

Budget Speech

2018-19



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

New South Wales

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Delivered on 19 June 2018 by
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and Minister for Industrial Relations

PART 1 OVERVIEW

Introduction

This is a budget for the people of our great State.
The nearly **8 million** who call New South Wales home.
Our working families, young apprentices and those needing a helping hand.
Our new mums, business owners and our Aboriginal brothers and sisters.
Our citizens of today - and the generations to come.
We are a Government that puts people first.
And this budget does too.
Families like the Meawalas from Quakers Hill - getting a break on their bills.
People like Bobby Burke - who planted the Bathurst Community Garden.
Aboriginal boys like Wyatt, looking for hope - and help.
Children like Angel - welcomed into the loving arms of her adoptive family
Survivors like Jose - turning his life around after addiction and despair.
Young girls like Brydie - longing to play sport with her friends.
And business owners like Paul - wanting to give his staff more hours.
These are real people.
With real stories.
And today I'm going to tell you how this Budget, this Government, this Coalition - is making their lives better and their aspirations count.

Budget result

We believe social outcomes and strong financial management are two sides of the same coin.

You can't have one without the other.

That's why we've been bold in making better use of public resources.

Keeping expenses on a tight leash.

And generating surpluses to invest with impact.

This is the discipline of a government determined to keep delivering.

Today I announce, our surplus for **2017-18** stands at **\$3.9 billion** - with surpluses averaging **\$1.6 billion** projected in each year over the next four years.

This better than expected result is due to increased investment returns, higher GST pool receipts and growth in other revenues like mining royalties.

It's also testament to the health of the budget, our strong financial management and our diversified revenue base.

Over the past **12 months**, housing cooled more quickly than previously forecast.

As a result, transfer duty revenues - **11%** of total revenue - will be **\$1 billion** lower than we expected in last year's Budget; and **\$5.5 billion** lower in the three years to **2020-21**.

Despite this, our finances remain in excellent shape - because this Government has laid foundations that are built to last.

Our **Triple A** credit rating is affirmed.

Net debt negative for the third year running.

Operating expenses per capita are the lowest of the mainland states, as is our **debt to GSP**.

And when it comes to net worth – New South Wales is now the first ever quarter trillion dollar state - a year earlier than predicted.

The biggest obstacle to our financial security has been an Opposition that believes in wealth without work and politics without principle - placing partisan advantage over the public good.

History will judge them accordingly.

Asset recycling was the golden key that unlocked the door of opportunity for New South Wales.

That is why today we can announce our infrastructure investment hits another record - **\$87.2 billion** dollars over the next four years.

The largest in the nation.

New South Wales today is not great by chance - but great by choice.

Strong financial management has created a virtuous cycle of growth and return - allowing us to make record investments where it matters.

This is the Coalition advantage.

The decisions we make yield dividends.

Letting us focus on dual horizons.

Building for tomorrow.

And delivering for today.

PART 2 - DELIVERING FOR TODAY

Helping families with the cost of living

We work hard keeping our finances in shape.

So we can do more today for families who need it.

With wage growth slow around the world, many are feeling the strain.

And we're doing our bit to help.

In the past **12 months**, we cut the cost of greenslips by an average of **\$124** per year.

We slashed stamp duty, seeing **30,000** first home buyers surge into the market, saving tens of thousands of dollars.

Sydney Water customers are saving an average **\$100** off their bills each year.

We're helping low-income and special needs households - save up to **\$285** a year with our energy rebates.

And from next month, we'll make car registration free for regular toll users, saving some drivers more than **\$700** a year.

And now we are upping the ante.

We're launching a new "one-click energy switch" website, helping families claim the best energy deals.

We're turning Service NSW into Savings NSW, helping people access all their rebates and concessions.

We're making sure parking fines are about fairness - not revenue raising - cutting the top ten by **25%** - and calling on local councils to do the same.

And we're slashing caravan registration by **40%** - delivering savings of up to **\$471** for families and grey nomads

All these initiatives have helped families like the Mevawala family from Quakers Hill.

With free rego, two active kids vouchers and two CTP refunds - they've saved over **\$800** so far.

