

Budget Speech

2022-23



Circulated by The Hon. Matt Kean MP, Treasurer

New South Wales

2022-23 Budget Speech

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The Hon Matt Kean MP, Treasurer

SUPPORTING FAMILIES, BUILDING A BRIGHTER FUTURE

Acknowledgement of country

I'd first like to acknowledge that we meet on the land of the Gadigal people of the Eora Nation and pay my respects to Elders past, present and emerging.

Introduction

Mr Speaker, this Budget is about reform.

Reform to give our children the best start to life; reform to make owning your own home easier to achieve; and reform to break the barriers to women's opportunity in this state.

This Government believes there is always a better future if we choose to reach for it.

And in this Budget we make that choice – we choose to invest in transformational reform to build a better, brighter future for everyone across our state.

Supporting the NSW people

Mr Speaker, over the past few years, the people of our state have written a story of strength and resilience.

A story about the determination of our farmers during drought; the courage of our firefighters; the resilience of our flood-affected communities; and the character, creativity, and care of so many during COVID-19 – parents, business owners, frontline workers and everyone who helped keep us safe and keep us going.

Time and time again the NSW people rose to the challenges and showed that nothing is out of their reach.

Throughout, the NSW Government has stood with the people of this state. We committed \$53 billion alongside the Commonwealth during COVID-19 to keep our people safe, our businesses open and our workers in work.

Today, we are seeing the dividends of that investment.

More people are in jobs today than before COVID-19 arrived. Unemployment is at the historically low level of 4 per cent. Gross State Product is now forecast to grow at 4.25 per cent for the next financial year, much higher than was previously forecast.

But while the state's economy has rebounded strongly from the Delta and Omicron waves, the aftershocks of the pandemic continue to challenge. And this Government is again standing with the people of New South Wales.

Mr Speaker, inflation is high across the world because of global supply chain constraints and economic disruption caused by the pandemic. This has been exacerbated by Russia's illegal invasion of Ukraine.

We understand that rising inflation is not simply a statistic, it is something that is impacting the daily household costs of millions of Australians and reducing what they can afford.

That's why we are committing over \$7.2 billion next financial year to boost family budgets. We are providing \$520 million in new toll relief over two years, saving drivers up to \$750 a year. We are helping eligible households save up to \$600 a year on their power bills by installing roof-top solar and energy efficient appliances. We are helping families with a back to school voucher of \$150 per child to help with the costs of school supplies for term 1 next year.

Mr Speaker, we are also supporting our teachers, nurses and other public sector workers by increasing their remuneration by 3 per cent a year for the next two years; providing amongst the highest public sector wage growth in the country.

And we are recognising the special contribution of our State's health workers during the pandemic through a \$3,000 acknowledgement payment.

Mr Speaker, these measures will help people across our state deal with the increased costs they are seeing in their lives, as a result of global inflation.

However, inflation is not the only lingering impact of the virus.

We are also experiencing the health aftershocks of the pandemic: COVID-19 presentations to our hospitals, the first real flu season in three years, and a backlog of elective surgery, just to name a few.

That's why we are investing a record additional \$4.5 billion over four years into our health workforce. This is an historic commitment which will see us add an extra 10,000 health workers to bolster our health system. This will ease the pressure on staff, clear the elective surgery backlog and make sure we provide the very best quality end of life care. Every person should be treated with dignity and care, whether it is their first day or their last.

This Government also continues to stand with our flood-affected communities. Earlier this year we saw some of the worst floods in our country's history. We are partnering with the Commonwealth Government to invest \$3.5 billion to rebuild those communities and support our people as they recover.

Financial position

Mr Speaker, this is a Government that believes in strong financial management, not so the people of our State can help the budget, but so the budget can help the people of our state in times of need.

But we also understand the importance of ensuring that the budget returns to surplus over the medium term, to rebuild our fiscal buffers and honour our covenant to future generations.

That is the story of this Budget.

For 2021-22, we estimate a budget deficit of \$16.6 billion, improving to a deficit of \$11.3 billion in 2022-23, as we navigate the aftereffects of COVID-19 and floods.

In last year's Budget, we projected a return to surplus in 2024-25. We held to that projection at the Half-Yearly Review, notwithstanding the Delta outbreak. And despite Omicron, inflation and floods, today, this Government is handing down a budget that continues to project a return to surplus in 2024-25, a surplus which grows to \$1.4 billion dollars in 2025-26.

