

# NSW

BUDGET 2017-18



BUDGET  
SPEECH

# **Budget Speech**

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**2017-18**



Circulated by The Hon. Dominic Perrottet MP, Treasurer,  
and Minister for Industrial Relations



# New South Wales

## 2017-18 Budget Speech

**Delivered on 20 June 2017 by**  
The Hon. Dominic Perrottet MP, Treasurer,  
and Minister for Industrial Relations

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### BUILDING FOR THE FUTURE

#### Introduction

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This is a budget that builds for the next generation.

It provides for the present and positions us for the future.

It harvests dividends from six years of reform and ploughs them back into our local communities.

And it sows the seeds of success so our children will one day reap the rewards of a better New South Wales.

Our State is on a journey of growth and change.

By 2056, over 11 million people will call New South Wales home.

We will live longer and work longer.

Our economy is likely to be more than double in size.

And demand for services and infrastructure will increase, placing budgets under even more pressure.

This is the tomorrow we must prepare for today.

We are living through a time of transformation.

The map of our State is being redrawn before our very eyes.

Greater Sydney is evolving into a global metropolis of three separate cities - Sydney, Parramatta and the Western Sydney Airport.

And this shift will further change the game for our State.

It's been said the future belongs to those who hear it coming.

This government hears the future loud and clear.

We are not waiting for it to come to us - we are acting now.

This is the reason we moved with such urgency to repair our budget, rebuild our infrastructure and restart our economy.

We did this to free our hands, roll up our sleeves and lay the foundations of our future state.

These foundations are the projects underway like WestConnex, NorthConnex, Sydney Metro and the light rail networks.

And the new projects we are planning - like the Western Harbour Tunnel, the Beaches Link, the F6, and the M12.

This is the backbone that will support us for decades to come.

We understand our State is in many ways still under construction - and that the benefits of these projects have not yet arrived.

We acknowledge the inconveniences this can cause.

But today we say to the people of New South Wales: a new dawn is coming.

And this budget tells the story of a future we are creating together.

## **Budget result**

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We have been relentless in pursuing financial security for the people of our State.

We are fighting for a better New South Wales for those who are here and for those who are yet to come.

Today our record of delivery continues, with our surplus for 2016-17 standing at **\$4.5 billion**.

That's money we will immediately put to work to deliver for our families and our communities.

For 2017-18, the budget forecasts another surplus of **\$2.7 billion**, with average surpluses of **\$2 billion** projected in each year over the next four years.

These strong results are underpinned by our asset recycling strategy, careful management of expenses and considered reform of service delivery.

Our repair job on the State's finances is yielding the results we knew it would.

Our budget is working for us, not against us.

We have surpluses now and into the future.

And we have record investments in key services, with more nurses, teachers and police than ever before.

Our net debt is negative.

Our triple-A rating is secure.

And we will be the first state to reach a net worth of a quarter of a trillion dollars.

Our unemployment is the lowest in the nation.

Housing construction is at record highs.

And our economy is on the march.

While other states are struggling to make ends meet, we are owning the future and investing for success.

Credit where credit is due - the early years of the former government saw surpluses delivered, according to good Liberal principles.

But those were nothing more than vanity surpluses - achieved only by neglecting to build for the future.

We don't run surpluses for the sake of it.

We run surpluses to make New South Wales the best place to live, work and to raise a family.

That's why we took our poles and wires plan to the people - to generate returns we could invest into building stronger communities.

The people of New South Wales chose to put their trust in us - and we repaid that trust, completing all three transactions on time and above expectations.

These weren't just business deals - they were the keys to unlock a better quality of life for the people of this State.

The dividends from our reforms allow us to keep investing in infrastructure at record levels of **\$73 billion** over the next four years.

That's equivalent to building **124** Harbour Bridges - a once in a generation investment that will transform our state forever.

Those opposite had a choice - to be partners in progress or roadblocks to success.

History will show - they chose poorly.

That's because they are fixated on the politics of the day, while we are focused on governing for tomorrow.

We are building things Labor never could, with money they would never have, at a pace they could never achieve.

We have been pioneers of reform - and now other states, Labor states - and even the United States - are following our lead.

Our eyes are firmly fixed on the future, but we have freed our hands to work on the needs of today.

While we continue to lay the foundations with our transport projects, this budget delivers the local and social infrastructure that allows our communities and families to flourish.

## **Economic Outlook**

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The future for New South Wales looks bright.

We are leading the nation with GSP growth of **3.5 per cent**.

The outlook remains strong with above-trend growth forecast over the next three years.

Our optimism is underpinned by our extraordinary trifecta of investment pipelines.

Businesses are growing their investment faster here than any other state, with a **5 per cent** increase over the last year compared to a **10 per cent fall** in the rest of Australia.

