



LEGISLATIVE COUNCIL

STANDING COMMITTEE ON STATE DEVELOPEMENT

MEDIA RELEASE

UPPER HOUSE COMMITTEE FINDS THAT THE DEBT RETIREMENT FUND IS NOT FIT-FOR-PURPOSE IN CURRENT ECONOMIC ENVIRONMENT

FOR IMMEDIATE RELEASE

18 August 2023

The Upper House Standing Committee on State Development released its report into the Debt Retirement Fund (DRF), finding that the fund's current policy settings are not fit-for-purpose given the increasing economic pressures that New South Wales is currently facing.

Committee Chair, Hon Emily Suvaal MLC stated: 'The DRF is a significant aspect of the state's budget valued at \$14.7 billion (at the time of this report). The committee was concerned to hear that the fund is operating in a volatile economic environment that is completely different to when it was established in 2018, putting the state's budget at risk. Back then, New South Wales had low inflation and interest rates and had a triple-A credit rating – that is not the reality that we are facing today. The operation of the DRF must be balanced with other fiscal pressures facing the state such as rebuilding and investing in essential public services.'

The key issues covered in this inquiry examined the operational position of the DRF, including the risks that the state faces if contributions to the fund continued.

The Chair continued: 'Contributions to the DRF are due to recommence following the 2023-2024 Budget and our recommendations should be considered by the government when making their decision regarding the future management of the fund.'

Key recommendations in the report call for the government to adopt an approach to:

- manage the DRF that incorporates the needs of the state more broadly; and
- contributions to the DRF that reflects the current and expected economic and fiscal climate, and is strongly informed by surpluses.

Report details

The report is available on the committee's [website](#).

-ENDS-

For further information please contact Committee Chair, Hon Emily Suvaal MLC on 9230 2731.