

Budget Speech

2001-02



New South Wales

Budget Paper No. 1

NEW SOUTH WALES BUDGET SPEECH

Delivered on 29 May 2001

by the Honourable Michael Egan MLC

Treasurer of New South Wales

Mr Speaker,

The 2001 Budget is socially responsive and financially responsible: in other words, it's a Labor Budget through and through.

Like the six Budgets before it, this Budget aims to strengthen the protection and security and enhance the opportunities afforded to all our families and citizens.

This Budget has been framed against a backdrop of a number of recent unexpected and adverse factors. These include:

- ◆ the slowdown in global economic activity;
- ◆ the debilitating impact of the GST on the building industry and small business particularly and on business confidence generally;
- ◆ the collapse of HIH Insurance and its repercussions throughout the economy; and
- ◆ the recent decision of the Federal Government to take an additional \$110 million away from NSW to subsidise the other States.

On the positive side of the ledger, we have:

- ◆ fundamentally sound national and state economies that are not threatened by any imbalance requiring harsh corrective measures;
- ◆ signs that the Australian economy will return to robust growth later in the year, with low interest rates encouraging both consumption and investment, a fortuitously timed low exchange rate offering enormous opportunities to our exporters, inflation under control, and high levels of home lending providing a pick-up in the building industry later in the year;

- ◆ signs that the US economy, despite some risks, will avoid a deep or sustained slowdown; and
- ◆ very importantly, a NSW public sector financial position that has never, ever been in better shape, with five budget surpluses behind us, a reduction in General Government net financial liabilities of around \$9 billion, and our net assets about to reach the \$90 billion mark.

Mr Speaker,

We're the first government in the State's recorded financial history to reduce the State's debt and liabilities rather than add to them.

We're the first government to pay all of the Budget's bills, rather than put some on the bankcard.

We're the first government in the State's history not only to pay our way each year, but also to put something aside for a rainy day.

The last six years, Mr Speaker, have been a preparation for uncertain times like these.

And the result?

A State that can be confident about the future, ready for any rainy day, well prepared to meet any challenges or uncertainties that come our way.

The result of six years of financial prudence during robust times, the result of paying for the Olympics up-front, of reducing our Budget debts and liabilities from 19.7 percent of the Gross State Product to only 9.4 percent, is a Budget that:

- ◆ funds the biggest public works and capital investment program in the State's history;
- ◆ funds substantial improvements for our schools, hospitals, transport and other public infrastructure and services;
- ◆ delivers, for the fourth year in a row, substantial tax cuts – unprecedented in the State's history; and
- ◆ for the sixth year in a row, is in surplus.

EXPENDITURE

Mr Speaker,

I now turn to the Government's expenditures during 2001-02.

Operating Expenses

General Government expenses during 2001-02 are expected to total \$30,696 million. This represents an 8.2 percent decrease on estimated expenses for the current financial year, but after the exclusion of once only items, is an increase in underlying expenses of 4.9 percent. In real terms, after adjustment for inflation, we are budgeting for a 2.5 percent increase in underlying expenses in 2001-02, allowing significant service delivery initiatives in a number of key areas.

New Public Works and Investments – A record level

In addition to General Government operating costs, 2001-02 will see the biggest capital works asset acquisition program ever undertaken in New South Wales, or probably by any government, state or federal, in Australia's history.

The total State Asset Acquisition Program will total \$5,581 million – an increase of \$577 million or 11.5 percent on 2000-01 levels, and sustaining approximately 85,000 direct and indirect jobs in 2001-02.

Of this \$5,581 million, \$4,563 million will be spent on works in progress, with a record \$1,018 million being allocated to new works with a total estimated cost of \$3,314 million.

In the General Government sector, \$2,625 million is being allocated to non-income earning, but nevertheless vital social and economic infrastructure, such as new schools, new hospitals, new roads and non-commercial public transport improvements.

Like the Olympic venues and infrastructure, we plan to pay for all of these new public works in cash, up-front, without a single cent of debt.

