





HALF-YEARLY REVIEW

AUSTRALIA'S LEADING ECONOMY

The NSW economy is leading the nation, with economic growth outpacing the rest of Australia for the first time in 26 years. The State's economy grew 3.5 per cent last year, its strongest result since the Olympics, marking a 16-year high.

Just one year ago, NSW became the first half trillion dollar economy in the nation, reflecting strong business conditions and positive consumer sentiment. Recently, NSW consumers have become the most confident in Australia, while business conditions have risen to be higher than any other state, and have remained above the national average for more than two years.

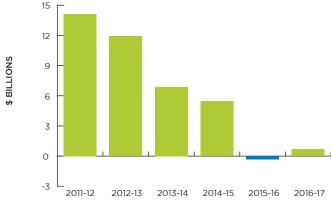
This momentum is delivering a robust and sustainable economic outlook, supporting household consumption and housing investment as a lower Australian dollar fuels tourism, education and financial services.

SOUND FINANCIAL MANAGEMENT: STRONGEST BUDGET IN THE NATION

The State's fiscal position is the strongest in the nation with budget surpluses projected over the next four years.

After five years of fiscal repair, general government net debt has been wiped out for the first time on record. The Government's strong fiscal management has also secured the State's triple-A credit rating.

General government net debt wiped out



Source: NSW Treasury

The strength of the State's fiscal outlook and its asset recycling strategy are expected to significantly reduce net debt. General government net debt at June 2017 is expected to be \$7.1 billion lower than at the time of the 2016-17 Budget.

The Government is delivering a record infrastructure spend of \$73.2 billion as well as providing more quality services to the people of NSW. At the same time it is demonstrating disciplined management of expenses while facing slowing GST revenue growth.

The State's strong operating surpluses and asset recycling program have dramatically boosted net worth, forecast to be \$203.4 billion by June 2017. Over the next four years, net worth is expected to rise 36.6 per cent, to \$248.4 billion, the fastest growth rate of any mainland state.

MORE INFRASTRUCTURE AND JOBS

A cornerstone of this Government's fiscal strategy is its successful asset recycling program. Infrastructure spending is at record highs with asset transactions providing the proceeds to support a record pipeline of infrastructure projects, while keeping net debt low.

The Government will spend 30 per cent of its Rebuilding NSW infrastructure investment on regional NSW. Projects include road upgrades, new hospitals and water security.

The Government's massive infrastructure investment has boosted jobs and encouraged private investment. At 4.9 per cent, the unemployment rate in NSW remains the lowest of any state in Australia, and in the past 12 months, 46,100 jobs have been created in NSW.

Housing approvals in the State are at historic highs of around 74,600 over the last 12 months. These new dwellings will increase supply and put downward pressure on prices, improving affordability.

Our State is in the strongest economic position in nearly two decades. This means a better quality of life for all our citizens.

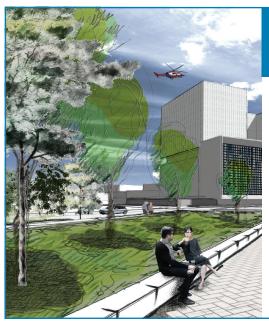


Gladys Berejiklian MP NSW TREASURER

RECORD INFRASTRUCTURE INVESTMENT

The NSW Government is investing a record \$73.2 billion over four years in new hospitals, schools, roads, public transport and other vital infrastructure across NSW.

The Government achieved an outstanding result for its infrastructure program when it entered into a binding agreement with an all-Australian consortium for the partial lease of Ausgrid, delivering gross proceeds of \$16.2 billion to the State. The proceeds will help fund critical infrastructure, delivering health, water security, transport and other projects across regional NSW.



\$550 MILLION

Nepean Hospital redevelopment

The Government has allocated \$550 million to redevelop Nepean Hospital, an investment that will deliver a state-of-the-art healthcare facility to the region.

More than 200 beds and at least 12 new operating theatres are part of a comprehensive plan to bring a world-class hospital to the people of Western Sydney. This is where dramatic population growth is forecast over the next 20 years.

In addition, \$26 million has been allocated for a hospital carpark.

The Nepean Hospital redevelopment is part of the largest hospital rebuilding plan in the history of NSW, with \$5 billion worth of hospital infrastructure unveiled over the past six years.

Artist impression of the Nepean Hospital redevelopment. Health Infrastructure NSW.

