

The Coalition is today providing an update on further savings.

Labor has been running an unprecedented misinformation campaign about Coalition Budget plans. Our statement today goes further than any previous Opposition and is far more comprehensive than what Labor has provided prior to the final day of the election campaigns in 2007 and 2010.

The Coalition has put in place the most rigorous and comprehensive process for the costing of our policies and savings ever undertaken by an Opposition in Australia. This has involved a process of systematic internal scrutiny, wide consultation with

stakeholders, rigorous assessment by the Parliamentary Budget Office (PBO), and a panel of review comprising three of Australia's most eminent experts in public finance and administration. The Review Panel members are:

·Mr Geoff Carmody, co-founder of Access Economics and current Director of Geoff Carmody & Associates;

·Mr Len Scanlan, former Queensland Auditor-General; and

·Professor Peter Shergold AC, former Secretary of the Department of Prime Minister and Cabinet, and Chancellor of the University of Western Sydney. The Coalition continues to prepare its costings in a methodical, sequenced and prudent

The further savings set out today will come as no surprise to the Australian people, and build on the over \$17 billion of savings already announced by the Coalition.

These additional savings primarily involve: ·The abolition of further Mining Tax Package measures - because these are currently

being paid for with borrowed money, since Labor's failed mining tax is only raising a tiny fraction of the originally forecast revenue. This is not a sustainable situation. ·The abolition of Labor's Carbon Tax Package, not just the carbon tax itself, while retaining

the personal tax cuts and fortnightly pension and benefit increases provided as part of the package. Because the Coalition has already separately identified how it will pay for retaining these

tax cuts and fortnightly pension/benefit increases, scrapping the carbon tax package will yield a significant net saving to the Budget despite the loss of carbon tax revenue. These savings bring the total of savings announced to date to over \$31 billion, which

represents the great bulk of the savings the Coalition will announce. These savings confirm that:

·There are no cuts to spending on hospitals or schools – Labor's claims that the Coalition would slash such funding are just more Labor lies; ·There are no cuts to spending on defence or medical research – Labor's claims that the

Coalition would slash funding to these areas are just more Labor lies; ·Total Coalition savings will be vastly below the \$70 billion figure routinely touted by Labor.

That figure had already been discredited as false by various fact-checking organisations, and this announcement confirms that it is a complete fiction; and ·There is no change to the GST – which the Coalition will not alter, full stop, end of story.

It is only the Labor Party which solemnly promises not to introduce a great big new tax, the carbon tax, before an election, and then breaks its word and does so after the election. The costings released today reflect the latest economic updates provided by the

Government and the Departments of Treasury and Finance. The Coalition is continuing to receive updated information from the Parliamentary Budget Office. We are continuing to work methodically with our Independent Expert Panel of Review, comprised of three of Australia's foremost experts in public finance and

administration. The Coalition has not released all of its policies. But unlike Labor, which has not even launched its campaign yet, the Coalition has now released the great bulk of its policies

and costings. The remainder will be released prior to the end of the campaign.

The Coalition's Paid Parental Leave Scheme Today, the Coalition provides further information on the costing of our Paid Parental

Leave Scheme. The total gross cost of the Coalition's Paid Parental Leave Scheme including administration expenses is \$9.8 billion over the forward estimates.

which will save \$3.7 billion over the forward estimates. Further offsets to the costs of the scheme will arise from:

·Some increase in tax receipts and decrease in benefit payments owing to the higher

The scheme will replace Labor's existing inadequate Government scheme, the abolition of

remuneration mothers receive as a result of the Coalition's scheme. Under the existing Labor scheme there is obviously less income tax paid by recipients overall and a modestly greater call on FTB payments. This will reduce the cost of the scheme by \$1.6 billion over the forward estimates period.

existing schemes or using the new Coalition scheme. The overwhelming majority are expected to choose the new Coalition scheme, with the savings of \$1.2 billion to the Commonwealth and State Governments being applied to offset the cost of the Coalition scheme. No state Government will lose a dollar.