We have the strongest growth in housing investment, increasing by almost **15 per cent**, while the rest of Australia was flat.

And as we know, we have the strongest public infrastructure pipeline - which will drive our economy, boosting GSP growth by ½ a percentage point a year over the next two years.

This pipeline gives us strong confidence the economy will grow, jobs will increase and every citizen will share in the benefits of our prosperity.

But while we are confident, we are not complacent.

The greatest threat to our future prosperity would be a return to the budget deficits and cancelled infrastructure promises of the past.

So we will continue our program of reform, restraint and delivery - generating surpluses to shield us from whatever may lie ahead.

The current model of GST distribution is a tax on our success.

As the Premier State, we accept our role in bearing the load of the national economy and assisting other states where necessary.

But right now, GST from NSW taxpayers is subsidising the inefficient Labor states - some of whom seem more interested in increasing the size of their bureaucracies, rather than undertaking reform.

If we were given a GST share equal to our population share, we would receive **\$15 billion** more in revenue over the next four years.

We will continue to fight for simplicity, fairness and proper incentives in the way the Commonwealth distributes GST, but this will not distract us from delivering for our state.

In this Budget we are also changing the way the government measures success.

I am pleased to report this year, for the first time, we delivered our budget in a new system and new format, setup to track our spending by outcome.

This means all spending will need to be related to something that makes a difference to the lives of our citizens.

With better information available about the outcomes achieved, Treasury will be able to use the new budgeting system to review expenditure to ensure it is achieving the outcomes intended.

Our reform agenda has created an environment of success which means we can now use our financial strength to make unprecedented investments into the things that matter most.

## **Building tomorrow's education system**

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Every parent wants the best for their children - an aspiration we share.

We want to give every child in New South Wales the learning and skills that will unlock opportunities for success.

Our reform agenda means we can now embark on the real education revolution.

This means building and upgrading schools to cater for our growing State.

This budget will see at least **90** new school projects commence over the next two years - that's an additional **1,500** classrooms and **32,000** student places across the State.

To build these classrooms, we're investing a record **\$4.2 billion** in education infrastructure over the next four years, an increase of **around 60 per cent** from the last budget.

A record **\$747 million** is also being set aside for school backlog maintenance over the next four years - taking the total to almost **\$2 billion**.

As well as great schools, our children need great teachers and in the coming year alone, we will bring **1,000** more into our public schools.

We also want the best teachers, and that's why we continue to fund our Quality Teaching, Successful Students program.

And we're helping to change the lives of young indigenous Australians by continued funding for Aboriginal Affairs including the OCHRE program.

This budget also funds non-government schools, as we recognise parents want to exercise choice about where they educate their children.

This year, we're putting more into our children's futures, with a record **\$14.9 billion** for education in this budget, an increase of **9.5 per cent** from last year.

## **World class healthcare for your family**

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Some of the most important moments of our lives come to pass inside the walls of our State's hospitals.

When our children are born, when we are at the mercy of illness or when we place our loved ones in the hands of the doctors, nurses, midwives and paramedics who serve on the frontline day and night.

In these moments, the only thing we need is a health system we can rely on, staffed by people who care, armed with the resources that matter.

This Government stands for world-class healthcare for the people of New South Wales.

It is because we have undertaken reform that this budget can fund the biggest program of hospital building this state has even seen, with new and upgraded hospitals in:

- Campbelltown
- Coffs Harbour
- Cooma
- Concord
- Goulburn
- Hornsby
- Inverell
- Maitland
- Macksville
- Mudgee

- Nepean
- Shellharbour
- Tweed
- Wagga Wagga
- Wyong
- Lismore
- Albury Base Hospital
- and Sydney Children's Hospital Westmead

Just to name a few.

It also includes planning for future works at:

- Rouse Hill
- Tumut
- Griffith
- Liverpool Hospital Stage 2
- and the next stage of the St George Hospital Redevelopment.

In addition, today I can announce **\$720 million** to upgrade the Prince of Wales Randwick Hospital.

This hospital building boom is funded from the biggest ever capital investment in our healthcare system - a record **\$7.7 billion** – an additional \$2.8 billion over four years.

This means the Liberal National Coalition is projected to spend more on new and upgraded hospitals in just seven years than Labor did in sixteen.

It's not just the buildings that matter - it's the people in them that make the difference.

In 2015, we committed to bringing on an extra **3,500** nurses, doctors and medical professionals.

With this budget, we hit that target one year early and add another **1,000** staff on top.

To fund health services, we're investing a record **\$21.7 billion** in 2017-18, including a record **\$1.9 billion** into mental health.

Our investments today aren't just about hospitals - we are building the healthcare system of the future.

## **A helping hand for those who need it**

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My inaugural speech in this place acknowledged an unsung hero called Ian Campbell, coordinator of the Hills St Vincent De Paul Society.

