

HALF-YEARLY REVIEW

Australia's leading economy

In the six months since the 2017-18 NSW Budget, New South Wales has extended its track record as the nation's economic engine room while the Government works even harder to make NSW the best place to live, work, run a business and raise a family.

The NSW economy grew 2.9 per cent in 2016-17, well above the long-run average and contributing nearly half of Australia's overall economic growth.

Record construction activity in NSW has been a key driver of the economy's strength, fuelled by residential activity, business investment and the Government's massive infrastructure program.

Asset recycling unleashes infrastructure revolution

Our unprecedented infrastructure program of **\$80.1 billion** over four years is delivering schools, hospitals, roads, rail and cultural projects to create more opportunity, support world-class services and improve life for those who live and work in NSW.

This record infrastructure pipeline is a key factor in the State's ongoing success, bolstering construction activity, driving jobs growth and adding a forecast $\frac{1}{2}$ percentage point each year to economic growth over the next two years.

The pipeline includes record NSW investment in schools and hospitals, as well as critical road, rail and other transport infrastructure. Projects continue to come online, with new funding to start work on the Parramatta Light Rail Stage 1 as well as the F6 Extension.

NSW accounts for about 40 per cent of estimated infrastructure spending by all states and territories in 2017-18. It is only possible because of the success of our asset recycling strategy. Communities across NSW will continue to benefit as the proceeds from the poles-and-wires transactions and other asset divestments are invested back into essential infrastructure across the State.

NSW is on track to be the first Australian state with net worth exceeding a quarter of a trillion dollars by June 2019, driven in part by the Government's successful asset recycling program.

Strong finances now and in the future

The Half-Yearly Review forecasts a surplus of **\$3.3 billion** for 2017-18 and average surpluses of **\$2.1 billion** over four years. The forecast surpluses partly reflect stronger payroll and land tax revenues, somewhat offset by a drop in transfer duty following the introduction of the First Home Buyers Assistance Scheme.

Net debt at June 2017 was negative **\$9.3 billion**, reflecting the success of our long-term electricity network leases.

These strong results demonstrate the Government's sound financial management. Both major ratings agencies, Moody's and Standard & Poor's, have recently reaffirmed NSW's triple-A credit rating.

Australia's jobs engine

Our unemployment rate has been the lowest of any state for more than two years, falling to 4.6 per cent in late 2017. NSW has added 219,000 jobs since April 2015 - well above the election commitment of 150,000 by 2019. Over the year to August, 7,100 jobs were added in the non-residential construction industry.

Importantly, more than 80 per cent of the jobs added since April 2015 have been full-time positions, spreading the benefits to families and businesses across NSW. Our youth unemployment is the lowest among the states.

The robust employment growth reflects the State's record business conditions, covering profitability and sales activity, as more businesses choose to invest in NSW for the future.

Helping ease the cost of living

The State's strong fiscal position allows us to do even more to help families meet cost of living challenges, giving communities their fair share and supporting those in need.

Our First Home Buyers Assistance Scheme, announced in the 2017-18 Budget, has so far helped more than 13,000 families and individuals purchase their first home, while the Active Kids program will kick off in January, saving families \$100 per child enrolled in school to cover the cost of sport.

The Half-Yearly Review adds new initiatives to ease pressure on families, with expanded energy rebates and a program to eliminate car registration costs for regular toll road users.

We are putting families first and making sure communities benefit from the growth, opportunity and prosperity on offer in NSW today.

Dominic Perrottet
NSW Treasurer



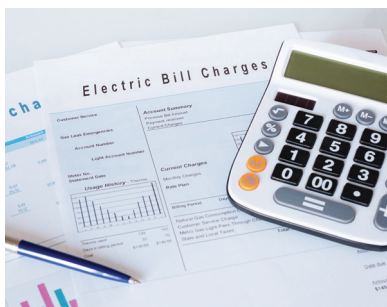
Putting families first

Getting more people into their first home

The First Home Buyers Assistance Scheme has propelled the number of NSW residents able to buy their first home. Since its 1 July 2017 introduction, 13,672 first home buyer transfer duty exemptions and concessions were approved over the five months to November 2017. This is more than triple the 3,970 over the same period a year earlier.

First home buyers received transfer duty concessions and exemptions worth **\$197 million** over the five months from 1 July 2017 – an average of 2,700 exemptions per month.

In total, first home buyers can save as much as **\$34,000**, with transfer duty eliminated for properties up to **\$650,000** and concessions available for homes between **\$650,000** and **\$800,000**.



Affordable energy for families

\$169.8 million over three years

With energy costs proving a challenge for households and businesses around Australia, the NSW Government's energy rebate scheme provides vital assistance to those who need it most, including low-income households, pensioners and those with special medical needs.

The Half-Yearly Review includes increases of around 20 per cent in energy rebates – the largest in five years and forming part of the Government's Energy Affordability Package to help NSW households and small businesses save energy and money.