But our hip pocket savers aren't just about money.

Financial freedom removes barriers to opportunity - and that's what we want for every family.

Last year, we launched Active Kids - a **\$100** voucher for every school-aged child to participate in sport.

The response has been overwhelming, with more than **390,000** vouchers redeemed since January.

One of them is 8-year-old Brydie, who was able to play netball for the first time.

She's now her team's goal shooter - and thinking of taking up soccer as well.

We want NSW kids to be active - and creative as well.

So today I announce a new initiative.

Creative Kids.

A **\$100** voucher for every school child - to participate in extra-curricular activities - like music, drama, art, coding, and second language classes.

We know this won't cover all the costs.

But we want to open up a world of opportunity for our kids.

Giving more parents - and more children - the encouragement they need to reach their potential.

Giving young people the best start in life

Early childhood

This budget delivers today for our young people, giving them a better start in life.

We know early learning can set our kids up for success.

Last budget we reduced early learning costs in the year before school for four-year-old kids.

This budget goes further.

Today I announce we're creating **4,800** new community pre-school places in our fastest growing areas - like Camden, Parramatta, Blacktown and the Hills.

And from 2019, in an Australian first, every three-year-old in New South Wales will now have access to subsidised early learning.

That's part of an almost **\$200 million** investment in our children, saving families on average **\$825** a year.

Apprentices

For those preparing for life beyond school, we will help them on the journey.

Establishing new TAFE Connected Learning Centres and additional mobile training units.

We also know cost can be a barrier to learning new skills or forging a new career.

So over the next four years, we will offer **100,000** fee free apprenticeships.

An army of skilled workers in industries with jobs at the ready.

The apprentices we train today - will build the New South Wales of tomorrow.

Investing in essential public services

This budget delivers more essential public services we rely on today - and every day.

For our schools, we're employing over **880** new teachers.

But it's about quality teaching as well.

So we're boosting the ranks of highly qualified teachers.

And will continue to invest in them, with **\$50 million** in additional funding for our School Leadership strategy.

In the next year, our healthcare system is getting a billion dollar boost for more frontline workers.

Almost **one thousand** more nurses and midwives

300 more doctors

120 allied health professionals.

And over **750** paramedics and call staff over the next four years.

That's over **2,000** medical professionals for the times when minutes matter and seconds count.

We know that in the fragile early moments of life - it's important mothers and babies get quality care.

So we're employing **35** new family health nurses - and recruiting **100** midwives.

From the most precious moments, to the everyday, we want to make life easier.

So starting next year, every parent of every baby born in our State will have the option of receiving the NSW Baby Bundle.

An Australian first - it's packed with practical items to give our new parents confidence and comfort.

It's a bundle of care for your bundle of joy.

This budget continues improving our transport network - with convenient connections.

There's **\$2.1 billion** over the next four years for better infrastructure and more train services.

2,000 additional weekly bus services over the next year in Sydney's East and West.

And **\$281 million** in the coming year to fix pinch points that clog up our roads.

We're also supporting those keeping our communities safe.

There'll be **100** more police on the beat.

Former defence Blackhawks for the Rural Fire Service.

And new vehicles and vessels so the State Emergency Service can do more when disaster strikes.

Creating opportunity for Aboriginal citizens

We believe our Aboriginal communities have so much more to gain - and so much more to give - when it comes to our shared success.

Delivering for today means addressing the problems they face.

I don't claim to speak for the Aboriginal community.

But when I have met their youth and leaders - one thing has been made very clear to me:

Symbolic gestures and virtue signalling - cannot break the cycle of disadvantage.

The missing link - is not a flag on a bridge.

It is economic participation - sharing in the opportunities to get ahead.

One of the biggest barriers to success for young Aboriginal Australians is whether they finish high school.

It's a challenge the Clontarf Foundation has been working to overcome for **18** years.

Offering a mix of mentoring, social and health support - and lots of and lots of footy.

Often these young men have confronting stories, like 18-year-old Wyatt - who moved to Moree, after losing his mother and grandmother.

