



LABOR'S 2007-2013 MESS

LABOR

CARBON TAX

DEBT

NBN

JOBS

PINK BATS

MINING TAX

BOATS

SCHOOL HALLS

**After six years of chaos,
Labor left Australia
with a broken budget, a
damaged economy and
a serious mess to fix.**

LABOR'S 2007-2013
MESS

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Key Facts

Between 2008-09 and 2012-13 Labor delivered **deficits totalling \$191 billion**. Labor left additional **projected deficits of \$123 billion** over the next four years (2013-14 to 2016-17).

Treasury projects that, without policy change, the budget will be in deficit for the next 10 years. This would mean 16 unbroken years of deficits – the **longest stretch of deficits since World War 2**.

Labor presided over the **fastest deterioration of our debt position** in modern history. The Mid-Year Budget update projects Australia will have \$667 billion of debt in 10 years, unless policies change.

Each Australian's share of Australian Government debt is currently \$13,500. Unless we take action, this will grow by \$1,100 per year and reach \$24,500 in a decade.

This year, Labor's debt will **cost taxpayers over \$12 billion in interest payments**. With this year's interest bill alone, we could build a world class teaching hospital in every capital city, or finish duplication of the Pacific Highway.

This year's \$12 billion debt interest bill is equivalent to:

- around half of Australia's Defence budget;
- around the same amount the government spends on aged care;

- more than the government spends on universities.

Over 6 budgets, Labor **increased spending by over 50%** (\$137 billion).

The International Monetary Fund recently found Australia's spending is projected to grow faster than any of the 17 advanced economies profiled.

Labor's waste and mismanagement includes: a cost blowout of at least \$29 billion with the National Broadband Network; a blowout of over \$11 billion in border protection costs; a \$6-8 billion blowout in the cost of over-priced school halls; the disastrous pink batts programme which cost \$2.8 billion and cost four lives; and \$900 stimulus cheques sent to around 27,000 Australians living overseas and 21,000 dead people.

Labor broke a pre-election promise and introduced the **world's largest carbon tax**. In its first year the carbon tax was a \$7.6 billion hit on the economy. Abolishing the carbon tax would save the average household around \$550 next year alone.

The number of **working days lost to strikes more than doubled**.



Labor introduced **more than 20,000 new or amended regulations**, creating new red tape for businesses.

Under Labor, the number of **unemployed grew by 202,000** and the unemployment rate jumped from 4.4% to 5.7%.

After increasing by an average 0.7% per year during the Howard Government, **productivity decreased by an average 0.7% per year** under Labor.

In six years, household health costs increased 35%, education costs increased 39%, gas prices increased 71%, water and sewerage prices increased 79% and **electricity prices increased 101%**.

Labor's failed border protection policies resulted in more than **50,000 illegal arrivals** in more than 800 boats, causing a cost blow out of over \$11 billion. Tragically, it also resulted in over 1,100 drownings at sea.

Investment in Defence fell to 1.56% of GDP in 2012-13 – the **lowest level of Defence funding since 1938**. The 10.5% cut in the 2012-13 Budget was the biggest since the Korean conflict.

Under Labor, hospital **waiting times for elective surgery grew** from 34 days

to 36 days. They promised 64 GP super clinics but only delivered 33 and presided over \$4 billion in cuts to private health insurance.

Despite spending more, **student test results were worse** than under the Coalition. According to the World Economic Forum, the quality of Australia's education system slipped from 8th best in the world to 23rd.

In six chaotic years, Labor had two Prime Ministers, three Deputy Prime Ministers, five Ministers responsible for Regional Development, six Ministers for Small Business and nine Ministers responsible for Education. In total they made 11 changes to ministerial arrangements, involving 20 Parliamentary Secretaries and 48 Ministers with over 100 different ministerial titles.

Labor's Record

A Comparison

	Coalition	Labor
Budget position (<i>final year</i>)	\$19.8 bn surplus (07-08)	\$47 bn deficit (13-14)
Average Budget position	\$8.1 bn surplus (96-97 to 07-08)	\$39.7 bn deficit (08-09 to 13-14)
Government debt (<i>net</i>)	– \$44.8 billion <i>net assets</i> (07-08)	\$191.5 billion <i>net debt</i> (13-14)
Government debt (<i>gross</i>)	\$55.4 billion (07-08)	\$310 billion (13-14)
Interest on Government debt (<i>net</i>)	– \$1.0 billion (07-08)	\$8.8 billion (13-14)
Interest on Government debt (<i>gross</i>)	\$3.8 billion (07-08)	\$12.4 billion (13-14)
Government spending increase (<i>annual, real terms</i>)	3.3% (96-97 to 07-08)	4.5% (08-09 to 13-14)
Government spending (% of GDP)	23.1% (07-08)	25.9% (13-14)
Average GDP growth (<i>annual</i>)	3.6% (Mar 96 to Dec 07)	2.5% (Dec 07 to Sep 13)
Retail turnover growth (<i>annual</i>)	5.9% (Mar 96 to Nov 07)	3.3% (Nov 07 to Sep 13)
Multifactor productivity growth (<i>annual</i>)	0.7% (95-96 to 06-07)	-0.7% (06-07 to 12-13)
Increase in living standards (<i>annual, GDP per capita</i>)	2.3% (Mar 96 to Dec 07)	0.7% (Dec 07 to Sep 13)
Employment growth (<i>annual</i>)	2.1% (Mar 96 to Nov 07)	1.4% (Nov 07 to Sep 13)
Unemployment rate	4.4% (Nov 07)	5.7% (Sep 13)
Unemployment plus underemployment rate	10.6% (Nov 07)	13.6% (Aug 13)

	Coalition	Labor
Youth (15-24) unemployment rate	10.0% (Nov 07)	12.7% (Sep 13)
Long-term unemployed	68,700 (Nov 07)	133,400 (Sep 13)
Manufacturing employees	1,038,800 (Nov 07)	911,500 (Aug 13)
Industrial disputes (<i>days lost</i>)	88,400 (06-07)	207,600 (12-13)
Teenage (15-19) apprentices	89,200 (2007)	72,300 (2013)
Average increase in electricity prices (<i>annual</i>)	3.1% (Mar 96 to Dec 07)	12.9% (Dec 07 to Sep 13)
Average increase in household health costs (<i>annual</i>)	3.4% (Mar 96 to Dec 07)	5.4% (Dec 07 to Sep 13)
Waiting time for elective surgery (<i>median</i>)	34 days (07-08)	36 days (12-13)
Global rank of Australia's education system (<i>World Economic Forum</i>)	8th (07-08)	23rd (13-14)
Long day care (<i>av. cost per hour, per child</i>)	\$5.00 (Sep 07)	\$7.50 (Jun 13)
Defence funding (% of GDP)	1.81% (07-08)	1.61% (13-14)
Customs containers screened	140,539 (06-07)	101,842 (12-13)
Illegal arrivals (<i>boats</i>)	3 (07-08)	403 (12-13)
Illegal arrivals (<i>people</i>)	25 (07-08)	25,091 (12-13)
Children in immigration detention	21 (Nov 07)	3,139 (Jun 13)

* 2013-14 Budget figures are projections from the Mid Year Economic and Fiscal Outlook (MYEFO) 2013-14

Labor's Broken Budget

Labor's Deficits

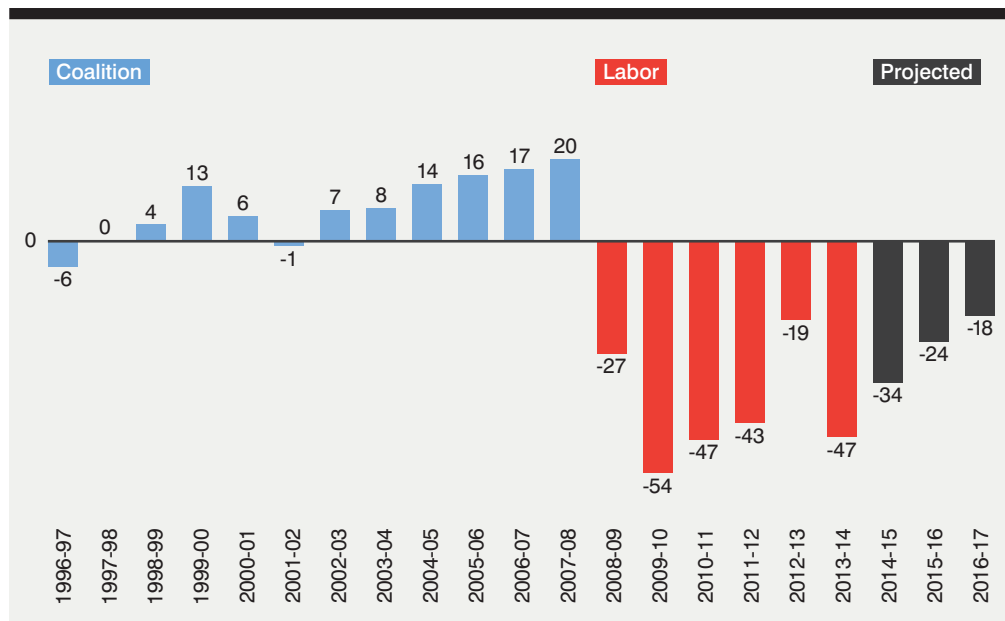
When they came to office, Labor inherited a surplus of \$20 billion, with no net debt and \$45 billion in the bank.

In five budgets between 2008-09 and 2012-13 Labor delivered \$191 billion of budget deficits.

As a result of their decisions, over the next four years (2013-14 to 2016-17) Labor has left an additional \$123 billion in projected cumulative deficits.

Budget Deficits (\$ Billions)

Source: MYEFO 2013-14



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Labor's Budget Rhetoric		Labor's Deficits
2008-09	'It's a surplus built on disciplined spending...'	\$27.0B
2009-10	'The savings decisions we have taken...will put us on the path to surplus by 2015-16.'	\$54.5B
2010-11	'A strategy that will see the budget return to surplus in three years time.'	\$47.5B
2011-12	'We'll be back in the black by 2012-13, on time, as promised.'	\$43.4B
2012-13	'This budget delivers a surplus this coming year, on time, as promised, and surpluses each year after that.'	\$18.8B
2013-14	'This Budget sets a sensible pathway to surplus .'	\$47.0B*

Source: Budget speeches and MYEFO 2013-14

* projected in MYEFO 2013-14



“ Without policy change, the budget is projected to be in an underlying cash deficit for the next 10 years. If this situation came to pass, it would mean that the budget would be in deficit for 16 consecutive years, substantially longer than the 7 years of deficits in the early 1990s. ”

– Martin Parkinson
Treasury Secretary

Speech to The Sydney Institute,
2/4/2014

Labor's Debt

Labor's deficits reversed Australia's strong position of having no net debt.

Labor presided over the fastest deterioration of the Australian Government's debt position in modern Australian history.

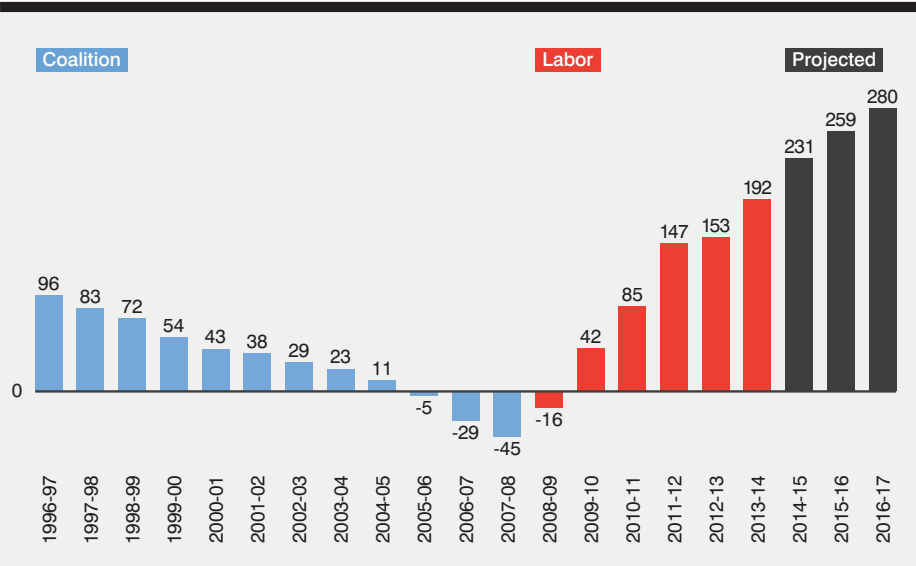
While the strong starting point left by the Coalition means Australia's debt is still less than some countries, as a result of Labor's deficits Australia's acceleration into debt is faster than most advanced economies.

