

Rudd says Abbott cuts risk recession

Sunday, August 18, 2013 » 04:05pm



Kevin Rudd says if the Coalition goes ahead with its planned cuts the economy will be sent into recession.

Prime Minister Kevin Rudd says the coalition could send the economy into a recession if goes ahead with spending cuts.

He says Labor has a plan to diversify the economy as the mining investment boom ends, but Opposition Leader Tony Abbott hasn't developed or told the Australian people of his intentions.

Mr Rudd says all we know is that Mr Abbott has a secret plan to slash 70 billion dollars in jobs, health and education.

The coalition denies it will slash 70 billion from health and education.

The coalition denies it has plans for \$70 billion worth of cuts affecting health and education.

Mr Rudd cited analysis by Finance Minister Penny Wong concluding the coalition needed to cut \$69 billion to \$71 billion to fund its policy promises.

'When you look at an economy our size, if you were to rip out that, or a large part of it ... you don't have to be a mathematical whiz to work out that that would throw the economy into recession,' Mr Rudd said.

He said Labor had worked hard during the 2008-2009 global financial crisis to avoid a recession.

The prime minister pointed to the British conservative party's austerity drive, saying it sent the UK economy into recession.

Labor's economic update released earlier this month showed revenues had declined by about \$33 billion since the May budget.

Treasurer Chris Bowen said the option was to make up the gap by cutting spending or increasing taxes.

'We took the decision to offset some of those dollars over time,' he said.

'It was open to us to cut more and to increase taxes more, but of course that would risk a hammer blow to the economy just when it can't afford it.

'That would risk ... a significant contraction in economic activity.'

The coalition's policies have been sent to the Parliamentary Budget Office for costing and the results are still to be released.

Mr Abbott has said the coalition will announce its budgetary plans in the final week before the September 7 election.

'Mr Abbott is being deliberately evasive,' Mr Rudd said.

'His campaign is being deliberately evasive.'

The prime minister was at Westmead in western Sydney to announce a \$357 million package - some of it flagged previously - to upgrade hospitals and boost health services across the country.

The funding includes \$100 million for Westmead Hospital and \$10 million for the Children's Medical Research Institute at Westmead.

The announcement marked the opening of a new attack platform for Labor as it heads into the election campaign's third week.

'Health and hospital services is in the DNA of the Australian Labor Party,' Mr Rudd said.

But the coalition wasn't saying what it would do for health, he said.

'It's dive, dive dive' for cover.'

Mr Abbott arrived in Sydney on Sunday afternoon and was expected to respond later in the day.