He says:

"I arrived an angry young person who thought at the time I was heading to jail - or even worse, end up dead. I might have slipped away if I didn't have help from Clontarf."

Today Wyatt has the HSC behind him.

Two jobs, a car, and a place of his own.

On the weekends he plays footy for his local Aussie Rules team - and - his local Rugby League team.

Thanks to Clontarf, that's one young life that didn't slip away.

As he now says - *"I know my mum and my nan would be extremely proud of who I had become."*

We are a government that places substance before symbolism.

So this budget provides **\$3.75 million** for an additional **1,000** students to be part of the Clontarf success story.

And today we are honoured to be joined by a few representatives of the **1,800** students who attend one of their **26** NSW Academies.

Clontarf fosters confidence.

But confidence also comes from a strong connection to culture.

So this year we will commit **\$2.8 million** to Australia's first ever Aboriginal Languages Trust - preserving the languages and dialects of our first people.

We're also expanding the Youth Koori Court to Surry Hills.

And guided by the insights and expertise of Warren Mundine, **\$10 million** is being set aside for new Aboriginal Social Impact Investments - to open the door to economic opportunity.

Making New South Wales the best place to do business

Delivering for today means backing our business community.

Farmers or florists, builders or bakers - all are pioneers of prosperity.

Not just for themselves, but for thousands of families they support.

When jobs are created, it is because they are creating them.

And we believe they deserve a fair go.

If we want wages higher, we need taxes lower.

That's why - from **1 July** this year - we forge a path to raise the payroll tax threshold to one million dollars.

Over the next four years, more than **5,000** businesses are projected to pay no payroll tax at all - saving **\$881 million** in tax over the forward estimates.

And eliminating around **\$50 million** in administration costs too.

This will also see **40,000** businesses saving over **\$5,000** in **2018-19** and over **\$13,000** by **2021-22**.

Our payroll tax cuts give thousands of businesses room to grow.

Like Paul and his butcher shop in Macquarie Centre - wanting to lower his overheads so he can employ his staff for longer.

This takes the total tax cuts of the last three Coalition budgets to **\$4.2 billion** - dollars the people of New South Wales can now keep for themselves.

Caring for those who need it most

This budget delivers more today for those who need it most.

Over **18,000** children in New South Wales are in temporary care, because their home environment is not safe enough.

The best thing we can do for many of these kids is to give them a stable home.

This is something our Government is passionate about.

And our reforms have already doubled the adoption rate.

As Jeremy Sammut from the Centre for Independent Studies wrote last year -

"When it comes to recognition of the desperate need for more adoptions — it's New South Wales first and daylight second."

In this budget - we'll provide funding to double the adoption rate again - and give **1,000** children a permanent, safe home over the next four years.

So children like 8 year old Angel - and her three adopted siblings - can experience the love and care of foster parents like Paul and Tamone James.

In Paul's own words - *"From the first time we held any of them - we treated them as our own - and knew we would do anything for them."*

That's the kind of commitment every child deserves.

This budget also delivers more for those who are risk.

A **100** additional caseworkers - to protect our children.

More funding to tackle family violence and reduce reoffending.

Our largest ever investment in Police Citizens Youth Clubs (PCYCs) - nearly **\$40 million** over the next four years - for new and better facilities.

\$3.2 billion in 2018-19 for the commencement of the National Disability Insurance Scheme.

And a **\$1 billion** commitment over four years to reduce homelessness.

With more housing, better outreach and improved health care.

Adele House

This budget is also helping people turn their lives around.

People like Jose Porcia.

In a desperate moment, after the death of his fiancé, Jose made a terrible choice.

His decision to use ice led to his life spiralling out of control.

Caught in a vicious cycle.

An addict willing to commit terrible crimes to feed his addiction.

Shot at... jailed... his life was at rock bottom.

But after one last brush with the law - Jose entered Adele House - a drug and alcohol facility in Coffs Harbour.

What's different about Adele House is the treatment doesn't stop at beating addiction.

Over **12 months** - the program gives participants the life skills they need.

Support, recovery - and most importantly - independence.

