

Barton Deakin Brief: New South Wales State Budget 2017-18

20 June 2017

The New South Wales (**NSW**) Treasurer, the Hon Dominic Perrottet MP, today delivered the 2017-18 NSW State Budget. This is the third Budget to be delivered by the Coalition in its second term.

This Barton Deakin Brief outlines key Budget measures across major portfolios.

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Overview

The NSW Government will deliver an estimated surplus of \$4.5 billion this year and \$2.7 billion in 2017-18, with continuing surpluses over the forward estimates averaging \$2 billion each year. Surpluses have been bolstered by the recent lease of 40.5 per cent of [Endeavour Energy](#) with transactions enabling the Government to deliver the \$20 billion [Rebuilding NSW](#) plan through [Restart NSW](#).

Total revenue in 2017-18 is estimated to be \$79.9 billion which is 2.4 per cent higher than total revenue in 2016-17 of \$78 billion. Revenue growth is forecast to be 2.4 per cent for 2017-18 and is expected to moderate to an average of 1.8 per cent over the forward estimates. This is lower relative to previous years due to flat GST revenues and declining National Partnership Payments from the Commonwealth Government. National Partnership Payments are expected to fall to around a quarter of their 2016-17 value by 2020-21.

Total expenditure in 2017-18 is estimated to be \$77.2 billion which is \$3.7 billion or 5 per cent higher than total expenditure in 2016-17 of \$73.5 billion. Average expenditure growth is estimated to be 5 per cent for 2017-18.

Government net debt is expected to be negative \$7.8 billion or -1.4 per cent of Gross State Product (**GSP**) by the end of June 2017. Net debt is projected to increase to negative \$0.521 billion or - 0.1 per cent of GSP by the end of the forward estimates.

The NSW Gross State Product (**GSP**) is forecast to grow by 3 per cent in 2017-18 and is set to do so again in 2018-19. The increase in household consumption and dwelling investment also delivers a state final demand (**SFD**) of 3.5 per cent in 2017-18.

In 2016, 91.8 per cent of Australia's national growth in domestic spending came from New South Wales alone.

The NSW unemployment rate has declined to 5 per cent with further falls forecast to just under 5 per cent over the next 2 years. Employment is forecast to grow by a rate of 1.75 per cent in 2017-18 and 1.5 per cent in 2018-19.

Over the two years to April 2017, more than 58,400 jobs have been created in our regions – over 40 per cent of all jobs created in New South Wales over that period and more than all the other states' regions combined (51,140).

According to the 2017-18 Budget papers, the net worth of the general government sector is assets less liabilities and is an economic measure of wealth, reflecting the Government's contribution to the wealth of Australia. Net worth is expected to grow annually over the budget year and forward estimates by an average of 8.5 per cent, reaching \$273.2 billion dollars by June 2021. This represents an increase by \$35.6 billion over four years.



Infrastructure

The 2017-18 NSW State Budget commits \$72.7 billion over the next four years to infrastructure investments. New infrastructure investments in this budget include:

Education infrastructure

\$4.6 billion has been allocated for capital works and TAFE to 2020-21. This includes an additional \$2.2 billion for approximately 90 new and upgraded schools to be delivered over the next five years. This investment will be accompanied by the establishment of [School Infrastructure NSW](#), a unit responsible for the delivery and management of public school infrastructure across the state.

Health infrastructure

An additional \$2.8 billion will be invested over four years to 2020-21, bringing total health infrastructure investment to over \$7.7 billion in the 2017-18 NSW State Budget.

Major hospital redevelopments to receive funding including:

- \$632.0 million for Campbelltown Hospital
- \$720.0 million for the Randwick Hospital Campus reconfiguration and expansion
- \$534.1 million for a new Tweed Hospital and Integrated Ambulatory Services Redevelopment

The 2017-18 funding commits to new and upgraded hospitals in:

- | | | |
|-----------------|----------------|---------------------------------------|
| • Campbelltown | • Maitland | • Wyong |
| • Coffs Harbour | • Macksville | • Lismore |
| • Cooma | • Mudgee | • Albury Base Hospital |
| • Concord | • Nepean | • Sydney Children's Hospital Westmead |
| • Goulburn | • Shellharbour | |
| • Hornsby | • Tweed | |
| • Inverell | • Wagga Wagga | |

Regional infrastructure

\$1 billion has been allocated in [Restart NSW](#) for the Regional Growth: Regional Activation Fund as well as \$200 million for a Stronger Country Communities Fund and \$100 million for a Regional Cultural Fund.

