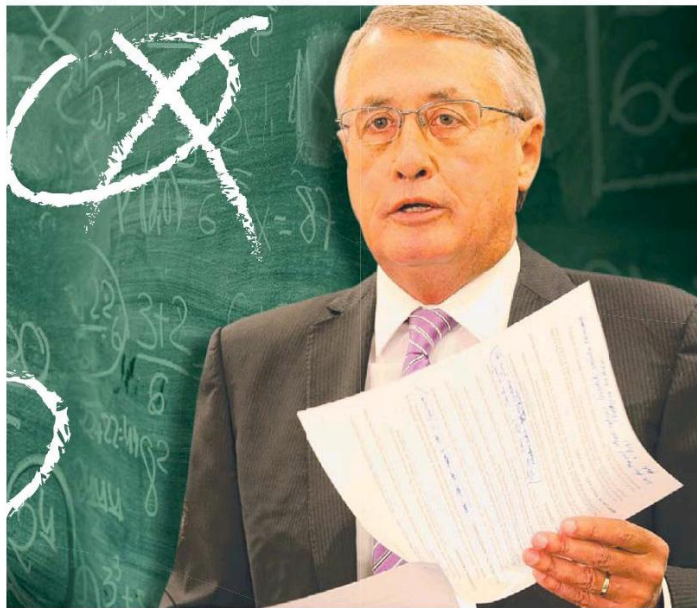


NOTHING ADDS UP IN WAYNE'S WORLD



Peter Costello



SWAN DIVE

Here's what the Treasurer should really be telling the nation tonight

TWO months ago I suggested Wayne Swan try something different in this year's Budget and tell the truth. I have put together a draft of the Speech that might be useful for this purpose. It goes something like this:

"Mr Speaker, I guess by now you have all figured out that I don't know what I'm doing. That awful truth has finally dawned on me as well. I hadn't been too good before, but last year's Budget was the one where I totally blew myself up — you remember? It was May 8 last year. I thought I needed a dramatic opening to my Speech. So I began by saying, 'The four years of surpluses I announce tonight...'

No one heard the rest of the sentence because of the guffaws from the other side. That smart alec Costello called it some of the best stand-up comedy ever delivered in the House of Representatives. But the thing is I really believed it. I'm not good at numbers — of the financial kind. As state secretary of the Queensland ALP I used to run numbers for

party ballots. But the outcome was always fixed in advance. I thought that's how you did Budgets.

I was just getting into my stride when I declared that Labor's core purpose was, 'To share the tremendous benefits of the mining boom'.

We were going to do this with a company tax cut starting from July 1 this year but I cancelled that in last year's Budget. Also, we were going to restore the Liberals' contribution levels for superannuation but I postponed that in last year's Budget. And last year I said we would give \$1.8 billion to families in more generous payments from July 1 this year. But I'm cancelling that in this year's Budget. That's the thing about my Budgets. I do take up a lot of time cancelling what I've announced before.

Anyway, there are only so many billion-dollar packages that you can fund out of a tax that raises \$126 million. That Resources Super Profits Tax (RSPT) has shown me no R-E-S-P-E-C-T. When I announced it, I said it would raise \$9 billion in the

forthcoming year — whoops! I had high hopes for that tax. I called it 'the greatest economic change in our lifetime'. Of course I had no idea what I was saying but the Liberals are always going on about GST, which raises \$50 billion per year, so I thought I had better lodge my nomination for the greatest tax 'reform' ever.

Last year, I came home with a wet sail declaring, 'The deficit years are behind us. The surplus years are here'.

Looks like I got the words the wrong way around. I should have said that the surpluses were behind us and the deficit years are here. But I did so want to balance one Budget before losing office.

I've been thinking about who to blame. For the first few Budgets I blamed the financial crisis. But that was five years ago and we've been through a mining boom since then.

Currently I'm blaming the high dollar, although someone in the Treasury told me last year's Budget forecasts were based on the dollar being just where it is. I'm desperate that people don't think

it's my overspending because that is something I could have controlled. So we've been on a media blitz recently to say it's an unexpected revenue shortfall.

In April, I said the revenue was down \$7.5 billion. A week later Julia said it was down \$12 billion. Then Penny went out last week to say it was down \$17 billion. I leaked out a Treasury briefing on the weekend to say we were \$26 billion down. How do you reconcile all these figures?

Well, it beats me and I hope it beats all of you because that is the whole point — to try to cloud the issue.

AT LEAST no one in the press ever asks me to explain what these forecasts are 'down' against. Because the truth is they are down on the false forecasts I made last year. Get it? I am not the victim of these downgrades, I am the culprit. Every time I downgrade, it just illustrates again how hopelessly wrong I got it last year.

I know we can always rely on the ABC, but the thing that amazes me

about those other guys in the press is they keep writing what I say — as if that is going to happen (LOL). How many times do you have to get it wrong before they start to see there is a pattern?

I want people to think I am cutting costs — I've told you every Budget that I am about to do that. But when I see a state premier who is really cutting costs — someone like Campbell Newman — I just take cheap opportunistic shots. That's my default position — to attack expenditure restraint.

As well as reducing expenditure I also want you to think I am increasing it — on NDIS and Gonski. Last year I told you that the most important thing for our economy was to balance the Budget and this year I am telling you it would damage jobs if we did.

So how do I reconcile all that? Well, I can't. And I don't have to because on September 14 I'm handing it all over to the Liberals. That's their job: to clean up my mess."

Peter Costello is a former federal Treasurer