

Minister for Finance and Deregulation

Media Release

06/2008

6 February 2008



Government details initial round of savings measures to assist inflation fight

Finance and Deregulation Minister Lindsay Tanner today announced an initial round of new savings measures, a move designed to lead the fight against inflation.

The savings will result in a \$643 million reduction in government spending over the next four years including \$243 million in 2007-08.

We have made it clear we will do all we can to put maximum downward pressure on inflation.

We want to do all we can to help ease the burden on working families under pressure from rising costs and interest rates.

The Government has inherited a serious inflation problem from our predecessors - and it has fallen to us to deal with it.

We need to make tough decisions and make smart investments to put maximum downward pressure on inflation in the Australian economy.

These \$643 million savings are an initial and modest down-payment on those that will be announced on Budget night.

Prior to the last election the former government made a substantial number of new spending commitments which have yet to be legislated. Funding for these would have been required to be included in appropriation bills to be tabled in Parliament next week.

The Prime Minister recently outlined his five point plan to fight inflation which aims to:

- Achieve a budget surplus of at least 1.5 per cent of GDP in 2008-09, provided growth prospects remain as currently anticipated.
- Examine all options to provide real incentive to encourage private savings.
- Tackle chronic skill shortages in the economy.
- Provide national leadership to tackle infrastructure bottlenecks.
- Provide practical ways of helping people re-enter the workforce and remove disincentives to working hard - to lift workforce participation.

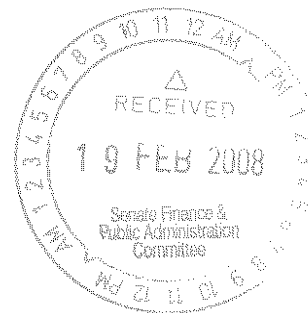
[A full list of measures affected by this announcement \[PDF - 14KB\]](#)

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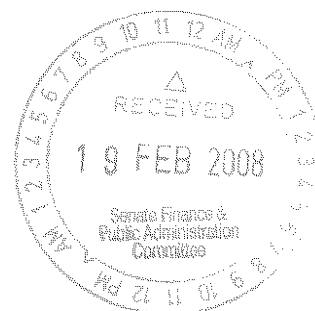
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Initial Savings decisions - additional to the Government's Election Commitments

	2007-08 (\$m)	2008-09 (\$m)	2009-10 (\$m)	2010-11 (\$m)	Total (\$m)
Impact on Fiscal Balance (Positive numbers improve the Budget bottom line)					
Reversal of measures announced in 2007-08 Mid-Year Economic and Fiscal Outlook & 2007 Pre-Election Economic and Fiscal Outlook					
Reversal of measure - Flemington Racecourse - funding for Alternative Water Strategy	5.0	0.0	0.0	0.0	5.0
Reversal of measure - Drought Package 2007 - assistance to Rural Research and Development Corporations and Companies ⁽¹⁾	2.0	8.0	0.0	0.0	10.0
Reversal of the 2007-08 Budget measure - Workplace Relations Reform - additional resourcing for Human Rights and Equal Opportunity Commission	0.5	1.8	1.8	1.8	5.9
Reversal of measure - Australia Connected - establishment of BroadbandNOW	2.4	0.0	0.0	0.0	2.4
Reversal of measure - Chamber Music Australia - contribution	0.1	0.0	0.0	0.0	0.1
Reversal of measure - Centrelink - further call centre supplementation	5.1	0.0	0.0	0.0	5.1
Reversal of measure - Rugby League Hall of Fame - contribution	3.0	7.0	0.0	0.0	10.0
Reversal of measure - Australian National Rugby Academy - contribution	5.0	10.0	10.0	0.0	25.0
Reversal of measure - Migration and Humanitarian Programmes - integration criterion	2.1	1.5	1.1	1.2	5.9
Reversal of measure - Local government amalgamation - plebiscites in the Northern Territory	*	*	*	*	*
Reversal of measure - Growing Regions Programme	2.5	30.0	40.0	75.0	147.5
Reversal of measure - Regional maritime security capacity-building	0.9	2.4	2.4	2.1	7.8
Reversal of measure - Innovation Ambassador Programme	0.0	1.4	1.9	1.7	5.0
Reversal of measure - Research Vessel Southern Surveyor - additional funding	0.0	3.0	0.0	0.0	3.0
Reversal of measure - Climate change - Asia-Pacific Network for Energy Technology - establishment	1.9	3.1	0.0	0.0	5.0
Reversal of measure - General Employee Entitlements and Redundancy Scheme - continue funding liquidators to pursue litigation. ⁽²⁾	0.0	8.0	0.0	0.0	8.0



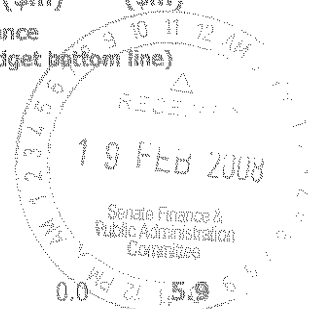
Initial Savings decisions - additional to the Government's Election Commitments

2007-08 2008-09 2009-10 2010-11 Total
(\$m) (\$m) (\$m) (\$m) (\$m)

