

NSW seeks emergency meeting of state, federal leaders over budget

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NSW Treasurer Andrew Constance has called for an emergency meeting of state and federal leaders to discuss the drastic health and education funding cuts handed down in Tuesday's budget.

But NSW Labor says the Baird and Abbott governments manufactured a budget crisis to make the need for a GST increase appear more urgent.

In his first federal budget, Treasurer Joe Hockey slashed \$80 billion from schools and hospitals over the next decade.

The Baird government on Wednesday accused its federal counterpart of a cost-shifting "flick pass", saying the cuts will leave a \$1.2 billion hole in the state's health budget and erode the education budget by \$240 million.

Treasurer Andrew Constance told Fairfax Media on Wednesday afternoon he had tried to contact Mr Hockey to discuss his concerns, but had not received a response.

"I want to sit down with Joe, face to face. We believe there should be an emergency meeting of COAG for the premiers to discuss this budget."

He questioned why the Commonwealth required large health and education bureaucracies if it was handing over responsibility for those services to the states.

"Ultimately, if Joe Hockey wants to say the states should carry responsibility for schools and hospitals, there is some heavy lifting he could do. Why have a federal department of education if they are going to have nothing to do with schools? Why don't you close it down and provide the funding back to the states?"

Premier Mike Baird said the savage measures came as a surprise, describing them as "a kick in the guts" that may affect NSW's triple-A credit rating.

But state opposition leader John Robertson accused Mr Baird of crying "crocodile tears", saying the cuts suited his previous calls for a broadening of the GST.

"What we've seen last night is the Liberal government in Canberra in collusion with the Liberal government in NSW to manufacture ... a crisis in health funding, a crisis in education funding, that will allow Mike Baird to argue for what he's been arguing for all along - and that is an increase in the GST," Mr Robertson said.

"What Tony Abbott and Mike Baird are saying is, if you want access to universal health care, if you want to go and visit the doctor and not pay a co-payment, or if you want access to a university education, you've got to allow us to increase the GST."

In September 2012, when Mike Baird was Treasurer, he proposed lowering the GST threshold on online purchases of goods from overseas. It would raise hundreds of millions of dollars in extra tax revenue for the states but add 10 per cent to most purchases.

Mr Baird said on Wednesday that the Commonwealth budget cuts had “brought forward” the debate over GST increases and other tax reform measures, but refused to call for GST changes.

A spokesman for Mr Baird rejected suggestions he had prior knowledge of the cuts.

Mr Constance told Fairfax Media Mr Robertson was "kidding himself" to believe the states "somehow colluded to see \$80 billion over the next 10 years ripped out of the states".

"This puts an enormous strain on the state budget that is going to be handed down in five or six weeks' time," he said.

"We've got enormous growth in demand for services into the future, particularly in health, and the Commonwealth needs to recognise that".

Opposition finance spokesman Michael Daley said the deep Commonwealth cuts to health and education echoed Mr Baird's own budget cuts as Treasurer. He questioned Mr Baird's insistence that his government was caught by surprise.

"[The Premier] sat next to Prime Minister Tony Abbott at the COAG [meeting] ... There were no reports that he banged the table, there were no reports that he demanded a better deal for NSW," Mr Daley said.

"I think Tony Abbott is treating Mike Baird like a lightweight ... [the Premier] has brought this situation down on himself."

This story was found at: <http://www.smh.com.au/nsw/nsw-seeks-emergency-meeting-of-state-federal-leaders-over-budget-20140514-zrc73.html>