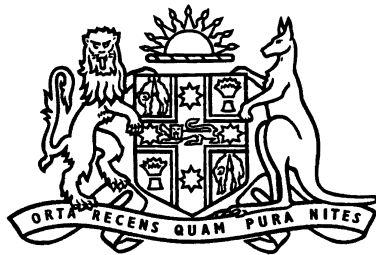


# **Budget Speech**

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**2005-06**



**New South Wales**

**Budget Paper No. 1**



# **NEW SOUTH WALES BUDGET SPEECH**

*Delivered on 24 May 2005*

*by the Honourable Dr Andrew Refshauge MP*

*Treasurer of New South Wales*

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Mr Speaker,

It is an honour to present my first Budget as Treasurer – the eleventh of the Carr Labor Government.

Among its many objectives:

- ◆ securing the New South Wales economy;
- ◆ advancing Labor’s goal of lasting social justice for the people of New South Wales.

There is one that stands out.

This is a Budget that builds for the future by investing in our infrastructure.

This Budget is a charter for growth and security.

- ◆ for development;
- ◆ for social equality;
- ◆ for the long-term needs of our State.

It puts in place the building blocks that will help us deal with the pressures of an ageing and growing population.

Mr Speaker,

The New South Wales economy remains fundamentally strong.

And for that I pay tribute to my predecessor, Michael Egan, the longest-serving Treasurer in the State's history. And to my colleague the Premier, who tomorrow will surpass the record held by Neville Wran as our longest-serving Premier.

Thanks to their stewardship, it has been my good fortune to assume the Treasurership with the State's economy in solid shape.

- ◆ with employment growing;
- ◆ with business investment already strong and set to rise even further;
- ◆ with our triple-A credit rating secure.

And with general government sector debt – that \$12 billion legacy left to us by the previous Liberal/National Party Government – all but eliminated.

Whatever difficulties we may face in the future, let no one forget that astonishing record of economic recovery under Labor.

- ◆ ten years of sound economic management.

Reducing General Government Sector debt, and reversing the Liberal record of chronic Budget deficits, has helped reduce the huge interest burden for New South Wales taxpayers by almost a billion dollars a year and allowed us to pay for government services and infrastructure.

Thanks to our reforms, businesses have already seen:

- ◆ cuts in payroll tax;
- ◆ the abolition of a range of other taxes;

Real reductions of up to:

- ◆ 20 percent in electricity charges;
- ◆ 19 percent in port charges; and
- ◆ 44 percent in rail freight charges.

All of which have helped create new jobs and bring increased prosperity to the people of this State.

Mr Speaker,

This is a Budget that reflects the Government's priorities. As a Labor Treasurer in a Labor Government, I have no doubt where our priorities lie:

- ◆ securing a person's access to work;
- ◆ to the best possible education;
- ◆ to the highest standards of health care;
- ◆ to the safest streets;
- ◆ to reliable public transport; and
- ◆ a sustainable environment.

Mr Speaker,

No Government in the history of this State has devoted more of its energy and resources to strengthening the basic services and essential infrastructure on which our people rely.

Capital expenditure by the entire New South Wales public sector in 2005-06 will be at its highest level ever in real terms.

- ◆ 52 percent above the average of the 1990's;
- ◆ 68 percent higher than the average of the 1980's.

Mr Speaker,

Today I announce that investment in public infrastructure across New South Wales over the next four years will total **\$34.7 billion**.

- ◆ A significant increase on the \$26.6 billion spent in the four years to 2004-05.

This increase will be funded by an increase in predicted General Government sector debt of \$1 billion and an increase in predicted Public Trading Enterprise debt of \$2.5 billion.

Mr Speaker,

For all its ambitious spending and investment plans, I believe this is a prudent Budget.

- ◆ an economically responsible Budget;
- ◆ with an eye to the challenges and difficulties, the risks and uncertainties confronting the economy at both state and national levels.