I had wanted Ian in the gallery that day, but he passed away earlier that same week, after a long and painful battle with melanoma.

Soon afterwards, I received a letter from Ian's wife Diane.

She wrote that Ian had suffered terrible pain from the bleeding caused by this cancer, as there was no cure for melanoma.

Conventional medicine and treatments had not worked.

It wasn't until he was admitted to St Joseph's Hospital at Auburn for palliative care, that Ian became comfortable and pain free.

With medication, care and compassion, Diane related he had experienced a happy and pain free death, for which she was forever grateful.

Diane finished her letter by calling for more support for people like her husband - so they too could suffer less.

Palliative care is the support we can provide those suffering from life limiting illnesses.

It means living as well as possible for as long as possible.

And it is the compassionate and humane response to the problem of human suffering.

It also makes sense at a time when our population is ageing, cancer cases are increasing and terminal admissions are rising.

Our budget this year sets aside **\$100 million** in additional funding for palliative care across the State.

This includes additional palliative care nurses, specialists, scholarships and on the job learning.

While Ian could not be in the gallery that day, I am pleased to say Diane is here today.

I thank her and people like Yvonne McMaster for their strong advocacy on this issue which will make a real and profound difference to people's lives.

Our budget funds a number of other initiatives to provide a helping hand to those who need it.

This includes more access to transitional accommodation for the homeless, extra case workers for child protection, continued support for victims of domestic violence, more assistance for high needs children and a **\$100 million** investment by the newly created icare Foundation to assist injured workers in their recovery.

We can only afford to fund the social services and the safety net for those who need it because we manage money well.

## **21st century infrastructure to connect our state**

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The vast program of hospitals and schools we will build in the coming years are the new wave of social infrastructure our communities need.

But all the while we are surging ahead with the state building projects that will give our city space to breathe and room to thrive.

- For the people of Western Sydney, **\$3.2 billion** is being invested into WestConnex
- **\$2.8 billion** has been allocated to fast track the Sydney Metro
- For the people of Sydney's north and beyond, there is **\$463 million** to continue the North Connex
- In the Hunter, and Sydney's East and West, **\$358 million** is set aside for the light rail projects

- **\$178 million** is allocated for the B-Line bus service to the Northern Beaches
- And there's more in the pipeline, with **\$126 million** for future state building projects.

Today we can see cranes in the sky, tunnelling machines grinding away and thousands of workers on the job.

After these projects are finished, the commute for millions of people will be faster, traffic will be cleared from community roads and our state will flow like never before.

## **Public Transport & Local Roads to save you time**

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We continue to invest in our integrated public transport system and local roads to provide the connections our communities need.

Our **\$13 billion** Transport spend delivers more express services for Western Sydney, new trains, buses and ferries across the state, and new cycling and pedestrian infrastructure.

To make it easier for the elderly, disabled and parents with prams to access our stations, we are building lifts, ramps and better car parking at 70 different sites from Edgecliff to the Blue Mountains.

To keep Western Sydney moving, this budget funds over **\$1 billion** in road upgrades.

Down south, Princes Highway upgrades will continue, with the Berry to Bomaderry upgrade fully funded for the first time.

And we will continue to work with the Commonwealth to upgrade the Pacific Highway, with **\$1.5 billion** allocated.

Some of these projects may seem small.

But for every extra bus, for every bottleneck unclogged, there is a mum or dad getting home from work in time for dinner with their family.

For every extra train station lift, there is someone in a wheelchair who couldn't get around town - and now they can.

For every express service from the outer suburbs, there's a job seeker with more opportunities within their grasp.

This is a budget that is making a real and practical difference for our local communities.

## **Investing in our regional communities**

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Our regional communities are the beating heart of New South Wales.

They are making a powerful contribution to our overall economic growth, with over 40 per cent of jobs coming from the regions in the past two years.

In this budget we are turbocharging the regions like never before.

We are investing **\$1.3 billion** in local infrastructure and communities including playgrounds, bike paths, sports facilities, community centres and cultural facilities to help build stronger regional communities, with another **\$1 billion** for water security.

And we continue to rollout the highly popular Service NSW, with over **\$20 million** to transform outdated motor registries into new Service NSW centres.

With our regional population expected to reach 3.4 million by 2031, regional growth will become an even more important driver of our prosperity.

## **Keeping NSW number one for jobs and small business**

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Our future economy is predicted to be larger and more prosperous than it is today.

But the success of New South Wales is tied directly to the success of our business community.

That's why good Liberal budgets don't increase tax, they decrease tax.

In this budget we are backing small business - cutting another three taxes.

From 1 January 2018, small businesses with a turnover of less than **\$2 million** will be exempt from paying duties on insurance for commercial vehicles, professional indemnity and public liability.