Our \$2,625 million General Government Public Works Program in 2001-02 compares with Victoria's record \$1,842 million and the Commonwealth's gross fixed capital expenditure of only \$231 million.

I will provide further details of the public works program when dealing with major portfolio areas later in the Budget Speech.

In addition to the General Government Public Works Program, our government owned business enterprises will undertake \$2,956 million of new commercial, income-earning investments, mainly in electricity, transport, water and housing.

These income earning investments will be financed approximately 86 percent by grants and the businesses' own cash flows and financial assets and 14 percent from commercial borrowings.

Education and Training

Mr Speaker,

The education and training area is the big winner of this year's budget.

Total spending on education and training will this year exceed \$7,630 million, an increase of more than \$1,840 million, or 32 percent since we came to office.

Over the last six years we have spent over \$1.1 billion investing in new school facilities.

Our new schools are the world's best. Nothing in this country or elsewhere can beat them.

But it's now time, not only to press ahead with an expanded new schools program, but also to bring our old schools up to new school standards.

I announce today the commencement of a ten year Schools Improvement Plan.

Over the next four years alone, we will commit \$1.1 billion – \$400 million more than the previous forward capital program. Over \$257 million is being allocated this year, an increase of \$80 million on last year's allocation.

The next four years' program includes:

- ◆ \$240 million for 23 new primary schools and eight new high schools in growth areas including the Tweed, Camden, Kellyville, the Hawkesbury, the Central Coast and the Hills District;
- ◆ \$80 million for new school halls;
- ◆ \$50 million to replace 330 demountable classrooms with permanent facilities;
- ◆ \$45 million for landscaping, new fencing and general improvements at older schools;

- ◆ \$130 million to improve facilities for students, teachers and school staff, including \$50 million for better disabled access; and
- ◆ \$70 million for upgrades to classrooms, libraries and security at 1,000 existing schools.

\$86 million will also be spent in 2001-02 on 38 new TAFE projects including new facilities at Dubbo, Cessnock, Kurri Kurri, Miller and Ultimo campuses and major refurbishments at Gymea, Wollongong and St George campuses.

The capital program is, of course, only part of our commitment to ensuring that young people get a head start in life.

By far the largest part of the education and training budget is spent on the annual expenses. We are educating 760,000 students in 2,200 schools and over 800,000 students in vocational education and training and adult education at 130 TAFE campuses and other facilities.

This year the annual expenses allocation will exceed last year's allocation by \$336 million, or 4.9 percent, bringing this year's total to \$7,192 million.

This will enable an expansion of the State Numeracy and Literacy Plan with \$117 million to be spent in 2001-02, an expanded school maintenance program of \$157 million, and over the next four years the replacement of 90,000 school computers and provision of an additional 25,000 computers.

\$160 million will also be made available over four years for targeted student welfare programs.

Within the overall student welfare program, \$46 million will be made available over the next four years to launch a new program to deal with seriously disruptive children.

A wider range of placement and support options will enable them to be removed from normal classrooms, not only for their own benefit but also for the benefit of other students and teachers.

Mr Speaker,

These are all very important initiatives by a Government committed to providing first class public education.

But today, on behalf of the Government, I also announce a major initiative in the field of e-learning.

Over the next four years the Government will provide \$14.3 million to introduce a Computer Skills Assessment in Year 6 for all government school students and in Year 10 as part of the requirements for the School Certificate.

The Computer Skills Assessment will make sure that every student knows how to use information and communications technology for learning, for life and for work.

But, Mr Speaker, knowing how to use ICT is only part of the picture.

It is now time to revolutionise how students learn.

The Budget provides the first instalment towards this revolution.

Over the next four years, \$21.6 million will be made available for the staged introduction of email addresses and internet accounts for every student and teacher in a government school – in other words, individual e-learning accounts.

By dialling up from school or home and logging on via the internet, students will be able to:

- ◆ use learning materials and library resources on the Education Intranet;
- ◆ communicate with their teachers and classmates by email;
- ◆ participate in collaborative workgroups within their school and across the State; and
- ◆ have filtered access to relevant educational resources on the internet.