Mr Speaker,

Over the next four years, we will be spending \$34.7 billion on infrastructure, that is:

- ◆ \$24 million dollars a day, every day;
- ◆ *A million dollars every hour.*

It will fund new projects and works already underway.

This investment alone will support around 113,000 jobs across the State.

***One million dollars every hour, of every day, of every week, of every month for the next four years.***

- ◆ creating and sustaining jobs;
- ◆ improving the social fabric and economic strength of the State.

In the coming year alone we will spend more than \$8.2 billion - 15.2 percent higher than in 2004-05:

- ◆ \$3.8 billion in the general government sector; and
- ◆ \$4.4 billion in government businesses and utilities.

## **Rail**

Mr Speaker,

The Carr Government recognises the importance of a safe, reliable public transport system.

For this reason, we will be investing more than a \$1 billion this year on new and existing projects to improve the safety, reliability and comfort of our trains.

New projects include:

- ◆ \$268 million being spent over the next three years to buy 81 new outer suburban rail carriages;
- ◆ \$1.5 billion to replace 498 older rail cars with air conditioned carriages;
- ◆ \$15.5 million on resignalling between Oatley and Cronulla; and
- ◆ \$8 million on vigilance control systems.

Mr Speaker,

In addition to these new projects, work is continuing on our existing projects, including:

- ◆ \$97.5 million being spent this year as part of our \$1 billion rail clearways program;
- ◆ \$434 million being spent continuing work on our \$2 billion Epping to Chatswood rail link;
- ◆ \$59 million on the first tranche of our Outer Suburban Cars;
- ◆ \$21 million on Hunter Fleet Rail Cars;
- ◆ More than \$20 million on easy access upgrades at railway stations across the network; and
- ◆ \$9 million upgrading our XPT trains.

## **Buses**

In addition to our investment in rail, this year we will spend more than \$83 million upgrading our bus fleet and depots.

State Transit will invest more than \$137 million between 2005-09 replacing 268 standard buses.

A further \$40 million will be spent this year to fulfil our commitment to buy 80 high capacity buses by 2006.

More than \$7 million will be spent fitting existing buses with CCTV cameras to ensure passenger safety.

Mr Speaker,

An additional \$90 million will be provided over the next three years as part of our expanded bus priority program.

A further \$65 million will be available to be spent developing a Tcard, that will eliminate the need for separate tickets for train, ferry and bus travel across the network.

## **Roads**

Mr Speaker,

The Government will continue to develop and maintain our roads infrastructure so that it will:

- ◆ meet economic and social needs;
- ◆ promote and improve road safety; and
- ◆ minimise the impact on the built environment.

Capital and maintenance investment in roads this year will total \$2.4 billion.

Of the total \$2.4 billion budget, more than \$1.5 billion – or 62 percent will be spent outside Sydney.

Major investments include:

- ◆ \$130 million to continue work on the North West Transitway Network;
- ◆ \$176 million to continue work on the upgrade of Old Windsor Road;
- ◆ \$18 million to continue work on the North Kiama bypass;
- ◆ \$38 million for widening the Great Western Highway to four lanes between Katoomba and Woodford;
- ◆ continuation of our 10 year, \$2.2 billion upgrade of the Pacific Highway.

Mr Speaker,

Not only are we investing for today.

We are planning for tomorrow.



With the population pressures continuing to confront the residents of this state, we need to prepare for the future.

We need to make certain that we don't repeat the mistakes of the past Liberal/National Party Government when they released land in the northwest. Without any adequate infrastructure in place.

That's why the Government is developing its Metropolitan Strategy.

It will help guide our future land release areas to ensure that the necessary infrastructure is in place as the new houses come on line.

I am pleased to announce that this Budget provides \$33.9 million for our newly established Growth Centres Commission.

## **Utilities**

Mr Speaker,

With our growing population, it is essential that we maintain our investment in our energy and water utilities.

Over the next four years, our public trading enterprises, including our energy and water utilities, will invest almost \$19 billion in infrastructure.

