

1. BUDGET OVERVIEW

1.1 Supporting families, building a brighter future

Over the past year, the NSW Government has stood with the people of New South Wales as the State has confronted some of the biggest challenges in our history, and together, we've come out stronger on the other side.

The 2022-23 Budget continues to invest in our people, not just to overcome great challenges, but to deliver transformational reforms that will build a brighter future for families and businesses across New South Wales for generations to come.

High vaccination rates, over \$11 billion paid in targeted NSW and Commonwealth Government support over the Delta and Omicron outbreaks, monetary stimulus from the Reserve Bank of Australia (RBA) and the resilience of our people helped the NSW economy to bounce back strongly from the COVID-19 pandemic. Growth in the domestic economy (known as State Final Demand) is expected to be 2¾ per cent in 2021-22. The fall in employment during the Delta outbreak has since been recovered. At 4 per cent in May, the NSW unemployment rate has fallen to a historically low level.

But while the State's economy has rebounded strongly from the Delta and Omicron waves of COVID-19, the pandemic continues to create challenges. In particular, the 2022 flu season and cases of COVID-19 continue to put pressure on the State's hospital system. There are economic disruptions from public health responses to COVID-19 outbreaks in China. Global supply chain pressures and changes to consumption patterns arising from the pandemic are driving global inflation higher. These inflationary pressures have been exacerbated by Russia's invasion of Ukraine, which has disrupted global energy and commodity markets.

In addition to these global challenges, in early 2022, many parts of the State endured some of the worst floods and storms on record. Just as the NSW Government stood by the people of New South Wales during the Alpha, Delta and Omicron waves, over coming years the NSW Government will continue to make substantial investments in frontline services, flood affected communities and supporting household budgets as the State navigates these challenges.

In addition to the \$3.5 billion committed with the Commonwealth to support flood-affected communities, the 2022-23 Budget provides more than \$7.2 billion to boost household budgets and address the cost-of-living pressures arising from global inflationary pressures. This includes the continuation of fee relief for childcare, a Back to School subsidy, a new Energy Bill Buster Program, and the introduction of a new broad-based Toll Rebate Scheme, while Sydney's toll scheme is comprehensively reviewed. The Government will also lift the public sector wages cap from 2.5 per cent to 3 per cent, to support the family budgets of nurses, teachers and other members of the public service.

To ensure our health system is resilient to future shocks and has the capacity to address the continuing public health challenges of COVID-19, the NSW Government is investing \$4.5 billion to bring on over 10,000 new healthcare workers to deliver world-class health services. In recognition of the substantial contribution of the State's health staff during the pandemic, the NSW Government is making a \$3,000 bonus payment to NSW Health workers including nurses, paramedics and doctors.

However, while this Budget addresses the challenges of the moment, it also invests to build a brighter future for the long-term. With a record \$112.7 billion infrastructure investment, this Budget maintains the Government's commitment to building the infrastructure that underpins the functioning of our economy and society. This includes unprecedented investments in trains, roads, hospitals and schools.

Rebuilding the State's finances and maintaining sustainable levels of debt over the next decade is central to the Government's strong fiscal management and responsibility to future generations. Despite the recent challenges, this Budget maintains our commitments in both the 2021-22 Budget and Half-Yearly Review to return to surplus by 2024-25. In 2021-22, \$7.7 billion of debt will be retired through the NSW Generations Fund, following the successful WestConnex transaction, with \$11 billion of debt to be retired in total.

The tough times have shown that the State's greatest asset is its people. This Budget is focused on implementing reforms to enable the people of New South Wales to realise their full potential. This Budget makes once-in-a-generation investments in five pillars of transformational economic reform that will boost our productive capacity and pay fiscal dividends for decades to come:

- 1. Women's opportunities** – New South Wales has some of the most educated women in the world. Yet the rate of women participating in the workforce lags behind men by 9 percentage points and women are also more likely to work in part-time or casual roles. The number one reason for this is a lack of access to affordable childcare. This Budget invests up to \$5 billion over a decade to make childcare affordable and accessible for all NSW parents. It invests \$80.0 million to make services such as IVF more affordable and \$40.3 million to improve the availability of menopause health services. It invests \$108.9 million in women's safety and reducing street harassment (including \$9.7 million for SafeWork NSW's 'Respect at Work' taskforce) and \$30.6 million to support women in business and women entrepreneurs (including \$3.7 million to track and report women-led businesses in government procurement). These investments will help unlock the immense economic capacity of more than half the population.
- 2. Giving children and young people the best start to life** – Everyone should start life with a great education that gives them the knowledge and capabilities to not just follow their dreams, but to dream bigger. A child's first five years of life can put them on the path for lifelong success. This Budget invests \$3.8 billion over four years to improve early childhood education and development. As part of this investment, Government will establish a high-quality universal pre-kindergarten program for all children in the year before school by 2030.
- 3. A quality home for everyone** – Access to secure and affordable housing is not only the foundation of personal financial security but also the prosperity of our society. This Budget provides \$2.8 billion to help more families find a place to call home. This includes expanding the supply of homes across New South Wales, helping first homebuyers own a home, clearing the waitlist for key worker housing in regional New South Wales, and investing in the long-term sustainability of our social and First Nations housing.
- 4. The future economy** – Faced with the biggest health challenge in a century, the world developed vaccines in record time which are keeping us safe today, proving yet again the power of the human mind, science and technology. This Budget provides up to \$1.0 billion to invest in science and technology, build the latest research infrastructure and establish innovation precincts across New South Wales. It also invests \$130.0 million in the future economic strength and resilience of our regions by supporting the expansion of our critical minerals industry, in addition to the almost \$1.0 billion in capital expenditure committed for the roll out of Special Activation Precincts. These investments will help our brightest minds create the new technologies, industries and jobs that will underwrite the future economy of our State.