Housing infrastructure

\$1.6 billion will be allocated to priority projects with \$369 million to be allocated to councils for local infrastructure and an expansion of Special Infrastructure Contributions.

Transport infrastructure

Major transport projects will continue to receive substantial funding including:

- \$7.2 billion for the third stage of WestConnex, the M4-M5 link
- \$4.9 billion over four years for Sydney Metro City and South West
- \$4 billion over four years for Sydney Metro Northwest



Health

In 2017-18 recurrent health related expenditure of \$20.6 billion will account for 26.6 per cent of total recurrent expenditure. Almost \$1.7 billion will be invested in health capital, including \$149 million from the Ministry of Health's expenses budget, taking the total health budget to \$23.2 billion.

Key health expenditure includes:

- More than 4,500 additional nurses, midwives, 850 doctors, 600 allied health professionals and 800 hospital support staff.
- \$366 million for increased hospital activity
- \$1.7 billion in capital works funding to continue building and rebuilding hospitals and care facilities
- \$9.8 million to recruit an additional 55 specialist nurses/midwives, 10 Mental Health clinical nurse educators for new graduate and undergraduate support and 30 Clinical Support Officers
- \$2.3 million to provide an extra five rural generalist training and 15 medical specialist training positions, as well as extra medical, allied health and oral health scholarships
- \$7.5 million to employ an additional 50 relief paramedics to assist in reducing fatigue in rural and remote areas
- \$10 million to protect the health and wellbeing of NSW Ambulance staff to help paramedics avoid workplace injuries
- \$10 million to establish an Integrated Violence Abuse and Neglect Service in NSW Health
- \$4.5 million for meningococcal W vaccinations for Year 11 and 12 students, in response to increasing numbers of notifications of this strain in Australia
- \$10 million towards delivering increased oral health services, enabling around 17,000 more patients to receive a course of dental care
- \$6.7 million to tackle alcohol and drug misuse in communities
- \$700,000 will go to [The Health Care Complaints Commission](#) to improve complaints handling.

Palliative care

The Government has committed an additional \$100 million over four years to support:

- Community-based care services in the Western Sydney Local Health District
- 30 specialist nurses
- Eight rural and regional specialists
- Scholarships and training for health staff.

Mental health

The Government maintains its commitment to mental health services with expenditure of \$1.9 billion in 2017-18.

The Government will commit \$20 million in additional funding to continue the implementation of [Living Well: A Strategic Plan for Mental Health Reform in NSW](#). This new funding now brings total annual spending to \$95 million for implementing this reform. Total mental health recurrent spending will exceed \$1.9 billion in 2017-18, an \$87 million increase over the previous year.



Education

The NSW Government will spend \$4.2 billion over the next four years on capital expenditure in the education portfolio. This represents a 61 per cent increase on last year's capital programme of \$2.6 billion from 2016-17 to 2019-20. The total 2017-18 Budget of \$15.7 billion is up 11.5 per cent on 2016-17.

Key education funding measures include:

- \$4.2 billion in new and existing capital works over the next four years. The Government will commence approximately 90 new capital works projects in the next two years at an estimated total cost of \$2.2 billion which aims to deliver more than 1,500 new classrooms
- \$747.4 million will be allocated over the next four years to address backlog maintenance in schools
- 1000 or more teachers to meet the demands of growing student numbers
- \$149 million in funding for education standards to support school curriculum assessment and teaching and regulatory standards
- \$46 million over four years to improve wireless access and internet capacity in around 900 regional schools under the [Connecting Country Schools Program](#)
- \$6.1 million over three years to support an anti-bullying strategy and resources for schools, students and parents

The NSW Government maintains funding under the National Education Reform Agreement (Gonski(1.0)), until the end of 2019, supporting funding based on student need across all sectors.

The 2017-18 Budget also provides \$1.2 billion in funding support for non-government schools, including increasing the Building Grants Assistance Scheme to support enrolment growth.

Early childhood education

The NSW Government is investing \$435 million toward early childhood education in the 2017-18 Budget – a \$47 million increase on last year.

The NSW Government will invest an additional \$217.3 million over four years to continue the Government's commitment to the [Start Strong](#) programme to 2021, providing every child with the opportunity to access 600 hours of early childhood education in the year before they start school, and assisting disadvantaged three-year olds.