I recently visited Adele House and witnessed first hand the incredible work the team there does.

I saw men whose lives had been destroyed by drugs - reclaiming their dignity and their pride.

And it was there that I met Jose - who today has turned his life around and is now helping men just like him.

So this budget provides **\$5 million** for Adele House - matched dollar for dollar by private donors - to construct a new rehab facility - increasing its capacity from 60 to 100 beds - and doubling its power to save lives.

Jose is here with us in the gallery today.

As are Adele House Directors Will Morgan and Richard Allaway.

I want to acknowledge them and thank them for what they are providing - hope for a better future, and the means to achieve it.

PART 3 - BUILDING FOR TOMORROW

Investing in social infrastructure

While we are delivering today, we are also building tomorrow.

We do not control the levers of population growth in our State.

But we do control how we respond.

And our response has been to build social infrastructure on a scale never seen before.

Our schools and hospitals aren't just slogans on a big red bus.

They're real - they're funded - and they're being built all around us.

This budget commits a record **\$8 billion** over the next four years for better health facilities.

Forty new and upgraded hospitals at every point on the compass.

We're refurbishing the birth suites and theatres at St George hospital.

In the booming western suburbs of Sydney - a **\$5.7 billion** hospital blitz - including Campbelltown, Nepean, Blacktown and Mount Druitt.

And we're planning for future works at John Hunter, Westmead, Albury, Canterbury, Bankstown, Shoalhaven, Hornsby and Goulburn.

A **\$10 million** Rural Health Infrastructure Program will deliver upgrades to Tenterfield, Scone, Gloucester and Dungog.

And today I can announce - a **\$740 million** investment to transform Liverpool hospital into a world-leading Health and Academic Precinct.

This includes new, state of the art neonatal intensive care and maternity facilities - and a comprehensive cancer centre.

We're also making a historic investment to help those battling mental illness.

\$700 million as part of a new Mental Health Infrastructure Program -

To upgrade acute mental health units, better equip emergency departments and build specialist facilities

And we're ensuring medical research stays in New South Wales with **\$150 million** over 10 years for our biggest killer - cardiovascular disease.

When it comes to schools, we're breaking our own records.

\$6 billion to fund more than **170** new and upgraded schools.

That's **an additional 2,000** new permanent classrooms, for thousands of new students -

We're also building better spaces for kids to learn in - with **\$160 million** this year to tackle the school maintenance backlog.

And we'll have cooler schools - air conditioning for up to **1,000** schools - with a **half-billion** dollar investment over five years.

Infrastructure to connect our State

This Government is building a better New South Wales.

And this budget ramps up the pace to get big projects finished faster.

There's more than **\$17 billion** to get on with the job of WestConnex - NorthConnex - the Sydney Metro - and Light Rail in Sydney, Newcastle and Parramatta.

\$1.8 billion to get things moving on the F6 extension, Sydney Gateway, the Western Harbour Tunnel and Beaches Link.

And for the first time, a **\$3 billion** reservation from Restart NSW - to begin Metro West.

Today's budget also sets in motion our plans for the Western Sydney Airport -

With **\$439 million** dollars in the next year to build the connections to make it easy to get to

And new funding to begin the North-South Rail Line.

Out in our regions - a wave of new infrastructure is sweeping the State.

\$4 billion in Snowy Hydro proceeds will be received, with money allocated to plan the first round of projects.

There is **\$1.2 billion** for Pacific Highway upgrades from Coffs Harbour to Ballina and new funding for Sealing Country Roads, Fixing Country Rail and building the new Shoalhaven River bridge.

And we've allocated **\$50 million** to invest in our primary industry research stations, boosting productivity in our agricultural sector.

Preserving our natural environment

Today we are the custodians of our State's natural wonders - and our responsibility is to conserve them for future generations.

Soon, our Government for the first time - will issue sustainability bonds - to help finance projects that benefit our natural environment.

We'll create a new green canopy for Greater Sydney - planting **five million** trees by **2030**.

We'll invest more to preserve and enhance our national parks and nature walks.

Allocate **\$36.8 million** to protect endangered koalas and funding for conservation work through the Saving Our Species program.

