



# **The Hon Barry O'Farrell MP**

## **Premier of NSW**

### **Minister for Western Sydney**

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## **MEDIA RELEASE**

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Wednesday 27 April 2011

### **BLACK HOLE BLOWS OUT FURTHER**

The \$4.5 billion “black hole” in the State’s finances left by the former Labor Government has blown out by an extra \$759 million, NSW Premier Barry O’Farrell revealed today.

Mr O’Farrell said a special audit of the State’s budgetary position confirmed the former Labor Government was inept, sneaky and incompetent.

The audit, conducted by Acting Treasury Secretary Michael Lambert, confirmed the State’s finances had deteriorated by \$4.5 billion since the mid-year review last December.

Mr O’Farrell and the Treasurer, Mike Baird, said the audit had also found that an additional \$759 million was needed to cover unfunded costs of the Solar Bonus Scheme.

“In other words, the black hole Labor has left the people of NSW has now blown out to around \$5.2 billion,” Mr O’Farrell said.

“And I fear it could grow even further as we continue to review other financial issues – such as unfunded superannuation and outstanding liabilities - in the lead up to the Budget.

“How any Government can get into such a financial mess - and not tell the public about it – is beyond belief.

“The failure to take the additional budget impact of the Solar Bonus Scheme into account could only have occurred if Treasury advice on the scheme’s impact was either not sought, or simply ignored.

“Either way the outcome smacks of gross economic incompetence.

“As the former Energy Minister, John Robertson’s failure to properly manage the Solar Bonus Scheme raises serious questions about his economic competence.

“His failure to disclose the true impact of the Scheme on the Budget also raises serious concerns.

“We will now look at the options available to us to fix Labor’s mess and clean up the State’s finances.

“But one thing remains certain – we will honour all our election promises.”

Mr O’Farrell said the audit uncovered further evidence that Labor had “cooked the books” to distort the true state of NSW’s finances.

He said Labor had used a process known as “smoothing out”, to turn a deficit into a surplus.

Mr O’Farrell said the former Labor Government had directed Treasury to move rail capital grants from one year to the next.

“By reducing its surplus in 2011-12, Labor was able to use those funds to turn a deficit into a surplus in 2013-14.

“It is clear that the former Labor Government would resort to any dodgy deal it could to deceive the people of NSW into thinking the State’s finances were sound.”

Mr Baird said he was alarmed that the former Labor Government had directed Treasury to hide deficits and exclude key costs.

“It should have been obvious that the cost of the Solar Bonus Scheme was blowing out and that the black hole was growing bigger by the day.

“Yet the former Labor Government continued to pretend everything was fine, and by failing to disclose the true situation they showed their contempt for the people of NSW,” Mr Baird said.

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