If no corrective action is taken to the current policy settings, Australia's total debt is projected to blow out to \$667 billion in the next 10 years.

Each Australian's share of Australian Government debt is currently \$13,500. Unless we take action, this will grow by \$1,100 per year and reach \$24,500 in a decade.

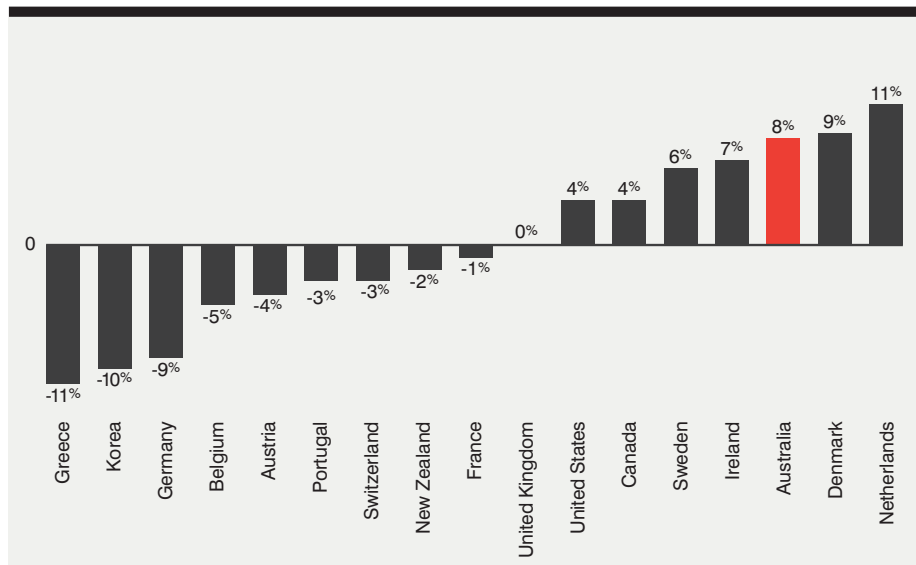
Government Debt (Net) (\$ Billions)

Source: MYEFO 2013-14



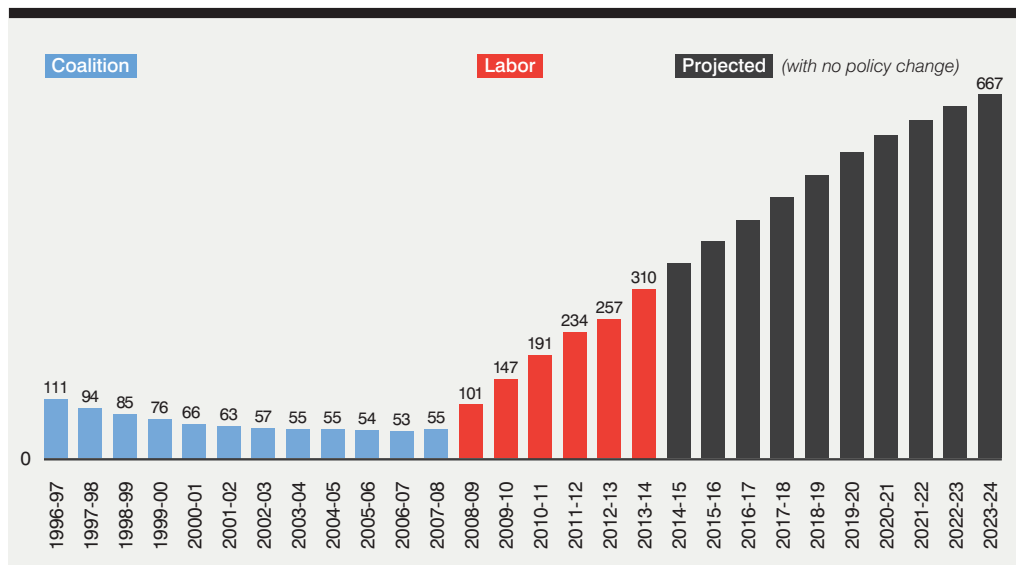
Change in Net Debt 2012-2018 (% of GDP)

Source: IMF Country Report, Feb 2014



Government Debt (Gross) (\$ Billions)

Source: MYEFO 2013-14



Labor's Debt Interest Bill

This year, Labor's debt will cost taxpayers over \$12 billion in interest payments and, as a result of Labor's deficits, this debt interest bill is projected to increase further to \$17 billion in just two years.

Interest on debt is wasted money that can't be used to deliver services for Australians and which could be put to better use.

This year's \$12 billion debt interest bill is equivalent to:

- around half of Australia's Defence budget;
- around the same amount the

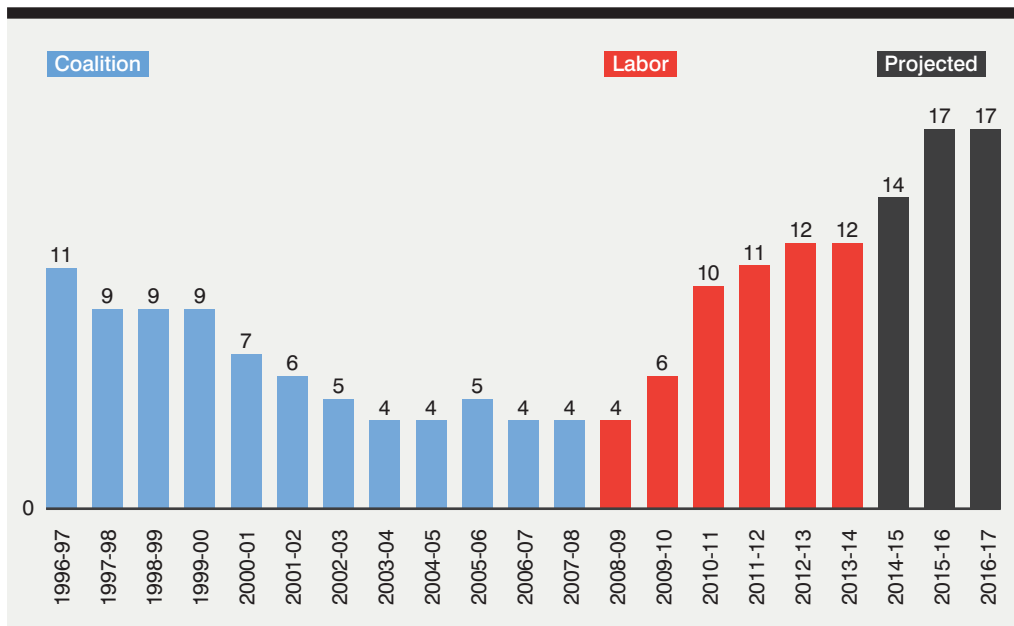
government spends on aged care;

- more than the government spends on universities.

With this year's interest bill alone, we could build a world class teaching hospital in every capital city, or finish the duplication of the Pacific Highway.

Interest on Government Debt (\$ Billions)

Source: MYEFO 2013-14



Labor's Spending Problem

The Labor Government did not have a revenue problem, it had a spending problem.

Labor increased spending sharply over its six budgets, including increases of 16% (\$44 billion) and almost 7% (\$21 billion) in its first two budgets.

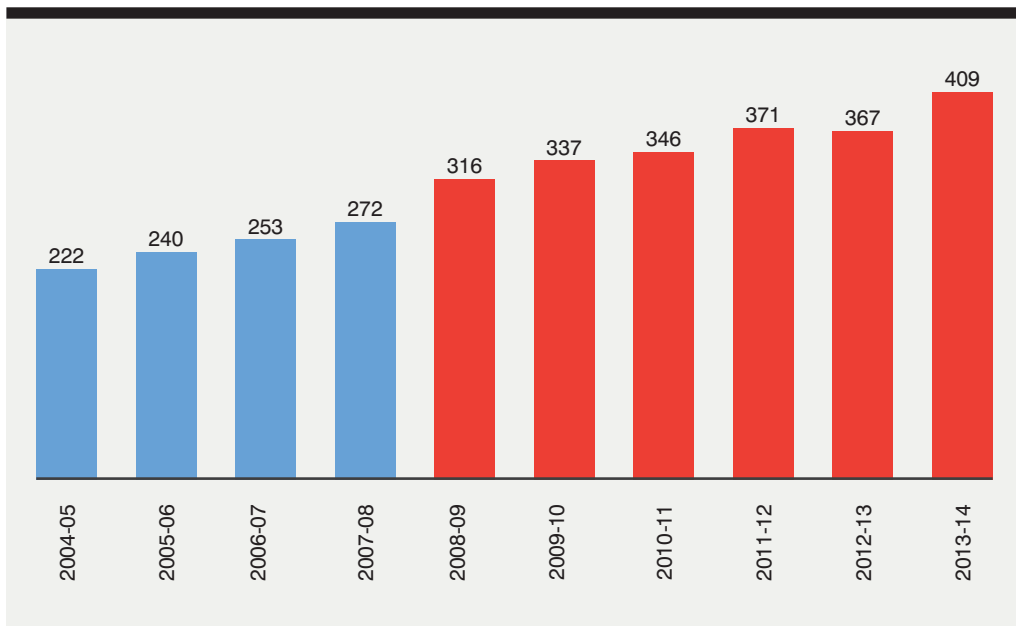
Over six budgets, Government spending increased by over 50% (\$137 billion).

Labor increased spending in every year except 2012-13, but as the Grattan Institute explains: "It looked as though spending was falling in 2012-13. But that fall was the consequence of the stimulus package rolling off, and payments being timed to fall in different years. Underlying spending has risen rapidly."

(Source: Grattan Institute, Balancing Budgets: Tough choices we need, Nov 2013)

Federal Government Spending (\$ Billions)

Source: MYEFO 2013-14



As a portion of Australia's total economy (GDP), government spending was:

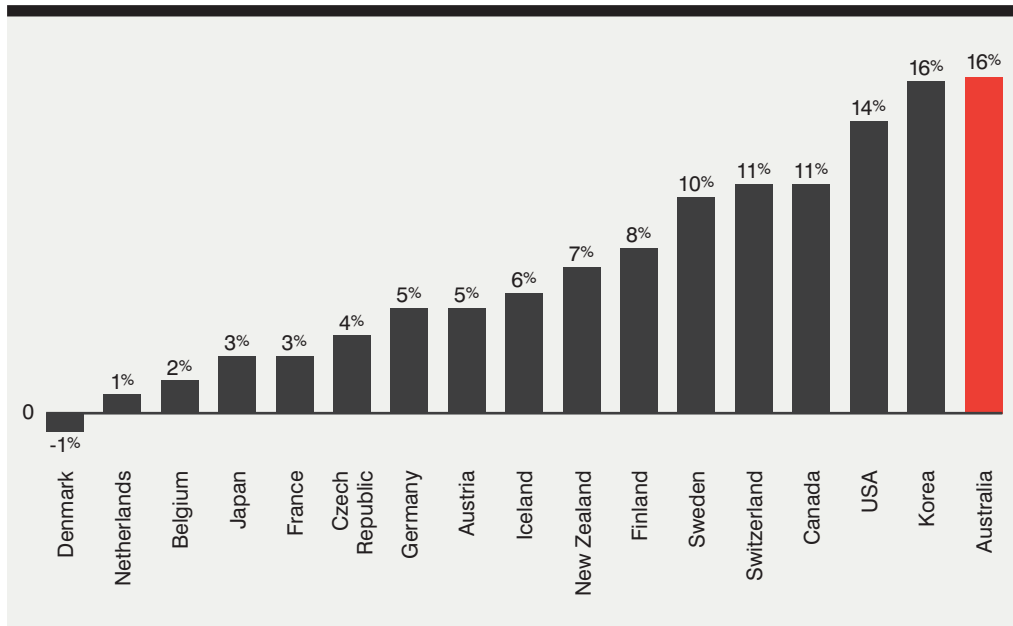
- 23.1% of GDP in the final year of the Coalition Government;
- 25.9% of GDP in the final year of Labor.

The International Monetary Fund (IMF) recently reported Australia's government spending growth between 2012 and 2018 under Labor's budget settings was projected to be the highest among 17 advanced economies.



Government Spending Increase 2012-2018 (% real terms)

Source: IMF Country Report, Feb 2014



Labor's Waste and Mismanagement

Labor's time in government was characterised by waste and mismanagement. While there are countless examples, a few are summarised below:

NBN Blow Out

After dumping their 2007 election commitment to deliver a broadband network for \$4.7 billion, Labor then proposed a \$43 billion National Broadband Network (NBN) without a cost-benefit analysis.

The NBN faces extreme cost blowouts. An independent analysis of the NBN found it would cost \$73 billion to complete – some \$29 billion more than the Labor Government's forecast.