We project that net debt will stabilise at around 14 per cent of GSP by June 2026, and decline gradually over the second half of the decade. This is despite the worst economic shock since the Great Depression, historically high inflation, increasing costs of borrowing and record floods.

Our return to surplus over the medium term is supported by \$2 billion of budget improvement measures over four years. This includes legislation to increase the Foreign Investor Surcharge land tax and align the rates of the Betting tax and the Point of Consumption tax at 15 per cent.

The people of NSW know that it is only a Coalition government that understands the value of taxpayer's money and can deliver the strong economic and fiscal management needed for a strong and prosperous state.

But Mr Speaker, our covenant to future generations is about more than merely leaving them with the finances in good shape.

It is also about investing today, so that they may enjoy the returns of a more prosperous tomorrow.

Infrastructure

This is something our Government has always understood. We are an infrastructure Government.

Over the past 10 years we have invested more than \$178 billion in building infrastructure to improve the lives of people in New South Wales.

Mr Speaker, we are transforming our state through roads and rail. Over the next four years we expect to invest a record \$112.7 billion in the state's infrastructure pipeline. We are building the Western Harbour Tunnel, extending the M6, upgrading the Great Western Highway, and building a Metro network for Sydney.

And in this Budget we get started on Stage 2 of the Parramatta Light Rail and Faster Rail between Sydney, Newcastle and the Central Coast.

These projects, and the other nation-building projects that we are delivering, are the arteries of the nation. They will reduce travel times and support our people in spending more time at home with their families or at work applying their skills and talents.

We are also investing in our schools and hospitals, delivering in this Budget 23 new and upgraded schools, 30 new ambulance stations and continuing to build or upgrade 45 hospitals.

Investing in the people of New South Wales

But Mr Speaker, if our state is to reach its fullest potential, then we must invest in more than just bricks and steel. We must invest in our people as well.

The central belief of our country is that every person is entitled to the dignity of their humanity and that they are of value and have value to add. Its great promise is that every person, no matter who they are, will have the opportunity to contribute, prosper and pursue their hopes and dreams.

This should not only be the starting principle of our politics, it should also be the common sense of our commerce.

Our economy has grown from the creativity, talent and determination of our people.

It was our people who built our factories and farms.

It was our people who contributed to the wonders of modern science.

It was our people who first saw in their imaginations the cities we see before us now.

There is no better investment that we can make for the people of this state, than investing in the people of this state themselves.

WOMEN

Mr Speaker, in this Budget, we do just that by investing in the aspirations of women across New South Wales.

Last year, following the courageous advocacy of Brittany Higgins and Grace Tame, we saw an outpouring of frustration and calls for change from women across the country.

I've heard stories of women taking the long way home to avoid dimly lit streets when they leave work after dark.

I've heard stories of female managers getting paid less than their male colleagues who report to them.

I've heard stories of women's ideas being overlooked in the workplace only for those same ideas to be embraced when suggested by a man.

I saw women listening to Grace Tame and Brittany Higgins and the many other women who have shared their experiences since then, nodding in agreement. These are not isolated experiences; they are the everyday experience of millions of Australian women.

Mr Speaker the women of New South Wales are some of the most highly educated anywhere in the world, yet the workforce participation rate of women is 9 per cent lower than the participation rate of men.

It is an economic imperative that we respect, hear and empower women in the workplace because their brilliance, contribution and creativity are things that we should be backing.

By lifting the workforce participation rate of women so that it is equal to that of men, we can grow our economy so that it is 8 per cent larger by 2060. This is the equivalent of increasing the average income of every household in our state by \$22,000 per year.

This is an economic opportunity we cannot ignore.

Mr Speaker, being safe and healthy is the first step to participating in our workforce.

It is also a basic right which everyone in modern New South Wales should enjoy.

That is why in this Budget we will invest around \$100 million over four years in women's safety, to help victim-survivors leave domestic and family violence and stop the harassment of women at work and on our streets.

We are also investing in women's health, with \$80 million to support women to access affordable fertility treatments, and \$40 million to improve the healthcare of women experiencing menopause.

However, Mr Speaker, the transformational opportunity to increase women's workforce participation is affordable and accessible childcare. Even though we see similar numbers of men and women joining the workforce after completing their education, women's participation rates begin to drop below men's in their late twenties, and never recover to the same level.