This year's budget includes:

- \$30 million in continued funding to enhance participation and educational outcomes in early childhood education for children with disabilities
- \$10 million capital works grant program to create up to 700 new preschool places in areas of highest demand
- \$200,000 for Rural and Remote Early Childhood Teaching Scholarship programs that help educators in preschools and long day care services upgrade their qualifications
- Additional funding to support two years of preschool education for children in Aboriginal or disadvantaged families

The NSW Government will also spend \$49 million in the 2017-18 Budget for a range of Aboriginal Affairs initiatives.



Transport

The 2017-18 Budget's recurrent transport expenses in the transport sector are expected to be \$11.4 billion, which is 14.7 per cent of total recurrent expenses. Capital spending for transport in 2017-18 accounts for 60.7 per cent of total capital expenses and amounts to \$8.8 billion.

Roads

- \$463 million towards construction of [NorthConnex](#)
- \$1.8 billion for the maintenance of road and maritime assets
- \$1.4 billion (including \$336 million capital expenditure) to maintain rail network assets
- \$1.5 billion to continue the New South Wales and Commonwealth Government funded [Pacific Highway upgrade program](#)
- \$208 million for major road upgrades in regional New South Wales
- \$137 million for upgrades on the Princes Highway

Western Sydney Roads

- \$3.2 billion to continue the development and delivery of [WestConnex](#), comprising \$1 billion spending within [Roads and Maritime Services](#) for planning, pre-construction and construction and \$2.2 billion within [Sydney Motorway Corporation](#)
- \$648 million in capital expenditure for NSW and Commonwealth funded road upgrades to support [Western Sydney Airport](#) at Badgerys Creek
- \$264 million to reduce congestion including commencing the implementation of the [Smart Motorways](#) program on the M4 Motorway
- \$153 million for road upgrades to support population and economic growth in Western Sydney

Public transport

- \$658 million will go toward the '[More Trains, More Services](#)' programme for new trains and extra services across the train network
- \$1.5 billion for bus services throughout New South Wales, including rural and regional bus services, school services and financing of 314 buses to replace older vehicles and 132 buses to provide capacity for growth services
- \$2.8 billion in 2017-18 towards delivery of [Sydney Metro](#), including \$1.1 billion to deliver a new rapid transit service for North West Sydney (Sydney Metro North West), scheduled to open in the first half of 2019. \$1.7 billion will also be invested this year for preconstruction activities and to begin early works of Stage 2 of Sydney Metro (Sydney Metro City and Southwest) which will link Chatswood with Bankstown and include a second harbour rail crossing
- \$127 million to continue with delivery of CBD and South East Light Rail that will run from Circular Quay along George Street to Moore Park, then on to Kingsford and Randwick (including a \$41 million contribution from the City of Sydney).



Housing

The NSW Government's package of reforms to support first homebuyers includes measures to boost supply and deliver essential state and local infrastructure critical to new housing such as roads, utilities and schools. A comprehensive brief on the NSW Government's Housing Reforms available [here](#).

Key elements of the package include:

First homebuyers' assistance

- transfer duty abolished for first home buyers on new and existing homes up to \$650,000 and stamp duty reductions for properties between \$650,000 and \$800,000
- \$10,000 grants for first home buyers purchasing new homes up to \$600,000
- targeting off the plan transfer duty deferrals to owner-occupiers
- insurance duty on lenders' mortgage insurance will be abolished
- introduction of a First Home Builder Grant of \$10,000 for people who build their first home on vacant land, where the total value of the house and land does not exceed \$750,000.

Increasing housing supply

- the Government will ensure that the Greater Sydney Commission's final District Plans contain housing supply and housing diversity targets for each Local Government Area
- up to \$2.5 million provided to priority councils to fast track updates of Local Environment Plans that put District Plans into practice allowing more housing to be supplied in the right areas
- rezoning for Priority Precincts and Priority Growth areas will be accelerated as an interim step to deliver 30,000 additional dwellings
- the Government will consult on greater use of independent panels to determine more local development applications to speed up approvals complying development rules will be simplified in greenfield areas and medium density housing.

Infrastructure to support community growth

- Up to \$1.6 billion towards infrastructure aimed at unlocking housing supply
- \$500 million of concessional loans to support Local Council delivery of local infrastructure
- \$369 million will be allocated to councils for local infrastructure under the [Local Infrastructure Growth Scheme](#)
- Special infrastructure contributions will be expanded to 10 new areas to provide an additional \$545 million in infrastructure funding over the next four years.

