



Hansard of the NSW Legislative Council

BUDGET ESTIMATES AND RELATED PAPERS (Budget Reply)

18 June 2008

From the political spin we heard before the budget was released, one could have been forgiven for thinking that this budget was going to be the big breakthrough to fix all New South Wales infrastructure problems—roads, rail and hospitals. The budget leaks suggested to everyone that 1½ decades of neglect in infrastructure spending was about to come to an end. But the budget was a huge disappointment. It did not provide even sufficient money to account for the infrastructure deficit brought about by years of underspending by Michael Egan and Treasurer Costa. The budget spin on infrastructure was used to hide a slashing of human services: frontline public services are left languishing without much-needed funding to deliver for the people of New South Wales. To add insult to injury, funding for key climate change programs and other crucial frontline and environmental programs have been either slashed or held to a standstill.

The budget was a statement of disdain for teachers and other frontline public sector workers, such as those in public transport. It failed to fulfil the urgent need to address climate change. The budget represented Treasurer Costa's climate scepticism. The climate change policy and programs budget line received a 9 per cent cut in real terms and the Climate Change Fund has been left wanting with a 4 per cent increase in nominal dollar terms. But in allowing for inflation the fund is held at a standstill. When the rest of the world is recognising the urgent need to respond to and prepare for a dramatically changing climate, New South Wales is held in check by a Treasurer whose ideological pathology prohibits him from considering the real needs of the next decade and the urgent need to address climate change to position New South Wales economically and socially to respond to the challenges it will face.

The Treasurer's antipathy to the environment does not stop with climate change. Funding to all 13 catchment management authorities was reduced significantly, in some cases by almost 50 per cent—and that will greatly impact on the role of catchment management authorities to look after the natural environment. With catchment management authorities taking on more responsibility, Treasurer Costa and Premier Iemma have said, "Well, thank you very much for all good work you do, but we are going to strangle your funds. We are going to deny you the money needed to protect the natural environment—that is, the continued protection of waterways through weed eradication."

The slashing of funds does not stop there. Public transport spending is massively outstripped by spending on roads while petrol prices skyrocket. Even the Treasurer cannot say that everything is fine and that there is a small blip in oil availability. Funding for public transport has been cut when the International Energy Agency says it is time we made the big shift away from dependency on cheaply available liquid fuels for public transport. The New South Wales Treasurer continues to pour money into roads at the expense of public transport. The Budget Speech was a fine work of spin with a promised 53 per cent increase in spending on natural resources and the environment since 2005. It sounds great, until you unpack it and see that the vast majority of that 53 per cent increase went into water buyback programs. The Greens support water buyback: our rivers, creeks and lakes desperately need an injection of water. Reports today on the health of Murray River make it clear that we are in dire straits. There can be no argument that putting money into restoring our rivers, lakes, creeks and waterways is urgently overdue. But that 53 per cent funding increase for water buyback programs was a slash-and-burn approach to public transport, catchment management authorities and climate change programs.

Not only were environmental programs damaged by this budget; key front-line service areas like public education have also suffered. Treasurer Costa has an antipathy to the word "public". We know this to be true because he is spending every last cent of political capital that belonged to the lemma Government on privatising the electricity industry because it is publicly owned. The "P" word offends him. Now he has turned his sights on public education. Public education is coping with an increasingly complex classroom environment, but the Treasurer says, "That is all right for public education." Although there has been a budget increase in public education, once expenditure on private schools is removed that funding will have increased by a measly 4.7 per cent.

Taking inflation into account, expenditure on public education is at a standstill at a time when real costs within the education system are skyrocketing. Worst of all is maintenance funding. For six years since the 2002 Vincent inquiry report identified a \$150 million backlog in public schools maintenance spending, nothing has happened. Even with funding over the past five years there still is an \$86 million backlog in rundown classrooms, leaking roofs, peeling paint and broken toilets that will be left in our public schools for yet another year.

At exactly the same time, the lemma Government continues to pour money into the State's 82 wealthiest private schools. In fact, if the lemma Government stopped giving money to schools such as The King's School, Sydney Grammar School and Abbotsleigh and instead increased funding for public schools, the maintenance backlog in public education could be resolved in just two years. It is absolutely absurd that State funding of \$63 million goes each year to schools with lavish facilities and no maintenance problems while public schools, which serve 70 per cent of the New South Wales student population, continue to languish underfunded with inadequate facilities.

It is a similar situation with public sector wages. The Treasurer persists with the idea of holding back public sector wages. As a consequence, public sector workers such as schoolteachers, ambulance drivers, firemen and nurses—the people who keep New South Wales running, who keep us educated and healthy, and who care for us when we are ill or injured—will be forced to take a pay cut while continuing their important work. That is effectively what the budget said. It said that those front-line workers will have to suck it up and take a pay cut. The budget has also failed to deliver any substantial funding increases in the community welfare sector. The end cost report on the budget is a sad document. It clearly identifies that the budget contains nothing new for the human services sector. Like public education, the community sector's workload continues to grow and increase in complexity, yet the Government persists in denying it adequate funding. I will devote the remaining minute of my allotted speaking time to addressing parts of the magic pudding budget. The first item is electricity privatisation. The Treasurer says that we must sell our public electricity assets, and receive in return \$10 billion or \$8 billion—it depends who you talk to.

The Hon. Marie Ficarra: It keeps going down.

Dr JOHN KAYE: Indeed. My guess is that it will be somewhere around \$3 billion. But even if the Government received \$8 billion from the sale, the Treasurer is ignoring the \$1.2 billion that the generators and the distribution businesses bring in every year for the people of New South Wales. The Treasurer is selling off the hard-earned family silver—a good little earner—to get a fistful of dollars. It is simply magic pudding economics, voodoo economics, to believe the people of New South Wales will derive any financial benefits from the sale of the electricity industry. This budget stands condemned for its failure to invest in front-line services and climate change measures.