

## MYEFO: Labor's Economic Failure

Wayne Swan is asking Australians to believe him when he says he can turn a \$37 billion deficit into a surplus in just one year.

Labor's crisis mini-budget is another con-job that confirms their promises on the economy cannot be believed.

This Government has delivered four consecutive budget deficits totalling \$167 billion in four years.

Spending is up \$11 billion over the forward estimates, taxes are up and peak debt is set to soar to \$136 billion. Australians are now borrowing \$100 million every day and are paying \$100 million every week to fund Labor's debt fuelled wasteful spending spree.

Labor talks about delivering surpluses but the record shows they have not produced a surplus in 21 years, since 1989-90.

Responsible economic management is not in Labor's DNA.

The Coalition will return stability, certainty and competency back to government. We will build a stronger and more resilient economy.

Most importantly, the Coalition will live within its means.

Labor is now borrowing the following this financial year:

Year	Borrowing p/year	Borrowing p/week	Borrowing p/day
2011-12	-\$37.1b	\$714m	\$102m

Interest payments on Labor's debt will be running in excess of \$20 million a day by 2014-15:

Year	Net Interest Repayment p/year	Net Interest Repayment p/week	Net Interest Repayment p/day
2011-12	\$5.9b	\$113m	\$16m
2012-13	\$6.8b	\$131m	\$19m
2013-14	\$6.8b	\$130m	\$19m
2014-15	\$7.3b	\$141m	\$20m

The Government has also moved spending around to help achieve its 2012-13 surplus (note that spending suddenly disappears on these Government programmes):

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**Clean Energy Future — Supporting Jobs — coal mining**

Expense (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Department of Resources, Energy and Tourism	-	222.4	10.5	246.7	257.2

The Government will provide \$1.3 billion over six years (including \$291.7 million in 2015-16 and \$305.6 million in 2016-17) to assist the most emissions intensive coal mines to transition to a carbon price. This measure includes:

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**Clean Energy Future — Supporting Energy Markets — Energy Security Fund**

Expense (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Department of Climate Change and Energy Efficiency	-	1,000.0	-	-	-
Department of the Treasury	-	1.2	0.8	2.0	2.0
Clean Energy Regulator	-	-	-	1,007.2	1,050.3
<b>Total - Expense</b>	<b>-</b>	<b>1,001.2</b>	<b>0.8</b>	<b>1,009.1</b>	<b>1,061.3</b>
<i>Related revenue (\$m)</i>					
Department of the Treasury	-	-	-	6.1	19.4

The Government will provide \$5.5 billion over six years (including \$1.2 billion in 2015-16 and \$1.3 billion in 2016-17) for transitional assistance to highly emissions-intensive coal-fired power stations in the form of cash assistance in 2011-12 and a limited allocation of free permits thereafter until 2016-17.

Wayne Swan is asleep behind the wheel of the Australian economy. It's hard to believe the Government has only just now realised that global economic growth is volatile and the economic outlook is uncertain.

The current European difficulties are part of a rolling economic and financial crisis which began in 2007. It is unlikely to be quickly resolved.

## Australia Gross Domestic Product

### Forecasts

Forecasts	2011 %	2011- 12 %	2012 %	2012- 13 %	2013 %
2011-12 Budget (May 2011)		4		3.75	
Reserve Bank (4 Nov 2011)	1.75	3.25	4	3.25	3.25
CBA (18 Nov 2011)		3.3		3.6	
NAB (28/11/11)		3.8		3.3	
Deloitte Access (Nov 2011)		3		3.5	
IMF (October 2011)	1.8		3.3		
WBC (25 Nov 2011)	1.7		3.0		
ANZ (25 Nov 2011)	1.4		3.5		3.4

Clearly the Budget forecast of 4% growth is too high in 2011-12.

Market forecasts suggest economic growth in 2011-12 and 2012-13 in Australia will be significantly lower than forecast by the government in the May Budget. Note the existing growth forecast for 2012-13 was the basis for a wafer thin surplus, the new forecast must now properly reflect the growing anxiety about Europe.

Labor was left with \$45 billion in the bank. Now they've racked up close to \$110 billion in debt, and have no plan to pay off the massive debt or fix the huge structural deficit.

Under Labor, debt is up, deficits have spiralled and cost of living has gone through the roof.

Labor wouldn't need to be threatening 'deep cuts' to the Budget if it had done the hard yards earlier to cut its wasteful and reckless spending.

Instead of telling Europe to get its house in order, this Labor Government should get its own house in order first.