



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

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MEDIA RELEASE

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Budget 2003-04

Ethanol in, tax cuts, medicare changes, higher university fees and Telstra to be sold

The Treasurer may have announced personal tax cuts of between \$3 and \$10 per week but buried in the fine print of a media release from Senator Nick Minchin, Minister for Finance and Administration entitled Budget 2003/4 – Asset Sales is a statement that Telstra is to be sold.

Senator Minchin's release says "Consistent with Government policy, the Budget again provides for the further sale of the Commonwealth's remaining shares in Telstra."

Independent Member for New England Tony Windsor says the statement by the Minister is a reminder to all Australians who want Telstra to remain in majority Government ownership to remain vigilant.

"Senator Minchin's statement proves to me that we must remain on watch and continue to lobby the Senate cross benches - the Independents, Greens, Democrats and One Nation - that they must stand firm against the full sale of Telstra to guarantee continuous improvement of telecommunications services to ALL Australians regardless of where they live," Mr Windsor said.

"The tax cuts announced by the Treasurer may give people the impression that they will get money back in their pockets however, the full sale of Telstra may have the reverse effect and lose an asset that this year returned nearly \$1B to the Government's coffers.

Mr Windsor was pleased to see that the necessary framework for growing an Australian ethanol industry have been put in place.

"I congratulate the Government on the measures they have announced for the continuation of the grant of 38.143 cents per litre which was due to end on 18 September this year, to offset the excise of 38.143 cents per litre applying to ethanol until 30 June 2008. From 1 July 2008, both domestically produced and imported ethanol will receive a grant that will be reduced in five even instalments from 1 July 2008 to 1 July 2012.

This announcement should be a good boost for the ethanol plant proposed for Gunnedah and hence the natural gas pipeline from Dubbo to Tamworth should now have the necessary base load to proceed," Mr Windsor said.

Mr Windsor is critical however of the impact of the Higher Education reforms particularly on regional universities.

"Whilst on the surface there is a Regional Loading \$122.6m over the next four years for regional institutions and campuses, the deregulation of fees could see regional universities having to offer courses at a reduced rate to attract students away from the higher profile metropolitan universities.

Some Budget points to note thus far

Higher Education – Regional Universities – University of New England

Whilst Higher Education funding appears to have increased overall, I am cautious of the statement in the Treasurer's speech saying "Universities wishing to increase their research capacity will have greater scope to do so. Those Universities wishing to build teaching excellence will have greater scope to do so."

We must be mindful of what "incentives" or "requirements" are then being placed on the funding of the Universities that will see the University make its decision to focus on research or focus on teaching and what long term support will be available once having made the decision to specialise in research or teaching and how that impacts on the staff and students at the University.

On the surface though, there is a Regional Loading \$122.6m over the next four years for regional institutions and campuses and \$17.1m for 210 nursing places rising to 574 by 2007 specifically for regional areas. The loading will be applied according to the number of equivalent full time student units provided at regional campuses. The deregulation of fees however, could see regional universities having to offer courses at a reduced rate to attract students away from the higher profile metropolitan universities.

Ethanol incentives should enable investment and gas pipeline to go ahead

Ethanol producers now receive a production subsidy, which was due to end on 18 September this year, to offset the excise of 38.143 cents per litre applying to ethanol. The Government will continue this existing excise and grant arrangement for ethanol producers until 30 June 2008. From 1 July 2008, both domestically produced and imported ethanol will receive a grant which will be reduced in five even instalments from 1 July 2008 to 1 July 2012.

This announcement should be a good boost for the ethanol plant proposed for Gunnedah and hence the natural gas pipeline from Dubbo to Tamworth should now have the necessary base load to proceed.

I congratulate the Federal Government on this positive initiative.

Roads to Recovery continues till 30 June 2005 but \$0 increase for RONI's

The Roads to Recovery funding program will continue to provide Local Government with direct Federal funding to undertake work on their locally prioritised needs until 30 June 2005. After that, I am concerned that this well received and positive program for Local Governments and the communities they serve may not continue.

I urge all Local Government Authorities to lobby their local Federal Members to maintain pressure on the Government for the continuation of this program that has helped improve transport infrastructure in regional Australia.

There is no funding increase announced for Roads of National Importance (RONI's) in this year's budget.

Melbourne to Darwin Inland Rail – nothing positive

Whilst the Government has indicated that it continues to facilitate the development of the Melbourne to Darwin inland railway proposed by the Australian Transport and Energy Corridor Ltd (ATEC), the Government needs to give this project the same importance as the Alice Springs to Darwin Rail link to ensure it becomes a reality rather than another good idea strangled by Government 'facilitation'.

Doctors

In last year's budget an \$80m scheme was announced to encourage doctors to outer metropolitan areas. This year it appears that the 150 additional medical school places will be bonded to areas of doctor

shortage and the additional training places will be targeted to rural AND outer metropolitan areas but not specifically just to country areas. The option is still there for doctors to choose between the two and if the doctor comes from the city in the first place they can still live in another metropolitan area and commute thereby not increasing doctors in rural and regional areas.

Tax cuts but still no zonal taxation

Tax cuts of \$2.4B have been granted this year after increased revenue from tax payers reached \$6.3B.

The New England North West region will benefit marginally from the tax cuts and measures to counter 'bracket creep' as we have many low income earners in the area. However it is a sad indictment on Government policy that they have not seen the value of implementing a system of zonal taxation that would see country areas able to attract industry, jobs and therefore people back into areas that could become growth centres thereby reducing some of the problems of metropolitan Australia.

Property Rights still in need of clarification

The matter of Property Rights is still no closer to giving farmers certainty over water property rights through structural adjustment assistance in the budget.

Local Government Grants

Direct Federal Assistance Grants (FAGs) to Local Government will continue with \$1.042B in general purpose grants and \$462.7m in local road grants.

Veteran's Gold Card disappointment again

The lack of response to the Clarke Report on Veterans' Affairs is disappointing. There are a high number of people who should be eligible for the Gold Card who have been waiting for a positive outcome from the Clarke Report with further delays causing much angst among these people who have contributed enormously to our community.

More details will follow after further analysis in the coming days