

**Labor**

**LABOR'S  
ECONOMIC  
STATEMENT  
2015**

*A message from*

## **LUKE FOLEY, NSW LABOR LEADER**

**Good economic management is about creating jobs, supporting skills and investing in public infrastructure.**

Labor's plan for NSW prioritises investment in our schools and hospitals while maintaining the state's AAA credit rating, keeping the budget in surplus and not increasing debt. Our plan is fully funded and fully costed by the NSW Government appointed independent Parliamentary Budget Office. Unlike the Liberals, we are not relying on a risky plan to privatise our valuable electricity network in order to fund our promises.

Labor has a proud record of economic management over its period of Government from 1995 to 2011. In that time, Labor continuously handed down budget surpluses – a remarkable achievement given this period included managing the effects of the Global Financial Crisis. We created over 108,000 jobs in our last year of government alone.

In 2011, the Coalition Government inherited a state balance sheet that was the envy of all other states and territories in Australia, with net debt at less than \$7 billion, and a credit rating of AAA.

But over the last 4 years, the unemployment rate has increased from 5% to 6.3%, with an additional 59,000 people out of work. Instead of acting to create jobs, the Baird Government has cut \$1.7 billion to education and TAFE. With no plan for jobs, and no plans to develop the skills needed to support our industries, the state is not prepared for the economic challenges of the future.

Our new spending commitments are offset by responsible savings measures which support a leaner government without cutting funding to areas that are most important to NSW families – essential frontline services, new infrastructure and jobs.

A Labor Government will support jobs and build economic growth in NSW. We are committed to maintaining a strong budget surplus, investing in the skills of the future and improving essential frontline services for the families of NSW.

Yours sincerely



**Luke Foley**

NSW Labor Leader



## LABOR'S COMMITMENT TO SOUND BUDGET MANAGEMENT FOR THE PEOPLE OF NSW

A Foley Government will:

- Maintain the budget surplus over the economic cycle;
- Maintain the State's AAA credit rating;
- Manage the budget in accordance with the *Fiscal Responsibility Act (2012)*; and
- Support jobs and economic growth.

Labor will support the State's economic potential by investing in measures that support productivity, employment growth and the economy.

A State Labor Government will ensure that the NSW economy remains strong and adaptable to meet future challenges.

### SUMMARY IMPACT OF LABOR'S ELECTION COMMITMENTS

Labor's plans for NSW are fully costed by the NSW Government appointed independent Parliamentary Budget Office (PBO). The PBO provides thorough, independent, transparent and reliable information on the costs of election policies proposed by Labor. The final report - the Budget Impact Statement 2015 - is available publicly, and details all of Labor's spending commitments and savings measures which impact the forward estimates.

The table below shows the total net financial impact of all the costed policies on the 2014-15 State budget and forward estimates from 2015-16 to 2017-18.

	2014-15	2015-16	2016-17	2017-18	4 Year Total
Net Revenue	0	(42)	403	442	803
Net Expenditure	(49)	(234)	(219)	(73)	(574)
<b>Net Operating Result</b>	<b>49</b>	<b>192</b>	<b>621</b>	<b>515</b>	<b>1,377</b>
Net Capital Expenditure	53	162	542	557	1,314
<b>Net Lending (Borrowing)</b>	<b>(2)</b>	<b>30</b>	<b>81</b>	<b>(39)</b>	<b>70</b>

The table shows:

- Labor is increasing the surplus by \$1.38 billion over the forward estimates;
- Labor is increasing capital expenditure over the forward estimates above what is currently budgeted; and
- Labor's election commitments do not impact the state's debt – and will strengthen our credit rating by protecting our revenue base.

## LABOR WILL MAINTAIN THE BUDGET SURPLUS OVER THE ECONOMIC CYCLE

The financial impact of Labor's new spending commitments are offset by responsible savings measures which support a leaner government without cutting funding to areas that are most important to NSW families – essential frontline services, new infrastructure and jobs.

Labor will maintain strong State Budget surpluses and maintain and improve essential frontline services for the families of NSW. In 2014-15, a surplus of \$251 million is forecast. In 2015-16 and the remainder of the forward estimates, stronger surpluses are expected than the Baird Government reported at the Half Yearly Review, peaking in 2016-17 at \$1.63 billion.

Over the forward estimates, Labor is increasing the budget surplus by \$1.3 billion. Most of this increase is from the deferral of business tax cuts to support Labor's *A Better Way Infrastructure Plan*. The additional revenue will be hypothecated into additional capital expenditure. As a result, Labor is increasing capital expenditure above what is currently budgeted over the forward estimates – without privatising the electricity network.