Impact on Fiscal Balance
(Positive numbers improve the Budget bottom line)

Revision to measures announced in 2007-08 Mid-Year Economic and Fiscal Outlook & 2007 Pre-Election Economic and Fiscal Outlook and other Savings

Revision to measure - Citizenship test - administration ⁽³⁾	1.8	4.1	0.0	0.0	5.9
Revision to measure - Auslink - inland rail	10.8	54.2	-65.0	0.0	0.0
Revision to measure - Bass Strait Passenger Vehicle Equalisation Scheme - increase the standard passenger vehicle rebate from \$150 to \$168 each way	0.5	0.0	0.0	0.0	0.5
Revision of measure - Reverse FutureGen Alliance - membership ⁽⁴⁾	15.0	0.0	0.0	0.0	15.0
Revision to measure - Simplified Superannuation - Additional funding for media coverage	14.4	0.0	0.0	0.0	14.4
Revision to measure - Drought Package 2007 - re-establishment assistance ⁽⁵⁾	26.0	72.8	0.0	0.0	98.8
Revision to measure - Drought Package 2007 - communications ⁽⁶⁾	0.0	5.5	0.0	0.0	5.5
Revision to measure - Asia-Pacific forestry skills and capacity building ⁽⁷⁾	2.9	4.3	4.3	4.3	15.8
Revision to the 2007-08 Budget measure - Griffin Legacy Infrastructure	3.3	22.6	14.0	6.6	46.5
Revision of measure - NetAlert - Protecting Australian Families Online - Additional Funding for Consumer Information Campaign	0.7	0.0	0.0	0.0	0.7
Revision to measure - Tuggeranong Office Park - transitional accommodation costs	1.1	0.6	0.0	0.0	1.7
Revision to Measure - Australia-Japan Free Trade Agreement - commencement of negotiations	0.0	1.1	0.0	0.0	1.1
Drought Assistance - communication campaign savings	0.9	0.0	0.0	0.0	0.9
Child Support Reforms - communication campaign savings	4.9	0.0	0.0	0.0	4.9
Department of Agriculture, Fisheries and Forestry administered appropriation saving	0.8	0.0	0.0	0.0	0.8
Other savings - Fishing Hall of Fame, abolition	3.0	0.0	0.0	0.0	3.0
Australian Federal Police - Termination of Residential and Accommodation Leases in PNG	0.7	0.0	0.0	0.0	0.7
Return of unspent advertising funding - NetAlert - Protecting Australian Families Online	5.2	0.5	0.0	0.0	5.7
National Plan for Water Security - Murray-Darling Basin Authority - reduction in departmental funding due to delays in establishing authority	45.0	0.0	0.0	0.0	45.0
National Plan for Water Security - Bureau of Meteorology - reduction in departmental funding	5.0	0.0	0.0	0.0	5.0



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Revision to measures announced in 2007-08 Mid-Year Economic and Fiscal Outlook & 2007 Pre-Election Economic and Fiscal Outlook and other Savings					
Apprenticeship Incentives for Agriculture and Horticulture	7.6	12.7	13.5	13.9	47.7
Telecommunications improvement and procurement project	0.6	1.8	1.9	2.0	6.3
Living Away From Home Allowance - extension to Australian school-based apprentices	0.1	0.0	0.0	0.0	0.1
Low Emissions Technology and Abatement (LETA) - reduction in funding	2.2	0.0	0.0	0.0	2.2
Biodiversity Hotspots - reduction in funding	6.0	0.0	0.0	0.0	6.0
Renewable Remote Power Generation Program (RRPGP) - reduction in funding	33.0	9.0	0.0	0.0	42.0
Family Relationships Centre Advertising	2.2	0.0	0.0	0.0	2.2
Ethanol Production Subsidy	10.8	0.0	0.0	0.0	10.8
Ethanol Distribution Program	5.0	0.0	0.0	0.0	5.0
Townsville International Sports Centre ⁽⁸⁾	3.0	0.0	0.0	0.0	3.0
TOTAL IMPACT OF INITIAL SAVINGS DECISIONS	243.0	265.4	25.9	108.6	642.9

(1) The savings recognised that additional funding for Rural Research and Development Corporations and Companies will be available under the Government's proposed Climate Change and Productivity Research Program (\$15.0 million over three years from 2008-09).

(2) Funding will continue through the original pilot announced in the 2006-07 MYEFO to complete cases already commenced to recover funding for employee entitlements.

(3) This reverses funding provided for the Values Statement component of this measure only. The costs of implementing the Values Statement will now be met from existing departmental resources.

(4) Australia's membership will be funded from the Government's \$500.0 million National Clean Coal Fund

(5) The rate of take up to date by primary producers has been significantly lower than expected. The new funding level reflects the current take up rate. There has been no change to the eligibility criteria of the program and no limit placed on the number of re-establishment grants available.

(6) Funding of \$3.3 million will continue to be provided in 2007-08 for communications and media advertising.

(7) Funding for this initiative will be provided from the existing 2007-08 Budget measure, Climate Change - Global Initiative on Forests and Climate.

(8) The funding will be provided through the Better Regions Program.