NEW RESTART NSW FUNDING COMMITMENTS

REGIONAL FREIGHT PINCH POINTS AND SAFETY PROGRAM

\$84 MILLION

for delivery of the Golden Highway project connecting the Hunter region with the Central West region of NSW WESTERN SYDNEY INFRASTRUCTURE PROGRAM

\$178.3 MILLION

towards infrastructure to support Sydney's second airport at Badgerys Creek

*includes \$162 million previously budgeted

SUPPORTING LOCAL INFRASTRUCTURE

\$25.3 MILLION

for 10 projects to be delivered by local councils including in Blayney, Singleton and Wollongong

HOUSING ACCELERATION FUND

\$18.9 MILLION

towards essential infrastructure to help speed the delivery of new homes, part of the \$1 billion Housing Acceleration Fund HUNTER INFRASTRUCTURE INVESTMENT FUND

\$50 MILLION

for projects including an improved landing facility for the Westpac Rescue Helicopter Service as well as sports complexes, a performing arts centre and a cruise terminal

REGIONAL HEALTH INFRASTRUCTURE PROGRAM

\$12 MILLION

towards the Manning Hospital redevelopment and the Grafton Hospital Ambulatory Care Centre

NEW REBUILDING NSW FUNDING COMMITMENTS

\$196.5 MILLION

for delivery of Regional Multipurpose Services health facilities



Source: Health Infrastructure NSW

\$181.1 MILLION

towards planning for road and transport upgrades



Source: Roads and Traffic Authority (NSW)

Following the successful \$16.2 billion Ausgrid transaction, the NSW Government is bringing forward the funding of a pipeline of infrastructure projects across regional and metropolitan NSW. These include:

- \$393 million for delivery of Sydney Pinch Points and Clearways program
- \$358.7 million for delivery of the M4 Smart Motorway project
 - » plus \$21.3 million for Smart Motorways M4 planning and pre-construction
- \$250.3 million for delivery of the Gateway to the South Pinch Points program
 - » plus \$6.0 million for Gateway to the South planning and pre-construction
- \$196.5 million for delivery of Regional Multipurpose Services health facilities
- **\$181.1 million** towards planning for transport upgrades, including:
 - » \$73.9 million for Regional Road Freight Corridor
 - » \$49.5 million for Regional Growth Roads
 - » \$23.9 million for motorway planning including WestConnex Western Harbour Tunnel
 - » \$11.5 million for traffic management upgrades
 - » \$11.0 million for Fixing Country Rail
 - » \$8.6 million for Bridges for the Bush
 - \$2.7 million for Smart Motorways Southern Cross Drive and Warringah Freeway
- \$24.4 million towards Taronga Zoo's Western Plains Zoo visitor experience plan

SUPPORTING OUR COMMUNITY



\$89.7 MILLION

towards water security for regions

The funds cover 30 projects aimed at improving the quality and reliability of water to regional and rural communities. These projects range from upgrading sewerage and treatment facilities, to new pipelines, to enhanced care of aquifer and bore water systems.

Photo: Wallabadah Drought Security Project



\$73.3 MILLION

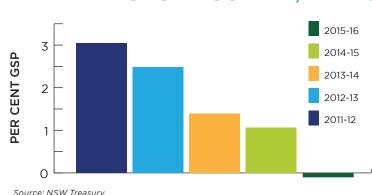
supporting survivors of the Stolen Generations

The funding will contribute to monetary reparations to survivors, collective healing programs, a funeral fund, improved family records services, memorials, cultural keeping places and trauma-informed training for public sector staff.

Photo: Representatives from the Cootamundra Girls Corporation, Kinchela Boys Home Aboriginal Corporation and Elders working with Aboriginal Affairs and the Healing Foundation.

BUDGET DASHBOARD

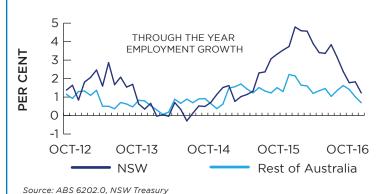
NET DEBT CASH POSITIVE, A FIRST FOR NSW



The NSW Government ended the year to 30 June 2016 with a cash-positive position for net debt, the first time on record for NSW. In addition, NSW has secured its triple-A credit rating.

Fiscal discipline and the completion of the partial long-term lease of Ausgrid are expected to reduce net debt to \$0.4 billion at 30 June 2017. This is a reduction of \$7.1 billion from 2016-17 Budget estimate.

JOBS MARKET LEADS THE NATION



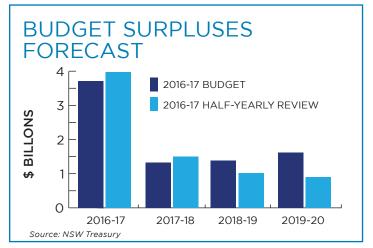
NSW has created more than half of the jobs added in Australia since April 2015. Unemployment in NSW has fallen to 4.9 per cent as NSW delivered the lowest jobless rate of any state for a 17th straight month.

Over the last 12 months, 46,100 jobs were created in NSW, putting employment growth at 1.2 per cent and beating growth in the rest of the nation of 0.7 per cent.

NET WORTH RISING



NSW is set to deliver record net worth of \$203.4 billion by June 2017. This will increase dramatically due to strong operating surpluses and the innovative NSW asset recycling strategy. Over the next four years, net worth is expected to rise 36.6 per cent, to \$248.4 billion, the fastest growth rate of any mainland state.



DISCIPLINED EXPENSE **MANAGEMENT** 9 8 FOUR YEAR 7 **AVERAGE GROWTH** PER CENT 6 5 **AVERAGE EXPENSE** 4 **GROWTH** 3 2002-2010 AVERAGE EXPENSE 2 GROWTH 2011-2020 \cap 2002-03 2006-07 2010-11 2014-15 2018-19 Source: NSW Treasury