This investment will be partly funded by an increase in net debt, \$2.5 billion more than previously planned, over the next four years.

## **Electricity**

Mr Speaker,

Investment in our energy industries this year will total \$1.8 billion.

Energy Australia will invest \$504 million this year in network infrastructure, including:

- ◆ \$33 million on substation equipment replacement;
- ◆ \$10 million to replace switch gear and cabling equipment at Chatswood and Crows Nest;
- ◆ \$11 million to construct a new zone substation, catering for high load growth in the Green Square and Alexandria areas; and
- ◆ \$18 million to replace infrastructure and increase capacity and reliability to meet increasing demand in Sydney's CBD.

Integral Energy will spend \$361 million this year on projects that include:

- ◆ \$82.9 million for capital refurbishments;
- ◆ \$10.4 million for the high voltage distribution network program;
- ◆ \$9 million for underground residential development;
- ◆ \$35.9 million on the establishment of the Bella Vista zone substation; and
- ◆ \$18 million for the Hoxton Park airport zone substation.

Country Energy will spend \$446 million this year in capital works on a range of projects, including:

- ◆ \$1.2 million to upgrade and expand the Ballina Zone substation;
- ◆ \$3 million on a new substation at Lismore;
- ◆ \$3.2 million to upgrade Griffith zone substation;
- ◆ \$2 million to upgrade supply to Wagga Wagga's CBD and commercial areas; and
- ◆ \$4.9 million to upgrade Cudgen zone substation.

TransGrid will spend \$192 million in the coming year to further expand and upgrade the high voltage electricity network.

Work will include:

- ◆ \$18 million for the Coffs Harbour substation; and
- ◆ \$52 million for the upgrade of transmission lines, transformers and substations across New South Wales.

## **Water**

Mr Speaker,

This year, capital spending by water businesses, excluding environment protection, is expected to be \$406 million.

A \$170 million increase on last year.

This increase is mostly driven by the Government's Metropolitan Water Plan, which was released last year.

The Sydney Catchment Authority will spend \$199 million in 2005-06, primarily for the construction and renewal of assets used to collect, store and deliver bulk water.

Over half the program is devoted to projects included in the Metropolitan Water Plan.

This Program includes:

- ◆ \$89 million to access deep water storages at Warragamba and Nepean Dams; and
- ◆ \$42 million on a new pumping station at Prospect Reservoir.

Sydney Water will also spend \$361 million on environment protection related programs, including:

- ◆ \$27.4 million for works to service new urban developments; and
- ◆ \$47.6 million for the Government's Priority Sewerage Program.

Sydney Water will also invest \$127.9 million on various projects designed to maintain, and upgrade its network.

State Water will invest \$33 million on maintaining and upgrading its infrastructure, including major dams and weirs.

Hunter Water expects to spend \$52 million on environmental protection programs along with \$10.5 million to upgrade its water treatment and distribution system.

Overall, \$2.6 billion will be spent on water and energy infrastructure this year.

## **Health**

Mr Speaker,

There can be little doubt that health care costs are the biggest long-term issue confronting governments throughout Australia.

Increasing demands for services and an ageing population pose a continuing challenge for the Budget.

Each year more and more patients are presenting at hospital emergency departments and being admitted to hospital wards.

At the same time, the costs of new drugs and health technologies, leading to new procedures and better outcomes for patients, are rising steadily.

New South Wales is meeting that challenge head-on with a record investment in health services in the year ahead.

- ◆ a total recurrent budget of just under \$11 billion, and new capital investment of \$2.5 billion over four years – \$649 million in 2005-06.

That's an increase of 9 percent in recurrent funding – or \$901 million more than last year's budget allocation.

Spending on health is double what it was when we came to office.

In all, we will be spending around \$1.5 billion this year to meet the costs of elective and emergency surgery for patients in our public hospitals.

The highest figure on record.

