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Deficits and debt in must be an election coming!

NSW State Budget 2006-07

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The State Government is a slow learner. They enjoyed unprecedented income from the property boom yet failed to invest it in public infrastructure which would underpin quality public services and community wealth. Instead it largely squandered the boom on consultants and unproductive outcomes.

Driven by neo-liberal dogma they vehemently claimed that state borrowing was evil.

They wasted money on public private partnerships like the disastrous Cross City Tunnel, despite UK evidence showing that such partnerships are not cost-effective.

As the property boom ended and with an election approaching, they desperately hatched a half-baked plan to sell off the Snowy only to be duded by the Feds, who at least realised how unpopular that would be.

Now they have a new strategic direction. State debt is good again and an essential part of a responsible government's economic management. Definitely! The \$34.7 billion to be spent on infrastructure over the next four years is overdue. The \$1 billion on Hunter capital works in 2006-07 with 13,000 new full-time jobs flowing is excellent. The new employment amounts to roughly half of the current Hunter unemployed. The Hunter will get better roads, transport, schools and oncology services.

This is the way a government should act. But, yesterday's budget actually reflects a lack of leadership. It is motivated by the prospect of electoral defeat.

The lack of attention paid to essential infrastructure including public hospitals, public schools; public transport; mental health and disability services; water and the environment has created a state of crisis.

Why have they waited so long to realise that budget deficits funded by debt provides public infrastructure and services which generate enduring benefits beyond immediate users? This enhances productivity and economic growth and creates new employment and apprenticeships.

Government inaction has seen the mentally ill receiving treatment in prison because of a lack of crisis and community care. It has forced young people with brain injuries to live

in Commonwealth nursing homes because of a lack of supported state accommodation. Our trains are in chaos. Our public schools fail to provide safe and stimulating learning environments for our kids.

I sense that the initiatives to repair the damage are too late to save this government.

As we absorb the lesson of their inaction over the last decade, many residents in outer suburbs and regions will face high unemployment, poor services and long hospital waiting lists. The chickens are coming home to roost.