

Federal Budget Reply

May 2015

On Thursday 15 May Opposition Leader the Hon Bill Shorten MP delivered the Federal Budget Reply.

In his Budget Reply, Mr Shorten criticised both the significant cut to schools, hospitals and social security, and the new and higher taxes contained in the Federal Budget.

Mr Shorten's Budget Reply is available [here](#).

Hawker Britton's Occasional Paper on Labor's economic policy priorities, announced by Shadow Treasurer the Hon Chris Bowen MP in December 2013, is available [here](#).

The economy

Mr Shorten rejected the Government's claims that it inherited a Federal Budget in need of repair as a 'manufactured crisis'.

Mr Shorten noted that the former Labor government left behind a strong economy with low inflation, low interest rates, net debt peaking at just one seventh of the level of the major advanced economies, a triple-A credit rating and significant superannuation savings.

Hawker Britton's Occasional Paper on the Pre-Election Economic and Fiscal Outlook report, which detailed the Government's economic and fiscal outlook ahead of the 2013 Federal election, is available [here](#).

Health

Mr Shorten noted that the Budget Papers reveal a \$50 billion cut to funding for hospitals and healthcare.

Labor opposes the Government's move to end universal healthcare, which underpins Medicare.

In particular, Mr Shorten opposed the following changes to the health system announced in the Budget:

- the proposed patient co-payment of \$7 for general practitioner consultations and out-of-hospital pathology, expected to cost Australians \$3.5 billion over the forward estimates; and
- the reduction in the Medicare Benefits Schedule (MBS) rebates to doctors by \$5 from 1 July 2015.

Shadow Health Minister the Hon Catherine King MP's media release announcing Labor will fight the proposed changes to Medicare is available [here](#).



Social Security

Mr Shorten criticised the Government's significant cuts to social security. In his speech, Mr Shorten was opposed to the following measures:

- the indexation of pensions such as the Age Pension, Disability Support Pension, Carers Payment, Veteran's Pension, Wife and Widow Pension and Parenting Payment Single to the Consumer Price Index (CPI), rather than wages;
- the proposed increase to the retirement age to 70 by 1 July 2035;
- the restriction of Family Tax Benefit Part B to families with a child under 6 years (current eligibility is to 16 years);
- the abolition of the SchoolKids Bonus; and
- the tightening of access to access unemployment benefits (Newstart) for under-30s.

Schools

Mr Shorten noted that the Budget Papers also reveal a \$30 billion cut in funding to schools. Mr Shorten contrasted these cuts with the Better Schools Plan—a \$14.7 billion additional investment in schools—introduced by the former Labor government.

The Hawker Britton Occasional Paper on the Better Schools Plan is available [here](#).

Superannuation

Mr Shorten criticised the Government's plans to abolish Labor's Low Income Super Contribution, which will impact the retirement savings of 3.6 million low-income earners, two thirds of whom are women.

Taxation

Mr Shorten noted that many of the new taxation measures introduced by the Government in its first Budget were not put to the electorate at the 2013 Federal election.

In particular, Mr Shorten criticised the reintroduction of the fuel excise indexation, which will cost Australian commuters, in particular those on low and middle incomes, \$2.2 billion over the forward estimates.

Higher Education

Mr Shorten criticised the Government's \$5 billion reduction in funding for higher education, the removal of caps on student contributions charged by higher education providers and the removal of the current borrowing limits on FEE-HELP and VET-FEE HELP loans.

In his speech, Mr Shorten announced that Labor will vote against these cuts to university funding and student support.



Labor's policy priorities

Mr Shorten also used his Budget Reply to reiterate Labor's support for:

- the National Disability Insurance Scheme;
- continued funding for the environment, science and innovation;
- investment in infrastructure, including digital infrastructure;
- support for small business; and
- policies to tackle climate change.

Mr Shorten also indicated that Labor took a different approach to major spending initiatives of the Government. In particular he noted that Labor did not support the Government's:

- proposed \$9 billion cash injection to the Reserve Bank of Australia; and
- \$22 billion paid parental leave scheme.

Hawker Britton's Occasional Paper on the National Broadband Network is available [here](#).

Hawker Britton's Occasional Paper on the Emissions Trading Scheme is available [here](#).