Mr Speaker,

The Budget provides:

- ◆ funding for 322 new permanent hospital beds in addition to the 984 new beds announced last year;
- ◆ \$25 million to provide an extra 57 intensive care beds for adults, children and neonatal care;
- ◆ \$30 million over two years to further reduce waiting times for elective surgery; and
- ◆ an additional \$300 million will be provided over four years to improve and enhance mental health capacity in our hospitals and community facilities.

This will mean, among other things, a total of 51 new beds for psychiatric patients at Campbelltown, Hornsby and Dubbo hospitals.

We will open another seven emergency psychiatric care units in selected hospitals across the state following the success of the units in Liverpool and Nepean hospitals.

Major works commencing in 2005-06 will account for \$307.8 million of our four year \$2.5 billion hospital infrastructure investment.

Projects starting this year will include:

- ◆ \$236 million over five years to upgrade and redevelop Bathurst, Orange and Bloomfield hospitals;
- ◆ \$44 million over the next three years upgrading Queanbeyan hospital; and
- ◆ upgrades costing \$27.3 million over two years to improve facilities and equipment at metropolitan hospitals – including the Mona Vale Hospital emergency department and Manly Hospital's intensive care unit.

Mr Speaker,

The Carr Government takes a special pride in its contribution to the fight against cancer.

This Budget provides an additional \$30 million for the Cancer Institute of New South Wales, taking its total funding to \$65 million for research, screening and preventative programs.

I am delighted also to announce an additional \$10 million for the NSW Ambulance Service to recruit more than 100 new officers and lease 22 new ambulances in New South Wales.

## **Education**

Mr Speaker,

The recurrent and capital budget for education will this year exceed \$10 billion for the first time – \$440 million more than last year.

The Budget confirms the Carr Government's commitment to public education and its determination to meet the challenges of the future.

We are ramping up our \$476 million class-size reduction plan which has proved a striking success.

In keeping our promise to the people of New South Wales, next year, Year One classes in New South Wales public schools will be reduced to a statewide average of 22 students.

Mr Speaker,

While OECD reports show that literacy levels for 15 year old students in New South Wales are up there with the best in the world.

- ◆ The same cannot be said for our Aboriginal students.

Despite the best intentions and goodwill, academic results for Aboriginal students are substantially below that of the mainstream student population.

That is why today I am pleased to announce \$53 million will be spent over the next four years to trial new initiatives to improve Aboriginal education.

These initiatives were developed as part of a comprehensive Review into Aboriginal Education.

Mr Speaker,

From next year, a number of Community schools will be trialled throughout the State where there is a significant Aboriginal student population.

All teaching appointments to these schools will be merit based, with the parent community represented on all interview panels.

Incentive packages will be made available to attract the best staff, with individual learning plans being developed for all students in participating schools.

These schools will become the centre of community activity, with their facilities being used all year round, including holidays.

These measures represent a substantially different way of delivering education in our public schools.

- ◆ because to continue to do more of the same would only lead to the same results, and that's not good enough.

Mr Speaker,

New South Wales already leads Australia with its investment in information and communications technologies in our schools.

We are providing a record investment of \$942 million over four years in these technologies to:

- ◆ purchase 100,000 computers;
- ◆ provide 129 IT support staff; and
- ◆ improve internet bandwidth.

The Budget will also provide:

- ◆ additional funding of \$130 million over four years to improve support for students in special schools and special classes in regular schools, that includes employing more than 660 new teachers' aides;
- ◆ \$538 million over four years for our State Literacy and Numeracy Plan;
- ◆ \$250 million over the next four years to increase the quality of teaching in government schools, enhance teacher professional development and ensure an adequate supply of teachers in key learning areas; and
- ◆ \$73.6 million will be spent over the next four years on 20 new suspension centres, eight new behaviour schools and seven new tutorial centres where appropriately trained teaching and support staff will be available.

Mr Speaker,

We will continue our considerable investment in upgrading our schools.

As part of our four-year Schools Improvement Package, costing \$1.4 billion, more than \$390 million will be spent in 2005-06 on the construction and enhancement of school facilities.