After six years of Labor government, only 3% of Australians had access to the NBN and fewer than 100,000 were using it. Labor's NBN achieved only 16% of its original rollout target for June 2013 and only 7% of its target for paying customers.

\$900 Cheques to Backpackers and the Deceased

In 2009, as part of its \$42 billion economic stimulus package, the Labor Government made \$900 payments to more than 8 million Australians. This included cheques to 27,000 Australians living overseas and 21,000 dead people.

Around 12,000 cheques were also sent in 2012-13 – four years after the Global Financial Crisis – including to backpackers who had been doing seasonal work in Australia years earlier.

Courier Mail, 19/8/2013

EXCLUSIVE: Rudd still splashing the tax cash four years on

BONUS THAT KEEPS GIVING

people to receive the solar panel schemes have all been backpackers here on holiday. Coalition watchdog spokesmen are just the latest. Jamie Briggs said Labor's economic management had gone from "tragedy" to "disaster" in four years. Treasurer Chris Bowen said the payments were legitimate.

school halls, and FULL REPORT PG 1

Immigration Detention Blowout

Since August 2008, after Labor removed proven policies that worked, more than 50,000 asylum seekers arrived on more than 800 boats and more than 1,100 people died at sea. This has caused border protection costs to blow out by over \$11 billion since 2009-10.

\$2.5B BOATS BLOW OUT

BILLION-dollar blowout in the detention centre budget is quietly filed on the day Kevin Rudd was sworn back in. Australian prime minister, with asylum-seeker arrivals accelerating since his return.

Almost 1300 people have reached Australia since he seized his old job, taking the

Daily Telegraph, 10/7/2013

NBN: No Blunder Neglected



ustralia's unique global experiment in

\$US\$7 trillion (\$63 trillion) in infrastructure projects between now and 2020. Source: M&K/McKinsey & Co.

AFR, 22/2/2014

“The BER program basically ticks all the boxes of what not to do. From mismanaging massive amounts of taxpayers’ money, delivering (or not delivering) infrastructure that fails to meet even the most basic tests of quality or usefulness, and making a negative contribution to the (then) macroeconomic stimulus program.”

– Professor Brian Dollery
University of New England
(UNE News and Events Blog, 10/4/2014)

School Hall Rip Offs

Labor’s \$16.2 billion Building the Education Revolution programme saw around \$6-8 billion wasted through budget blowouts and excessive building costs.

As at June 2013, 31 school hall projects still remained incomplete, two and a half years after the original deadlines had passed and five years after the Global Financial Crisis.

Pink Batts Disaster

The Labor Government introduced the Home Insulation Programme in 2009. Its rushed and flawed roll-out cost over \$2 billion and resulted in over 220 house fires, 70,000 repairs and four tragic deaths.

Over \$1 billion has been spent in rectifying the problems caused by the programme, which was axed in 2010.

Climate Change Department

Less than a year before the election of the Abbott Government, Labor committed Australian taxpayers to \$158 million for a 15 year lease on a building for the Department of Climate Change, which the Coalition had pledged to abolish.

The Australian,
 1/4/2014

Labor’s BER reforms ‘a case study of failure’

THE \$16.2 billion Building the Education Revolution scheme, one of the signature policies of the Rudd and Gillard years, has been condemned as an international case study of legislative and bureaucratic failure.

A paper by academics published in the *National Journal of Australian Government* said the stimulus programme

were illustrated by the government rushing the program. As we conclude, there is no longer the expertise in the public service and more. It’s bureaucrats rather than people with technical expertise and that’s a big problem.”

\$158m lease for a climate office Abbott will abolish

TAXPAYERS have been locked into a long-term \$158 million contract for the Climate Change Department’s new Canberra headquarters, despite Tony Abbott’s pledge to axe the agency if he

the agency raises questions as to whether the public could be left with an expensive bill and empty offices.

The department, in charge of implementing the carbon tax and energy future, he move

Pink Batts ‘a mess from top to tail’

BRISBANE: Confusion Mark Arbib was in control that a document was even reigned in the Rudd government of the botched scheme which drafted to establish the role

Daily Telegraph,
 20/12/2012

Northern Territory News, 22/3/2014

**LABOR’S 07-13
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Solar Homes Programme

The Labor Government budgeted \$150 million over five years to offer households \$8,000 rebates for installation of solar panels on their roofs. After 18 months Labor had already spent \$1 billion and abruptly cancelled the programme.

According to a study by researchers from the ANU's Centre for Climate Law and Policy, 66% of the rebates went to wealthy suburbs and the scheme reduced Australia's emissions by 0.015% at a cost of \$301 per tonne. In the words of the study's author, the scheme was "beautiful politics, terrible policy".

(Source: *The Age*, 11/11/2010)

Carbon Capture and Storage Institute

The Global Carbon Capture and Storage Institute was set up by the Labor Government in 2009. Freedom of Information documents show \$54.25 million was spent on 'operational expenses' in its first two years, including first class fares and lavish overseas trips.

In 2012 the CEO said of the Institute's \$100 million a year budget that "it is actually impossible to spend that amount of money responsibly."

(Source: *The Age*, 27/6/2012)

Live Export Fiasco

In 2011, following an ABC Four Corners story and subsequent GetUp! campaign, Labor imposed an export ban on live cattle. After throwing the live cattle industry into chaos, it then announced a \$100 million package – a package that would have been entirely unnecessary had they not over-reacted in the first place.

Set Top Box Farce

Labor wasted \$67 million on administration costs to run a programme to install set top boxes in people's homes for an average of \$350 each, even though everyday retailers offered this service for less than half the price.

Daily Telegraph,
18/7/2011

**\$67m
lost on
set-top
farce**

**Live beef
export
ban still
hurting**

Courier Mail,
25/5/2013

Labor's \$850m solar blow-out

- Energy rebate scheme swamped
- Green loans program under review

The Rudd government has announced Minister Deaton yesterday also votes from the left due to its review of the repeated bungling of household

AFR, 10/2/2010

Carbon millions squandered

THE Australian-funded \$300 million Global Carbon Capture and Storage Institute set up by former prime minis-

Among those expenses were numerous first-class air fares for board members and lavish overseas trips for

the Asian Development Bank, almost \$20 million to the Paris-based International Energy Agency, and \$10 million

Sunday Age, 17/6/2012

Squandering a Mining Boom

During Labor's time in Government, there was a boom in demand for minerals from the emerging Asian economies.

“ Australia's budget issues have been masked by the mining boom and the Global Financial Crisis. We failed to realise that the income from the mining boom wouldn't last. And we failed to realise that spending increases through the GFC would last. ”

– John Daley
CEO Grattan Institute
(speech to the National Press Club, 9/10/13)

Australia's Terms of Trade (the price Australia gets for its exports, relative to the price of its imports) were by far the most favourable in modern history.

On average, Australia's terms of trade were 55% higher during Labor's time in Government, compared to the Howard Government.

When Australia's terms of trade increase, so does the value of Australia's exports.

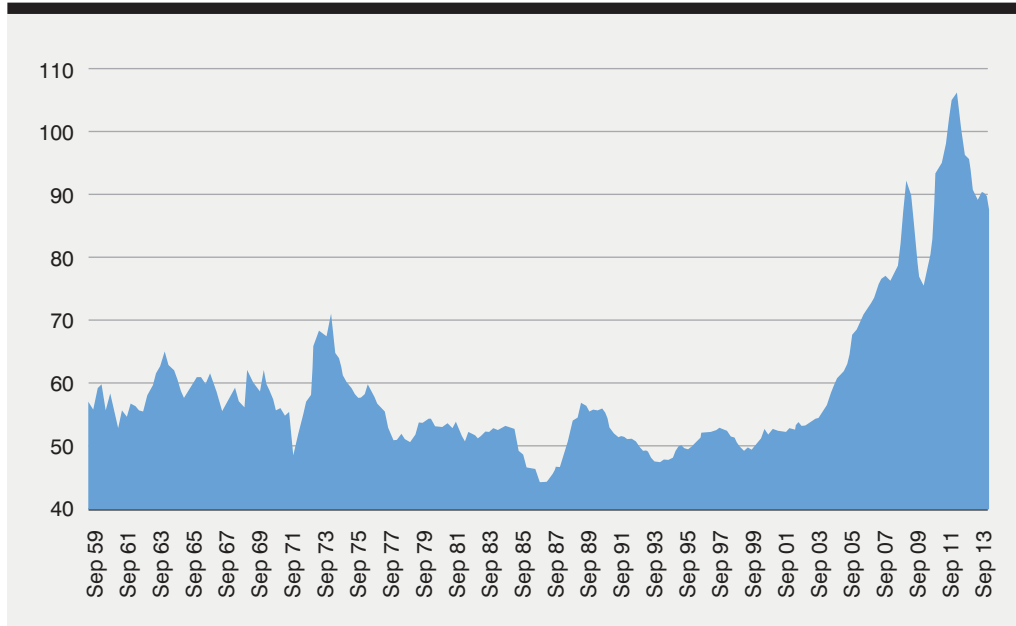
In the four years after Labor's election, the value of Australia's exports increased from \$216 billion to \$315 billion – an increase of \$99 billion (or 43%).

In 2010-11 and 2011-12, Australia's terms of trade averaged 100 for the only time since records began. Despite this, Labor delivered deficits of \$47 billion and \$43 billion – two of the largest deficits in Australia's history.



Australia's Terms of Trade

Source: ABS

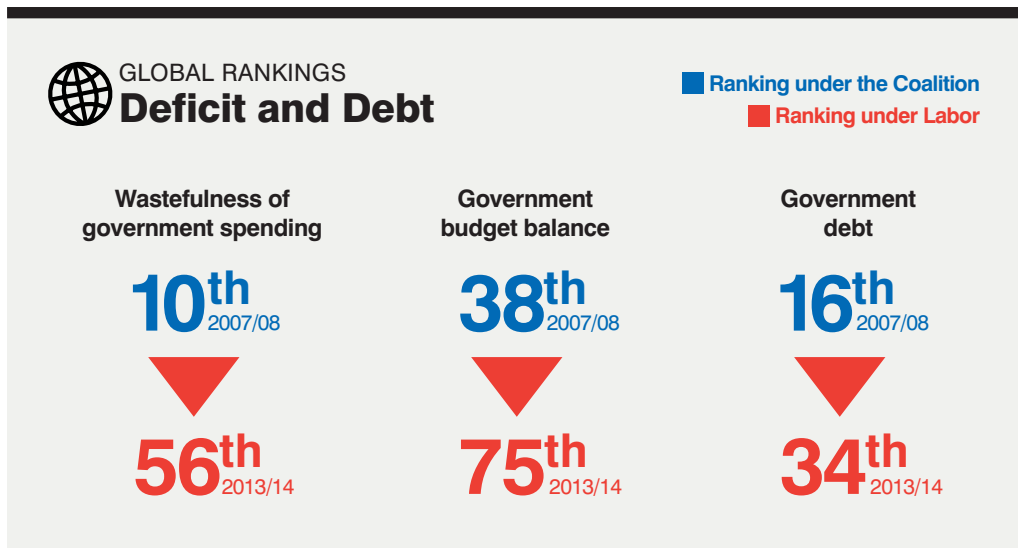


Forfeiting Australia's Budget Strength

Whereas Australia had been rated among the best in the world in terms of minimising waste, delivering strong budgets and maintaining low debt, under Labor Australia's position deteriorated sharply.

According to Global Rankings by the World Economic Forum, Australia has slipped markedly on key measures, including:

- Minimising wasteful government spending
(From 10th to 56th)
- Government budget balance
(From 38th to 75th)
- Low government debt
(From 16th to 34th)



Source: World Economic Forum Global Competitiveness Reports

Labor's Budget Booby Traps

**HIDDEN
COST**

Spending hidden
beyond the Budget

**HIDDEN
COST**

\$1.2 billion secretly
cut from schools

**HIDDEN
COST**

A debt ceiling
about to be broken

**HIDDEN
COST**

Projects “funded” by
non-existent Mining
Tax revenue

**HIDDEN
COST**

Depleted Reserve
Bank reserves

**HIDDEN
COST**

A virtually broke
Australian Competition
and Consumer
Commission

**HIDDEN
COST**

96 unenacted tax
measures

**HIDDEN
COST**

No funding for
offshore processing



Spending hidden beyond the Budget

While Budgets project spending over a four year “forward estimates” period, Labor made a number of spending decisions where the expenditure increased in year five and beyond.

This effectively enabled the Labor Government to make announcements but hide the cost and leave the consequences to the Coalition.