Cutting costs for toll users

\$162 million over four years

From 1 July 2018, motorists who frequently use toll roads will be able to receive free car registration, slashing the on-road costs of toll road users by up to **\$715** per year.

Motorists will be eligible for the scheme if they spend more than **\$25** a week, on average, over 12 months on eligible tolls.

Recent reforms to CTP Green Slips provide a further cost saving for vehicle owners, while the Government has released the FuelCheck app, allowing motorists to compare fuel prices and find the best deal.



Active Kids vouchers help families get kids into sport

\$207 million over four years

In the 2017-18 Budget, the Government announced Active Kids, a new program to help families meet the cost of getting their kids into sport.

The program officially commences from January 2018, when families in NSW will be eligible to receive a voucher of up to **\$100** a year for each child in school, helping to cover the cost of a range of activities, including soccer, swimming and tennis.

Helping those in need

Social and Affordable Housing – Phase 2

1,200 additional homes

Those needing a helping hand in securing a place to live will have access to an additional 1,200 new homes under the second phase of the Social and Affordable Housing Fund (SAHF).

The program follows the SAHF Phase 1, which committed to building 2,200 homes. The fund doesn't just provide housing, it takes a holistic approach to those in need by providing access to family support, community engagement and other services.

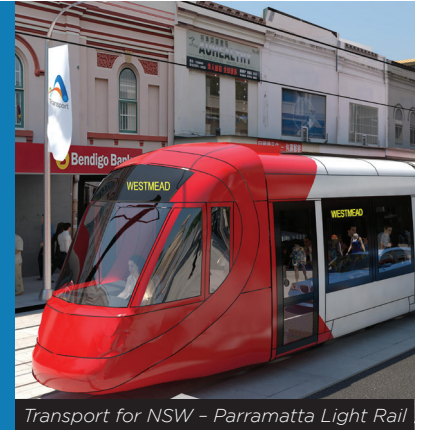
Connecting our communities

Fast-tracking the Parramatta Light Rail

Parramatta Light Rail Stage 1 construction is on track to begin in mid-2018. The project will provide a vital new transport connection between Westmead and Carlingford via the Parramatta CBD and Camellia, supporting Sydney's booming geographical centre.

Commuters will be able to hop on and off the "turn up and go" service, which will run daily between 5am and 1am, to cater for frequent usage in and around Sydney's west, with the first services due to begin in 2023.

\$882.5 million in Restart NSW funds will be allocated to the project in the 2017-18 Half-Yearly Review.



Transport for NSW - Parramatta Light Rail



RMS - Grand Parade, Rockdale

Planning for the Western Harbour Tunnel and F6 Extension

\$37 million since 2017-18 Budget

The Half-Yearly Review includes **\$37 million** to progress planning, including the Project Development and Final Business Case for the F6 Extension.

The F6 Extension project connects motorists from southern Sydney and the Illawarra to the wider Sydney motorway network, improving travel times between southern Sydney and the Sydney CBD and easing congestion on the local road network.

The Western Harbour Tunnel project connects WestConnex at the Rozelle Interchange with the Warringah Freeway at North Sydney - relieving congestion on the existing harbour crossings as well as on the Eastern Distributor and Anzac Bridge.

Investing in our Regions

\$1.1 billion since 2017-18 Budget

The NSW Government has committed an additional **\$1.1 billion** in Restart NSW funds to regional infrastructure projects across the State. This builds on the **\$1.5 billion** announced in the 2017-18 Budget.

Safer and higher capacity roads, rail lines and bridges are a priority, with **\$864.1 million** allocated since the 2017-18 Budget. Programs include Regional Growth Roads, Regional Growth Roads Freight Corridors, Fixing Country Roads, Bridges for the Bush and Fixing Country Rail.

Highlights include:

- » around **\$550 million** for construction of the Princes Highway Albion Park Rail bypass
- » around **\$75 million** towards the NSW contribution for a new Murray River Bridge between Moama and Echuca.

Other key commitments include:

- » **\$69.5 million** for the Connecting Country Schools project to upgrade digital access for schools in regional areas
- » **\$38.7 million** for the Connecting Country Communities program, which addresses mobile black spots and upgrades telecommunications systems in the bush
- » **\$21.6 million** for the Safe and Secure Water Program, which upgrades and expands water treatment systems.