Parents and teachers will also be able to communicate by email, obtaining reports on a student's progress, reading Board of Studies syllabuses, keeping in touch about attendance, and generally more fully participating in school life.

Together, with the individual e-learning accounts, this means that every student will be able to use learning resources anywhere, any place, anytime.

Health

The Health Budget this year will receive a total allocation of \$8,302 million – an increase of \$406 million over last year's allocation, and an increase of \$2,537 million since we came to office.

The Government remains committed to a three year rolling health budget, enabling clinicians and managers to plan for growth in demand and ensure equity in high growth areas such as the Northern Rivers, Mid North Coast, the Central Coast and South Western Sydney.

This year our 206 hospitals and almost 300 other health centres are planning for:

- ◆ over six million visits to out-patient clinics;
- ◆ over 1.8 million people being treated in emergency departments;
- ◆ over 1.3 million admissions to hospitals;
- ◆ over 650,000 ambulance calls;
- ◆ 70,000 births; and
- ◆ over 200,000 home nursing visits.

This year's budget also guarantees almost \$2 billion over four years for new hospital and health facilities – \$529 million this year, and \$480 million in each of the three following years.

This year's allocation of \$529 million will enable:

- ◆ commencement of the \$100 million redevelopment of Gosford Hospital;
- ◆ commencement of the \$80 million redevelopment of Wyong Hospital;
- ◆ significant investment in health facilities in regional and rural New South Wales;
- ◆ continuation of major redevelopments across the State including Central Sydney, Coffs Harbour, Macarthur, Wollongong, Shoalhaven, Royal North Shore, Sutherland and Tweed Heads;
- ◆ a \$7 million enhancement of rural information technology infrastructure;
- ◆ a \$7 million refurbishment of the Prince of Wales' Parkes Block;
- ◆ \$46.6 million for Ambulance infrastructure work including enhancements to clinical care and information systems, medical equipment and fleet replacement; and
- ◆ \$25 million for mental health capital works.

Tackling the Drug Problem

The Government will spend over \$50 million in 2001-02 to implement the Drug Summit Plan of Action.

In addition, the Government will commence the Cabramatta Anti-Drug Strategy, spending \$6.7 million in 2001-02 and a total \$18.8 million over the next four years.

The Strategy will involve:

- ◆ enhanced Police powers in relation to drug houses and searches;
- ◆ establishment of a City Watch program to bring local businesses and Police together to develop solutions to local crime;
- ◆ compulsory treatment for drug users arrested in Cabramatta and expansion of drug rehabilitation and treatment services in South Western Sydney; and
- ◆ expanded early intervention and prevention programs, including community drug education.

The Government will also extend the Adult Drug Court Trial at a cost of \$14.3 million.

Significant Drug Summit projects in 2001-02 will include:

- ◆ expansion of the methadone program and the home detoxification program;
- ◆ a new 15 bed detoxification unit at Nepean Hospital at a cost of \$1.7 million per annum;
- ◆ a 15 bed drug treatment unit at Wyong Hospital at a cost of \$1.3 million per annum;
- ◆ a new heroin overdose plan costing \$670,000; and
- ◆ opening of residential rehabilitation facilities for young offenders at Dubbo and Coffs Harbour costing \$4 million over two years.

Community Services and Disability Services

Mr Speaker,

One of the most enduring truths of Australian government is that people in need can count on a Labor Government to give them a helping hand.

The facts speak for themselves.

In 1994-95, the last Budget before the Carr Government took office, the allocation for the community, aged and disability portfolio was \$981 million.

It is now more than \$1,791 million – even after allowing for this year's transfer of \$55 million of pensioner electricity subsidies to the Ministry of Energy and Utilities. After allowing for the transfer, this year's allocation represents an increase of \$195 million or 11.8 percent over last year's.

