



## STATE ECONOMY

Mr GRIFFITHS (Goyder) (16:12): I commend the minister on his ministerial statements regarding the loss of those two Aboriginal elders. It is important that we in this place do acknowledge the fine commitment made by people over many years. I wish to take a few minutes to talk about some financial issues. I must admit, until today, I was hopeful that the Treasurer had reinvented himself, to some degree. There had been much publicity about the fact that he was presenting a softer image. He seemed to be apologising quite often, but we have got back to the loud voice in the parliament, the personal attacks and the criticisms again. However, I want to deal with facts; that is, not base any of my comments upon personalities but upon the facts.

There is no doubt that the finances of the state are an important issue. His Excellency the Governor in the address earlier today certainly mentioned very early in the speech the importance that is placed upon retaining the AAA credit rating. I agree entirely with that: it is absolutely critical. For a state, which, over the next four years, is projected to have a borrowings liability of \$1.983 billion, it is important for us to ensure that the AAA credit rating is retained because we borrow funds at a lower cost by having such a high credit rating. We have to ensure that that happens.

In highlighting that \$1.983 billion of debt liability by 2011-12, it is also important to point out that, as a percentage of the revenue of the state, it will be in the 75 per cent bracket, which is very much at the higher end of the market if we do comparisons with other states in Australia and, no doubt, that is a concern. I did hear an interview on one of the radio stations with (I think) a lady from Standard & Poors who commented on the credit rating of the state. I hope I am not misrepresenting her, but my recollection is that she said that, in relation to the state's financial position, it is in the outer range to retain a AAA credit rating. It is an important challenge for this Treasurer and, no doubt future treasurers—and we hope it will be a Liberal government from 2010.

Debt has been brought in: coming from an \$11 billion figure in 1993 down to a government direct debt of \$82 million as at 30 June this year was a good effort by both parties. Hard decisions were made by both Liberal and Labor, but it is important that we ensure that this does not blow-out. There has been a lot of concern expressed to me in recent months since the delivery of the budget by the Treasurer, because he is delivering surpluses in one of the three accounting measures but the debt figure is going to increase enormously.

Wage costs have gone up, also. In the Mid-Year Budget Review in December 2007 we noted that across the forward estimates period wages costs had been revised upwards by \$541 million over that 3½ year period. A question was asked today about the contingency sum for employee entitlements, because an extra \$60 million was spent on that. That is a legitimate question. If, six months before that, the budget had been revised to take into account additional wages costs, then suddenly, within six months, we find that an additional \$60 million has been spent, that is a concern. I know that wages entitlements across all the public sector are very close to \$5 billion. It is an enormous amount of money, and we have to ensure we get this right.

The public-private partnerships still are going to be on-balance sheet entries, especially, as I understand it, if the Marjorie Jackson-Nelson Hospital actually does occur. That means that the lease liability that will be in place from 2016 for 30 years will become part of the state's balance sheet. That, in itself, creates uncertainty as to the state's financial position. There is no doubt that the Treasurer and the government, in presenting this year's budget, have put forward a budget that probably advances capital works far earlier than they would have liked, and it will restrict the capacity of not only them in the next 18 months but also

future governments from March 2010 to undertake very important work in this state. There is a lot of important work that needs to be done. Metropolitan and regional areas need an enormous amount of work to occur.

The Treasurer has spoken today also about population projections. I am an unabashed supporter of an increase in population out to the two million figure, because I recognise very strongly the fact that transactions have to happen for state government revenues to flow. We need people buying homes and purchasing things, and being engaged in transactions with businesses so that businesses are paying payroll tax and stamp duties, and everything is occurring. We need to ensure that we have a buoyant economy to ensure that the state has a strong future—

Mr Venning: We?

Mr GRIFFITHS: We, the Liberal Party. When we form government in 2010 we have to ensure that we have a strong, buoyant economy, because we are going to need all the money that can be raised. People want a reduction in taxation but also an increase in services and infrastructure. It is part of the great challenge. New South Wales Labor has faced enormous challenges—we saw Michael Costa in his press statement last week. The Labor government here faces the same issues.

Time expired.