



New South Wales

T R E A S U R E R

MEDIA RELEASE

O'Farrell lost NSW's AAA credit rating before he sat down

Treasurer Eric Roozendaal today said Barry O'Farrell would condemn NSW to at least four years of billion-dollar Budget deficits and multiple credit rating downgrades.

"If Barry O'Farrell was handing down the Mini-Budget, he would have delivered a deficit of almost \$2 billion," Mr Roozendaal said.

'Put simply, the credit ratings agencies would have downgraded NSW before Mr O'Farrell would have even finished speaking.

"In his reply to the NSW Government's Mini-Budget, Mr O'Farrell failed to put forward one single idea or policy for the people of NSW. That begs the question: what is his secret plan to make savings in the NSW Budget?"

"Instead, the Opposition Leader and his shadow ministers have publicly stated their opposition to tough measures announced in the Mini-Budget."

This means Mr O'Farrell would plunge the NSW Budget into a deficit of almost \$2 billion for this year and deficits for at least the next four years:

2008-09:	\$1.9 billion deficit
2009-10:	\$1.9 billion deficit
2010-11:	\$1.5 billion deficit
2011-12:	\$1.2 billion deficit

The Coalition has opposed all reforms to the school student travel scheme, the Harbour Crossing tolls, land tax and mineral royalty changes and green slip and parking space levy changes.

These and other reforms are critical to the NSW Budget returning to surplus from next financial year.

Mr Roozendaal said Mr O'Farrell had a chronic misunderstanding of the NSW economy.

"The Opposition Leader would have no hope of achieving his fiscal policy of 'aligning expenses to revenues' when at the same time he would be running deficit budgets for the next 4 years," Mr Roozendaal said.

"In difficult times, tough and decisive government is needed – not the empty rhetoric we get from Mr O'Farrell."

Mr Roozendaal today also condemned the Coalition's contradictory economic policies for the future of NSW.

"Barry O'Farrell wants to borrow 'a few extra billion' but his shadow treasurer, Greg Pearce, thinks the NSW Government is borrowing too much," he said.

Mike Carlton: "You would go out and borrow a few extra billion?"

Barry O'Farrell: "We'd do that, Mike".

- Radio 2UE, Mike and Sandy Breakfast Show, November 12, 2008

"This Labor Government embarked on a \$42 billion debt splurge when revenues are declining."

- Greg Pearce media release, November 11, 2008

"Senior Coalition members aren't even talking to each other before making critical economic policy," Mr Roozendaal said.

Mr Roozendaal said the Mini-Budget keeps NSW's financial position strong in the most uncertain economic times since the Depression of the 1930s.

"Difficult decisions have been made, but they are for the long-term good of the state," Mr Roozendaal said.

"Frontline services are protected in the Mini-Budget and we have started the process of reforming the public sector.

"NSW will maintain the biggest public infrastructure investment program in Australia – and we are able to do so because Government has tightened its belt."

Mr Roozendaal said the Mini-Budget sets a course to preserve NSW's AAA credit rating.

"The NSW Budget can withstand a deficit for one year," Mr Roozendaal said.

"The Mini-Budget clearly sets out the path to return to surplus from next financial year," Mr Roozendaal said.

"The NSW Government has made difficult decisions in this Mini-Budget, necessitated by the tough economic times we face and in order to protect our financial future."

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