Some of the major features include:

- ◆ \$121.2 million – a 9.7 percent increase – for the protection of children from abuse and neglect. This will allow for the employment of an additional 60 caseworkers this year, helping the Department of Community Services cope with more than 100,000 reports in 2001-02;
- ◆ \$166 million for out-of-home and foster care for almost 15,000 children;
- ◆ \$105 million for childcare and related services;
- ◆ \$318 million for Home and Community Care services – an increase of 9 percent – including funding allocated direct to the Department of Health;
- ◆ \$390 million – an increase of \$30 million – for disability services; and
- ◆ \$12 million in capital grants for supported accommodation, seed funding for the relocation of disabled people from large residential facilities and for the purchase of equipment for people with disabilities.

And, as I mentioned earlier, the education budget will allocate \$50 million over the next four years for better disabled access in our schools.

The pensioner electricity rebate scheme will be standardised and responsibility for its administration transferred from the Department of Community Services to the Ministry of Energy and Utilities.

At present, the pensioner rebate varies from retailer to retailer, with separate gas and electricity rebates.

From 1 January next, a single, uniform rebate will be introduced with a total cost of \$67.5 million in 2001-02.

The new rebate will be set at \$107 per annum. No pensioner will be worse off, and over 600,000 pensioners will be better off by between \$8 and \$31.

For example: Energy Australia's 250,000 pensioner electricity customers will benefit by \$22. Integral Energy's 122,000 will benefit by \$14, and 38,000 former customers of Great Southern Energy will benefit by \$29.

Transport and Roads

Mr Speaker,

The provision of an efficient road network and safe and reliable public transport is a massive undertaking – 20,000 kilometres of roads for around four million vehicles, a rail network of 8,700 kilometres, and almost 500 million passenger journeys on Government services each year.

The problems experienced on the rail network, particularly prior to the Sydney Olympics, were completely unacceptable to the Government.

That's why we allocated an additional \$296 million to the rail system during 2000-01, and that's why the Budget provides an increase in rail funding of \$1 billion over the next four years. This billion-dollar injection will provide:

- ◆ \$50 million for new passenger cars for the Newcastle and Hunter region;
- ◆ \$270 million for an additional 60 Millennium passenger carriages, in addition to the 81 already under construction, and 40 new inter-urban cars;
- ◆ a \$122 million increase in train maintenance, including an increase of \$38 million to \$153 million in 2001-02;
- ◆ an increase in track maintenance of \$320 million;
- ◆ \$147 million on new signalling and other safety works; and
- ◆ \$41 million for additional tracks within the Sydney network.

The budget for this year's Roads Program amounts to \$2,289 million, compared to \$2,200 million in last year's budget.

\$116 million will be spent in 2001-02 to complete the M5 East, allowing for continuous motorway conditions between South Western Sydney, the Airport and the city.

\$47 million will be spent in 2001-02 as part of a five year \$323 million program to upgrade Windsor Road to four lanes along its entire length.

The Government will continue upgrading the Pacific Highway at a cost of \$160 million in 2001-02.

The Princes Highway will be improved with a further \$26 million to be spent on the North Kiama By-pass and \$7.6 million on road construction south of Bega.

Rural highways and roads, including the Great Western, Newell, Castlereagh and Mid-Western will benefit from major works spending of over \$40 million in addition to ongoing maintenance.

Environment

Mr Speaker,

For six years now, New South Wales has had the greenest government in Australia. No state has done more to secure the preservation and protection of its natural environment, with massive additions to our network of national parks, and significant funding increases for the National Parks and Wildlife Service and the Environmental Protection Agency.

The Government is especially proud of the work we are doing with our farmers, not only to preserve the beauty of our land and rivers, but also to forge a sustainable future for our agricultural and other rural industries.

New South Wales has become a national and world leader in the development of market mechanisms to encourage forestry investment to help meet our greenhouse obligations and tackle salinity control, land repair and mine site rehabilitation.

