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Budget in surplus – seventh in a row



Budget result

The Budget achieves a \$168 million surplus in 2002-03, and a surplus in each of the three following years.

The \$168 million surplus is how much the Government has available to reduce the State's financial liabilities.

Operating result

The Budget posts an operating result of \$1,300 million.

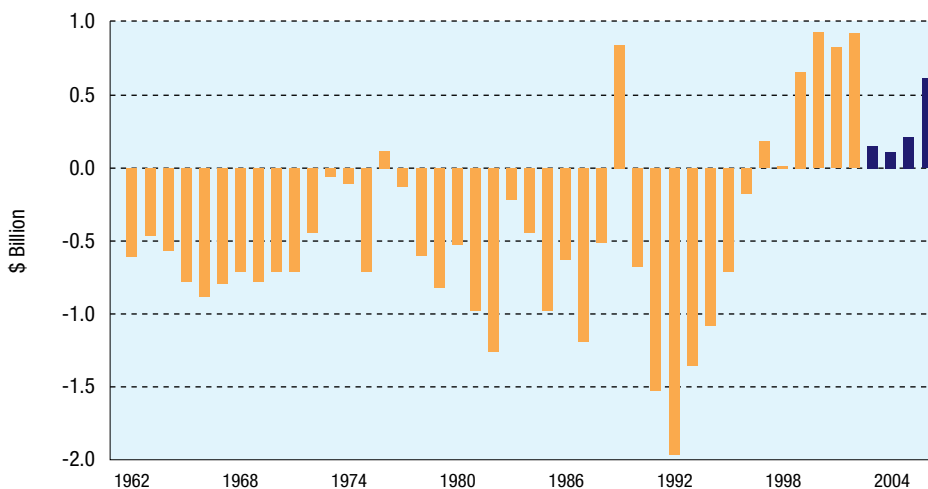
This is the amount by which revenues exceed the cost of providing government services. It does not include the cost of building or buying new assets.

Cash result

The Budget posts a cash surplus of \$135 million.

This shows how much money is available to pay down government debt, one portion of overall financial liabilities.

**Underlying Cash Result, General Government Sector
1961-62 to 2005-06**





This is the fifth Budget in a row to cut state taxes.

The new tax changes are worth \$182 million in 2002-03, \$215 million in a full year and \$914 million over the four years of the Budget.

Tax cuts already delivered since 1999 and new measures this year provide a cumulative reduction of \$1.4 billion a year.

These are on top of taxes removed as a result of the introduction of the GST.

The 2002-03 Budget tax measures

Abolish payroll tax on apprentices from 1 July 2002. This will save the employers of 31,000 young people \$9 million in 2002-03 and \$10 million in a full year.

Halve stamp duty on general insurance from 1 August 2002. This will save people and businesses taking out insurance \$150 million in 2002-03 and \$180 million in a full year.

State Stamp Duty Rates on General Insurance from 1 August 2002

State	Duty Rate (%)
South Australia	11
Victoria	10
Northern Territory	10
Australian Capital Territory	10
Queensland	8.5
Western Australia	8
Tasmania	8
New South Wales	5

Cut payroll tax rate from 6.2 per cent to 6 per cent from 1 July 2002 and apply the tax on the same basis as Victoria, Queensland and South Australia. This will save employers \$23 million in 2002-03 and \$25 million in a full year.

Impact of Tax Policy Changes

Annual Contribution of New Policy Changes to Tax Collections (not including State taxes abolished with the GST)

Year	\$m
1988-89	50
1989-90	200
1990-91	310
1991-92	80
1992-93	240
1993-94	100
1994-95	(-) 40
1995-96	20
1996-97	180
1997-98	280
1998-99	(-) 110
1999-2000	(-) 390
2000-01	(-) 220
2001-02	(-) 270
2002-03	(-) 400
2003-04	(-) 50
2004-05	(-) 20
2005-06	(-) 20



\$800 million more for capital works – biggest ever building program

\$6,350 million has been set aside to build new schools, roads, hospitals, police stations, railways, public housing and electricity and water networks.

No State government has ever spent more on construction and new public assets.

Over the four years of the Budget, the Government plans to spend \$26,125 million on buying new public assets: a \$5,390 million, and 26 per cent increase, on the previous four years.

This is three times more than the \$8.5 billion that was spent on the Snowy Mountains Scheme during its 25-year construction.

The NSW Government's asset acquisition program will sustain around 96,000 jobs in NSW each year.