For many Australian women, this is because they make the choice to leave the workforce to care for their children.

However, for too many women, that choice is made for them: many Australians cannot access childcare and too many women only take home about thirty cents in each dollar they earn after taking account of the tax they pay, the loss of family tax benefits and the costs of childcare.

This is why almost half of Australian women currently seeking work report that caring for children is the main reason they are unable to start a job or work more hours.

These structures are a result of a bygone era where a household was made up of a male breadwinner and a female homemaker.

Mr Speaker, in providing affordable and accessible childcare, we can build a state where a person's prospects are governed not by expectations from the past, but by their hopes for their future.

Over the next 10 years, we will invest up to \$5 billion to expand access to high quality, affordable childcare in those areas of the state where access to childcare is the biggest barrier to parents returning to work.

We will provide competitive funding to providers to expand the number of affordable childcare places available to families in our state, saving eligible families thousands of dollars a year.

This is not just the right thing to do by the women and families of New South Wales, it is future focused economic reform also.

We estimate that these reforms, when delivered alongside the childcare commitments of the Commonwealth Government, will, within a decade, see up to 95,000 women enter the workforce or take on more hours, reduce the female participation gap by up to 14 per cent and grow our economy by up to \$17.1 billion per year.

Investing in women is an investment that this Government believes will pay off. It is an investment that we are proud to make.

Closing the Gap

Mr Speaker, we are also proud in this budget to make an unparalleled investment in our First Nations people.

I started this speech by acknowledging that we are on Aboriginal land and by paying my respects to Elders past, present and emerging. Well, respect is honoured in deeds as well as words.

In this budget, we commit \$716 million to empower our First Nations people. This will fund programs designed in partnership with First Nations communities to support their children and young people, improve their health and wellbeing and to expand Aboriginal Child and Family Centres.

These programs will not just improve the lives of the people that they touch, they are also the just and right thing to do.

EDUCATION

Mr Speaker, our children are our future and a great education can set them up for life.

In this Budget, we take our lead from the millions of Australian families who have transformed their prospects from one generation to the next by investing in their children's education.

A great education can propel a person up the ladder of opportunity and it is through a great education that we expand our minds, see possibilities that we didn't even know existed and obtain the skills and tools that help us build a better life.

Mr Speaker, we know that the first five years of a child's life can set them up for success at school and beyond. 90 per cent of a child's brain development occurs in these years.

In this Budget, we are investing an initial \$5.8 billion over 10 years to establish a year of universal pre-kindergarten in the year before school and investing over \$280 million over four years to support our workforce of early childhood educators to make this reform a reality.

We are also investing \$1.3 billion over four years to make preschool more affordable for families, including by providing \$2,000 dollars of support per child to access preschool services in long day care from the beginning of next year.

A family's wealth should not determine the wealth of their child's opportunity.

Mr Speaker, the reality is that our children's lives – and the New South Wales our children build – will be brighter because of the once-in-a-generation investment we decide to make today.

HOUSING

Mr Speaker, the largest single investment that most families make is in their home.

Our homes are where we raise our families, share time with friends and live so much of our lives.

Housing security is not only the bedrock of economic security, but also the foundation of a good life as well.

That is why we will give first home buyers the choice of paying an annual property tax instead of stamp duty. Providing our young people with this choice will cost our budget over \$729 million over the next four years, but save them years of waiting to achieve their aspirations of home ownership.

We will also invest \$780 million over two years in a shared equity scheme for our single parents, our key workers and our vulnerable older citizens who do not have a partner to share the cost with.

Our belief in the importance of these measures is grounded in an understanding that when you own your own home, you own a stake in the future of our country.

But housing security is about more than just home ownership.

It's also about ensuring that our state always has the supply of quality homes required to meet the needs of our people. Nearly \$750 million in this Budget will go towards unlocking hundreds of thousands of homes across our state, including in our regional and rural communities, where they are needed most.

And it's also about ensuring that the most vulnerable people in our community have a safe place to live. We will invest more than \$550 million to maintain and grow our social housing as well as housing for our First Nations people.

We choose to make these investments because we know that ensuring that every person in New South Wales has a place to call home will make New South Wales a better home for us all.