Some of this year's Budget initiatives include:

- ◆ an allocation of \$13 million, spread across several agencies to implement the second phase of the Government's water reforms;
- ◆ expenditure of around \$13 million under the NSW Salinity Strategy, part of a \$52 million program over four years;
- ◆ expenditure of \$67 million for backlog water and sewerage schemes in country areas;
- ◆ provision of \$5 million for the native vegetation management fund;
- ◆ an allocation of \$15 million for water savings projects to increase water flow in the Snowy. This is part of a New South Wales' contribution of \$150 million towards a \$375 million ten-year program to make the great Snowy River flow again;

- ◆ a contribution of \$22 million to the Zoological Parks Board for various purposes, including a major ten-year program, details of which will be announced later in the year, for the rebuilding and modernisation of both the Western Plains Zoo and Taronga Park Zoos;
- ◆ expenditure of \$57 million on waste minimisation and management; and
- ◆ almost \$45 million for the National Parks and Wildlife Service to acquire additional lands with high conservation values and other purposes.

Protecting the Community

Mr Speaker,

After allowing for the one-off costs associated with the Olympic Games, the Budget's allocation to the Police Service will increase by \$58 million.

This will help fund the third stage of the Government's plan to recruit additional police and release existing police for operational duties. The commissioning of the Police Assistance Line, with centres at Tuggerah and Lithgow, has already released 500 police officers for operational duties.

The Budget also provides the Police Service with a \$66 million capital allocation to fund state-of-the-art technology, progressing the plans of the Commissioner and the Government to transform every operational police car into a virtual police station giving officers instant access to police intelligence anywhere, anytime.

The Budget also allocates \$59 million for three new goals that are under construction at Kempsey, Parklea and South Windsor.

The NSW Fire Brigades will receive a capital allocation of almost \$39 million for major improvements to its equipment and facilities, including \$13 million for acquisition and replacement of fire fighting appliances and pumps.

The Rural Fire Service will be allocated \$115 million – a 127 percent increase since the Government came to office – and the State Emergency Service will be allocated \$27 million – an 88 percent increase since the Government came to office – to assist the great work of the 80,000 volunteers who risk life and limb to protect property and lives throughout our State.

Country and Regional New South Wales

Mr Speaker,

At the instigation of Country Labor, the Carr Government is the first Government in New South Wales to produce a separate Budget Paper for rural and regional areas.

It's a very valuable initiative that helps focus the attention of the Government, the Parliament and the media on the special needs of country and regional New South Wales.

Forty-two percent of New South Wales' residents live outside Sydney. I'm pleased to report to them that this year's budget provides them with 48 percent of all of the State's public works and road maintenance expenditure.

Twenty-eight percent of our State's residents live outside Sydney, Newcastle, Wollongong and the Central Coast. This Budget provides them with 34 percent of all the State's public works and road maintenance expenditure.

In addition to major funding for country and regional NSW in roads, education and health, this year's Budget also provides a record allocation of \$875 million to the agriculture, land and water resource portfolios – an increase of \$49 million over last year's allocation.

Sydney Olympic Park

Mr Speaker,

The Sydney 2000 Olympics dazzled the world.

Success is no stranger to Australia or Australians. Yet an enduring feature of the Australian psyche, I believe, is our constant tendency to underrate ourselves, always believing we're likely to fail, and yet always surprising ourselves by our ultimate success.

Sydney Olympic Park will always be etched in our minds as the site of one of Australia's greatest triumphs.

But it has much greater potential than being just a memory. It is already a magnificent location for major events, including the annual meeting of city and country at the Royal Easter Show.

But we need to build on the 12,000 visitors who already visit it daily if it's to become a major 365 day a year attraction – a major commercial and residential centre, and a major sporting and recreational centre not just for the people of Western Sydney but also for visitors from all parts of Australia and the world.

This Budget provides a capital allocation of \$30 million for it to begin its future commercial development.

All Australians will long be in the debt of the 60,000 Olympic and Paralympic volunteers.

They magnificently displayed the Australian spirit to the world.

Within the next twelve months I intend to see that all of those 60,000 volunteers have their names permanently displayed on a wall of honour, or in some other suitable way, at Sydney Olympic Park.

Preparing for the new economy

Mr Speaker,

Australia has led the pack of developed economies in the past decade.