New schools will be built at Seconds Pond's Creek and St Mary's.

Major upgrades will commence at:

- ◆ Ulladulla;
- ◆ Dubbo;
- ◆ Bulahdelah;
- ◆ Concord West;
- ◆ Raymond Terrace;
- ◆ Strathfield Girls High; and
- ◆ A school hall at Gunnedah South.

## **Skilled workforce**

In our TAFE colleges, we are planning for another 13,000 new places this year, taking the total in training to more than 520,000.

We are allocating more than \$80 million to TAFE's capital works program for major refurbishment of facilities at 10 TAFE institutes.

Mr Speaker,

New South Wales already offers the most extensive Vocational and Educational Training in Schools program in Australia – with 54 nationally accredited courses.

We have improved incentives for industry to take on apprentices through the introduction of special payroll-tax exemptions.

This Budget will provide funds for *TradeStart* – a 12-month pilot scheme in which 450 apprentices will be able to do their first year of TAFE training in 16 weeks before starting work.

We will provide a \$100 rebate on the cost of car registration for first and second year apprentices as an added incentive for young people considering an apprenticeship as part of their career.

We will also provide additional travel support for the 5,000 apprentices from rural and regional New South Wales by doubling their overnight accommodation allowance.

And we will be investing an additional \$1 million in group training to deliver an additional 800 apprentices for small business, rural, regional and disadvantaged communities.

## **Welfare programs**

Mr Speaker,

I am proud to announce that this year's Budget allocation for community services – to help children, young people and families in need – exceeds \$1 billion for the first time an increase of 12.2 percent.

The Budget provides an extra \$186 million over four years to help fund more child protection caseworkers.



Mr Speaker,

The Budget increases funding for aged care services and for people with disabilities by 11.8 percent – bringing the total allocation to more than \$1.5 billion.

The Budget includes:

- ◆ \$110.2 million over four years to increase support places for high-needs clients;
- ◆ \$8.4 million over four years to support trials of alternative supported accommodation models; and
- ◆ \$8.8 million over four years to provide more respite care.

An estimated \$468.7 million will be spent on older people and their carers through the Home and Community Care program, a joint Commonwealth-State initiative.

## **Housing**

Mr Speaker,

The Budget will invest an extra \$190 million in public housing over the next four years.

This year we are spending \$657 million to provide assistance to 500,000 people in New South Wales through a range of housing programs.

## **Rural and Regional**

Mr Speaker,

The Government has committed \$360 million in 2005-06 to support our farmers and primary producers across the State.

The funds will deliver an important boost to agriculture, fisheries, forestry and mineral resources.

In the face of the worst drought in a century this Budget continues our support for drought-stricken farmers.

Since the drought, the Carr Labor Government has committed more than \$160 million in drought-support measures. And that support will continue until the drought breaks.

This Budget includes an initial allocation of \$16.2 million to support on-going drought assistance measures – with extra funding to be provided if the drought continues.

## **Public Order and Safety**

Mr Speaker,

The Government has exceeded its commitment to raise authorised police strength to 14,454.

The budget for the police has been increased by \$111 million – or 5.8 percent – to \$2 billion.

New spending will include:

- ◆ \$72 million over three years to build six new police stations at Campsie, Dubbo, Fairfield, Lismore, Orange and Wagga Wagga;
- ◆ \$2.8 million for a new helicopter; and
- ◆ \$1.3 million for additional counter-terrorism surveillance equipment.

Mr Speaker,

To cater for the expected growth in prisoner numbers \$257 million will be provided between 2005-10 to build a new correctional centre for up to 500 inmates and for the expansion of regional prisons at Cessnock and Lithgow.

## **Fire and Emergency Services**

As part of the Budget allocation for our fire and emergency services, we are providing \$46 million this year for:

- ◆ more than 200 new bushfire tankers;
- ◆ 40 fire engines; and
- ◆ 39 SES response vehicles.

