

**2009-2010 NSW BUDGET REPLY SPEECH**

Address by Barry O'Farrell, NSW Leader of the Opposition,  
to the NSW Legislative Assembly of NSW Parliament,  
on 18 June 2009

I rise to remind this House there can't be a strong community without a strong economy.

I rise to remind this House the NSW Liberal/Nationals have always understood that without a vibrant and productive business sector there cannot be a strong economy.

I rise to use this Budget Reply to outline the priorities the Liberal/Nationals would use at this point in time to return growth, restore opportunity and repair services to the people of NSW.

Above all, I rise to remind the public that this side of politics – the NSW Liberal/Nationals – are determined to put people first, to refocus government on supporting their needs and ensuring NSW is again the Premier State.

Labor's latest Budget is characterised by deception and failure.

It's a Budget based on fraudulent claims, fanciful figures and financial sleights of hand.

It's a Budget confirming the Rees Government's preparedness to allow NSW to continue to fail and it lacks any plan to secure the State's future.

It's a Budget when, with NSW in recession, the worst unemployment rate in the nation, families and business experiencing an unprecedented low-point in government-provided critical infrastructure and basic services, there has never been a more important time to present practical plans to restore economic growth, opportunity and services.

The people of NSW need real stimulus measures, not rhetorical 'beacons of hope', and Labor's usual taxpayer-funded, post-Budget advertising blitz.

This sums up the fundamental difference between the NSW Liberal/Nationals and Labor:

The alternative Government is determined to rebuild NSW's economic prosperity and put people first.

Labor's "bottom of the barrel" Government is desperate to try and restore its political fortunes and, as usual, is putting politics first.

Labor never learns – and in this Budget they're at it again:

- blaming all the problems facing NSW on the global financial crisis – and not Labor's woeful fourteen year record in office;
- spinning figures and forecasts to try and cast a better light – despite the evidence of woeful past performance; and
- pretending its all about protecting jobs across the State – when they're only interested in those across this Chamber.

It's not being honest with the people of NSW.

Even its spin isn't believable:

They're asking us to believe that despite expenses growth running at an average of 5.9% over the past 12 years – and 8% this year – they can bring the Budget 'back to black' by curtailing the same expenses growth to an average of just 2.9% from 2010/11-2012/13.

They're asking us to believe that, despite the State's unemployment rate being higher than the national average for the past four years, next year it is going to be lower than the Federal Government's forecast national rate.

They're asking us to believe that NSW is the 'infrastructure engine room of the nation', that they will deliver their latest version of a 'record' infrastructure spend, when the Budget Papers again reveal they failed to spend \$250 million of last year's allocation.

They're asking us to believe it's a 'jobs bonanza' when their own Budget Papers reveal the number of unemployed people across the State is set to rise to 300,000 – up from 173,000 when Nathan Rees became Premier just last September.

Higher unemployment isn't just an economic issue.

It's a very painful, personal issue for individuals and families, sitting around kitchen tables, worrying about finances, not knowing when or where they're going to find work.

Higher unemployment is also a social problem with repercussions for DOCS and health workers, police, the non-government sector and local communities.

That's why the Liberal/Nationals refuse to do as Labor has – shrug our shoulders and blame the GFC.

It's why we've been strongly arguing for a State stimulus package built around payroll tax relief, halving the delivery time of major infrastructure projects and creating Industry Action Plans for key emerging sectors.

Because we understand that, at times like this, community and business alike want Government working hard for them.

It's a point highlighted again today in the latest Sensis Small Business Confidence Index that, for the 21st consecutive quarter, marks down this Labor Government.

The public knows we're the only State without its own stimulus package.

The public knows that without the massive injection of cash from the Federal Government the NSW Budget position would be dire.

Without the additional cash from Kevin Rudd, this year's Budget deficit would have been \$2 billion and we'd be staring down a \$4.4 billion deficit next year.

They know that despite the NSW going into recession, the Rees Government hasn't woken up to the need for measures to assist businesses and families doing it tough.

But Labor never learns its lessons – and it's always the public who suffer the consequences.

Labor has never learned what every family and small business across this State knows – that constantly spending more than you earn is a recipe for disaster.

