



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

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MEDIA RELEASE

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Budget 2008 – A Tale of two messages But will it be enough to stop inflation?

Tax cuts and spending cuts in the 2008 Federal Budget are sending two messages to Australians according to the Independent Member for New England Tony Windsor.

Mr Windsor believes one message says you have more money to spend and the other that the Government is cutting its spending and you should cut yours too.

He believes that while the Government has announced major spending cuts to the tune of \$7B to try to stem inflation, its keeping of its election promise of \$31B in tax cuts which was to match the Coalition's election promise, will provide Australians with more disposable income which will fuel inflation.

“Before the Budget, the Government declared inflation ‘Public Enemy No 1’ and rightly so however by delivering tax cuts, the Government is playing with the fire of inflation and running a very high risk of fuelling it rather than putting it out.

The new Government had the opportunity to defer or reduce its promised personal tax cuts to address this problem quickly as the former Howard Government did when they came to office in 1996 on finding the \$96B Labor ‘Black hole’.

The Black hole was used as an excuse to cut promised programs and introduced the term that will go down in Australian political history that being ‘Core and non-core promises’.

So now, even with public opinion on its side about attacking inflation given so many interest rate rises, the two messages from the Government are that ‘we are going to give you more money in your pay packet but we are going to cut back government programs which will take back what we give you’.

All this could have been avoided and inflation tackled head on if the decision to deliver on their promised tax cuts were reviewed in light of the real situation the new Government inherited from the former Government,” Mr Windsor said.

Mr Windsor was however positive about the funding programs that have been announced in the area of climate change and the development of renewable energy sources.

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“With \$1.7B for the development of clean energy, renewable energy and clean coal are good for future industry outcomes whilst there has been a good outcome also for the aged care industry with the continuation of the 1.75% increase in the “Conditional Adjustment Payment,” Mr Windsor said.

Mr Windsor was pleased to see the funding for the Roads to Recovery Program continued.

“The popular and efficient Roads to Recovery Program has been continued by the new Government which I’m sure will be appreciated by Local Government representatives.

In broad terms, there are programs that can be accessed for most community needs however I would like to hear from people who feel their particular circumstances have been overlooked or reduced,” Mr Windsor said.

On more specific issues

Pensions

It appears that any increase in the pension is going to be held up in the review of Australia’s tax system that is not due to report back until the end of 2009 and with an election due by the end of 2010 there may be some attention paid to it during that year.

Aged Care

Aged care service providers have received a reprieve with the continuation of the 1.75% increase in the “Conditional Adjustment Payment” that the industry needed to keep pace with their increased costs.

Dental Health

Dental health has had its funding program boosted however the chronic dental care program is no longer in existence and therefore those with health problems like diabetes will not be eligible for assistance.

Private Health Care Medicare Levy

There has been an increase in the income threshold from \$50,000 to \$100,000 a year for singles and from \$100,000 to \$150,000 per year for couples.

Baby Bonus

The Baby Bonus has had new rules attached to it by making all payments by fortnightly instalment over 6 months and it will now be means tested with families earning over \$150,000 not being eligible to receive it.

Infrastructure, Health and Education Investment Funds

The establishment of Investment funds for building national infrastructure projects, health and hospitals and education facilities is to be commended. If Australia is to develop, it must make investment in its future needs particularly when we are experiencing good income from our commodities.

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Infrastructure – Roads to Recovery and Regional Development

The popular Roads to Recovery Program has been maintained under the new Government which will no doubt assist local government to continue their local road improvement programs. The AusLink Strategic Regional projects program promoting regional development has also been maintained.

The Regional Partnerships Program has been scrapped and replaced by the \$176m Better Regions Program and the \$74m Regional Development Australia Program. A new program, Regional and Local Country Infrastructure Program will be established next year following a review of needs and processes.

Telecommunications rollout in the regions

The continuation of the Australian Broadband Guarantee program worth another \$270m over the next 4 years whilst the Government is developing its National Broadband Network worth \$4.7B should also provide regional Australia with a good service and open up other opportunities to access technology.

Climate change, Water and Environmental

Climate change and environmental issues have received a boost with \$2.3B over 5 years including \$500m for renewable energy and \$150m for energy innovation.

The Caring for our Country Program of \$2.2B is designed to bring an integrated approach to natural resource management.

The Government has also confirmed its commitment of \$12.9B over 10 years for the National “Water for the Future” program.

Drought support

Exceptional Circumstance drought assistance has been continued with a further commitment of \$761m set aside for this year. It would be good to think it will rain and won’t all be needed.

Other comments will come after further investigation and feedback