Skills and Small Business

The NSW Government's 2017-18 Budget measures for jobs and small business includes:

- \$759 million to be invested in skills development and training programs through [TAFE NSW](#) and other providers
- Insurance tax cuts for small business from 1 January 2018
- \$96 million to support high potential businesses through [Jobs for NSW](#), as part of the Government's continued commitment of \$190 million to support jobs, including:
 - \$25 million to launch a co-investment vehicle with the private sector to make equity investments in growth companies across New South Wales
 - \$20 million to develop a site in the Sydney CBD where start-up incubators and accelerators will co-locate to foster collaboration and create jobs



- \$65 million over three years for the Youth Employment program within [Smart, Skilled and Hired](#) which aims to assist young people in four pilot regions into employment by connecting them to training, mentoring, and work experience
- \$10 million to lead industry development activities that drive growth and global competitiveness. This includes collaborative programs with industry and universities, industry capability building, leveraging the benefits of a new airport in Western Sydney, establishment of Defence NSW, promotion and support of key industries and land activation through strategic project delivery
- \$9.4 million to make it easier for small businesses to be established, through an online portal and reduction in red tape
- \$7.5 million for the [Business Connect](#) program, funding more than 60 advisors across New South Wales and the business bus to help small businesses start and grow
- \$3.6 million to support and grow small businesses in New South Wales including the provision of small business advocacy services and dispute resolution services

Regional NSW

Regional NSW will receive \$1.3 billion under the NSW Government's Regional Growth Fund, announced in the NSW 2017-18 Budget. The Government has committed 30 per cent of all Restart NSW spending to regional and rural areas. Of the \$20 billion Rebuilding NSW plan, \$6 billion is targeted for regional areas.

New regional investment since the 2016-17 budget includes:

- \$1 billion reserved through Restart NSW for the Regional Growth: Economic Activation Fund
- \$1 billion of Restart NSW funding to be repurposed for the Safe and Secure Water Program
- \$550 million in 2017-18 for investment in rural and regional hospitals and health facilities
- \$582.5 million for the Regional Road Freight Corridor program
- \$341.3 million for Regional Growth Roads including \$153.1 million for the Pacific Highway Upgrade, Parsons Road to Ourimbah Street Stage 3B
- \$200 million over three years toward a Stronger Country Communities Fund
- \$107.1 million for the Regional Water and Waste Water Backlog program
- \$100 million over four years for a Regional Cultural Fund
- \$84 million for the Regional Freight Pinch Point and Safety program to improve key freight corridors
- \$38.6 million for Bridges for the Bush to replace or upgrade bridges

Family and Community Services

Key measures in 2017-18 for family and community services:

- \$148 million over four years to support high needs children in Out-of-Home Care (**OOHC**)
- \$63.2 million over four years to improve child protection case work practice and address critical capacity gaps, including additional caseworkers, case managers, and case support workers
- \$20.4 million in additional funding over four years to support homelessness initiatives that provide access to additional transitional accommodation units and support packages for rough sleepers



Justice

In 2017-18 the Government is forecast to spend approximately \$7 billion of recurrent expenditure on public order and safety. In total, this represents 9 per cent of total recurrent expenditure. The Government is also committing 13.8 per cent of total 2017-18 capital expenditure on public order and safety.

\$3.7 billion (including \$246 million capital) in 2017-18 will be allocated to law enforcement.

In 2017-18, the Budget allocates \$1.1 billion toward the State's extensive network of courts and tribunals to effectively manage civil and criminal legal matters. In addition, \$27 million has also been allocated in 2017-18 to deliver early guilty plea reforms.

Corrections & Police

- \$178 million (over two years) to accelerate enhancement of the communications services used by frontline agency staff in the delivery of emergency, law enforcement and essential community services
- \$127 million for construction of new 400 bed Rapid Build Prisons at both Cessnock and Wellington
- \$62 million to strengthen offender management and continue delivery of programs to support the State Priority to reduce adult reoffending rates
- \$51 million to continue implementation of the four year \$100 million Policing for Tomorrow Technology Fund
- \$27 million to deliver early guilty pleas reform that will reduce stress for victims, minimise court delays and allow police to return to frontline duties faster
- \$38 million over four years to enhance the State's bush firefighting capability by engaging air tankers in fire season

Counter terrorism

- \$15 million in 2017-18 to continue to strengthen the NSW Police Force counter terrorism capability and air support
- \$5.4 million in 2017-18 to support the continued delivery of an additional 40 sheriff officers at NSW Court Houses
- \$5 million to improve police officer safety through the provision of integrated light armoured vests
- \$47 million over three years to combat radicalisation in the NSW correctional system



Finance, Services and Innovation

The Budget allocated \$2.8 billion to the Department of Finance, Services and Innovation including \$20.1 million to complete the Service NSW network of service centres, by transitioning 24 motor registries in regional and rural communities to Service NSW service centres.