Three years ago, the Stokes-Vertigan report – commissioned but ignored by this Government – warned expenses were consistently growing faster than revenue and said it needed to be fixed.

In 2006, they were worried about a 1% gap between expenses and revenue. Over the past 2 years that gap has widened to 1.8% and then 3%.

The NSW Liberal/Nationals are committed to budget discipline. We've committed ourselves to closing the fiscal gap.

But our approach is much more than closing the fiscal gap. It is about a new energy – a new urgency on boosting this State's economic growth.

Boosting economic growth is the underlying driver of revenue growth. By making the pie bigger, we can responsibly fund expenditure growth without increasing taxes.

And we will increase the efficiency of government. We are committed to cutting waste and inefficiency to help bring the rate of expenditure growth under control.

The displaced employees list will go - saving \$46 million a year.

Wasteful Government advertising, like the taxpayer-funded, politically motivated advertising running on television and radio this week or the forthcoming budgeted Metro advertising blitz will also go.

We'll put an end to Labor's dysfunctional system of infrastructure delivery that, on one project alone – the Parramatta to Chatswood Rail Link – cost taxpayers \$1 billion extra, had commuters wait an additional three years delay forever Parramatta's chances of getting that link.

And we'll cut into all the other ways this government has wasted or mismanaged finances, everything from excessive ministerial office and car overheads, to unchecked IT and legal costs.

Unlike the Labor Party, we know that over the long term you have to live within your means. The Labor Party will tell you “it can’t be done”, but what they’re really saying is ‘they can’t do it’.

It’s about financial discipline and making hard decisions. We will do it, and as their 14 long years tells us the Labor Party can’t.

Labor’s latest effort the restructure of government departments is just the latest evidence.

It’s evidence of the further evolution of Labor’s centralisation of the bureaucracy that’s damaged services and disconnected communities from government.

That’s why, for instance in our health initiatives, we will reduce the power of the Miller St North Sydney centralised health bureaucracy, remove the bloated area health services and give power back to the people.

We are committed to smaller health districts, with local boards that reconnect communities to hospitals.

Boards that value, and will include the input of, health professionals working in our hospitals – and boards that are empowered to make local decisions.

We know that communities can be trusted to make decisions – and are best placed to make decisions that respond to local needs.

Today I will commit the NSW Liberal/Nationals to further measures aimed at tackling the tough times rather than just using them as an excuse.

These plans squarely aim to strengthen the NSW economy. To put growth at the centre of government activity.

And make no mistake, the NSW Liberal/Nationals are determined to put economic growth firmly back on the agenda of government in this State.

We know that without economic growth, there can’t be a strong community.

We understand that economic growth isn't an end itself, but that it's the key to allowing individuals to achieve.

It provides the jobs and living standards people rely upon; it provides the revenue for government to deliver the basic services upon which people depend.

The schools, hospitals, buses and trains, safe communities, emergency services and community support they need.

Labor's complacency about economic growth, from Labor's earliest days under Bob Carr through to the present, has hurt our State's economy and community, our families and their hopes for the future.

In the economic State of Origin we're not staring down our fourth straight series loss.

We've been outperformed for more than a decade by our two closest competitors – Victoria and Queensland.

While NSW delivered a deficit budget, Victoria has delivered a surplus – in the face of the same international conditions.

While Victoria has spent a decade improving productivity and the delivery of government services, NSW squandered its chances.

While Victoria has followed a consistent infrastructure plan through changes of government and changes of Premiers, here in NSW the plans have changed from day to day, from month to month and from year to year – and too little has been delivered.

And Victoria hasn't loaded up its taxpayers with the same level of debt and liabilities that will take decades to pay off.

As Queensland and Victoria worked hard to keep their taxes low, red tape under control and bureaucracies focused on the economic needs of their States, the NSW Labor Government got lazy and complacent.

NSW Labor took its eye off the ball.

While Mr Rees and Mr Roozendaal might like to try and blame the State's poor finances on the international economic climate, the public knows the truth.

Labor's mismanagement of the State's finances – and failure to maintain economic growth at the heart of government's agenda – has cost NSW.