And investing **\$100 million** to acquire more open spaces for everyone to enjoy.

World class culture

Three years ago - the mighty NSW Blues walked out to the biggest state of origin crowd in history.

The only problem was - it was in Melbourne.

Great cities deserve great stadiums.

That's why this budget commits the final funding to complete the new Western Sydney Stadium.

And kick-starts the rebuild of the old Sydney Football Stadium.

And we're also improving local sporting facilities, investing **\$200 million** across the State.

Great cities also have great museums.

This budget helps deliver the Powerhouse Museum in Western Sydney.

More investment for the Regional Cultural Fund, to support culture in the bush.

And it funds a new exhibition hall at the Australian Museum that's fit for a King.

Our city and State are the pride of Australia - and it's our job to invest in them today - not play politics with their future.

PART 4 - SECURING OUR FUTURE

Economic Outlook

Managing a good budget is only part of the equation.

But a good government is focused on the economy too.

New South Wales today is the midst of an economic boom - the likes of which we have not seen in decades.

We have been the fastest growing state economy over the past five years.

This growth is only good because it creates new opportunities for our people to contribute - and share in our prosperity.

New South Wales today boasts the lowest **unemployment rate** of any state for three years running.

In Western Sydney, it's below **5%** for the first time since records began.

Our participation rate has hit record highs.

Youth unemployment is lower than any other state.

Regional jobs have been booming.

And women are leading the charge - with **60%** of new jobs.

Today we're laying the foundations for strong jobs growth to continue for years.

Our economy is now building on the platform of infrastructure and housing - transitioning to business investment and export-led growth.

We have emerged from our economic challenges and now face the future with confidence.

New South Wales is already the best place to live, work and visit.

And at the heart of that are our people.

Our workforce is educated, creative and one of the most productive in Australia.

So it's no surprise that New South Wales is also home to Australia's world leading companies too.

They are creating the jobs of the future - in the sectors of the future - that our kids will be grateful for.

Generations fund

Last year over **90,000** children were born in New South Wales.

One of them - my youngest baby girl, Harriet.

Like every parent, I wonder - and I worry - about her future.

Her opportunities. Her challenges.

The kind of world she will inherit.

And what I can do now to make a difference.

We already know for generations ahead it won't be easy.

That as our population ages, the budget will struggle to keep up.

It has been said that "*a society grows great - when its people plant trees - in whose shade they know they shall never sit.*"

That means - it's up to us to act now.

To fulfill our most fundamental moral obligation:

Leaving a better State for those who come after us.

Today we launch the NSW Generations Fund:

A future fund like no other in the world.

It will harness the unprecedented strength of our balance sheet -

To offset debt and insure against the **\$17 billion** fiscal gap forecast by **2056**.

Securing our State's finances today - and into the future.

And ensuring our children can weather the storms ahead.

To seed the fund - we will make an initial investment of **\$3 billion**.

The returns will grow over time, strengthening our State's ability to meet future commitments.

But in a world first, up to half of the investment returns will enable the new **My Community Dividend** program.

Where communities will decide how that money is spent to make their neighbourhoods healthier, happier and better places to live.

Any citizen can submit an idea in their area.

And everyone over 16 can vote for their favourite project.

Like Bobby Burke's community garden in Bathurst that has brought families and young kids together.

The Generations Fund is another innovation from a Government that puts people first.

Conclusion

This is a budget that shows the conservative heart.

The good that government can do when it manages money well.

New help for families with the cost of living.

Giving our young people the best start in life.

More frontline services for when we need them.

Tax relief for small business.

A helping hand for those who need it most.

And record schools, hospitals, road and rail to build our future State.

All this delivered on a stable platform of solid surpluses and fiscal discipline.

Seven years ago this government dared to imagine a better future.

New ambitions for our State, new aspirations for our people.

A New South Wales - stronger, fairer and more free.

That's the future we're fighting for.

And we fight for it every single day.

But we know our work is not yet finished.

And working together, our best is yet to come.

This is a budget building for tomorrow and delivering for today.

I commend it to the House.