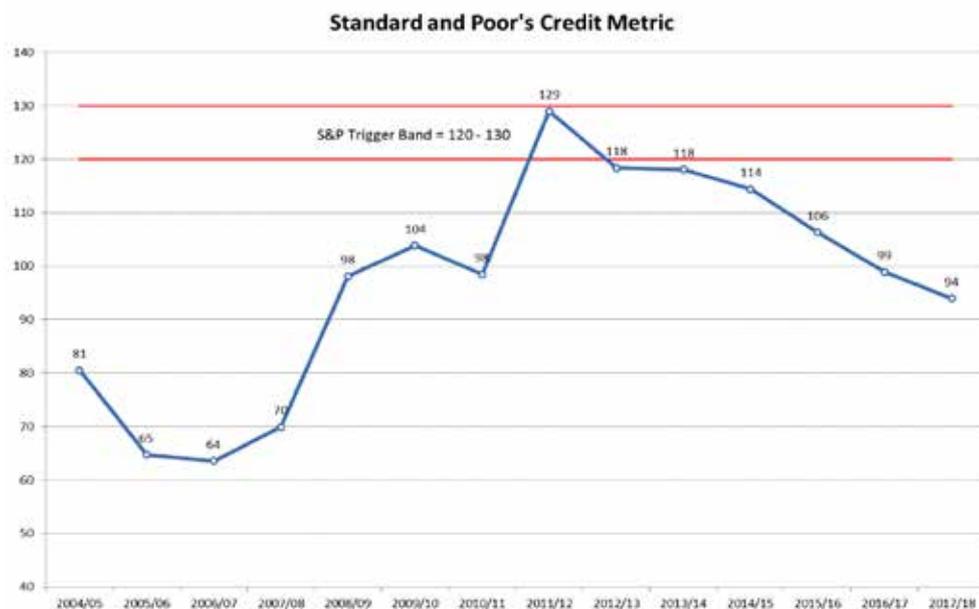
## LABOR WILL MAINTAIN THE STATE'S AAA CREDIT RATING AND MANAGE THE BUDGET IN ACCORDANCE WITH THE *FISCAL RESPONSIBILITY ACT (2012)*

The state's AAA is critical to NSW's future economic prosperity.

NSW's AAA credit rating is the most critical indicator of the health of the state's finances. It is vital in attracting investment and jobs to NSW, and for the state's ongoing economic growth.

In the past, it was the AAA credit rating which allowed the state to withstand the worst of the global financial crisis.

Labor will invest an additional \$10 billion in infrastructure over the next 10 years without privatising the state's electricity network. Over the forward estimates we commit to investing more in infrastructure to support this program without impacting the state's AAA credit rating. As this metric demonstrates:



Labor's Forecast Standard and Poor's Metric to 2017/18

## SUPPORTING JOBS AND ECONOMIC GROWTH

A Labor Government will foster a flexible, well-educated, trained, and productive employment culture across NSW.

Labor will work with employers, employees and trade unions to encourage innovation and provide an environment where businesses and employees are equipped to respond quickly to changed circumstances. We will place a premium on driving productivity and economic growth through education, investment and innovation.

Labor will manage and shape the NSW economy to serve the needs of the community. This inherently requires sustainable growth facilitated through the provision of 21st century infrastructure and services to a global standard. It is best achieved by the effective use of levers of regulation, investment, taxation and public expenditure.

A strong economy and good jobs go hand in hand. A strong employment market is an indicator of a good, sound and strong economy. Economic security is an imperative for working people. It affords people the opportunity to lead full and engaged lives.

A secure well-paid job is the means for working people to achieve this outcome. Insecure workers cannot spend, cannot save, cannot learn and cannot plan. The NSW Government has the responsibility to ensure the state has a strong growing economy that can provide secure jobs for working people.

Over the last 4 years, the unemployment rate has increased from 5% to 6.3%, with an additional 59,000 people now out of work. Instead of acting to create jobs, the Baird Government has cut \$1.7 billion to education and TAFE.

The current Government has tolerated growing unemployment and a weakening of the labour market as a response to competitive pressures from the region. This is not in the community's interests. At the same time the NSW Government's pronouncements and actions have not created an environment conducive to jobs growth, in particular their cutting thousands of jobs from the public sector. The result is that we are not exploiting our advantages and we are not preparing for the jobs of the future. NSW Labor believes that the State Government has a crucial role to play in delivering economic growth, new high quality employment and a sustainable diverse economy.

The foundations of NSW Labor's approach will be to build a competitive advantage for NSW in the following areas:

**SKILLS** - NSW Labor believes the state's strongest asset should be its highly skilled, agile workforce and its capacity to deliver skills for the future.

**INFRASTRUCTURE** - building modern infrastructure that cuts commuting time, moves freight more efficiently and encourages the development of quality jobs in our suburbs and regions.

**LOCAL PURCHASING** - the NSW Government is the largest purchaser of goods and services in the largest economy in Australia. Labor will reinstate local content requirements that give preference to local manufacturers and service providers and to rural and regional employers.

Labor's economic plan will be supported by policies designed to stimulate job creation and support economic growth in the state. These policies, which are all available at [www.anewapproach.com.au](http://www.anewapproach.com.au) include:

- A Better Way – Labor's Fully Funded Infrastructure Plan;
- Labor's TAFE Rescue Package;
- Apprenticeship ratios on public infrastructure projects;
- Local Jobs First Plan;
- NSW Tools for you Trade and Half Price Rego for apprentices
- NSW Dairy Export Plan;
- Boosting the State's capacity in maths and science
- Labor's Plan to boost food export to Asia;
- Labor's Plan to Create Jobs and make NSW the Racing Capital of Australia; and
- Labor's Housing Affordability Plan.

**Productivity, employment and education will be the core business of a Foley Labor Government.**