\$17.5 billion in windfall receipts from the economic good times neither invested in infrastructure nor put away for use in tough times like now.

Labor's incompetence has seen NSW confront these difficult times in a weaker position than other States.

Labor's introduction of new or increased taxes – whether a vendor tax, stamp duty or land tax – to cover for their financial mismanagement has been disastrous.

All of it culminating in NSW becoming less attractive for business investment and a far harder place in which to conduct business compared to our interstate competitors.

And despite all the promises, Labor's bungling of the mini-Budget – increasing taxes and charges, cutting infrastructure projects – hurt, not helped, the State's economic interests.

The loss of the economic State of Origin trophy – the erosion of NSW's attractiveness for business investment and growth – is a problem for us all – in Government, in the community, in business, in the not-for-profit sector.

It's especially a problem when – thanks to Labor's waste, mismanagement and complacency – we're in the red and going deeper in the red.

Under Labor's economic stewardship the State's total net financial liabilities will be a massive \$105 billion in 2013.

That's \$36,330 for every household in the State and – it has more than doubled since 2004.

That's a debt that has to be repaid.

Labor might like to spend today like there's no tomorrow, but the public knows that they, their children or grandchildren bear the responsibility of repaying that debt.

And that's another reason why the NSW Liberal/Nationals are strongly committed to returning economic growth to this State.

To repay Labor's debt will require a strong economy and a vibrant and productive business sector.

It will require a government that prudently applies taxpayers' funds to provide the basic services upon which people rely and the economic infrastructure upon which business depends.

It will require a government that focuses all the energies of public sector upon advancing the economic goals of the State and delivering the services people deserve.

As I've said, a strong economy builds a strong community.

The Liberal/Nationals believe this Budget was the time to stimulate the economy and start to get NSW back on track.

Last year we outlined an economic framework for NSW.

It includes our economic goals for this State – to lead Australia in sustainable economic growth, to be Australia's 21st century state, Australia's first place to do business and to make regional NSW a place of equal opportunity in this State.

We committed to maintaining the AAA Credit Rating, ensuring we fixed the State's revenue problem, restoring and enhancing the level of front line services and restoring the accountability of Cabinet ministers for fiscal direction and infrastructure delivery.

As I argued at the time of the mini-Budget, without such clear goals decisions can be – and under this Government were – taken that worsen the State's economic prospects.

In line with our goals, a NSW Liberal/Nationals Budget on Tuesday would have included a 15 per cent cut in payroll tax for the 2009/10 financial year.

It's a stimulus that would assist those small, medium and other businesses who employ two thirds of all NSW employees to maintain their existing workforces.

And we know that having a job will determine how the State's families get through these tough times.

Cutting payroll tax is also move that would make NSW competitive again by making it more attractive for business investment.

And cutting payroll tax is fiscally responsible.

As the Budget Papers demonstrate for every 1% increase in private sector employment, revenues to government increase directly by \$76 million.

Payroll tax cuts will stimulate the economy. They will protect jobs and offer incentive to increase employment.

Whether visiting businesses in the Illawarra or Hunter, Sutherland Shire or Wauchope, the same point is made time and time again: 'why is government taxing us for employing people?'

It's a point small and medium business operators have again made in today's Sensis Small Business Confidence Index when they listed payroll tax as the key reason for their lack of confidence in the State Government.

Now is the time to take decisive action in favour of business.

Now is the time to take decisive action to protect jobs and grow the economy.

Despite Labor's 'one size fits all' GFC excuse for inaction, we shouldn't assume the impact of the international economic situation has hit evenly.

My concern is that, while the NSW economy will eventually recover from the global financial crisis, there is the potential for long term scars on communities.

Pockets of long-term unemployment could translate into a raft of social, economic and person problems across the State.

We need to make sure the money we spend stimulating the economy strengthens communities and particularly strengthens communities that are most in need.

To be a government with a conscience – a government that cares for those who need support, those facing unemployment challenges, people with disability, the frail, the aged, children at risk, those who need quality medical care, those who need the best education system in the world – we need to get the economic levers right.