While spending increased an average 3.5% per year in real terms during Labor’s time in Government, it is set to increase by 6% in real terms in 2017-18. This includes:

- a 13% increase in Defence spending in real terms;
- a 66% increase in foreign aid spending in real terms;
- a 125% increase in the National Disability Insurance Scheme as its full rollout nears.

(Source: AFR, 31/3/2014)



A debt ceiling about to be broken

The 2013 Pre-election Economic and Fiscal Outlook (PEFO) outlined that Australia was expected to reach its existing debt limit of \$300 billion by the end of 2013.

In other words, Labor’s debt was only months away from breaking their own legal limit.



Depleted Reserve Bank reserves

Under Labor, the Reserve Bank’s reserves (required to offset the central bank’s exposure to risky financial assets to help it manage future economic crises) had been run down from 11% (in 2007-08) to a dangerously low 3.8%. This was due in part to Labor taking extraordinary dividends – including \$5.23 billion in 2009-10 alone.

Fixing this required an \$8.8 billion funding injection to the Reserve Bank.



96 unenacted tax measures

Soon after its election, the Coalition Government was advised there were 96 tax and superannuation measures that had been announced – and revenue booked – but had not been legislated by Parliament. This had the potential to cause significant uncertainty for businesses and consumers.

Fixing this cost the budget \$2.9 billion.



No funding for offshore processing

The previous Government had not put in place arrangements for post-processing accommodation for detainees on Nauru and Manus Island and had not funded the operations of offshore processing beyond 31 December 2013.

Fixing this cost the budget \$1.2 billion.



A virtually broke ACCC

The Australian Competition and Consumer Commission has been making losses for the last three years because of underfunding and was due to run out of funds by April 2014 unless action was taken.



\$1.2 billion secretly cut from schools

As Education Minister, Mr Shorten secretly cut \$1.2 billion from the school funding envelope. In Labor's August Economic Statement the treatment of the payments among the states was stated as "not for publication".

These cuts from states and territories that had not agreed to Labor's reforms were unfair and unrealistic and ***restoring this funding cost the budget \$1.2 billion.***



Projects funded by non-existent Mining Tax revenue

The former Government linked a number of spending measures to the failed Minerals Resource Rent Tax – totalling over \$16 billion over the four year forward estimates. Unfortunately, the Mining Tax has spectacularly failed to raise anywhere near this level of revenue, meaning the cost of these programmes would need to be added to Australia's debt.

By repealing the mining tax and much of this associated spending, the Coalition will save the Budget over \$12 billion.



A Damaged Economy

Punitive taxes

The World's Biggest Carbon Tax

Before the 2010 election, Prime Minister Gillard famously stated “there will be no carbon tax under the government I lead”. After the election Labor introduced a carbon tax.

In its first full year of operation the carbon tax saw emissions fall by only 0.1 per cent, while imposing a \$7.6 billion tax burden on the economy.

- \$6.6 billion was imposed on 348 companies in direct emissions liabilities.
- A further \$1 billion was imposed on businesses through reduced fuel tax credits, and through charges on the refrigeration and aviation industries.
- \$4.1 billion of these costs were imposed on electricity companies – putting pressure on the electricity bills of every business and every family. In just six years of Labor, electricity costs increased by 101%.

- \$1.1 billion of these costs have been imposed on manufacturing – putting pressure on jobs.
- Local councils were subjected to the carbon tax – putting pressure on rates.
- Dairy and meat processors and sugar refineries were subjected to the carbon tax – putting pressure on regional Australia.
- Even La Trobe University had a carbon tax bill of \$586,000.

The carbon tax directly impacts around 75,000 Australian businesses, while its cost burden has an impact on all Australians. Scrapping the carbon tax would save the average household around \$550 a year in 2014-15.

Despite this \$7.6 billion tax, emissions for the first 12 months decreased by just 0.1%.



“The best assistance the Government and the Opposition can provide is the removal of the carbon tax, which has cost this industry hundreds of millions of dollars.”

– John Borghetti
CEO Virgin Australia
(press conference, 28/2/2014)

“Australia’s carbon tax is one of the highest in the world. It is making our key industries less competitive every day it stays in place...For small business especially, this has been a major burden that has reduced profitability, suppressed employment and added to already difficult conditions.”

– Australian Chamber of Commerce and Industry, Australian Industry Group, Business Council of Australia, Minerals Council of Australia
(joint statement, 5/3/2014)

“In a climate of already suppressed retail spending, retailers are taking the hit of the carbon tax as consumers bypass the stores to pay household bills. Meanwhile, the cost of doing business has gone up for retailers due to higher utility bills and costs accumulated throughout the supply chain, which eventually fall onto retailers’ bottom lines and hit their customers’ already-sensitive hip pocket nerve.”

– Australian Retailers Association *(statement, 18/12/2012)*

The Mining Tax Fiasco

Labor has made two disastrous attempts to introduce a mining tax.

In May 2010, Labor announced a 40% Resources Super Profits Tax (RSPT), which drew substantial backlash from the industry over concerns about investment uncertainty, Australia's international competitiveness and sovereign risk.

In June 2010, Labor replaced the RSPT with the Minerals Resource Rent Tax

(MRRT) and linked a number of new spending programmes to its revenue. While the mining tax has raised less than \$20 per person, it has over \$700 per person of linked expenditure over the next four years. At the same time it is burdening business with red tape and uncertainty.

“You need security to invest, and I can't stress enough that we've done so much damage to our sovereign risk-free status in recent years... The public don't see that, but investors around the world who control the money are very vocal about it and extremely disappointed with how we've conducted ourselves.”

– Bill Beament
Managing Director
Northern Star Resources
(*The Australian*, 15/1/2013).

GOVERNMENT LAMBASTED

Minerals tax fails to raise a brass razoo

The Greens are demanding that the Gillard Government overhaul the mining tax in response to fears it will fail to raise any cash.

With none of the major miners paying any minerals resource rent tax when the first quarterly payment was due on Monday, the Greens said the tax should be extended to resources beyond iron ore and coal.

This week's mid-year Budget update downgraded expected revenue

pect to start paying MRRT until the price nears \$150 a tonne but even then only after several years of writing off sunk capital.

Greens MP Adam Bandt accused the Government of squandering a once-in-a-generation opportunity by putting the interests of mining companies ahead of those of ordinary Australians. “The Government is crying poor and cutting single parents' pensions, while the big miners get off

West Australian, 26/10/2012

Fringe Benefits Tax on Cars

On 16 July 2013 – with no consultation and without warning – the Labor Government announced it would try to impose a \$1.8 billion fringe benefits tax (FBT) hike for salary packaged or employer-provided cars.

Within three weeks, the Australian Automobile Dealers Association reported more than 60% of car dealers would need to consider staff number reductions if the changes were passed in Parliament.

(Source: AADA statement, 7/8/2013)

Within six weeks the Australian Salary Packaging Industry Association (ASPIA) reported sales of Australian-made cars had fallen by 13% the previous month (more than \$160 million of lost sales) while forward orders of Australian-made cars had dropped by 30%.

As ASPIA noted, this was a tax hit on everyday Australians, with the average salary of someone with a packaged car around \$70,000 – including large numbers of health and charity workers – and the average priced car being \$34,500.

(Source: ASPIA press release, 5/9/2014)

Fortunately, this was stopped with the election of the Abbott Government.

Estimates 550,000 people will be affected

Car fleets reel from fringe tax hit

The number of people hit by the Rudd government's shock overhaul of tax benefits for cars is more like 550,000 according to the car leasing industry, dwarfing by almost double the 320,000 NLC, the nation's third largest salary packaging company, let go of 74 of 145 staff on Thursday saying that business had stopped dead.

Monday, industry minister



AFR, 23/7/2013

Putting Unions ahead of the National Interest

In 2007, Labor promised they would not change union access rules:

“...the current rules in relation to right of entry will remain. With the right to enter another’s workplace comes the responsibility to ensure that it is done only in accordance with the law.”

Labor broke this promise and changed the access rules allowing any union entry and giving them massively expanded access rights, even where they are not a party to the award or agreement and where they have no members.

Where this has been exploited, it has caused numerous problems. For example, the Worsley aluminium plant experienced over 180 union visits in one year and the Pluto LNG project had 200 union visits in three months.

Labor dismantled the powers of the Australian Building and Construction Commission (ABCC), with each change seeing a progressive return to the bad old days. Labor then abolished the ABCC in 2012.

Labor oversaw wildcat stoppages, militant protests, demands that union mates be employed on projects and an increase in disputes that were not dealt with effectively.

For example:

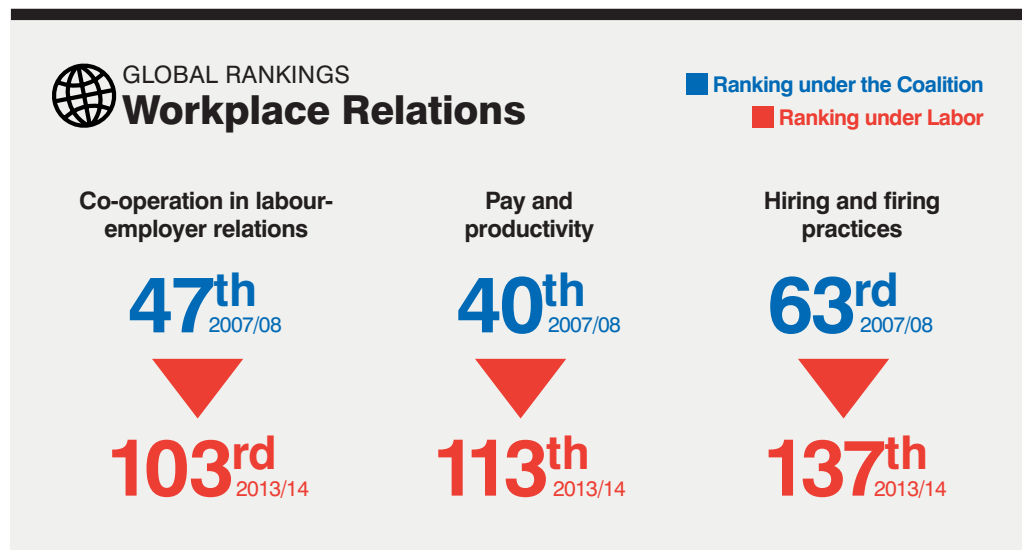
- In August 2012, the CFMEU / Myer Emporium dispute saw violence in city streets, militant protestors intimidating the community and attacks on police horses.
- In November 2012, the Little Creatures brewery site in Geelong suffered a violent dispute where picketers were accused in court documents of making physical threats and of shoving, kicking and punching motor vehicles.
- In February 2013, City West Water in Werribee was subject to a dispute where protestors threatened people with ‘Columbian neckties’. The dispute was so heated workers had to be flown in by helicopter.

Under Labor, union rip offs, rorts and corruption flourished, with revelations surrounding the Health Services Union highlighting a failure in our laws.

Tackling union corruption and thuggery is not only incredibly important to large and small businesses around Australia, but also for the cost effective and timely delivery of badly needed infrastructure projects.

According to Global Rankings by the World Economic Forum, Australia has slipped markedly on key measures, including:

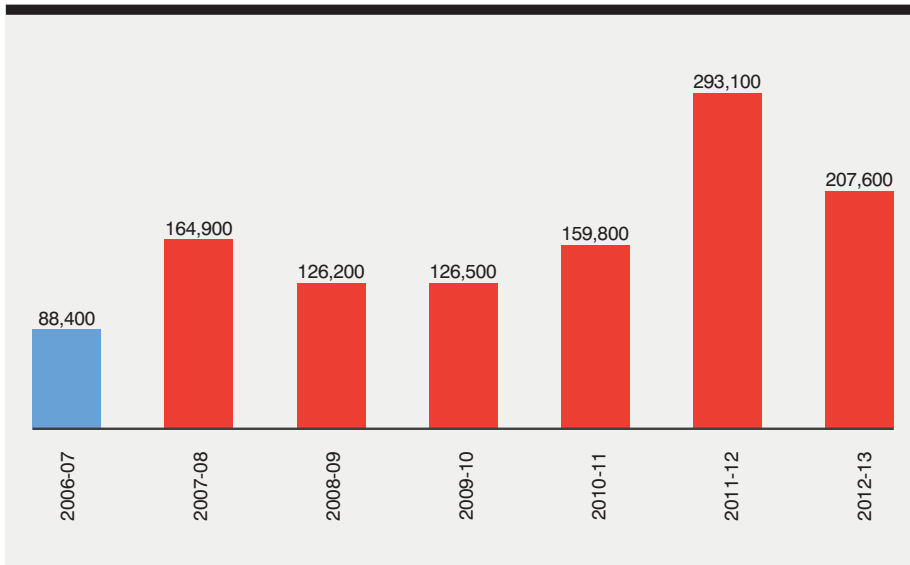
- Co-operation in labour-employer relations
(From 47th to 103rd)
- Pay and productivity
(From 40th to 113th)
- Hiring and firing practices
(From 63rd to 137th)



Source: World Economic Forum Global Competitiveness Reports

Working Days Lost

Source: ABS Industrial Disputes Data (2007-13)



LABOR HANDS UNIONS \$20M

And the party continues as cash returned in kind

TAXPAYERS have forked out \$20 million to the union movement since Labor came to power — including tens of thousands of dollars to fly ACTU executives overseas.

