



Dominic Perrottet
Treasurer

MEDIA RELEASE

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STRONG AND STABLE: NSW BUDGET ON TRACK TO DELIVER SOLID SURPLUS

Treasurer Dominic Perrottet has today released the NSW Half-Yearly Review (HYR), confirming the continued strength of the State's Budget despite challenges such as the worst drought on record, recent volatility in the housing market and lower household consumption.

The HYR forecasts a surplus of \$702 million in 2019-20, down \$314 million since the 2019-20 Budget, with average surpluses increasing to \$1.9 billion over the four years to 2022-23 (up from \$1.7 billion), bolstered by early signs of an improvement in the housing market.

"The importance of maintaining Budget surpluses lies in the simple fact that it enables us to provide critical support to those in need, such as farmers and regional communities affected by this devastating drought," Mr Perrottet said. "We have been able to respond quickly to these and other challenges while continuing to fund productive infrastructure, thanks to our strong financial position."

Since the June Budget, additional measures to support drought affected communities and ease financial pressures have been provided, taking the Government's total for drought support to around \$2 billion.

The NSW Government allocated \$25 million last month to help people impacted by bushfires to rebuild their communities. It has also provided a further \$48.2 million in partnership with the Federal Government. Given the bushfire season still has a long way to go, Mr Perrottet said the Government remained ready to provide more funding.

While the ongoing drought is impacting the economy, growth is expected to be at 1¾ per cent in 2019-20 but will accelerate to 2½ per cent in 2021-22. This is supported by a record four-year infrastructure spend of \$97.3 billion.

"NSW is the engine room of Australia and we've reinforced the economy with our record investments in public infrastructure, creating a jobs boom right across the State and ensuring we remain the strongest in the nation," Mr Perrottet said.

Key Highlights of the HYR:

- A Budget surplus of \$702 million projected in 2019-20
- Transfer duty revenue is forecast at \$7.5 billion in 2019-20 (up from \$6.9 billion) as the housing sector improves
- The record \$93 billion infrastructure program announced in the June Budget has increased with new commitments to a new record of \$97.3 billion
- Public investment in infrastructure is supporting tens of thousands of jobs and adding 1/2 a percentage point to economic growth on average over two years
- The NSW Generations Fund (NGF) has outperformed expectations, growing to \$10.9 billion as at end June 2019 and is on track to nearly triple by 2030
- Both Moody's and S&P Global have affirmed the State's triple-A credit rating since the Budget, underscoring the State's strong fiscal management.

Mr Perrottet said ongoing weakness in the national economy was playing out in NSW, with another drop in GST receipts forecast as consumption softens.

Mr Perrottet said while the Budget was robust enough to manage the adjustment, the reduction demonstrated the need for reform.

Since June, the NSW Government has launched a number of reform initiatives including the NSW Review of Federal Financial Relations, the NSW 2040 Economic Blueprint and Global NSW, the State's revitalised trade and investment strategy.

"When times are tough, it's good to know we've got the capacity to act quickly and make a difference and yet still keep our economy growing," said Mr Perrottet. "We will continue to deliver fiscal stability to look after the best interests of the people of NSW."

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