Our economy grew by an average 3.5 per cent a year in the 1990s – faster than the United States and streets ahead of most of Europe.

The key to growth was rising productivity. It made possible sustained economic expansion, higher wages, low inflation and low interest rates.

The economic policies of governments, both State and Federal, during the past 20 years have equipped modern Australia for prosperity.

To secure our success as a society and an economy we must do a top class job of educating and training our children, and ourselves.

And we must incorporate new information and communication technologies into every nook and cranny of our economy and society.

Government must do its bit, both in using new technologies to provide better services and in helping the community to more rapidly take up and benefit from these same technologies.

As well as the education initiatives I have already announced, other areas of government will continue a massive investment in technology:

- ◆ \$19 million to usher in faster and better healthcare by giving patients a single electronic health record that can be shared by hospitals, community health centres and general practitioners;

- ◆ an \$82 million investment over five years – \$9 million this year – to change the way we plan and coordinate public healthcare in NSW by giving health administrators detailed demographic information on all patients at the stroke of a computer key;
- ◆ \$4 million to boost the use of Telehealth services which give rural doctors immediate access to expert advice from specialists;
- ◆ \$32 million – \$8 million this year – to slash business paperwork by putting business licencing online;
- ◆ \$5 million to give small country communities computers, scanners, teleconferencing, email, business opportunities, online education and IT training through a network of Community Technology Centres;
- ◆ \$1 million for country libraries so they can provide cheap and easy access to the internet and online services; and
- ◆ a massive investment in computing power by our electricity retailers to make it possible for families and small business to shop around for power from 1 January next year.

Taxes and Revenues

Mr Speaker,

Prior to the 1999 election, on the 27th February, I was asked to give a commitment that there would be no new taxes or tax rises during this Parliament.

The media reported my answer as follows:

“I’m not going to commit myself to a reduction in taxes, nor will I commit myself to no change at all. I certainly don’t see any need going forward for tax increases and I think, in the longer-term, the more likely outcome is some reduction in taxes.”

It was a responsible answer, and the prediction I made has been borne out.

In my last two Budgets I announced tax rate reductions at a cost to revenue of \$393 million in 1999-2000, \$669 million in 2000-01, \$795 million in 2001-02 and \$957 million in 2002-03.

Today I announce further tax changes with a *net* cost to revenue of \$1,215 million over the next four years – \$168 million in 2001-02, \$351 million in 2002-03, \$349 million in 2003-04 and \$347 million in 2004-05.

Members will already be aware that the Government has announced a new tax on insurance companies that will raise \$69 million per annum, hypothecated to the soon to be established New South Wales Policyholders' Protection Fund.

The next three measures I announce today involve only a small budgetary cost, but will reduce the time, effort and cost to businesses of meeting their tax obligations. Small businesses particularly will benefit.

The threshold at which lease duty becomes payable will be increased from \$3,000 to \$20,000 and business franchise agreements will no longer be subject to lease duty. These measures are expected to more than halve the number of leases subject to duty, at a cost to revenue of \$3 million per annum.

The monthly duty free threshold for hire of goods duty will also be increased from \$6,000 to \$14,000, freeing many small businesses from this tax. This will involve a cost to revenue of \$2 million per year.

Stamp duty on the establishment or amendment of superannuation trust deeds will be abolished, reducing compliance costs for the superannuation industry. This will cost the revenue \$1 million per annum.

Mr Speaker,

Members will be aware that prior to the Government's reforms of the electricity industry the wholesale price of electricity was \$54 per megawatt hour, or about \$63 per megawatt hour in today's prices.

With the introduction of a competitive market and enormous oversupply in the industry, wholesale prices collapsed to well below new entrant prices, with serious impacts on the profitability of taxpayer-owned generators. To cushion taxpayers from these financial costs, the Electricity Distributors Levy was introduced in 1997 to raise \$100 million per year from large electricity users in the competitive sector of the market.

Recent trends in the market have seen wholesale prices reach more sustainable levels of around \$40 per megawatt hour, still about 37 percent lower than the level of real prices in 1995, and considerably lower than prices in other States.

