

MEDIA RELEASE
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Coalition's Environment Policy Based on Fiscal Trickery

Mr Howard's environment policy announced yesterday is founded on fiscal trickery, according to Dr Clive Hamilton, Executive Director of the Australia Institute. By linking funding of the program to the partial sale of Telstra, the Coalition is promising to spend money it will not have, even if it gets the sale through the Senate.

Research on asset sales published by the Institute shows that the net impact on public sector revenue is generally negative. The analysis demonstrates that tax-payers have been left worse off as a result of the sales of the Commonwealth Bank and CSL (*Discussion Papers 2 & 4*). In many cases, the sale price is around 50% of the present value of the stream of foregone earnings, and something similar will almost certainly be the case with Telstra.

"There will be no pot of new money from the sale of Telstra as the immediate revenue will be offset by lost dividends amounting to around \$315 million annually in subsequent years, said Dr Hamilton. "One has to ask whether this fall in Government revenue in the years after the sale of Telstra will be taken out of the environment budget."

In its statement yesterday, the Coalition promised \$1.15 billion for environmental programs, more than twice as much as the Government.

"By tying its initiatives to the sale of Telstra, the Coalition has adopted a 'double or nothing' environment policy", said Dr Hamilton. "The odds have to be on nothing. The only way a Coalition Government could fund its environmental promises would be through increased taxes or a higher deficit. Even if it manages to sell Telstra this fact will remain."

"Although the Coalition has shied away from the difficult issues of forestry and greenhouse, there is much that is positive in its new policy. However, Mr Howard has promised us the environment policy we can never have."

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