



Prosperity not austerity – that’s the key message of the 2021-22 Half-Yearly Review. NSW is bouncing back better after the Delta outbreak and we are in a strong position heading into 2022.

This year has been tough on all of us. The Delta outbreak not only put our health at risk, but it

cost jobs, put businesses back into hibernation and restricted our freedoms.

We spent months at home to protect ourselves, our families and our community. During this time, we also had a chance to reflect and learnt to appreciate the simple things in life, like catching up with family, sitting in cafés with friends and taking our children to the park.

As we reach the end of 2021, our State’s economy is looking stronger. Its strength is a reflection of our people, our workers and our businesses who sacrificed so much this year.

Our State has come through Delta with elevated business confidence while consumer confidence is positive as we head into a much-needed holiday season.

Growth in jobs has resumed and vacancies are higher than pre-pandemic levels. Economic activity and employment are now projected to rebound back above pre-Delta outbreak levels in the March quarter of 2022.

We’re in this strong economic position because of the efforts of our people – getting vaccinated so quickly, following COVID-19 restrictions and wearing face masks. To the people of NSW, thank you.

Since the start of the pandemic in March 2020 the NSW Government has committed around \$45 billion in health, economic and social measures. These commitments are having a big impact on businesses and communities.

Our JobSaver program has not only paid out more than \$7 billion (including a contribution from the Commonwealth) to more than 206,000 businesses, but it also maintained vital links between employees and employers.

Our continued targeted support is now bolstering the State’s private sector led recovery. Our \$2.8 billion Economic Recovery Strategy is building a strong foundation for the recovery, while our \$5 billion WestInvest program will help build vital infrastructure in south-western and western Sydney.

These policies all had a big impact in supporting our economy and our society, but they also had a big impact on the State’s bottom line. The State will record a larger deficit in 2021-22 than forecast when the Budget was handed down in June, but remains on track for a return to surplus by 2024-25.

The State’s response to the pandemic and our strong recovery show the importance and power of investing in the fundamentals of our economy and our society. During COVID-19, a strong health policy has been the foundation for a strong economic recovery.

Moving beyond COVID-19, we need to continue to focus on protecting and building our human, natural, physical and financial capital to ensure our economy is as resilient, prosperous and productive as any in the world.

Now is the time for prosperity, not austerity. Our people are our most valuable assets, and we need to continue to invest in them and in the things that help them flourish and realise their aspirations. We need to address the structural issues of our time.

We need to ensure that a little girl born today has the same opportunities as the little boy born in the room next to her.

We need to ensure that we are investing in research and development, and delivering the new technologies, jobs and industries of the future.

We need to ensure that we are taking advantage of the huge opportunities of the global move to decarbonise, increasing the State’s resilience to the impacts of climate change and realising our potential to become a clean energy superpower.

We need to ensure that every child in our State has the best start to life, and receives the education and training to make the most of their talents.

We need to ensure that everyone who works hard can achieve a stake in our State by being able to buy their own home.

These are the structural challenges of our time. Because of the policies set out in this Half-Yearly Review and the huge efforts made by the people of NSW, we have the opportunity to build on one of the strongest and most resilient economies anywhere in the world.

We have the chance to turn these structural challenges into the economic opportunities of our generation and to bounce back stronger from COVID-19.



Matt Kean
NSW Treasurer

16 December 2021

Optimism as NSW Reopens



CONSUMER AND BUSINESS CONFIDENCE

driving the recovery



More than
\$7 BILLION
paid in JobSaver
support to businesses
(inclusive of Commonwealth contribution)



On track for return to
surplus in
2024-25



TRIPLE-A CREDIT RATING

assigned by Fitch and
reaffirmed by Moody's

The NSW economy has again proved its resilience and is on track to bounce back above pre-Delta forecasts. High vaccination rates and government response measures have supported the successful reopening of the economy.

EARLY SIGNS OF A STRONG REBOUND

The success of the NSW vaccination rollout, along with the NSW Government's targeted and timely response to the Delta outbreak, are supporting a rapid economic recovery.

In November, NSW became the first state in Australia to achieve a **90 per cent** double vaccination rate. This was a key milestone in reopening the State while safeguarding the health of the community.

The NSW Government's response packages, including the JobSaver program, have supported jobs and businesses through the Delta outbreak.

Together, these underpin positive consumer sentiment and elevated business confidence, which is translating into a fast rebound in consumer spending, investment and employment.

Economic activity and employment are now projected to rebound back above pre-Delta outbreak levels in the March quarter 2022. Uncertainty over the outlook remains high due to the emergence of Omicron.

STRONG BALANCE SHEET

NSW is the only state in Australia with triple-A credit ratings.

The Fitch and Moody's triple-A credit ratings highlight the resilience of the NSW economy and the Government's history of strong financial management.

The Government's asset recycling strategy continues to contribute to the State's strong balance sheet.

The WestConnex transaction, completed in October, will support the retirement of \$11 billion in debt over the next 18 to 24 months.



ON TRACK FOR RETURN TO SURPLUS

The health, social and economic response to Delta has placed significant pressure on the State budget, with a projected deficit of **\$19.5 billion** for 2021-22.