That's why, in a Budget delivered by the NSW Liberal/Nationals on Tuesday – and in addition to our 15 per cent across the board payroll tax cut – we would also have announced an additional 5 per cent for new and existing business in areas of high unemployment, whether in Western Sydney, the Illawarra, Western NSW or other regions of the State.

With NSW's unemployment rate the nation's highest, with a Budget forecasting 80,000 jobs losses in the next 2 years, cutting payroll tax as we have outlined is a practical, effective way to help families and businesses.

But those families and businesses need improved infrastructure and the services they provide.

A failure to effectively plan and deliver infrastructure has a cost – a cost to families whether in Penrith or Dubbo, a cost to businesses whether in Tamworth or Camden, a cost to the State's next generations wherever they live.

At worst, the Labor Party has shamelessly lied to the people of NSW about what infrastructure will be delivered and when it will be delivered.

At best, the State's Labor Governments have consistently displayed utter incompetence at the delivery of infrastructure vital to the future of NSW.

On every front, transport, roads, hospitals, schools, NSW residents have learnt that you can't trust State Labor to deliver.

Earlier this year I announced a review of the barriers to better infrastructure delivery.

I said that there would be a “can-do” approach and we would find solutions to the challenges of providing NSW residents with infrastructure they need and they deserve.

The initial stages of the review have identified the need for a better way to identify, prioritise and deliver - on time and on budget every time – infrastructure.

The NSW Liberal/Nationals will establish a new body of independent specialists along the lines of Infrastructure Australia.

To be known as Infrastructure NSW and using those with the expertise from the public and private sectors, it will:

- identify public infrastructure needs;
- establish priorities and recommend timelines for delivery;
- advise on project procurement, contractual arrangements, best practice, delivery and funding models; and
- ensure government is armed with the necessary information to give the green light to the State’s infrastructure recovery program.

Infrastructure NSW will be the “one-stop shop” that industry, business – and even the Federal Government – needs to re-establish a trusted relationship with the NSW Government.

It will be the conduit to renew energy and interest in the planning and delivery the infrastructure NSW needs.

Within our first six months, a NSW Liberal/Nationals Government will introduce legislation to establish Infrastructure NSW.

It will build on the best experiences of Partnerships UK, Partnerships Victoria, Partnerships BC and Infrastructure Australia.

Its chief executive will be the State’s Infrastructure Coordinator General.

The Coordinator General will oversee a highly professional, expert staff, drawn from the both the private sector and the public sector, including Treasury, the RTA, Health and State and Regional Development.

It will be oversighted by an independent board of experts – including people drawn from the regions so that, whether critical projects in the Illawarra, Hunter, South Western Sydney, Mid North Coast or other regions of NSW, Infrastructure NSW's focus will be statewide.

I will ensure that my Government acts upon every recommendation of Infrastructure NSW or that a public explanation is given on any variations to the recommendations.

Importantly, Infrastructure NSW will report directly to me.

No one should have any doubt that I intend to make infrastructure renewal a cornerstone of my government.

We cannot afford to repeat Labor's past mistakes. We can't afford to miss out on once-in-a-lifetime federal funding to help overcome the State infrastructure backlog.

Equally we can't afford Labor's future mistakes.

Nothing better symbolises this out-of-touch Labor Government – or Nathan Rees' pigheadedness – than the determination to press ahead with the \$5 billion Rozelle Metro.

Despite critical infrastructure needs across the existing CityRail network, despite the need for rail improvements on the South Coast, in the Hunter, Central Coast and elsewhere, Labor insists on pressing ahead with this project.

The train to nowhere. With carriages that will be as empty as Nathan Rees' promises.

A project whose only purpose is to save a Labor held seat.

A project that characterises all that is wrong with Labor's infrastructure planning and delivery – and one that reinforces the need for our Infrastructure NSW approach.

And at a cost of \$5 billion that could fund construction of both the South West rail link and a rail link to the North West from Epping.

Rail links that would support Labor's decision that is seeing populations the size of Canberra being developed in both regions of Sydney.

Rail links that have been promised by Labor at every election.

Like the Federal Government that refused to fund it, the NSW Liberal/Nationals oppose the Rozelle Metro.

