

Commonwealth Budget

2004-2005

May 2004

Disclaimer: The information in this paper is not exhaustive. While every effort has been made to ensure accuracy at the time of print, Hawker Britton does not guarantee the accuracy of all information.

Executive Summary

This paper provides a summary of the Commonwealth Government's 2004-2005 Budget, released on 11 May.

As expected, this Budget promises increased spending in the lead-up to the next federal election.

Key aspects of the budget include:

- \$200 billion in Government expenditure
- \$2.4 billion surplus
- GDP growth to fall slightly from 3.75% in 2003-2004 to 3.5% in 2004-2005.

Immediate media commentary characterised this as a "breeder's budget", referring to new tax adjustments and significant spending on family allowances, maternity leave, and child support.

While the Government is spending \$37 billion on family and tax measures, the 2004-2005 Budget contains a number of new measures affecting business and industry. This is the focus of Hawker Britton's Occasional Paper.

With the next federal election less than 12 months away, it is important for Australian businesses to maintain awareness of the policies of the major parties.

Hawker Britton will release an overview of Labor's response when it is announced.

2004-2005 Commonwealth Budget Overview

Roads and Infrastructure

The Government has announced it will allocate additional funding of \$1.9 billion over five years to upgrade Australia's road and rail systems, under a new program called AusLink.

AusLink will incorporate the existing National Highway and Roads of National Importance programs.

Total AusLink measures will amount to \$11.4 billion in funding over five years, including:

- \$1.5 billion in additional funding for land transport projects, new information technology infrastructure and national transport planning.
- \$810 million over three years redirected from the Fuel Sales Grant Scheme to fund regional and outer metropolitan transport improvements.
- \$450 million to the Australian Rail Track Corporation to upgrade its network of rail track, including straightening of track lines between Northern NSW and Brisbane, to allow for faster freight movements.

AusLink will also continue funding to the Roads to Recovery program, including:

- \$200 million a year to local councils to upgrade local roads
- \$100 million a year to local councils for local land transport infrastructure projects of strategic value.

Industry should note that the AusLink White Paper will be released on 7 June 2004, providing more details of the program and its funding.

Science and Innovation

The Government has allocated \$5.3 billion over seven years to science and innovation programs, particularly in the areas of research and development. Key features include:

- \$1.2 billion in additional funding for the Australian Research Council's National Competitive Grants Program.
- \$554 million in additional funding to the Research Infrastructure Block Grants Scheme for university research programs.
- \$542 million to develop a National Collaborative Research Infrastructure Strategy. The strategy is designed to coordinate and promote Australia's research activity on a national scale.

Education

The Commonwealth Government is making available new funds to state public and non-government schools over the next four years.

However, much of the promised \$32 billion is conditional on the States agreeing to implement national standards. If approved, school funding measures will include the allocation of \$1.5 billion over four years to upgrade state school infrastructure, including new schools, libraries and other facilities.

The Government is also providing funding of \$18 million over three years to establish a medical school at the University of Western Sydney.

Health and Aged Services

Government spending on health and aged services in 2004-2005 will total over \$41 billion.

Major new capital projects include:

- \$128.3 million over four years to fund a national health information network, *HealthConnect*. The first stage of implementation will begin in South Australia and Tasmania and will include electronic health records, electronic collection, storage and exchange of consumer health information via a secure network.
- \$48.2 million over four years for an information processing system to provide secure electronic links between health funds, hospitals and doctors. It is hoped this system will promote an increased use of e-commerce in the private health sector.

Rural and Regional Australia

Government funding will continue for existing drought assistance programs, including FarmBis, FarmHELP and Rural Financial Counselling.

New measures include:

- \$73 million in additional drought assistance.
- \$78 million in additional funding over four years for the Regional Partnerships Program, designed to support regional business development and improve access to services.
- \$444 million in assistance over five years to the sugar industry.

Wine producers will receive a tax rebate of \$290,000 to offset the Wine Equalisation Tax. The rebates will reduce industry tax by \$338 million.

Environment

Environmental measures in the 2004-2005 Budget include \$248 million over five years to implement the Government's Climate Change Strategy. The strategy includes:

- \$20 million for Australia to actively participate in international forums.
- \$30 million to improve emissions measurement and analysis.
- \$26 million to ensure a strategic national response to climate change.
- \$27 million to foster the development of innovative low emissions technology and encourage industry to reduce emissions.

The Government is also allocating \$70 million over three years to the Murray-Darling Basin Commission for capital works, education activities and salinity mitigation work.

Security

The 2004-2005 Budget adds \$755 million to Australia's domestic security arrangements, bringing total Government spending in this area to \$3.1 billion over seven years. Of the new spending, \$144 million is reserved for capital funding.

The focus of this year's spending on security is to enhance national intelligence capabilities, with measures including:

- \$270 million to intelligence agencies, for additional officers and increased checking capabilities.
- \$207 million to upgrade protective security at international airports and on international flights departing Australia.
- \$87 million to improve security and cooperation in the Asia Pacific region.

Defence

Defence expenditure in this Budget exceeds \$1.5 billion over the next 5 years. This brings the total amount of additional defence spending by the Government since 1996 to \$39.7 billion.

Expenditure announced in the 2004-2005 Budget includes:

- \$132 million for the Australian Defence Force contribution to Iraqi stabilisation and reconstruction.
- \$815 million over four years for logistics support, including the P3C Orions, ANZAC Frigates and Collins class submarines.
- \$458 million over four years to improve defence force conditions, including \$357 million for defence force housing.
- \$33 million over five years for capability development and acquisition processes.
- \$27 million has been reserved for an expected extension of Australia's contribution to the United Nations mission in East Timor.

About Hawker Britton

Hawker Britton was founded in 1997 by Bruce Hawker and David Britton, former chief of staff and senior media adviser respectively to Premier Bob Carr. From Sydney, Hawker Britton has grown to eight offices in Australia, the United Kingdom, the United States and New Zealand.

Hawker Britton is Australia's only national and international public affairs firm, working with Top 100 companies, peak bodies, and not-for-profit organisations. Hawker Britton specialises in providing services tailored to the unique needs of each business, in the areas of government relations, strategic communications, and campaigns.

Government Relations

Key services in Government Relations include:

- High-level strategic advice on all areas of government
- Expertise in infrastructure developments
- Unrivalled experience in public-private partnerships

Strategic Communications

Hawker Britton's Strategic Communications include:

- Media and issues management
- Crisis management
- Media training
- Stakeholder communications
- Financial communications
- Reputation management

Campaigns

Key Campaigning services include:

- Community campaigns and consultation
- Corporate and association elections
- Public affairs campaigns
- Corporate campaigns

Hawker Britton brings to the corporate boardroom a unique approach to strategy and campaigns, borne out of corporate and political experience. Our specialist consultants are drawn from the ranks of former ministers, members of parliament, chiefs of staff, and senior policy and media advisers. Corporate clients appreciate our political and strategic communications heritage and the value that it brings to corporate planning.

For more information, contact our head office in Sydney (02) 9279 0200 or email info@hawkerbritton.com.au