Key budget measures include:

- \$177.7 million for the next phase of the [Critical Communications Enhancement Program](#) that will deliver a significantly enhanced [Government Radio Network](#) to help public safety, emergency, health and other personnel better protect communities
- \$73 million to protect and enhance the Sydney Harbour foreshore, including heritage investment in Campbell's Cove and Pyrmont Bridge
- \$15 million to reinvigorate retail tenancies in The Rocks
- \$17 million for enhanced regulatory activities to support the new [Compulsory Third Party Green Slip Scheme](#) – Barton Deakin Brief on NSW Green Slip CTP Reform available [here](#)
- \$9 million to maintain the NSW Government's heritage stone buildings
- \$8 million to regulate the private operator of the NSW land title system to ensure a stable transition and enhanced service levels and to support the transition to a paperless electronic based conveyancing system

Sport, Arts and Culture

Sport

The NSW Government will deliver \$401 million for the 2017-18 sporting budget.

Key measures include:

- \$207 million over the next four years toward an 'Active Kids Rebate' which would provide parents with a \$100 rebate to cover sporting club fees
- \$4 million in additional grants bringing this to a total of \$8 million eligible to be shared across every Surf Club across NSW
- \$160 million to progress work on the Western Sydney Stadium at Parramatta
- \$40 million towards the Rugby League Centres of Excellence program to support elite training and community facilities
- \$30 million to partner with the City of Parramatta to construct a new aquatic centre
- \$4 million over four years will go to the Local Sports Defibrillation Program which will roll out more than 2,500 defibrillators to local sporting clubs
- \$6 million funding pool to be shared between NSW Government Sport and Recreation Centres for upgrades
- \$5.4 million for WIN Stadium Northern Stand in Wollongong
- \$9 million to continue planning for the redevelopment of the Sydney stadia network as part of the Government's commitment to building world-class stadia

Art and culture

- \$193 million for integrated tourism and events programs to grow New South Wales as a global tourism and event destination
- \$190 million over four years for the Opera House renewal program to ensure it is properly equipped to welcome as many people in as many ways as possible
- \$187 million over four years to rejuvenate the [Walsh Bay Arts Precinct](#), an important piece of Sydney's waterfront heritage, providing a unique cultural and visitor experience



Environment and Heritage

The NSW Government has invested \$1.8 billion toward protect the state's environment and heritage.

Key investment programmes include:

- \$184 million to continue to support the [Environment Protection Authority \(EPA\)](#) as an independent regulator, including:
 - \$3.4 million to introduce a cost effective Container Deposit Scheme as part of \$72 million allocated to transforming waste management in NSW. This investment will help the NSW Government reach its goal to reduce litter volume by 40 percent by 2020
- \$6.4 million to manage PFAS (perfluorinated alkylated substances) contamination across NSW including Williamstown RAAF
- \$1.9 million towards the [Broken Hill Lead Smart program](#)
- \$34 million across national parks
- \$44 million for private land conservation (\$240 million over five years and \$70 million annually in ongoing funding)
- \$41 million to assist local councils to prepare and implement coastal and floodplain management plans and for works to restore and protect coastal and estuarine environments
- \$29 million for Aboriginal and historic heritage
- \$41 million to upgrade public parklands and gardens, this includes:
 - \$15 million for Centennial Parklands to upgrade and improve park facilities
 - \$11 million for a park improvement program at Western Sydney Parklands

Further Information

Treasurer Perrottet's message available, [here](#).

- The Treasurer's budget speech is available [here](#).
- The 2017-18 NSW State Budget Papers available [here](#).
- Geographic mapping of infrastructure expenditure available [here](#).
- Budgeted Financial Statements for all sectors, [here](#).
- Barton Deakin Brief on the NSW State Budget 2016-17 available, [here](#).
- Barton Deakin Brief on the NSW State Budget 2016-17 Half-Yearly Review, [here](#).
- Previous budget papers can be viewed [here](#).
- Barton Deakin's Budget Briefs page can be accessed [here](#).

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