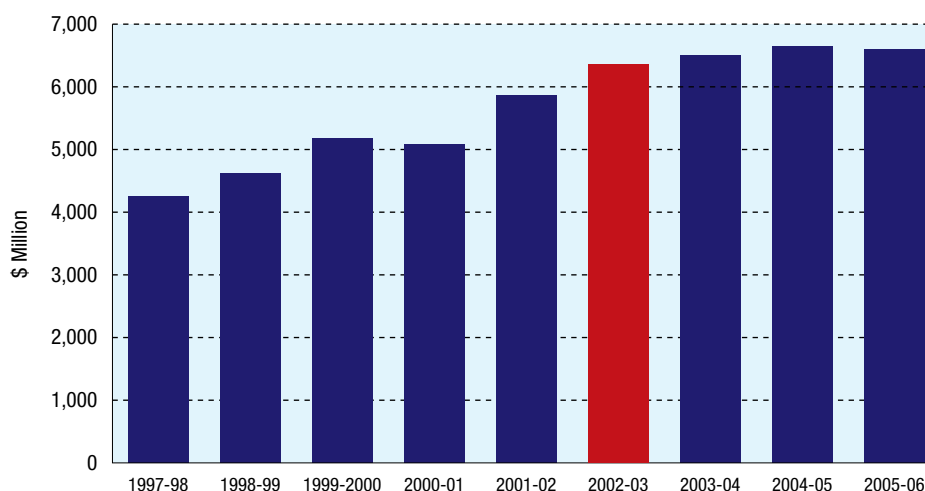
More than \$1,110 million is earmarked for new works in 2002-03, with a further \$5,231 million allocated for works-in progress.

In the general government sector, spending on hospitals, roads, schools and other new infrastructure will rise by \$426 million, or 16.4 per cent, to \$3,022 million.

Highlights of the total program in 2002-03 include:

- \$504 million in health, including new works at Royal North Shore, Nepean, Blue Mountains, Milton-Ulladulla, Shellharbour and Liverpool hospitals.
- \$801 million for new and upgraded rail lines and more and better trains and carriages. A further \$770 million of recurrent expenditure is allocated to maintain rail track, trains and carriages.
- \$1,202 million of roads capital expenditure as part of a \$2,604 million road building and maintenance program.
- \$618 million to improve water quality, water treatment and supply and improve sewerage treatment.
- \$380.8 million for new and upgraded public, community and Aboriginal housing.

State Asset Acquisition Program



\$2 billion on hospital building



Nearly \$2 billion is set aside in the Budget over the next four years to continue the statewide program of hospital building and renovation.

In the past seven years 39 hospitals have been built or replaced and a further 55 hospitals and health facilities have had major upgrades.

More than \$500 million has been set aside in this Budget to start another 13 major works including the redevelopment of the Royal North Shore Hospital campus: the only teaching hospital in NSW not yet rebuilt by the Carr Government.



Teeth and feet

Thousands more pensioners and other people who can't afford to see their own dentist or podiatrist will get help in public hospitals next year.

The Budget contains big funding increases for dental and podiatry services in public hospitals right around NSW.

Dental funding rises by \$16 million a year, taking spending in 2002-03 to \$97 million. This is \$5 million a year more than previously announced.

The additional \$5 million means:

- 4,000 more elderly people will get dentures each year.
- expanded public dental surgeries in Grafton, Dubbo and Queanabeyan.
- 10,000 more treatments for people in country areas.
- 7,500 more treatments for Aboriginal people.

Podiatry services get an extra \$2 million, an increase of 40 per cent.

The new money means 55,000 more people a year will get their feet treated in public hospitals.

\$500 million more for education



Education and training will get record recurrent and capital expenditure of \$8,127 million, an increase of \$494 million on the 2001-02 Budget.

This includes \$6,129 million in recurrent funds for school education, an increase of \$358 million or 6.2 per cent.

School education will receive \$352 million more than last.

The education and training Budget includes:

- \$247 million over four years to give schools faster and more reliable connections to the Internet.
- \$82 million over four years for e-learning accounts, including email for 1.33 million students and teachers.
- Almost \$500 million over four years for literacy and numeracy including the Reading Recovery Program, the Basic Skills Test in Years 3 and 5, the English Language and Literacy Assessment in Years 7 and 8 and the Secondary Numeracy Assessment program.
- An extra \$88.5 million over four years to improve the professional status of teachers and the quality of teaching. The funding also includes measures to ensure an adequate supply of teachers in subjects and locations.
- \$5 million for a two-year pilot looking at educational effects of smaller Kindergarten to Year 3 classes.
- \$16 million for a one-year trial to assist 40 NSW schools affected by social and crime problems in their local communities.
- \$56 million next year for the Back-To-School Allowance to help parents meet the cost of uniforms, books and other school basics.
- Nearly \$73 million over four years for distance education centres, grants for isolated schools and other measures to tackle educational challenges in rural communities.

Record spending on school building

A record \$300 million will be spent in 2002-03 on building and upgrading schools as part of the Government's \$1.1 billion School Improvement Package.

This is \$42 million, or 16 per cent, more than last year.

The \$300 million program includes 41 new projects worth \$140 million on completion.