As the Gillard Government struggles to sell last week's Budget, it can be revealed the nation's most powerful unions have received lucrative payments to help

train up the next generation of union leaders by improving the "skills and knowledge" of employee representatives. And in a neat case of

Daily Telegraph, 16/5/2011

UNION TAIL WAGS THE LABOR DOG

The party's links to the labour

NINE days after Gough Whitlam became leader of the Labor Party in 1967, the party's former leader, Arthur Calwell, addressed a trade union dinner in Sydney. "Those who wish to weaken the influence of unions are the enemies of modern Australia."

More than four decades later, Labor is at the same crossroads.

There are many people now calling for systemic reform to the Labor Party. Mod. Latham has

The Australian, 19/6/2013

Unions first for Labor

Think of it as another large union box ticked. The federal government's decision to tighten access to 457 visas for skilled foreign workers is not winning it any friends in the business.

Distributive and Allied Employees Union. A government in such deep trouble has made an even more pointed choice to give unions more of what they want to ensure the

financiers comfort that Rinehart wouldn't face a massive cost blowout or expensive delays in construction if workers were not available in the midst of a recession boom. Since then, of

AFR, 28/2/2013

LABOR'S 07-13 MESS

Poor Performance in Delivering Infrastructure

The Labor Government prioritised the National Broadband Network without a business case or cost benefit analysis, leading to the costly waste of billions of taxpayer dollars.

“There are many examples in Australia of inadequate project selection leading to costly outcomes for some users and taxpayers in general... An Australian Government example is the decision by the previous government to proceed with the National Broadband Network without doing a thorough analysis of its costs and benefits. The need for a comprehensive overhaul of poor processes in the development and assessment of infrastructure investments is the key message of this draft report.”

– The Productivity Commission, Draft Report into Public Infrastructure, March 2014

Labor announced a number of projects that weren't funded, including:

- **\$3 billion of Regional Investment Fund (RIF) projects** – including the Swan Valley Bypass, Great Northern Highway and North West Coastal Highway – funded from a mining tax that is not raising money.
- **Melbourne Metro Rail** – where all but \$75 million of the \$3 billion funding commitment fell outside the Budget's four year forward estimates.

Labor also announced a number of projects that weren't delivered, including:

- **Parramatta-Epping Rail Link (Sydney)** – During the 2010 election, Labor announced \$2.08 billion for the project to begin in 2014-15, but in the 2013-14 budget delayed the funding to at least 2019-20.
- **Sydney West Metro (Sydney)** – In the 2009-10 Budget, Labor provided \$91 million for preconstruction work, but in 2010 this project was cancelled by the NSW Labor Government.
- **Adelaide O-Bahn** – In the 2009-10 Budget, Labor provided \$61 million towards the project. After spending \$5 million, this funding was cancelled in January 2011.
- **Gawler Rail Line electrification** – In 2009-10, Labor provided \$293 million to the project. As of April 2014 this project was still not completed.

At the same time, Labor failed to tackle Australia's major infrastructure challenge – traffic congestion, which is projected to cost the economy \$20 billion by 2020.

After six years of Labor, commuters are spending more time in traffic, for example:

- The average travel time from Western Sydney (Parramatta) to the CBD is now 77 mins. If nothing is done, this will increase to 92 minutes by 2031;
- Traffic on key east-west roads in Melbourne will increase by 30% by 2031;
- The average travel time from the southern suburbs of Adelaide to the CBD on South Road is 9 minutes longer now than 12 months ago.

Labor claimed to be committed to upgrading the Pacific Highway and Bruce Highway – both crucial arteries – but demanded 50:50 funding from the states, when traditionally highways were 80% funded by the Federal Government.

To overcome this inaction, the Coalition has restored the 80:20 rule and committed

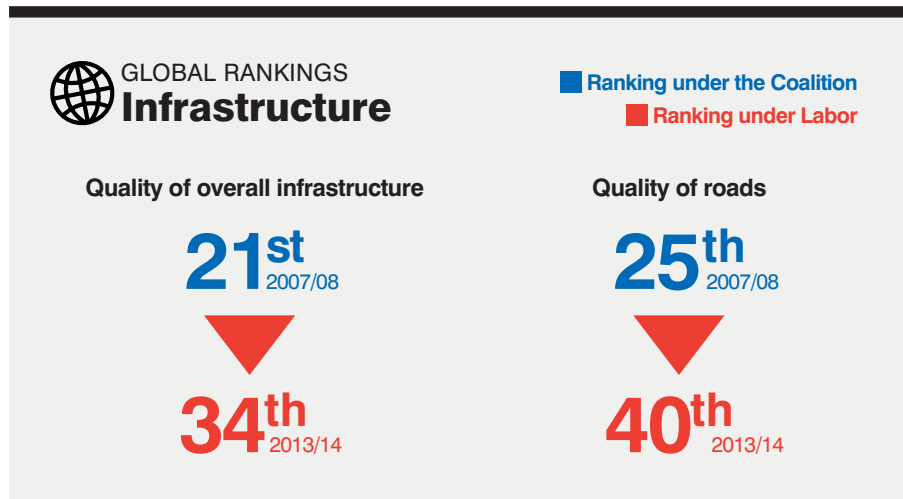
\$5.6 billion to the Pacific Highway and \$6.7 billion to the Bruce Highway.

The need for an inland rail corridor from Melbourne to Brisbane was recognised by the last Coalition Government but dropped by Labor, causing a six year delay on this project that would enhance national productivity. It has taken the Coalition to provide \$300 million to stop the dithering and start building.

In six years, Labor did not make a decision about a second Sydney Airport.

According to Global Rankings by the World Economic Forum, Australia has slipped in terms of:

- **Quality of overall infrastructure**
(From 21st to 34th)
- **Quality of roads**
(From 25th to 40th)



Source: World Economic Forum Global Competitiveness Reports

Red Tape

Labor introduced more than **20,000** new or amended regulations in six years, which added to project lead times, increased costs, and created new layers of overlapping bureaucracy.

“We need to remove, wherever we can, overlapping legislation.”

– David Knox
Santos CEO,
The Australian, 29/5/2013



The Australian, 14/11/2012

Inaction on Trade

In 2010, Labor's Trade Minister, Craig Emerson, promised that 2011 would be the Year of Trade:

"The coming year can be one during which the Doha Round of Multilateral Trade Negotiations can be brought to a successful conclusion, the Trans-Pacific Partnership of nine APEC economies can be advanced ahead of the US-hosted November APEC meeting in Honolulu, a trade agreement with Korea can be finalised, an agreement with Japan can be advanced, deadlocked negotiations with China can be unlocked, further liberalisation with countries like Indonesia and Malaysia and the Gulf states can be progressed and perhaps negotiations with India and a number of Latin American countries can be commenced."

(Source: Speech to the Lowy Institute, 10/12/2010)

Against its stated goals, Labor failed spectacularly:

- There was no progress on the Doha Round;
- The Trans-Pacific Partnership is still under negotiation;
- The Korea Free Trade Agreement stalled;
- The Japan Free Trade Agreement stalled;
- The China Free Trade Agreement stalled;
- The trade relationship with Indonesia was damaged through Labor's overnight ban on beef exports;
- The Gulf Cooperation Council Free Trade Agreement stalled;
- The Australia-India Free Trade Agreement talks went nowhere;

- Unlike Canada, which has made great progress on a Free Trade Agreement with the EU, Labor made no comparable efforts;
- There were no new trade negotiations with Latin American countries.

Where Labor took action, they did damage:

- Labor's overnight ban on beef exports to Indonesia damaged Australia's beef export businesses – businesses which are still counting the cost.
- Labor's mishandling of the budget – and in particular the mining tax debacle – raised the spectre of sovereign risk.
- Labor damaged Australian businesses' ability to compete through its additional red tape and new taxes.

Hurting Small Business

Under Labor, there was considerable pressure added to small business.

Pressure came through:

- The carbon tax – adding to their electricity and other costs throughout the supply chain;
- Red and green tape – with Labor adding more than 20,000 new or amended regulations in six years;
- Voting down a measure to remove from employers the 'pay clerk' burden of paid parental leave, which would save employers \$44 million per year;
- More pressure on small business interest rates than would have been the case had Labor not racked up such high deficits and debt;
- Abolishing the Entrepreneurs Tax Offset which was a \$180 million a year incentive to 400,000 of Australia's smallest businesses;
- Increased union militancy;
- Declining infrastructure;
- Low levels of consumer confidence and willingness to spend, driven in part by uncertainty about our economy;
- Labor never having a consistent plan for small business, while having a revolving door of six small business ministers in six years.



AFR, 11/12/2012

Let down by Labor: small businesses

Small business is more dissatisfied with federal initiatives. **Sally Rose, Agnes King and Ben Hurley** report.

Australian entrepreneurs "have every right to think governments will create an environment in which they will thrive," federal Small

business owners," says John Anderton, chief executive of Butterfly, a Melbourne web development company.

From July, small businesses have been able instantly to write-off assets costing less than \$6500, and loss-making small businesses can receive a refund from taxes paid the previous year.

guilty until proven innocent needs to change," Family Business Australia chief executive Philippa Taylor says. "We were told there would be an industrial relations review but nothing changed."

O'Connor denies his strong union links (his brother is Construction, Forestry, Mining and Energy Union national secretary Michael

Declining Productivity and Competitiveness

Under Labor, productivity declined, as clearly demonstrated in the combined measure of the productivity of labour and capital – multifactor productivity.

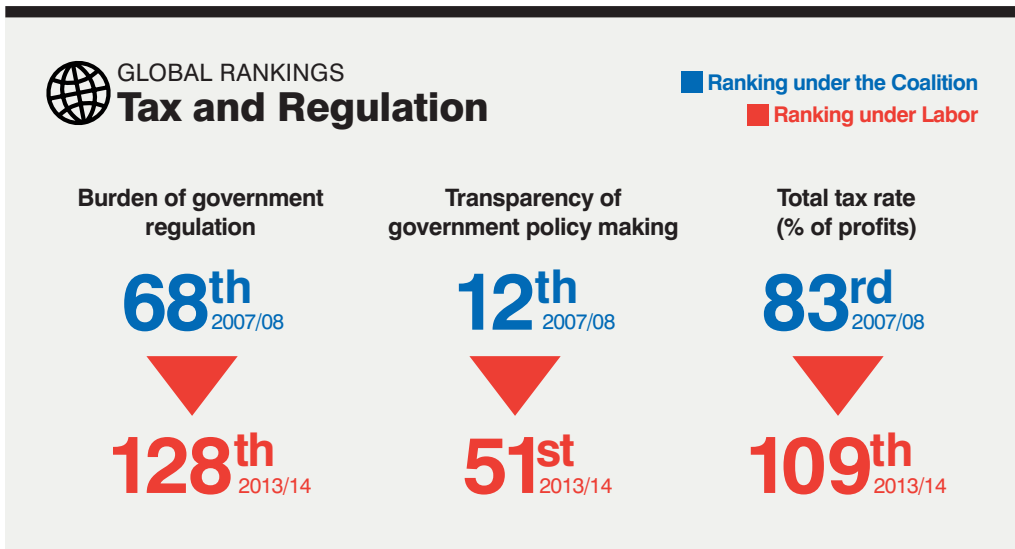
On average, multifactor productivity:

- Increased by 0.7% per year during the Howard Government;
- Decreased by 0.7% per year under Labor.

(Source: ABS)

According to Global Rankings by the World Economic Forum, Australia has slipped badly on key competitiveness measures, like:

- Burden of government regulation
(From 68th to 128th)
- Transparency of decision making
(From 12th to 51st)
- Total tax rate
(From 83rd to 109th)



Source: World Economic Forum Global Competitiveness Reports

Canberra Times, 14/3/2014

Labor blamed for productivity hit

Qantas chairman Leigh Clifford, currently stalled by the unions at the national level, has said the re-

bourne yesterday covering his 40 years in the mining game, the economy, boom-bust commodity price cycles and the rise of China,

back stalled the productivity improvement," Mr Clifford said. "Productivity went backwards – just as demand was softening and

LABOR'S 07-13 MESS

Labor's Economic Myths

MYTH

Labor saved Australia from the GFC

"The stimulus package saved Australia from recession."