The Fire Brigades' budget is a record \$489.5 million, which will include funding for:

- ◆ 52 extra fire-fighters; and
- ◆ 53 new fire engines and other vehicles and equipment.

### **Caring for the Environment and our Natural Resources**

The Department of Infrastructure, Planning and Natural Resources will spend \$319 million on natural resource management programs in the coming year, as well as \$92 million on environmental planning programs.

The Department will also support 13 Catchment Management Authorities so that natural resource investment decisions totalling \$436 million can be made locally.

The Government will continue our \$52 million Salinity Strategy as part of the \$396 million National Action Plan on Salinity and Water Quality.

In addition, the Department of Environment and Conservation will spend \$507 million on protecting and conserving the New South Wales environment.

\$115 million in funding is being provided for the Living Murray Program over five years to return 500 gegalitres per year to the river.

\$13.2 million will be spent by the Department of Lands to improve land information, including state-of-the-art mapping and aerial photography, to help fire-fighters, farmers and businesses.

### **Fiscal outlook**

Mr Speaker,

The 2005-06 Budget has been prepared in the face of a difficult fiscal environment.

- ◆ probably the toughest this Government has had to face.

And it is important that I put these difficulties in context.

To begin with, we face continuing hardship among our farmers, with almost 90 percent of the State still in drought.

We are faced with higher public sector wage claims.

Our policy of three percent increases annually will provide fair wages growth for all public servants.

Then there is the cooling of the residential property market throughout Australia that has put pressure on revenues.

Finally, Mr Speaker, of all the difficulties confronting us in framing this Budget, the worst is the shabby funding deal we receive from the Commonwealth.

New South Wales has become the target of an unprecedented campaign of discrimination by the Howard Government.

Much has been said and written about New South Wales' share of the GST.

But nothing can alter the fact that New South Wales, while it contributed \$13 billion to total GST revenues, received only \$10 billion back from the Commonwealth.

Nothing can alter the fact that New South Wales taxpayers and families have been short-changed \$3 billion.

To make matters worse, the Howard Government has unilaterally terminated the existing National Competition Policy payments to the States.

◆ with New South Wales set to lose \$270 million a year from 2006-07.

Before I turn to the Budget result and the State's financial position, I wish to inform the House that today I am introducing a Fiscal Responsibility Bill, that updates the State's fiscal strategy.

New South Wales has been well served over the past decade by a fiscal strategy that has seen general government debt slashed at the same time as spending on government services has soared.

However, times have changed, and we need to ensure that our fiscal strategy keeps pace with the fiscal challenges that lie ahead of us.

The Bill extends the range of fiscal targets and principles that have governed the conduct of fiscal policy over the past decade.

The new targets and principles will not only protect the gains that have been won over the last 10 years, but will build upon them.

Fiscal targets have been set for 2010 and 2015 that will further reduce the level of net financial liabilities in the general government sector.

We will aim to keep general government net debt as a share of gross state product at the level as at June 2005.

As gross state product increases so will the capacity of general government net debt to increase.

Expenditure growth will be managed so that it matches the sustainable growth in revenue.

The Government's fiscal strategy puts in place a framework within which expenditure decisions can be taken that are sustainable, not only today, but for future generations.

## **Revenues**

Mr Speaker,

I turn now to the State's overall financial position, our revenue estimates and the forecast Budget result.

The Government's revenues are expected to total \$40.9 billion in 2005-06.

This is an increase of \$2.2 billion, or 6.8 percent over last year's Budget estimate.

These increases compare with an expected 7 percent nominal growth in Gross State Product in 2005-06.

We are expecting the economy to strengthen following a recent period of somewhat slower growth.

Economic activity should continue its shift away from household spending towards business investment.

Mr Speaker,

With all these factors in mind, it has been necessary to make some adjustments to our taxation measures.

From 1 January 2006, the Government will be reintroducing a land tax threshold.

The threshold will be set at \$330,000 with a marginal rate of 1.7 percent on the unimproved value of land in excess of \$330,000.

The land tax threshold will be indexed annually.