New schools or major new school upgrades will begin at Alford's Point, Anna Bay, Auburn, West Bankstown, Blakehurst, Blue Haven, Boambee, Brisbane Water, Callaghan College, Canley Vale, Clarence Town, Cooma North, Denistone East, Dulwich Hill, Eastwood Heights, Fairfield Heights, Frederickton, Glenbrook, Granville, Helensburgh, Holsworthy, Broadmeadow, Jerrabomberra, Kendall, Lightning Ridge, Marrickville, Merrimbula, Milton, Mullumbimby, Seven Hills, Harbord, San Remo, Pennant Hills, Penrith, Sefton, Soldiers Point, Strathfield, Kogarah, Tuggerah Lakes and Tweed Heads South.

Getting out of debt. Getting ahead.



The Budget again reduces general government debt. Less debt means a lower interest bill and more money for hospitals and schools.

Since 1995 the Government has paid off more than \$7 billion of general government debt, saving over \$900 million a year in interest.

This Budget cuts debt by another \$600 million in 2002-03 and \$2 billion over four years. General government net debt is expected to fall to \$2,865 million in 2006.

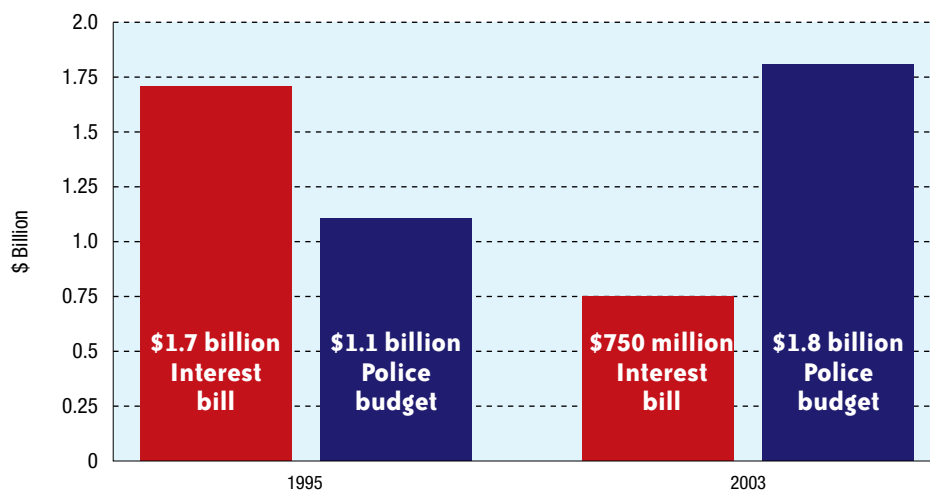
General government net financial liabilities, which include not only debt but unfunded superannuation and other liabilities, are also expected to fall by more than \$1.1 billion over four years.

Increasing assets and investments

This Budget again substantially increases the assets owned by the people of NSW. Total assets are expected to rise by more than \$16 billion in the budget and the following three years.

The net worth of the general government, the difference between assets and liabilities, should rise by nearly \$12 billion, to \$105.7 billion, over the Budget period.

Less money for bankers. More money for police



The State's economy should grow by two per cent in 2001-02, in line with the estimate in December's mid-year review of the Budget.

Job growth is better than expected six months ago, strengthening to 0.75 per cent for 2001-02.

This year's Budget is framed on the expectation that the NSW economy will expand by 3.5 per cent in 2002-03.

The job market is expected to pick up smartly to expand by 1.75 per cent in the coming financial year.

The faster pace of employment growth should see the unemployment rate fall from an average 6.25 per cent in 2001-02 to 5.75 per cent in 2002-03.

Interest rates are expected to rise but only gradually thanks to moderating inflation.

The composition of economic growth should change from the current year, with exports adding more to growth than in 2001-02.

Business investment is expected to strengthen in response to growing demand in Australia and abroad.

Dwelling construction is expected to weaken, although not precipitously as dwelling commencements in 2001-02 have not run ahead of underlying demand in NSW as in some other states.

The major risk to the forecast is the robustness of the recovery in the US and Japan.

Economic Performance and Outlook ^(A)

	Outcomes 2000-01	Estimates 2001-02	Forecasts 2002-03
New South Wales			
Gross State Product	2.7	2.0	3.5
State Final Demand	-1.1	3.0	4.25
Employment	1.9	0.75	1.75
Unemployment rate ^(B)	5.6	6.25	5.75
CPI (Sydney)	6.2	3.0	2.5
Wages	3.7	3.5	3.75
Australia			
Non-farm GDP deflator	4.3	1.75	2.5
Ten year bond rate ^(B)	5.8	6.0	6.5

Source: Australian Bureau of Statistics; New South Wales Treasury.

(A) Year average percent changes, unless otherwise indicated.

(B) Year average, percent.