Andrew Leigh (Hansard, 13/2/2014)

"We dealt with the worst the GFC could throw at us and came through."

Wayne Swan (Daily Telegraph, 11/4/2013)

REALITY

A number of factors sheltered Australia from the worst of the financial instability:

- The Global Financial Crisis was isolated mostly to the Northern Hemisphere. As the Reserve Bank Governor, Glenn Stevens, said in 2010: "It was really only a global crisis for six or eight weeks, I think. The rest of it is mainly a North Atlantic story." (Source: House of Representatives Standing Committee on Economics, 19/2/2010)
- Australia went into the downturn in better shape than any other economy in the world. The Coalition had paid back Labor's debt. In 2007, the incoming Labor Government inherited net assets of \$45 billion and surpluses of \$20 billion. This meant Australia had more fiscal capacity than any other developed country to deal with challenges in the global economy. (Source: IMF, A historical public deficit database, 1/11/2010)
- Australia's trade continued at record levels. During Labor's time in government, Australia's terms of trade were, on average, 55% higher than under the Coalition.
- Australia had independent and responsible monetary policy.
- Australia had an appropriately regulated banking sector and well capitalised banks. In the words of former Treasury Secretary Ken Henry: "The Australian banking system has emerged from the GFC in a stronger position, relative to banking systems in many other countries. For good reason, it is highly regarded around the world." (Source: Speech to Australasian Finance and Banking Conference, 15/12/2010)

In the words of former Reserve Bank Board Member Warwick McKibbin: "The delusion that what saved the Australian economy from the GFC was entirely fiscal policy needs to be jettisoned." (Source: The Australian, 10/8/2011)

MYTH

Labor delivered a surplus



REALITY

Labor never delivered a surplus. In fact, Labor has not delivered a surplus since 1989-90.

MYTH

Labor put Australia on a pathway to surplus

"That was what we left in terms of the budget deficit, and we had a pathway back to surplus, but it's gotten much worse since then."

Chris Bowen (ABC RN Breakfast, 17/12/2013)

REALITY

Labor left \$123 billion of projected deficits over the next four years.

The Treasury Secretary, Dr Martin Parkinson recently noted:

"Without policy change, the budget is projected to be in an underlying cash deficit for the next 10 years. If this situation came to pass, it would mean that the budget would be in deficit for 16 consecutive years, substantially longer than the 7 years of deficits in the early 1990s."

(Source: Speech to the Sydney Institute, 2/4/2014).

**LABOR'S 07-13
MESS**

MYTH

Labor achieved a AAA credit rating from all three credit rating agencies

“Australia recently achieved the gold plated AAA rating from all three global credit ratings agencies for the very first time in our nation’s history.” Bill Shorten (media release, 13/1/2012)

REALITY

The only downgrades in Australia’s credit rating in recent history have been under the Labor Government. In 1986 both Moody’s and S&P downgraded Australia’s credit rating. This was repeated again in 1989.

In 2002, under the Coalition Government, Moody’s upgraded our rating back to AAA. S&P upgraded Australia’s rating to AAA in 2003.

The AAA rating from ratings agencies (including the November 2011 upgrade by Fitch) are a result of the reforms and Budget management of John Howard and Peter Costello (such as entering the GFC with no net debt).

MYTH

The stimulus package was effective and well-targeted

“The BER is a key element of the Australian Government’s \$42 billion Nation Building Economic Stimulus Plan to support jobs, stimulate local economies and invest in important infrastructure for the long term.” Chris Bowen (media release, 30/8/2011)

REALITY

Labor splurged \$87 billion on stimulus in response to the events of September and October 2008 with around 40% still being spent as late as 2010-11 and 2011-12.

Many of Labor’s programmes have been found to be excessive, overpriced and not generating value for money. For example:

- The Building the Education Revolution programme was plagued by rip-offs and rorts to the tune of \$6-8 billion. A recent academic paper by University of New England academics for the International Journal for Public Administration concluded: “The BER program basically ticks all the boxes of what not to do...”;

- The Labor Government's \$900 stimulus payments included payments to 27,000 Australians living overseas and 21,000 dead people;
- The disastrous Pink Batts Scheme cost \$2.8 billion and resulted in the tragic deaths of four young Australians.

MYTH

Labor is good for workers and jobs

"I want them to be writing about the differences between us and the conservatives; about how we're looking out for working people and they're looking after vested interests." Bill Shorten (speech to National Policy Forum, 7/3/14)

REALITY

The number of unemployed Australians increased from 491,700 in November 2007 to 694,600 in September 2013 – an increase of over 200,000 Australians unemployed.

Worse, the number of long-term unemployed nearly doubled from 68,700 to 133,400.

MYTH

Labor didn't introduce the notion of sovereign risk

"We hear absurd claims that there is rising sovereign risk in Australia." Wayne Swan (Treasurer's Economic Note, 23/9/12)

REALITY

A number of leading business leaders claimed otherwise:

"You need security to invest, and I can't stress enough that we've done so much damage to our sovereign risk-free status in recent years...The public don't see that, but investors around the world who control the money are very vocal about it and extremely disappointed with how we've conducted ourselves."

Bill Beament, Managing Director of Northern Star Resources
(Source: *The Australian*, 15/1/2013)

"You certainly don't want to start double-taking the resources companies because you will have no one investing capital here then. As it is, people are looking at the sovereign risk and starting to wonder what's going on."

Don Argus, Former Chairman, BHP Billiton Ltd (Source: *The Australian*, 24/11/2012)

"The substantial pipeline of new projects that has been talked about is by no means assured...I've been myself talking to international investors in recent days who have expressed the view that they are seriously underweight in Australia as a result of what they term sovereign risk, which includes the unpredictability of regulation, taxes on key industries and concerns about industrial co-operation."

Graham Bradley, Chairman of Anglo American Australia, Stockland Group and HSBC Bank Australia and Vice President of Business Council of Australia (Source: *The Australian*, 3/7/2012)

MYTH

Labor was a low taxing government

"This is a low taxing government." Julia Gillard (speech to CEDA, 1/2/11)

REALITY

While in government, Labor introduced 43 new or increased taxes.

MYTH

It was revenue, not spending, that caused Labor's deficits

"Big revenue write downs have made a surplus unlikely this year."

Wayne Swan (speech to G'Day USA Financial Services Luncheon, 18/1/2013)

"Well, what we got though was much lower revenues than you'd anticipate." Penny Wong (ABC Lateline, 14/5/2013)

REALITY

Labor didn't have a revenue write down problem, it had a spending problem.

Between 2007-08 and 2013-14, revenue has grown by \$70 billion. The problem is spending has grown by nearly double that amount (\$137 billion).

MYTH

Labor made responsible savings

"We've been doing the responsible thing by progressively making savings in our budget, totalling \$250 billion out until 2020."

Wayne Swan (speech to G'Day USA Financial Services Luncheon, 18/1/2013)

REALITY

When Labor talk about "savings", they actually mean tax increases.

For example, in the 2012 Mid-Year budget update, Labor claimed \$16.4 billion of "savings".

However, it turned out that just over 80 per cent of these "savings" were actually revenue increases – hikes to taxes or to non-tax fees and charges. This included increasing visa charges on skilled immigrants, shifting companies to monthly taxation (to raise an extra \$8.3 billion over four years) and gaining an extra \$1.6 billion in revenue from spending an extra \$390 million on compliance for wealthy people. (Source: MYEFO 2012-13)

MYTH

Australia has low debt

"Over recent weeks, we've seen a textbook example of misrepresentations of economic data in discussions around

Australia's modest debt levels." Wayne Swan (Treasurer's Economic Note, 31/3/2013)

"Australia's net debt is dramatically lower than the net debt levels for every single major advanced economy." David Bradbury (media release, 27/3/2013)

REALITY

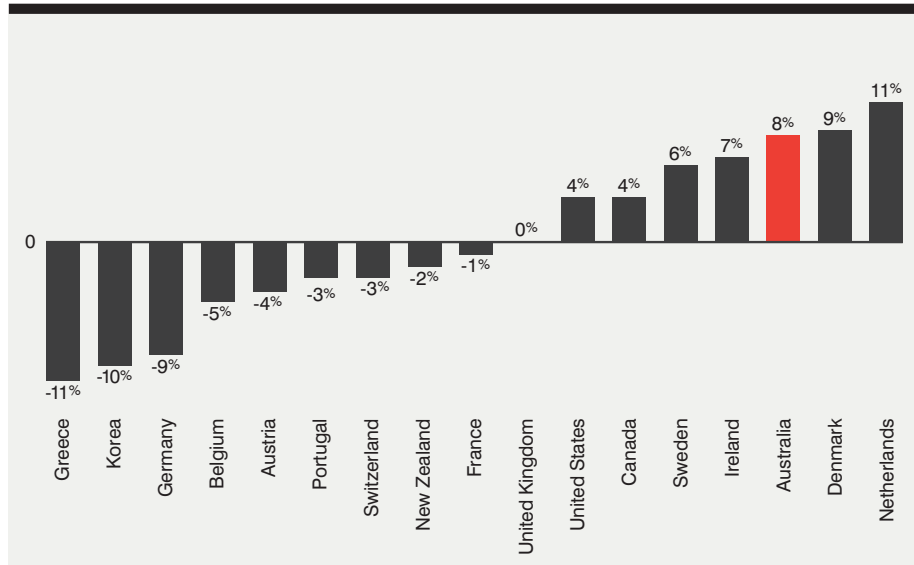
Australia's growth in government debt and spending is among the highest of advanced economies.

A recent IMF assessment showed Australia's net debt growth is projected to be the third highest among 17 advanced economies.

If no corrective action is taken, Australia's debt is projected to reach \$667 billion by 2023-24.

Change in Net Debt 2012-2018 (% of GDP)

Source: IMF



MYTH

Labor capped spending at 2% per year in real terms

"I look forward to working with Treasurer Wayne Swan to ensure the budget returns to surplus three years ahead of schedule in 2012-13, comfortably ahead of every major advanced economy. This includes holding real growth in spending to 2 per cent a year until the budget returns to surplus and a commitment to build stronger government finances." Penny Wong (media release, 13/09/10)

REALITY

Under Labor, spending increased by an average 3.5% a year in real terms.

In addition, Labor deferred big spending items beyond the four year forward estimates. Analysis released in March 2014 shows that in 2017-18 spending is projected to increase by 6% in real terms, with an increase in defence of 13%, foreign aid of 66% and an increase in National Disability Insurance Scheme costs of 125% as its full rollout nears.

Putting Pressure on Everyday Australians

Cost of Living Pressures

Under Labor, family budgets have been under pressure in key areas where government decisions can influence prices.

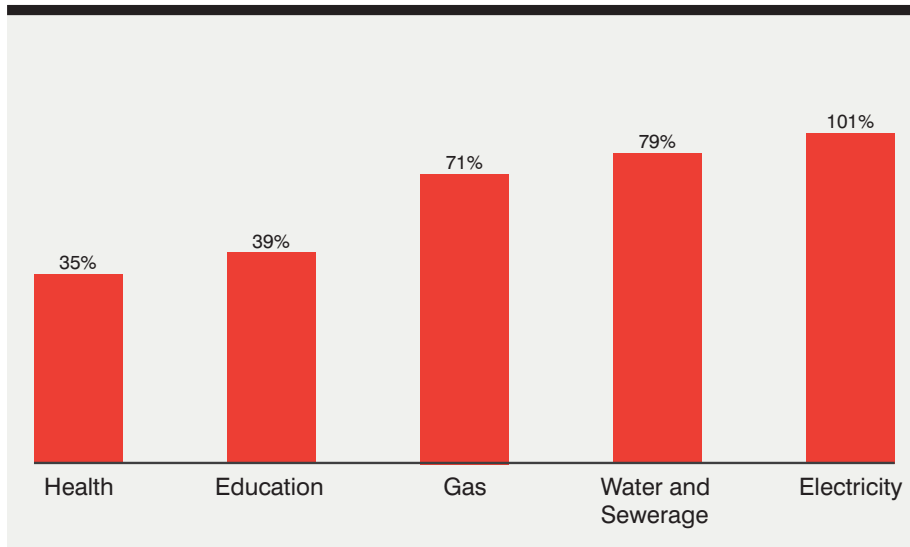
Most notably, utilities have increased markedly, with the price of gas, water and sewerage and electricity going up 71%, 79% and 101% respectively – in just six years!

Household health and education costs have also gone up markedly – by 35% and 39% respectively.

The Carbon Tax adds around \$550 a year to the average household budget. Labor also supports expanding the Carbon Tax to buses and trucks, which will add extra costs that will flow on to consumers.