REGIONAL NEW SOUTH WALES

Mr Speaker, your opportunities in life should not depend on where you live. That's why we are expanding our investment in the regions, increasing the Regional Growth Fund by more than \$1.3 billion.

Mr Speaker, this year's Budget includes \$230 million to support tourism in the bush and more than \$390 million to develop the Snowy Mountains Special Activation Precinct to establish a year-round tourism destination. Tourism brings the city and the country closer together, but it also diversifies our local economies too.

We are also investing \$130 million over five years to expand our critical minerals industry, creating the jobs of the future, with the resources of the future, to help build the future.

These investments come on top of our record \$2.4 billion regional health investment to make sure our regional communities can always access quality health care. And they will be further supported by our commitment to clear the backlog of key worker housing in the bush. No community should miss out on a police officer or a teacher because there is no place for them to live.

FUTURE ECONOMY

Mr Speaker, time and time again, modern science has expanded the frontiers of what we can achieve.

We saw during the pandemic the power of medical science – we are free and safe today because our best and brightest developed vaccines in record time.

The great quest of the human mind to understand our world has unlocked opportunity after opportunity and created job after job.

The reality is that many of the jobs and industries of the future haven't even been thought of yet. But in this Budget we make sure that many of them will be thought of right here in New South Wales.

We are investing \$1 billion to build the laboratories and testing-rooms where our scientists, doctors and engineers will design the blueprints of a better, more prosperous economy.

It is also why we will invest in their designs, their projects and their products. \$142 million in this Budget will go towards the research and development of our most promising ideas; and \$342 million will help carry those ideas across the so-called valley of death, which so many start-ups struggle to traverse, to where they can become the goods and services which radically improve our lives.

Through these commitments we invest in the potential of our ideas to expand the potential of our people.

SUSTAINABILITY AND THE CLEAN ECONOMY

Mr Speaker, New South Wales has the potential to become a renewable energy superpower.

We may be a sunburnt country, but we are also sun-blessed.

Our state's sun and wind can deliver us some of the cheapest, cleanest and most reliable energy anywhere in the world. This will free us from our dependency on aging power stations and from the shocks of global energy markets.

But only if we choose to realise that potential.

Mr Speaker, climate change is an inter-generational challenge which requires a once in a generation response.

Our state, our generation, is doing just that.

We are on track to reduce our emissions by 50 per cent by 2030, on 2005 levels, and to achieve net zero emissions by 2050.

These commitments are not just about avoiding more record bushfires, droughts and floods, but also about underwriting our prosperity as our trading partners go to the green goods of the future.

This is why we will make a record \$1.2 billion investment to establish our Transmission Acceleration Facility, which will help catalyse at least \$14 billion of private investment to carry energy from our renewable energy zones – modern day power stations – to our businesses and our homes.

This investment will fast-track our Electricity Infrastructure Roadmap, the cross-party reform this Parliament passed to modernise our electricity infrastructure and ensure New South Wales can be a leader in a low-carbon world.

Mr Speaker, we have an obligation to protect our planet. We do not own our natural environment, we merely hold it from the past and for the future.

That is why we are investing \$424 million dollars over four years to improve and protect our National Parks and \$206 million over ten years to reward farmers for reducing their carbon emissions, enhancing and protecting biodiversity on their land, while improving the productivity of their farms.

From the beaches on our coast to the snowy mountains in our south, from the outback to our rainforests, our natural environment defines who we are. It is in our culture, it is in our way of life, it is one of the reasons why we choose to live where we are.

If we are truly to build a brighter future for our state we must pass our environment to the next generation in better shape than the way we found it.

And in this Budget that is what we are determined to do.

Conclusion

Mr Speaker, budgets are about the choices you make.

In this Budget we choose to continue to stand by our people and take on the reforms that will unleash the full potential of our state.

We choose to lift the horizon on hope.

We choose to harness the wonders of modern science, and the power of our wind and our sun.

We choose to leave a better planet for future generations.

We choose to make sure that families can continue to buy a slice of the Australian dream.

We choose to give our children the best start in life so that they can not only reach their dreams but dream bigger in the first place.

And Mr Speaker, we choose to make sure that a little girl born today has the same opportunities and liberties in life as the little boy born in the hospital room next door; because it is their contribution, and the contribution of every other person in our state, that will help us reach the highest heights of what our state can be and build a better, brighter future for the people of New South Wales.

Mr Speaker, I commend these Bills to the House.