Since the Budget was released in June, the NSW Government has delivered more than **\$10 billion** of support in response to the outbreak, inclusive of Commonwealth support for JobSaver.

The rise in expenses has been partially offset by improvements in the revenue outlook since the Budget, particularly for transfer duty, mining royalties and GST.

With the economy rebounding strongly, the State remains on track to return to surplus in 2024-25.

Our targeted and effective support programs for businesses and communities have helped the State get through the Delta outbreak, with the direct budget impact largely contained to the current financial year.

Economic Growth and Recovery



A record
\$110.4 BILLION
infrastructure
program



\$5 BILLION
WestInvest initiative
to create jobs and
improve quality of life
in western Sydney



\$2.8 BILLION
COVID-19 Economic
Recovery Strategy



\$2.3 BILLION
in 2021 COVID-19
Business Grants

The NSW Government is committed to exceeding expectations when it comes to the State's economic recovery, with a spotlight on getting people back into the workforce, supporting the hardest hit sectors and rebuilding stronger.

TARGETED STIMULUS INTO 2022

The NSW Government's \$2.8 billion COVID-19 Economic Recovery Strategy, which was released in October 2021, gives people and businesses the boost they need to get back to work, back to business and back into life.

The package is designed to lock in a strong economic rebound and delivers additional support to sectors that have been harder hit than others.

This Economic Recovery Strategy includes:

- **\$500 million** to restore consumer and business confidence
- **\$250 million** to support jobs and skills
- **\$212 million** to boost vital sectors
- **\$200 million** to boost recovery in the regions
- **\$75 million** to support communities across the State.

RECORD INFRASTRUCTURE INVESTMENT

The Government's strong financial management has enabled it to support the response to the Delta outbreak while maintaining the State's record infrastructure program.

The NSW Government will continue its track record of investment in infrastructure to drive economic growth, boost productive capacity and enable innovation.

The State's record **\$110.4 billion** infrastructure commitment includes:

- **\$70.2 billion** for public transport and roads including Sydney Metro West and the Coffs Harbour Bypass
- **\$10.4 billion** for hospitals and health facilities
- **\$8.4 billion** for schools, TAFE and skills infrastructure.

SUPPORTING WESTERN SYDNEY

The **\$5 billion** WestInvest initiative will help secure a brighter future for families and households in western Sydney.

WestInvest will deliver improvements across areas that will have a real impact on how people live their lives, including parks, urban spaces, green spaces, community infrastructure, local schools, arts and cultural facilities, high streets, and local traffic programs.

We will invest in high-priority projects developed in consultation with communities. Community consultation will commence in early 2022.

The NSW Government is committed to ensuring Western Sydney is both an economic powerhouse and a great place to live.





Bouncing Back Stronger

With the rebound from the Delta outbreak underway, supported by the \$2.8 billion Economic Recovery Strategy, now is the time for the NSW Government to focus on boosting prosperity.

As the State bounces back from the impacts of COVID-19, the NSW Government continues to explore reform opportunities to support long term economic growth. This will help us not just bounce back, but bounce back stronger.

A long-term reform agenda will ensure our State remains the best place in Australia to live, work, and raise a family for future generations.

This will be supported by **\$7 billion** set aside for investment in future productivity reforms and as a COVID-19 contingency.

The NSW Government will be prioritising policies and reforms that lift overall economic productivity.

This work will be informed by recent reports, such as the *NSW Productivity Commission's White Paper 2021 - Rebooting the Economy* and the *2021-22 NSW Intergenerational Report*.

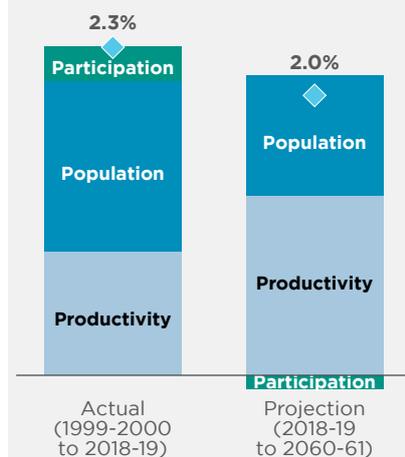
Reform opportunities identified in the NSW Productivity Commission's White Paper would grow economic output by 2 per cent and increase real incomes by an average of \$1,700 per annum by 2041.

The Government is already progressing 30 opportunities identified by the White Paper, while the NSW Intergenerational Report demonstrated that the most effective way to support long-term budget sustainability and living standards is to boost economic growth.

The NSW Intergenerational Report identified a number of opportunities to support the State's economic prosperity including increasing workforce participation among women and ensuring an orderly decarbonisation of the State's energy system.

The State's fiscal strategy ensures that, as we bounce back from the Delta outbreak, opportunities like these can be pursued to build a better future for the people of NSW.

DRIVERS OF NSW ECONOMIC GROWTH



Increasing productivity growth by 0.1 per cent each year would make the economy

\$53 BILLION

larger by 2060-61



The economy would be

8 PER CENT

larger by 2060-61 if women's participation reached parity with men

(2021-22 NSW Intergenerational Report)