Price Rises under Labor ...in less than six years

Source: ABS CPI (Dec 2007 to Sept 2013)



LABOR'S 07-13
MESS

Rising Unemployment and Job Insecurity

Under Labor, increasing numbers of Australians faced the uncertainty of unemployment and job insecurity.

Unemployment rate	4.4% (Nov 07)	5.7% (Sep 13)
Unemployment plus underemployment rate	10.6% (Nov 07)	13.6% (Aug 13)
Youth (15-24) unemployment rate	10.0% (Nov 07)	12.7% (Sep 13)
Number of unemployed	491,700 (Nov 07)	694,600 (Sep 13)
Long-term unemployed	68,700 (Nov 07)	133,400 (Sep 13)

(Source: ABS)

Casualties of job insecurity

Growing workforce left in lurch

Daily Telegraph, 29/7/2013



Broken Borders

After winding back the proven border protection policies of the Coalition Government, the Labor Government put people smugglers back in business.

Labor's failed border protection policies resulted in an environment where more than 50,000 people arrived illegally by boat and more than 1,100 people drowned at sea.

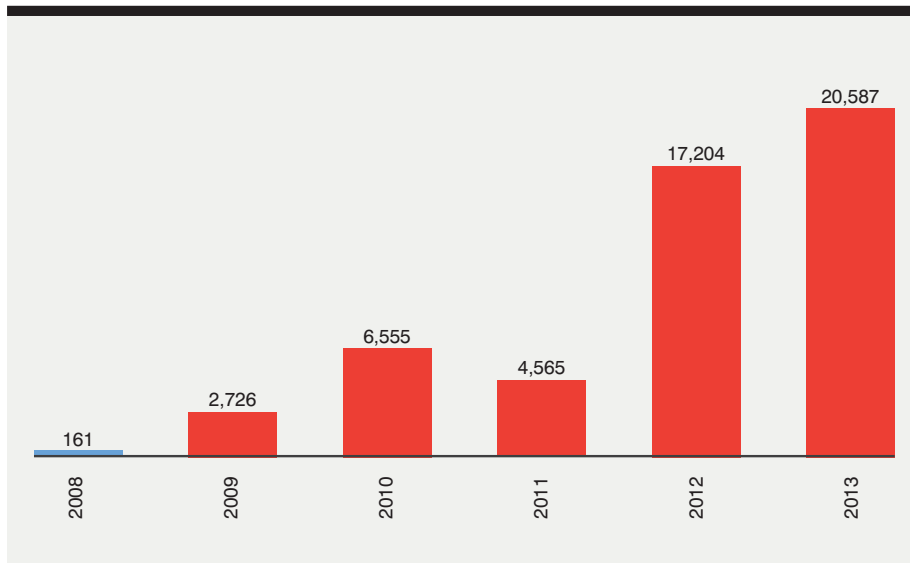
More than 14,000 people who have been waiting offshore in desperate circumstances have also been denied Australia's protection via humanitarian visas, as places in our migration programme were taken by those arriving illegally by boat.

Labor never believed in offshore processing and their panicked attempts to reintroduce it to deal with the rapid influx of arrivals failed. Their heralded East Timor and Malaysian solutions were ill-conceived and were never enacted. Their last minute "PNG Solution" had no resettlement details negotiated.

Labor's border protection budget blew out by more than \$11 billion.

Illegal Arrivals by Boat

Source: Customs



Labor left a caseload of more than 30,000 unresolved asylum cases. 27,000 of those had not even commenced assessment, despite having arrived as early as August 2012.

To pay for their mismanagement, Labor cut the resources of critical frontline border control agencies, leaving our borders exposed to significant and unnecessary risk.

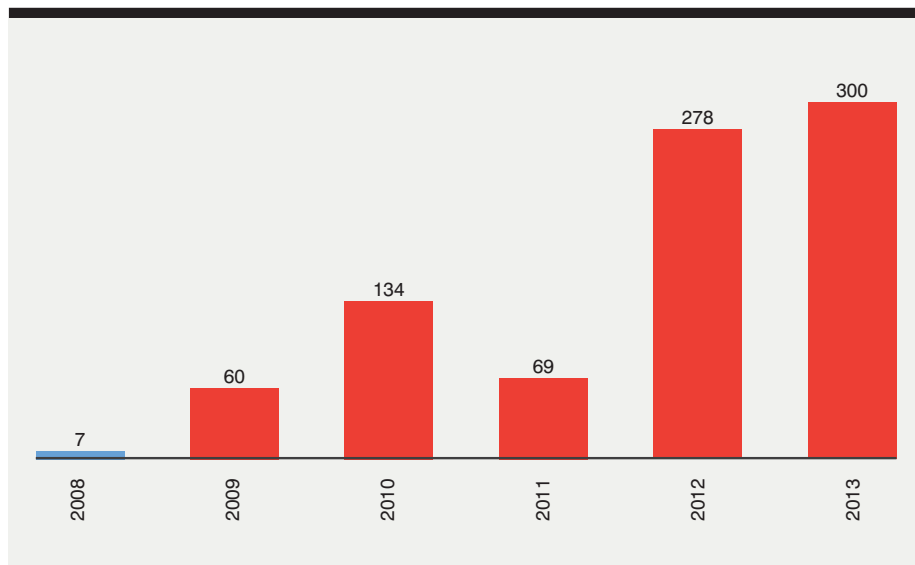
Labor cut nearly 700 staff from Customs at a time when their responsibilities were being increased due to the flood of illegal boat arrivals and introduced budgetary cuts to Customs of \$734.8 million, to be delivered out to 2017-18.

Under Labor, the number of sea cargo inspections decreased by 25% and there was a 75% reduction in the number of air cargo inspections.

Budget funding cuts to Customs' passenger processing at airports has also meant increased delays at airports, which impacts Australia's enviable reputation as an enjoyable, hassle-free, tourism destination.

Illegal Boats

Source: Customs



A Weaker Defence Force

Faced with spiralling debts and deficits, Labor raided Defence, cutting or deferring \$16 billion of expenditure from 2009-10 to 2016-17.

Defence spending as a share of GDP dropped to 1.56% in the 2012-13 Budget – the lowest level of funding since 1938.

The Labor Government's 10.5% cut to Defence in the 2012-13 budget was the largest single cut since the Korean conflict.

Under Labor, there were significant budget cuts that did not come with commensurate decisions to reduce capability. By the time Labor left office, its 2009 Defence Capability Plan was underfunded by around \$8.4 billion, yet Labor did not release a new one.

Labor broke its commitment to guarantee average 3% real growth in Defence funding to 2017-18 and 2.2% real growth from 2018 to 2030 to fund the promises made in the 2009 Defence White Paper.

Labor delayed the program to replace the Navy's Collins class submarines by four years and deferred \$20 billion of programme funding beyond 2029-30, risking a critical capability gap.

Labor pulled out of the Global Hawk Programme in 2009 and stated in the Defence Capability Plan that they would not be available until at least 2019.

Under Labor, the Australian defence industry shed more than 10% of its

workforce because of Budget cuts and deferrals, procrastination and a lack of opportunity for Australian suppliers.

Labor's lack of commitment to Defence was also apparent by its lack of commitment to its personnel – past, present and future:

- Labor broke a 2007 promise to 'maintain a generous military superannuation system' by opposing legislation to bring in fair indexation for more than 57,000 military superannuants on the Defence Forces Retirement Benefits scheme (DFRB) and Defence Force Retirement and Death Benefits scheme (DFRDB);
- Labor failed to provide ADF families with guaranteed long term basic health care by postponing the full rollout of the National ADF Family Health Care Programme on at least two occasions;
- Labor cut the popular ADF Gap Year Programme – a program in which 17-24 year olds could experience Defence life for a year and through which 52% of participants went on to successful recruitment into the Permanent or Active Reserve forces.

**LABOR'S 07-13
MESS**

The Australian,
13/11/2013

REFORM 'OUT OF STEAM'
**Defence
'cut down'
by Gillard**

THE Gillard government's severe
budget cuts did not just move the

white paper," he said.
"No sooner had this been

Undermining Australia's Good Reputation

Australia's reputation as a mature, reliable, strategic and trading partner was undermined by a Labor Government that had priorities out of kilter with our interests, which made erratic decisions and, on occasions, offended allies and friends with gaffes and insults.

Labor's foreign policy mistakes included:

- Prime Minister Rudd causing tension with the White House by leaking a false version of a telephone conversation with the US President;
- Prime Minister Gillard announcing an asylum seeker processing centre on East Timor, without consulting the Indonesian President or the Prime Minister of East Timor;
- Without warning or consultation, unilaterally banning live cattle exports to Indonesia and in so doing creating doubt about Australia's role as a reliable supplier of food;
- Prime Minister Rudd excluding Japan – Australia's most steadfast friend and important diplomatic partner in Asia since the 1950s – from his first visit to North Asia;
- Prime Minister Rudd being rebuked by Chinese authorities for a speech at Beijing University in 2008 and then making an infamous insult towards the Chinese delegation at the Copenhagen Climate Conference in late 2009 in front of journalists;
- Without consultation, announcing a 10 year ban on uranium sales to India – a rising power with an impeccable record of non-proliferation whose uranium needs were being supplied by the United States and Canada (Labor belatedly overturned this ban);
- Dropping a major project developing self-propelled Howitzers for the Australian Defence Force, causing insult to Koreans (a Korean company, Samsung, was working on the project);
- Prime Minister Rudd announcing a new asylum seeker processing deal with PNG, without consulting Indonesia and then making grandiose claims about the deal that were not supported by the agreement and which were undermined by statements from PNG's leaders.

Making a Mess of Key Services

Labor's NBN Mess

In 2007 Labor promised a National Broadband Network costing \$4.7 billion and which would be completed by 2013. In 2009 they switched to an NBN costing ten times as much.

**NINETY
BILLION
NIGHTMARE**
**'TRUE' COST
OF LABOR'S
INFORMATION
REVOLUTION**

Daily Telegraph, 8/4/2013

This is the largest and riskiest infrastructure project in Australia's history, embarked upon without any cost-benefit analysis.

After six years of Labor government, only 3% of Australians had access to the NBN and fewer than 100,000 were using it. Labor's NBN achieved only 16% of its original rollout target for June 2013 and only 7% of its target for paying customers.

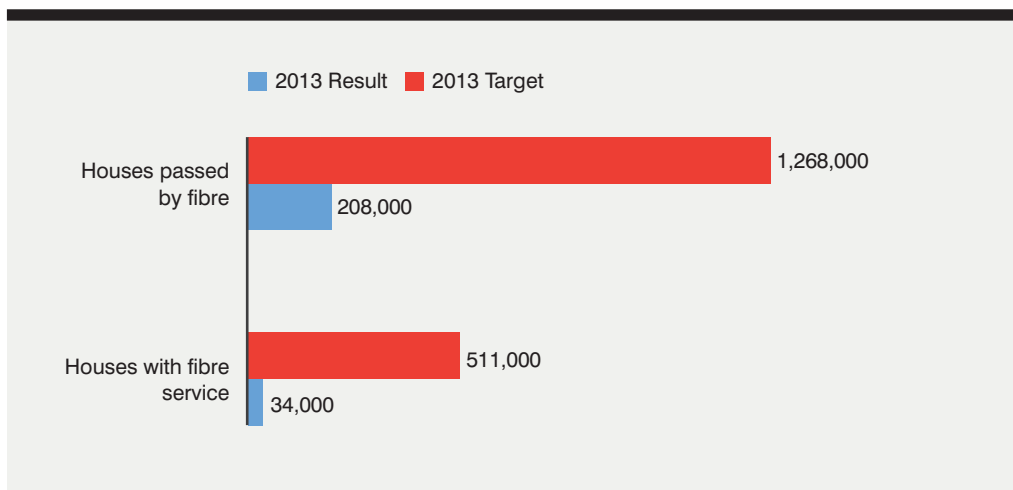
Following the change of government in September 2013, independent analysis by the NBN Co Strategic Review finally exposed the truth about Labor's broadband plan:

- Labor's NBN was not going to be completed until 2024 at the earliest – six years later than promised in 2009.

**LABOR'S 07-13
MESS**

NBN Targets vs Delivery

2010 Business Plan Targets for 30 June 2013, compared with results



- Costs for Labor's NBN were going to blow out to at least \$73 billion – \$29 billion more than the former government had admitted.
- Because of these cost overruns, Labor's NBN was going to add \$43 per month to a typical household's broadband bill.

to 200,000 households and businesses in regional, rural and remote areas were going to miss out on a connection entirely, without policy changes. Labor also failed to secure spectrum to provide NBN wireless service to 80,000 premises at the edges of the major capital cities.