Commonwealth and State public sector employees will be given a choice of using their

billion. This is fully covered by a levy of 1.5 per cent on companies with taxable income above \$5 million a year, raising \$4.4 billion over the forward estimates.

The net cost of the Coalition's Paid Parental Leave scheme after these offsets is \$3.3

The Coalition's PPL scheme is fully funded on an ongoing basis, and results in a small net benefit to the Budget of just over \$1 billion over the forward estimates. **Coalition Paid Parental Leave Scheme**

\$ billion

9.8

Gross cost of the Coalition PPL

·Preventing "double-dipping" by public servants.

- Existing Government scheme	3.7
- Existing Commonwealth and state Government schemes	1.2
- Automatic adjustments to Government spending and revenue	1.6
Remaining Cost	3.3
Levy of 1.5% on company taxable income above \$5 million4.4	
Positive impact on Budget bottom line	1.1
Additional Coalition Savings	
Today, the Coalition announces further savings.	
Additional savings from the abolition of the MRRT	
The Coalition today confirms that it will abolish a range of further spending measures	

from the mining tax package - because, with the mining tax hardly raising any revenue,

they are currently being paid for with borrowed money. This will deliver nearly \$5 billion in savings over the forward estimates. These additional savings consist of:

long-promised company tax cut (\$0.9 billion); and

·Discontinuing the instant asset write-off (\$2.9 billion); Removing accelerated depreciation for motor vehicles (\$0.4 billion); Discontinuing the phasing down of interest withholding tax on financial institutions (\$0.4 billion);

·Discontinuing the Government's tax loss carry-back measure, which was introduced in

the 2012-13 Budget as an inadequate substitute for Labor's scrapping of its

failed MRRT (\$0.1 billion). Additional savings from the abolition of the Carbon Tax The Coalition has been consistent from day one in our promise to abolish the Carbon Tax,

·Savings resulting from a reduction in administrative expenses incurred for running the

and the measures linked to it, except for the personal income tax cuts and fortnightly pension benefit increases.

Abolishing the remaining spending linked to the carbon tax will deliver savings of \$7.5 ·Discontinuing the business compensation measures introduced to provide partial relief

to selected sectors and industries for the hit from the carbon tax (\$5.1 billion) - including: oRemoval of the increase in the instant asset write-off threshold to \$6,500 (\$0.2 billion); oDiscontinuing the Jobs and Competitiveness Program (\$4.0 billion);

oDiscontinuing the Steel Transformation Plan (\$0.1 billion); oDiscontinuing the Clean Technology Program (\$0.4 billion);

oDiscontinuing other small Clean Energy Future business compensation measures including the Energy Efficiency Information Grants, the Clean Energy Skills package, and

oDiscontinuing the Coal Sector Jobs Package (\$0.3 billion); and

once the carbon tax has been scrapped (\$0.5 billion);

the Clean Technology Focus for Supply Chain programs; ·Discontinuing energy market compensation measures which will no longer be needed

·Discontinuing various land sector initiatives which Labor has already slashed, as well as bureaucracies like the Climate Change Authority (\$0.4 billion); and

·Abolishing other measures linked to the carbon tax that are wasteful or will no longer be required once the carbon tax is abolished (\$1.5 billion). Other Coalition Savings

Further savings totalling \$0.8 billion over the forward estimates will be realised from: ·Redirection of funding from the Carbon Capture and Storage Flagships Program (saving

\$0.3 billion); and ·Reduction in funding for the Automotive Transformation Scheme (saving \$0.5 billion) (announced in February 2011).

These savings take the total of prudent and fully costed Coalition savings to over \$31 billion across the forward estimates period.

All Coalition policies are fully costed and fully funded. A full final costings analysis with four year itemised numbers together with a certification

of integrity from the Independent Expert Panel of Review will be released prior to the election, after all policies have been released. Unlike Labor, whose Budget position has been deteriorating by \$3 billion a week since the

In 2007 and 2010 Labor waited to release their full costings less than 24 hours before Prudent budget management. That's our pledge.

polling day. The Coalition will do better than this.

May Budget, the Coalition will live within its means.

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IN THE NEWS



Our Plan To Get The Budget **Under Control**



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