**Agricultural Levies Institute of Australia**

**Abbott Government Struggling on Economic Management**

The Chief Economist and Chief Executive Officer of the Agricultural Levies Institute of Australia, Mr Spiro Adamopoulos, has today spoken out about the proposals by the Abbott Government to bring the Budget under control.

“Firstly, the Prime Minister and the Treasurer have not provided the Australian public with an acquittal of how taxpayer’s money is being spent. Some $260 billion in PAYE taxes are collected in some years by the government. How and to what is this money allocated?”, asked Mr Adamopoulos.

“In terms of a so called ‘debt levy’, this is something of a concern to us here at the Levies Institute. When farmers pay a levy (or duty of excise) it is based on their farm production. Is the ‘debt levy’ a duty of excise on goods produced in Australia?” “Let’s not confuse these terms”. “This is definitely policy on the run”.

“Taking the diesel fuel rebate away from farmers is not going to make farming more competitive’ said Mr Adamopoulos. “The Levies Institute recently submitted proposals to the Agricultural Competitiveness White Paper commissioned by the National’s Barnaby Joyce suggesting ways of making farming more competitive”. “Let me say that discontinuing the diesel fuel rebate for farmers was not one of our recommendations”, stated Mr Adamopoulos.

In terms of the broader economic issues, Mr Adamopoulos has also questioned the role of health insurance in delivering benefits to the economy and to those who pay for health insurance. “What this government should look at is the health insurance product”, said Mr Adamopoulos. “Why do people purchase health insurance and then have to pay for a visit to the doctor”. “A health insurance policy should be just that, a policy to help pay for all medical bills”. “So what the government is telling us is that we can pay the Medicare ‘Levy’ (tax), pay for health insurance and also pay for a visit to our General Practitioner”. “If the health insurance funds paid for visits to the doctor as they should, then there would be no need for an additional impost on those who already pay for medical insurance, thereby saving the government the Medicare refund”. “This government should look at changes to the way medical insurance is delivered – it already determines how high health insurance rates are imposed - so why not have the guts to change what the health insurance policies cover”.

Mr Adamopoulos then went on to say that “traditional economic theories are wilting in the face of distortions in the economy and certain markets”. “There are enormous distortions impacting on the world and Australian economies that were not evident in the times when Keynes, Freidman and other scholars postulated their theories of how economies work”. “This is what Ken Henry, as former head of the Treasury, got wrong when advising on how we should handle our economy and then got it wrong again in his review of the tax system”. “Current and former bureaucrats like Ken Henry struggle with the concept of what is in the national or public interest”.

“There are enormous distortions coming from China, India, Korea, Hong Kong, Malaysia and other competing international markets in the form of foreign investment funds to buy Australian real estate and in particular agricultural land, which is keeping our dollar high in terms of the exchange rate”. “Quantitative easing, or money printing, overseas has seen its way into the Australian economy and is distorting our markets, particularly the real estate market”. “The Chinese can regulate their exchange rate and can purchase the Australian dollar for very little of their own currency”, challenged Mr Adamopoulos.

Mr Adamopoulos said that “we need a rethink of how to best manage the economy and the budget and the first step is to detail against the tax revenue how it is acquitted”. “Only then can Mr Abbott and Mr Hockey start to prove to the Australian voters that they have a plan”.

“There are particular services that the taxpayer has and should expect to have access to through a socialised system of spreading the burden, such as health, education, police, fire fighters and to some degree subsidised transport”, said Mr Adamopoulos. “Let’s start by getting the basics right”.

“The Agricultural Levies Institute of Australia is determined to work for the interests of farmers in getting the best out of their levies and their government” said the CEO. “That’s our catchcry, ‘Partners with Producers’ and our objective is to uphold the interests of farmers”.

**Further Enquiries:**

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