

Swan claims \$3bn Coalition blunder

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The Coalition has been accused of a \$3 billion costing blunder by failing to properly account for drawing down money from infrastructure investment funds.

The claim from Treasurer Wayne Swan has also shed light on Labor's \$15 billion raid of the National Building Funds, which finances capital investment in transport, communications, energy and water infrastructure, as well as health and education projects.

Mr Swan said yesterday the Coalition had not included expenditure in the budget that it had promised out of the funds set aside for major projects.

"The numbers don't add up," Mr Swan said. "There are serious errors. There are black holes."

Although there is sufficient money in the building, health and education funds, Mr Swan's advisers said budget rules meant that when the funds were spent or earned interest, this had to be recorded in the budget bottom line.

Government officials familiar with budget accounting said it had always been a point of contention about how such funds were treated.

The latest Department of Finance figures show the \$10.1 billion building fund had only \$700 million of uncommitted expenditure, the \$5.8 billion Education Investment Fund had \$2.6 billion remaining and the \$4.8 billion health fund had \$2 billion left over, as of March 31.

Since the figures were published, Labor and the Coalition have promised billions of dollars in more spending from the funds for roads, energy and water, suggesting balances have further declined.

The funds were last topped up from the 2007-08 budget surplus.

Former treasury and finance official Stephen Anthony, now a director of consultancy Macroeconomics, said the capital of the funds had been “raided” instead of responsibly spending only earnings generated.

“Labor put in place more flexible arrangements that allowed them to raid the principal of the fund,” Mr Anthony said.

“I expect them to operate in the same way as the Future Fund.”

Under the rules of the Future Fund, set up by former treasurer Peter Costello to pay for public servants’ superannuation liabilities, only investment earnings from the fund are drawn on. This has no net impact on the budget bottom line.

The costings row descended further yesterday, when shadow treasurer Joe Hockey claimed Labor had made \$6.8 billion in funding promises, much more than the \$3.8 billion Ms Gillard had claimed.

Labor refuted the suggestions and said all of its announced spending and savings policies had been submitted for independent costing to the Treasury and Finance departments.

Mr Swan said \$900 million of local spending promises by Liberal and National Party candidates during the campaign had not been fully accounted for by the Coalition and surpluses would be slashed by \$1.2 billion in 2012-13 and \$2.4 billion in 2013-14.

Coalition finance spokesman Andrew Robb rejected the claims and said the projects were funded from a range of funds, programs and grants.

“Every single project announced by local candidates and MPs is fully funded and accounted for in our costings” Mr Robb said.

The Coalitions plans would deliver a surplus of \$6.2 billion in 2012-13, he said.

Mr Swan attacked other claimed Coalition savings, including failing to account for foregone dividends from the privatisation of Medibank Private and \$2.5 billion claimed from reducing the conservative bias allowance in the budget’s contingency reserve.

Liberal Party campaign headquarters pointed to the 2009-10 budget, which showed the Labor government had also reduced the conservative bias, which is an allowance for the tendency for estimates of expenses for existing government programs to be revised upwards.

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