We're also fighting for farmers, with the duty on crop and livestock insurance being abolished.

These measures impact the budget by **\$330 million** over four years.

These business tax reductions combined with first home buyer transfer duty exemptions take the total tax cuts in this budget to over **\$1.5 billion**.

New South Wales is number one for business - and we want to keep it that way.

We welcome the Commonwealth Government providing a \$300 million incentive for states to reduce red tape and regulation - and will be ensuring New South Wales gets its fair share.

We have also had the lowest unemployment rate in the country for more than two years, with nearly **180,000** jobs created since 2015.

But we're not resting on our laurels.

We want to upskill the workforce of the future.

This Budget allocates a total of **\$2.2 billion** for skills development for employment through TAFE NSW and other training providers.

And in recognition of the importance of the digital economy, we are developing a co-location hub in the Sydney CBD for startups, at a cost of **\$20 million**.

## **Making our communities safer and cleaner**

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The primary obligation of governments is to keep their citizens safe.

We have more cops on the beat than ever before, with **16,700** sworn police as at this year keeping our crime rates low.

This budget funds the delivery of two new police stations at Taree and Waverley, and progresses others at a cost of **\$41 million**.

It also funds a **\$47 million** package to separate, isolate and prevent the spread of extremism and radicalisation in our correctional facilities, including a new SuperMax at Goulburn and a dedicated counter terrorism unit at Silverwater.

We are also protecting our community from natural disasters and emergencies with new firefighting helicopters in our National Parks and **\$38 million** to engage large air tankers in fire-fighting season.

The budget also includes funding to protect our threatened species, such as koalas and additional funding for National Parks, waste management and conservation initiatives.

## **Sports, arts and culture for locals and visitors**

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Our State deserves the best in sporting facilities and cultural attractions.

Today we announce the largest ever budget for sport and recreation, including a doubling of funding to **\$4 million** for Surf Life Saving Clubs and also **\$4 million** for the rollout of defibrillators to save lives.

We are also providing **\$169 million** to build the Western Sydney Stadium and to pursue the stadia strategy.

In our nation's premier city we are enhancing our world class cultural facilities, providing **\$244 million** to expand the Art Gallery and **\$190 million** for the Sydney Opera House Renewal Program.

## **Helping families with the cost of living**

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We know many households and families are feeling the pinch, some struggling with the cost of living.

We are doing what we can to ease that burden, with average price increases of government influenced services such as water, electricity and public transport halving since 2011.

But we want to give working families more of a helping hand.

### **Help with everyday expenses**

To assist approximately 900,000 people with energy bills, **\$257 million** is being allocated for the Family Energy Rebate, the Low Income Household Rebate and others.

Our CTP reforms, expected to reduce the average price of green slips by more than \$100 per year are receiving funding of **\$17 million**.

And to help place downward pressure on early education costs, an additional **\$217 million** is being provided to continue the Start Strong program, extending it to 2021 and assisting disadvantaged three year olds.

### **A fair go for first home buyers**

The biggest expense many families face - especially in Sydney - is saving a deposit for their first home.

To give first homebuyers a fair go, this budget funds our **\$4.3 billion** housing affordability package.

This comprehensive strategy boosts supply, accelerates infrastructure and reduces upfront costs.

Our cuts to transfer duty on property and insurance mean families can pick up the keys to their first home quicker than before.

### **Active Kids Rebate**

From the city to coastline, our local sporting clubs are the soul of our communities.

Participation in community sports not only forms healthy habits but also brings people together.

But many parents find the costs of kids sport only increases the pressures on the family budget.

We want to help parents.

More importantly, we want to help kids.

So we will use our strong financial position to invest where it counts.

From the 1st of January 2018, we are introducing the “Active Kids Rebate”, so parents get a helping hand for things like Little Athletics, netball, rugby, soccer, cricket or swimming lessons.

Capped at \$100 per school child per year, this will cover registration and membership fees for eligible providers.

This initiative supports the Premier’s Priority to reduce obesity and our budget priorities to build stronger communities and help families.

The impact to the budget is **\$207 million** over four years - a sound investment in our future.

### **Conclusion**

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Our reform agenda has been a game changer for New South Wales.

It has freed our hands and given us control of our own destiny.

We are the only state with strong surpluses, negative net debt, a growing net worth, a triple-A rating, low unemployment and record investments in services and infrastructure.

This budget deploys that strong financial position to build for the next generation.

It is a testament to the fact that we are a government that keeps its commitments.

It is our growth contract with the people of New South Wales - that while we will grow bigger, we will also grow better, with the services and infrastructure we need.

We have come a long way in just six years.

But we have great ambitions for this State.

And our work is not yet complete.

This is only the end of the beginning - and I say to the people of New South Wales - the best is yet to come.

This budget is the envy of the Western world - I commend it to the House.