With wholesale prices now at reasonable levels, the Government has decided to suspend the levy. This \$100 million per annum cost to revenue has been factored into each of the forward estimate years. A review of electricity prices and generator profitability will be conducted prior to the 2003-04 Budget to determine whether the levy can be permanently abolished.

Mr Speaker,

One of Australia's worst taxes is Debits Tax which is imposed by every State.

It's levied on every bank and credit card account linked to cheque drawing facilities, and Australian business groups have long sought its abolition.

It's also one of Australia's most regressive taxes. A pensioner withdrawing \$10 from a bank account gets slugged 30 cents, a billionaire withdrawing \$100,000 only pays \$4.

The Debits Tax is scheduled under the Inter-Governmental Agreement between State and Federal Governments to be abolished by July 2005.

Provided we obtain an assurance from the Federal Government that New South Wales will not be disadvantaged by early abolition of this tax, I announce today that the Debits Tax will be abolished completely in New South Wales from 1 January next.

This will cost \$131 million in 2001-02, and over \$315 million in a full financial year.

As announced previously, Financial Institutions Duty is being abolished on 1 July under the Intergovernmental Agreement. This means that from New Year's Day next, New South Wales will be the only State without any tax on banking or credit card transactions.

The abolition of these two taxes amounts to a reduction of over \$900 million in a full year in New South Wales' taxes on individuals and businesses. That's equivalent to \$146 for every man, woman and child.

Mr Speaker,

This is the fourth year in a row that NSW has reduced its tax rates. No other State Government has ever done it.

Next year will be the fifth year, with payroll tax being reduced on 1 July 2002 from the current 6.2 percent to 6.0 percent at a cost of \$130 million per annum – a reduction of twenty-five percent from the Greiner Government's 8 percent top rate in 1990.

Mr Speaker,

Total General Government revenues in 2001-02 are expected to reach \$32,170 million – an increase of 1.2 percent, considerably less than the nominal rate of GSP growth of 5.6 percent.

BUDGET RESULTS

Mr Speaker,

I now turn to the Budget results.

All States and the Commonwealth now report their budget results on the same basis. There are three measures.

The first is the operating result. It's akin to a company's profit or loss statement. It tells you whether the year's operations have added to or reduced your net worth.

The second is the net lending result, which New South Wales regards as the main budget financial result. A surplus tells you by how much the year's operations have contributed to a reduction in net financial liabilities.

The third result is the cash result. It tells you by how much the year's operations have added to or reduced your debt.

It is, of course, possible to reduce your debt, but increase your liabilities.

It's also possible to reduce your net financial liabilities, but run down your net assets or worth.

For example, the Commonwealth Government this year has a cash surplus, but is in deficit on the other two measures. In other words, it's reduced its debt, but has only done so by running up its net liabilities and running down its assets.

In 2001-02 New South Wales is likely to be the only Australian government to budget for a surplus on all three measures.

On the key net lending measure, this year's budget result is a modest, but still solid surplus of \$368 million.

Mr Speaker,

Since June 1997 the General Government sector's net financial liabilities have been reduced by \$6.5 billion, from \$28.9 billion to an estimated \$22.5 billion at June 2001.

Since coming to office we have nearly halved General Government Sector Net Debt and reduced unfunded superannuation liabilities by more than one third.

In the coming year net financial liabilities are projected to fall by a further \$537 million, to only 8.7 percent of Gross State Product.

Meanwhile, Mr Speaker, General Government net assets continue to grow and now exceed \$89 billion.

During 2001-02, we expect to crash through the \$90 billion mark, adding \$2.6 billion to General Government net worth by June 2002.

This compares to the Commonwealth Government's net worth of a negative \$34 billion.

Mr Speaker,

For six years we've worked hard.

As I said last year, we can't promise never to make a mistake, and we can't promise to solve each and every problem that arises.

But what we do promise is to keep on listening, to keep on trying, and to keep on working to make sure that New South Wales is the best State, in the best country, in the world.

That's our commitment, that's Labor's commitment to this generation and the next.