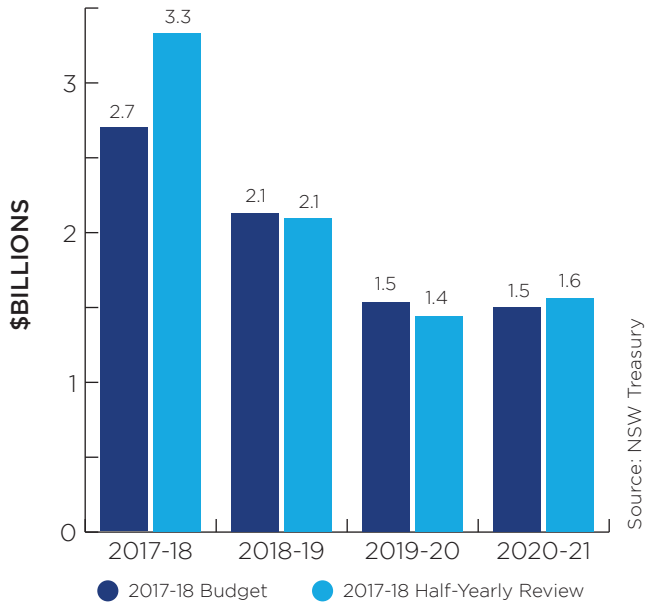
Housing Acceleration Fund

\$151.1 million since 2017-18 Budget

Boosting housing supply is a NSW Government priority. A central element in delivering this priority is to unlock new land for housing by delivering key infrastructure including roads, water and community amenities. The latest Housing Acceleration Fund (HAF) commitments total **\$151.1 million** to construct new roads and upgrade existing ones, which support increased housing supply in and around urban growth areas.

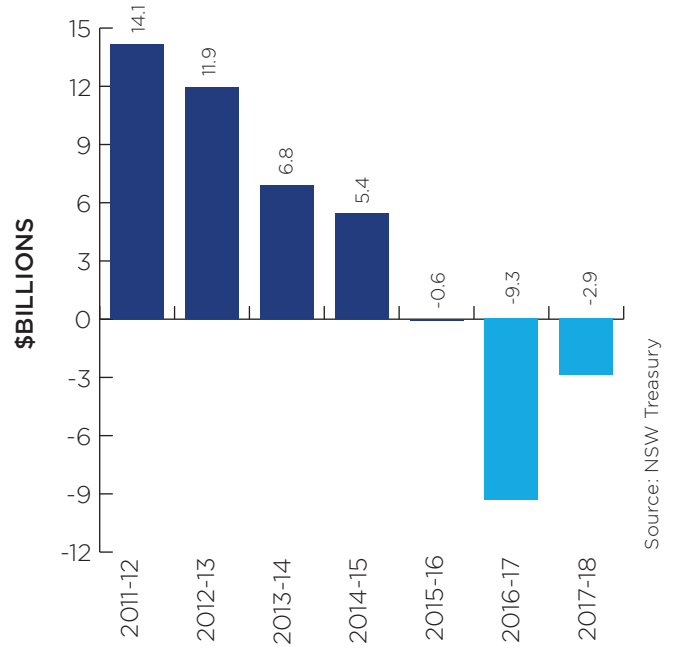
Projects include **\$38 million** for the Campbelltown Road upgrade in Western Sydney and **\$26.9 million** for Hambledon Road in the North West. This forms part of the **\$1.1 billion** in Restart NSW funds for the HAF.

Strong budget surplus



The State's fiscal position remains strong, with budget surpluses averaging **\$2.1 billion** forecast over four years. The budget surplus in 2017-18 is forecast to be **\$3.3 billion**, an increase of **\$634 million** over the 2017-18 Budget forecast.

Record low net debt



At June 2017, net debt was a record low of negative **\$9.3 billion**, the lowest net debt among all mainland states. Over the four years to June 2021, NSW is forecast to keep net debt as a percentage of GDP below other mainland states.

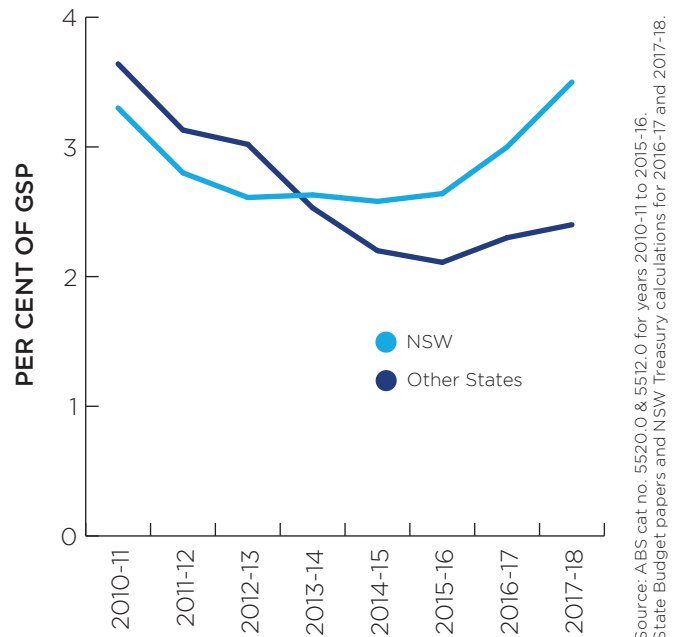
Lowest unemployment rate

October 2017



The strong NSW economy has supported above-average employment growth. As a result, the unemployment rate has fallen to 4.6 per cent, the lowest among the states. The unemployment rate is expected to remain around 4¾ per cent over the next two years.

High infrastructure spending



NSW has overtaken other states on infrastructure spending. NSW's capital spend as a proportion of GDP is expected to be 3.5 per cent in 2017-18, the highest of all the states.