It does nothing for parents who are spending too much time sitting in traffic gridlock trying to get to work or for young people trying to get to university or jobs from either South West or North West Sydney.

Today I reaffirm the NSW Liberal/Nationals commitment to build the South West and North West rail links.

I reaffirm our commitment not to proceed with the Rozelle Metro.

But, the sad reality is that the public can expect to see made-for-media signing and sod-turning ceremonies – along with taxpayer funded advertising campaigns – prior to the next election from Labor, even if little actual progress has been made by March 2011.

Today I call on the Premier not to bind taxpayers into an irresponsible contract without appropriate termination provisions.

But instead to include termination provisions like those he overlooked as Water Minister for Labor's desalination project.

Provisions that, on a \$2 billion contract, provided for a maximum termination payment of \$20 million.

So I say this to provide clarity and certainty:

In government, we will seek to transfer through negotiation and agreement the contractual obligation from the Metro project to the proposed rail links we will complete to Sydney's South West and North West.

Failing that we would seek to terminate the Metro contract.

Today I place the onus on the Premier to enter into a responsible contract – one that reflects the electoral cycle and our determination to win in the next election.

One that acknowledges an incoming government's right to reassign resources to reflect the community's transport priorities – the NSW Liberal/Nationals' transport priorities – and puts this money where the people most need it: South West and North West Sydney.

But not all the State's transport needs require billion dollar solutions.

Not all of them are suitable for media drops or packaged door stops. Perhaps that accounts for them being forgotten.

As the parties who stand for the forgotten people of this State, the NSW Liberal/Nationals are determined to demonstrate our commitment to such causes and communities.

We know that access to public transport is important.

For the most vulnerable people in our community access to public transport is an increasingly difficult challenge. I am talking of people living in rural and regional communities, those who are ill, seniors and people with disability.

That's why it is vital the NSW Government adequately resource its own Community Transport Program.

State-funded Community Transport groups report that 90 000 requests are refused for transport every year.

Today I announce one of the priorities of a Liberal/Nationals Government will be to boost Community Transport.

In consultation with the Community Transport Organisation we will increase funding to NSW Community Transport Program run by the Ministry of Transport by \$12 million dollars over four years.

This represents a doubling in funding for this vital program.

It would extend services to many tens of thousands of transport-disadvantaged people who have missed out on access to these important transport services.

A program that's been ignored and forgotten by this Labor Government whose own Ministry of Transport website admits: "There has been no growth funds allocated to the CTP in the last 10 years."

We are also committed to establishing a single point of contact within the Ministry of Transport for Community Transport providers to improve communication, data collection, efficiency and reduce unnecessary administration costs and we will establish an appropriate driver accreditation framework to ensure the utmost safety of volunteers, employees and clients.

Mr Speaker,

A Budget is an important milestone in the public affairs of NSW.

It is when a government needs to show the people of NSW how it is managing their hard-earned tax dollars and how it plans to address the challenges confronting our community.

In the midst of a recession, with thousands of our citizens concerned about their jobs and their quality of life, there can be no more important task or test for a government.

It is a test that those opposite have failed.

Failed by not being honest about our financial situation. Failed to stimulate and grow the economy and the communities it makes strong. Failed by producing no plan for today and no plan for the future.

And, they have failed by doing just more of the same that we have to come to regrettably expect from Labor – who've put their political interests ahead of the public's interests.

The people of NSW can no longer afford this failure.

As they go about their lives, as they seek opportunities for themselves and their families, as they grow their businesses – they want a government that's on their side.

A government that works as hard as they do, that tells the truth like they do, that believes in a better future like they do, that plans for the future and not just for tomorrow.

The NSW Liberal/Nationals side firmly with the hardworking, honest people of our cities, our towns, and our regions.

And today we recommit to positive and practical plans to restoring our once great State – especially the one hundred per cent pursuit of the strong economy and the strong business investment that enables strong communities.

For each of the next 92 weeks – and well beyond – our focus will be unchanged and unyielding. We will always put the people of NSW first their hopes, their aspirations and their opportunities.

We'll do so by understanding that economic growth is the major driver for this economy, the major driver for their future, the major driver for the future of this State.

We'll never forget the people of this State.