NBN Co's most recent independent review has revealed that under Labor's NBN up

Labor's Health Mess

At the 2007 election, Kevin Rudd said: *"When it comes to improving Australia's health and hospital system, as prime minister, if elected, the buck will stop with me."* He said *"a Rudd Labor Government will seek to take financial control of Australia's 750 public hospitals if State and Territory Governments have failed to agree to a national health and hospital reform plan by mid-2009."*

(Source: ABC 7.30 Report, 23/8/2007)

Labor never held the referendum and, in 2012-13, six years after promising to "end the blame game", Labor made it worse with a \$1.6 billion cut to the projected funding for state public hospitals. Coming mid-way through the financial year – after hospitals had employed doctors and nurses and booked surgery based on the funding they had been allocated – this decision caused chaos for some patients, with surgeries cancelled and beds closed.

Over their six years in government, health bureaucracy ballooned under Labor, while programmes that helped Australians access healthcare were cut.

Staff numbers within the Health portfolio ballooned by 27%, in addition to the 10 new agencies and bureaucratic bodies Labor created since 2007. This diverted resources that could have benefited patients.

Over six years, median waiting times for elective surgery increased from 34 days to 36 days *(Source: Australian Institute of Health and Welfare)*.

Despite repeated promises that they wouldn't cut the private health insurance rebates, Labor presided over \$4 billion in cuts to private health insurance, putting increasing pressure on the price of private health insurance and the public hospital system.

Labor promised 64 GP Super Clinics across the country but only delivered 33.



Labor's Education Mess

Labor came to power in 2007 promising “nothing less than a revolution in education” and vowing to make it their top priority in government.

Labor promised to spend \$1 billion on computers, but then oversaw \$1.4 billion in blowouts delivering a total cost to taxpayers of \$2.4 billion, before the programme was cut entirely.

The Building the Education Revolution programme was plagued by rip-offs and errors to the tune of \$6-8 billion. A recent academic paper by University of New England academics for the International Journal for Public Administration concluded: “The BER program basically ticks all the boxes of what not to do.

From mismanaging massive amounts of taxpayers' money, delivering (or not delivering) infrastructure that fails to meet even the most basic tests of quality or usefulness...”

Labor did little to support or reward teachers. Not one teacher received the \$10,000 bonus under the Rewards for Great Teachers National Partnership which they announced at the 2010 election, but which was subsequently dumped.

Labor presided over a politically driven funding process, including cutting \$1.2 billion in funding from those states that had not signed on to the Gonski reform package prior to the election.

Labor over-focussed on school funding

levels and class sizes rather than what is proven to lift student outcomes. This was despite a growing body of evidence from Australia and overseas that concluded that increases in funding do not necessarily lead to improvements in student outcomes.

Australia's results in the 2012 Performance in Schools Assessment (international tests taken among 15 year olds in reading, science and maths every three years), were our worst ever in all fields and Australia's ranking was the lowest ever.

Education is Australia's fourth largest export and largest knowledge export but, under Labor, enrolment of international students fell by 16% and export income fell from \$19 billion to \$15 billion in the three years between 2009-10 and 2012-13.

In its final year, Labor announced cuts to higher education funding, including: an efficiency dividend applying to university grants; changes to student loans and scholarships; and a cap on tax deductibility of self-education expenses.

Labor left a complicated and unwieldy mess with large increases in regulation, compliance, reporting and unnecessary red tape and regulatory duplication applying to universities.

Australia's Falling Education Standards

Despite significant increases in spending – including the \$16.2 billion BER programme – according to the World Economic Forum Australia's education standards have slipped under Labor:

- Quality of primary education
(From 12th in the world to 22nd)
- Quality of maths and science education
(From 24th in the world to 37th)
- Availability of research and training services
(From 16th in the world to 23rd)
- Overall quality of education system
(From 8th in the world to 23rd)



GLOBAL RANKINGS Education

■ Ranking under the Coalition

■ Ranking under Labor

Quality of
primary education

12th
2007/08



22nd
2013/14

Quality of
education system

8th
2007/08



23rd
2013/14

Quality of maths and
science education

24th
2007/08



37th
2013/14

Availability of research
and training services

16th
2007/08



23rd
2013/14

Source: World Economic Forum Global Competitiveness Reports

Labor's Child Care Mess

Before the 2007 election, Labor promised Australian families it would make child care more affordable. When in government, Labor ignored increasing child care costs and serious shortages of qualified staff in the sector.

Between September 2007 and June 2013, the average hourly fees for Long Day Care (LDC) rose from \$5.00 to \$7.50. For a family using the average hours of child care (27.2 hours), this means extra fees of \$70 per week or \$3,300 a year, per child.

Before the 2007 election, Labor campaigned on a promise to “end the double drop off” by building an additional 260 child care and early childhood education centres on school sites and community land. In April 2010, the Minister announced 222 of the 260 centres would not be built – a clear broken promise to Australian families.

Labor's National Quality Framework (NQF) standards require substantial up-skilling and training of staff, as well as smaller child to staff ratios.

The NQF imposes around 1000 pages of law, regulations and guidelines on child care services, increasing administrative costs by an average \$140,000 per year for a long day care centre with 75 places and 15 educators.

This will put pressure on costs and availability of qualified staff, with ramifications for the ability of parents to afford and access child care.

A Political Circus

Divided and Dysfunctional

Labor's policy mess was matched only by the personal divisions and the dysfunction that gripped a government focussed on itself.

According to Julia Gillard, Kevin Rudd was replaced as Prime Minister because of his poor performance:

"Government requires consistency, purpose, method, discipline, inclusion, consultation; it requires you to lead a big team and to lead it well. Kevin Rudd, as Prime Minister, struggled to do that and by the days of 2010 that struggle had resulted in paralysis in the government."

Julia Gillard (press conference 23/2/2012)

According to Mr Rudd, he was a victim of a "stealth attack" by "faceless men":

"I deeply believe that if the Australian Labor Party, a party of which I have been a proud member for more than 30 years, is to have the best future for our nation, then it must change fundamentally its culture and to end the power of faceless men. Australia must be governed by the people, not

by the factions. But I can promise you this, there is no way – no way – that I will ever be party to a stealth attack on a sitting prime minister elected by the people. We all know that what happened then was wrong, and it must never happen again."

Kevin Rudd (statement 22/2/2012)

One day after saying he will never be party to a stealth attack on a sitting prime minister elected by the people, he launched one:

"Let me just say this I do not believe – I do not believe – that Prime Minister Gillard can lead the Australian Labor Party to success in the next election. That is a deep belief. I believe it is also a view shared right across the Australian community."

Kevin Rudd (press conference 23/2/2012)

Herald Sun, 22/3/2013

Labor adrift on a sea of chaos

■ JULIA Gillard... ins 7 to ther y get back on course". More likely the Labor Government is the *Titanic*, refloated briefly yesterday to survive.

Labor paid bills for Thomson

SUSPENDED Labor MP Craig Thomson faces a likely parliamentary grilling after failing to disclose the ALP had paid some of his legal bills. Despite facing charges of sexual harassment and mismanagement of Coltrane's docket, Mr Thomson is facing charges that he contravened workplace laws 156 times. Mr Thomson, suspended from the ALP, has been paid out to the tune of \$200,000-plus as he costs of Coltrane's docket.

Herald Sun, 10/5/2012

CHAOS HAUNTS LABOR

The department heads' action against Kevin Rudd is a sure sign of dysfunction

According to Mr Rudd, this was justified because of the Prime Minister's poor performance:

"Julia has lost the trust of the Australian people."

Kevin Rudd (press conference 24/2/2012)

Labor's instability was not confined to its leadership, as it struggled to hold together a stable team. In less than six years, Labor had:

- 2 Prime Ministers (one of them twice);
- 3 Deputy Prime Ministers;
- 5 Ministers responsible for Regional Development;

- 6 Ministers for Small Business;
- 6 Ministers for Human Services;
- 9 Ministers for Education (including 8 Ministers responsible for Higher Education, and 4 responsible for School Education);
- 11 changes to ministerial arrangements;
- 68 frontbenchers (48 Ministers, 20 Parliamentary Secretaries);
- Over 100 different ministerial titles.

AFR, 22/3/2013

► Gillard survives, Rudd chokes ► Instigator Crean sacked ► Disloyal MPs resign posts

Bloodletting after Labor farce

The Australian, 16/10/2013

\$600,000 cash in 300 envelopes: former Labor Party president's fraud exposed

Sunday Times, 24/3/2013

GILLARD LAME DUCK RINGLEADER OF GOVERNMENT CIRCUS

ON the one hand, it's hard to take our eyes off the soap opera that is our Federal Government. For pure theatre, it is difficult to beat and we're not sure whether the script is closer to a Shakespeare power play or a Farrelly brothers' farce. On the other hand, we feel the nation is heartily sick of the serial dysfunction.

It's hard to know what the foreign dignitaries sitting in Parliament's public gallery made of it all on Thursday

the leadership spill, was sacked. There may be more heads still to roll among the Rudd backers.

Though she presented the image of an emboldened leader the reality is she remains a wounded Prime Minister.

According to a Galaxy Poll for this newspaper, 60 per cent of voters think she is a "lame duck" and 71 per cent believe the office of the Prime Minister has been damaged. In the first opinion poll to ask voters' confidence in the leadership of Kevin

Beholden to Ringmasters

At the core of Labor's problem was that it was beholden to union leaders, factional 'faceless men' and the Greens and put their interests ahead of the national interest.

"What I would say is that factional power brokers operating within whichever state or nationally represent a continuing cancer within the Australian Labor movement. They need to be got rid of."

Kevin Rudd (ABC AM Program, 10/6/2011)

"Labor must reframe the debate to focus on the destructive social and economic consequences of Greens policies ... The Greens need to be confronted rather than appeased. This is precisely why federal Labor's political deal with the Greens is so damaging."

Michael Costa, Former Treasurer in NSW Labor Government
(The Australian, 13/10/2010)

"Fewer than 50 individuals across Australia enjoy absolute control of the ALP machinery. They represent neither working people nor union members."

Rodney Cavalier, Former NSW State Minister and Labor historian
(The Australian, 1/12/2010)

Adelaide Advertiser, 20/11/2010

West Australian,
2/9/2010

Labor and Greens form alliance to hold power

It's a deal: The Greens will support Julia Gillard as Prime Minister for the next

Greens 'seize' Labor agenda

FACELESS MEN ON STEROIDS

It took a factional fix to secure seats on the ALP's new frontbench

It took barely a day for reality to surface for Labor. Despite broad smiles and bonhomie after new federal leader Bill Shorten

The Australian, 16/10/2013

Labor surrounded by union scandals

The Gillard government was putting out political bushfires on two fronts yesterday, with revelations that the main construction union had used as much as \$1 million in charity funds for union activities coming on the same day police laid fresh charges against Labor's disgraced former national president Michael Williamson over his running of the Health Services Union.

AFR, 1/11/2012

Labor and unions are too close for comfort

The ALP has received more from the CFMEU. Members of the

Daily Telegraph, 31/1/2014

**LABOR'S 07-13
MESS**

Labor Hasn't Changed

Labor is still beholden to the union bosses

- More than half of Labor's parliamentary team are former union leaders or union officials.
- Since 2007-08, the union movement has donated \$44 million to the ALP.
- In installing Mr Shorten as ALP leader, the ALP factional leaders installed someone who for 13 years was an organiser, then State Secretary, then National Secretary of the Australian Workers' Union.
- Despite the Construction, Forestry, Mining and Engineering Union (CFMEU) recently being fined over \$1 million for criminal conduct, Labor is still blocking in the Senate the Coalition's plan to bring back the Australian Building and Construction Commission, which will clean up the building industry.
- Despite Labor's former National President, Michael Williamson, being recently sentenced to 5 years jail for fraud while he was head of the Health Services Union, Labor is still blocking legislation that will protect honest trade union members from dishonest union bosses.
- Despite numerous reports of allegations of serious corruption and bribery involving union bosses, Bill Shorten refuses to give full support to the Government's Royal Commission into union corruption and malfeasance.

Labor still can't be trusted with the economy

- Labor is still committed to the carbon tax – a \$7.6 billion a year lead weight on the economy. Abolishing the carbon tax will save an average family \$550 next year alone.
- Labor is still committed to its mining tax, which adds costs and uncertainty to Australian companies trying to compete in a global economy.
- Labor is still committed to debt and deficits – opposing around \$20 billion in savings, including almost \$5 billion of the savings that they themselves proposed before the election.
- Labor is still committed to its border protection policies that resulted in 50,000 illegal arrivals and an \$11 billion cost blowout.

LABOR'S 2007-2013 **MESS**

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