



Australian Senate

Bob Brown

Leader of the Australian Greens

media release

7 April 2012

Wrong way on economy, go back: Brown to Swan

Australian Greens Leader Bob Brown has called on Treasurer Wayne Swan to reverse the government's doctrinaire insistence on a surplus in the May budget.

"The cuts affecting art galleries, environmental well-being and a growing range of public services are not just unnecessary, they threaten Australia's small business economy and jobs in the public and private sector", Senator Brown said today in Hobart.

"A growing number of experienced economists are saying 'wrong way, go back' to the Treasurer.

"I have written to the Treasurer asking him to drop the strangulation of the economy and public service involved in this ideological silliness".

"The government should also look to reform superannuation tax breaks in the upcoming budget to give low income earners a tax break and save billions of dollars at the same time," Senator Brown said.

"The most recent figures released by the Association of Superannuation Funds show that 60% of tax concessions go to the wealthiest 20% of income earners. The Greens have proposed taxing superannuation contributions at a person's marginal tax rate minus 15%. This would mean low income earners would pay no tax and therefore would save more for their retirement.

"The architect of the scheme, Vince FitzGerald, who is quoted today as saying the system is skewed towards high income earners, agrees that we should be taxing superannuation properly," Senator Brown said.

Media contact: Marion Rae 0438 376 082

www.greensmps.org.au



Australian Senate

Bob Brown

Leader of the Australian Greens

media release

Business and economic commentary on the "surplus":

"I don't think it's imperative that the Government deliver a surplus for 2012-13... it's certainly a dangerous time to be cutting back on government spending and so that's a fairly risky approach."

- Shane Oliver, Chief Economist, AMP

Interviewed on *The Business*, ABC TV, 30 March 2012.

"It is no longer appropriate in current circumstances for the Australian Government to pursue a budget surplus in 2012-13. It should move away from this target and adopt a much less restrictive fiscal policy, more supportive of economic growth."

- Professor Bob Gregory and Peter Sheehan, November 2011.

"Right now if we have to raise taxes or fees or fines or cut back in spending to, just to meet that political promise because both sides of politics are so desperate to get a surplus next year, that does run the risk of the budget hurting the economy rather than helping it."

- Chris Richardson, Access Economics, *AM*, 7 November 2011.

"Wayne Swan's determination to deliver a budget surplus, regardless of the state of the economy, is seriously reckless."

- Tim Coleblatch, Economics editor, *The Age*, 30 March 2012.

"They're being too aggressive at this stage. I think, with all the uncertainty in Europe, I think to pursue a surplus in this environment is a little bit crazy."

- Richard Robinson, BIS Shrapnel, *7.30*, ABC TV, 29 November 2011.

"... their (ill-advised) commitment to return the budget to surplus in 2012-13."

- Professor John Quiggin, *blog*, 15 March 2012.

-

"there has always been something bordering on the maniacal about the Government's insistence that the Budget must return to surplus...It would risk exacerbating what would already be a more fragile economic situation than had been anticipated when the objective of returning the Budget to surplus was initially formulated."

- Saul Eslake, then Director, Grattan Institute,
The Conversation, 12 August 2011.

"From a macroeconomic perspective, returning the budget to surplus quickly doesn't make that much sense and could prove a self-inflicted wound to Australia's economic performance."

Media contact: Marion Rae 0438 376 082

www.greensmps.org.au



Australian Senate

Bob Brown

Leader of the Australian Greens

media release

- Christian Carrillo, Head of Asia-Pacific interest rate strategy, Societe Generale, *Australian Financial Review*, 3 April 2012.

"It means a contraction of the economy and a contraction from the public side of around 2.6 per cent of GDP, which is the largest contraction...since the mid-1970s."

- Paul Bloxham, Chief Economist, HSBC
Interviewed on *The Business*, ABC TV, 30 March 2012.

"Wayne Swan's promised spending cuts, if delivered, would risk pushing the non-mining part of the economy into recession when the world economy is weakening."

- David Uren, *The Australian*, 8 November 2011.

"The Australian fetish about reporting a budget surplus has got far more to do with politics than it does with economics."

- Dr Richard Denniss, Australia Institute, *media release*, 29 November 2011.

"in most examples in the historical record, fiscal consolidation has been contractionary for the economy for the first few years...the optimal fiscal response is surely *contingent* on economic outcomes."

- Dr David Gruen, Executive Director, Treasury
Comments at Reserve Bank 2011 Annual Conference.

Media contact: Marion Rae 0438 376 082

www.greensmps.org.au