Mr Speaker,

The Government has responded to community concerns that the changes announced in last year's Budget were impacting on small land holders.

This measure means that about 350,000 people will no longer be required to pay land tax next year.

- ◆ while a further 50,000 will pay less.

This measure is expected to be revenue neutral over the next four years.

New South Wales now has the highest threshold exemption of any State and will continue to have the lowest top marginal rate.

Mr Speaker,

We will continue to help first home buyers with the most generous stamp duty concessions of any Government in Australia.

Our measures have helped more than 41,000 first homebuyers into the market in the last 14 months.

Vendor Duty will remain in place to help fund our first homebuyers plan.

The rate of stamp duty on general insurance will increase to 9 percent from 1 September this year – a measure that is expected to raise an additional \$120 million in 2005-06, rising to \$185 million by 2008-09.

This brings New South Wales in line with most other states and territories and back to where we were before the HIH collapse temporarily increased premiums.

It means a policy holder paying an \$800 premium will now pay an additional \$30.48 a year – 59 cents a week.

The exemption from mortgage duty for refinancing will be capped for loans above \$1 million from 1 August this year.

This is expected to raise an additional \$20 million in 2005-06, and \$25 million a year thereafter.

Honourable members should also remember that this Government's tax measures have reduced the burden of State taxes, and even with these latest adjustments, it is still below the level of 1999.

Mr Speaker,

This Budget is the first to be presented according to new International Accounting Standards being introduced in Australia.

These standards result in some technical adjustments to our operating statement and balance sheet.

◆ however they mean no underlying qualitative change in our fiscal position.

More particularly, they will not result in any additional cash expenditure by the Government.

Mr Speaker,

The Budget result for 2005-06 will be an operating surplus of \$303 million.

It will be the eleventh Budget operating surplus of the Carr Government.

The operating result over the next four years is expected to contribute more than \$2 billion to the State's net worth.

In 1995, the State's net worth amounted to \$70 billion.

It now stands at \$125 billion – the highest of any government in Australia, Commonwealth or State.

As a result of a budgeted cash deficit in 2005-06, underlying general government net debt will rise moderately by around \$490 million during the coming year, but should decline after 2007.

That debt – which stood at 7.4 percent of Gross State Product in 1995 – now stands at 1.1 percent.

The net financial liabilities of the general government sector – which stood at a massive 20.1 percent of GSP under the Liberals – have now been reduced to 8.3 percent and should further reduce to around 7.6 percent by 2009 as we provide for superannuation payments.

This means Mr Speaker, that New South Wales has one of the strongest balance sheets and overall financial positions of any government in Australia – State or Federal – with the notable exception of Queensland.

And Queensland has a better balance sheet only because of the massive subsidies it has received over many decades from New South Wales.

Mr Speaker,

All Budget funding to agencies is now tied to a Results and Services Plan.

These plans – and the discipline entailed in framing them – help ensure that agencies are clear about the outcomes they must achieve.

I am grateful to my ministerial colleagues who are assisting me in a systematic review of the priorities and performance of departments and agencies.

This is helping to ensure better agency collaboration and a more efficient use of resources as we seek to cut back on waste and duplication in our Government agencies.

Mr Speaker,

The Budget I have presented will safeguard and build on the remarkable achievements of the Labor Government over the past 10 years.

With our investment in infrastructure and front line services, we will be:

- ◆ securing the future of the State's hospitals and health services;
- ◆ strengthening our public transport networks and roads;
- ◆ building new schools;
- ◆ upgrading freight-handling facilities at our ports; and
- ◆ improving electricity generation and water supply.

Yet never neglecting our responsibilities to the needy and disadvantaged:

- ◆ the disabled;
- ◆ the aged;
- ◆ the sick; and
- ◆ children at risk.

All those who look to Labor for support, for security, for a helping hand.

Mr Speaker,

This is a Budget that invests in our infrastructure.

Invests in our people.

Invests in our future.

I commend it to the House.