5. **Protecting our planet and growing a clean economy** – We owe it to future generations to leave this planet better than we found it. With some of the world’s best renewable resources, we also have the opportunity to be a leader in the global transformation to a clean economy. This Budget includes the nation’s biggest investment in renewable energy with the \$1.2 billion Transmission Acceleration Fund, as well as a further \$1.5 billion over four years to reduce emissions, boost biodiversity and increase our resilience to climate change. From green hydrogen workers to the low carbon, nature positive produce from our sustainable farms, these investments will help create the clean economy jobs of the future, especially in regional New South Wales.

These investments will not only improve the lives of the NSW people, they will also support economic prosperity. By driving economic growth, these investments will grow the State’s income streams and help deliver returns to the State’s budget over the decades to come.

This Budget is also about improving the lives of people and communities, growing prosperity and creating opportunity for everyone in New South Wales. This includes: a record \$715.8 million to empower First Nations communities and support progress towards Closing the Gap; \$2.4 billion over ten years to increase the regional health workforce, including attracting doctors and nurses to regional hospitals, to ensure that no matter where a person lives in the State they can access quality healthcare; \$1.6 billion investment in creating stronger opportunities for our regions, including expansion of the Regional Growth Fund; and the \$5 billion WestInvest program which is already being rolled out.

Together the initiatives set out in this Budget continue to address the challenges of these times, while supporting a brighter future for New South Wales.

1.2 Economic outlook

The NSW economy continues to rebound from the effects of the Delta outbreak of 2021, supported by the NSW Government’s \$11 billion delivered to protect businesses and jobs, with up to \$3.5 billion contributed by the Commonwealth. High vaccination rates and the community’s transition to living with COVID-19 mean that the economic impact of Omicron is lower than previous outbreaks.

Heavy rainfall and floods in the first quarter of 2022 caused extensive damage and disruption, particularly in the far north of the State. While this was devastating for affected communities, it was not enough to derail the strength of the broader economic recovery underway in New South Wales. The Government continues to deliver support for the recovery and rebuilding of these communities.

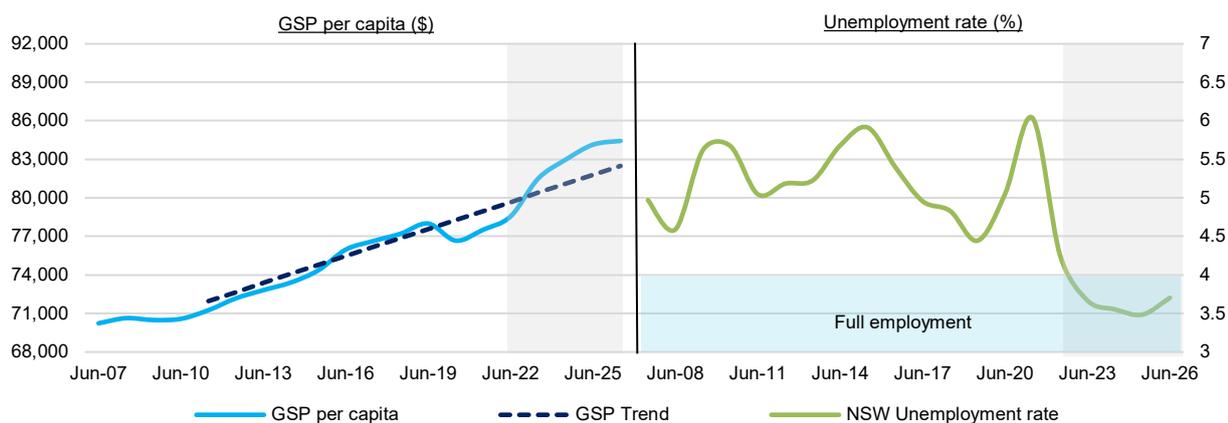
Since the start of the pandemic in 2020, the NSW and Commonwealth Governments have successfully delivered targeted and timely support to households and businesses. This includes key initiatives such as JobKeeper, JobSaver, the 2021 COVID-19 Business Grant and a range of response and recovery programs, such as the 2022 Small Business Support Program, Dine & Discover, Stay NSW, Parents NSW vouchers and the Small Business Fees and Charges Rebate.

Alongside ongoing monetary stimulus from the RBA, this government support has underpinned a rapid rebound in NSW economic activity. Not only has the economy recovered from the 245,000 fall in employment due to the Delta outbreak, but employment is comfortably higher than June 2021.

Growth in the domestic economy, as measured by State Final Demand, is expected to be 2¾ per cent in 2021-22. This is the same as was expected at the time of the 2021-22 Half-Yearly Review, despite the impacts of the Omicron outbreak and floods.

The State’s unemployment rate has trended to historically low levels, with 4 per cent recorded in May. The unemployment rate is expected to remain near historic lows and at or below the level consistent with full employment (around 4 per cent) for the forecast period.

Chart 1.1: NSW unemployment rate is at a historically low level with employment comfortably higher than June 2021



Source: ABS and NSW Treasury

The NSW economy is expected to grow at an above-trend pace on average across the forecast horizon to 2025-26, supported by strong near-term momentum in the labour market and the resilient state of aggregate balance sheets.

A strong labour market is expected to drive higher wages. For the public sector, this is supported by the new wages policy which increases remuneration by 3.0 per cent in 2022-23 and 2023-24, with an additional 0.5 per cent on offer in 2023-24 where productivity improvements can be delivered to absorb the cost of the increase.

Strong growth in the demand for goods at a time of strained global supply and tight labour markets has driven up inflation across the developed world. Higher energy and dwelling construction prices have also contributed to increased inflation. Annual headline inflation in Sydney was 4.4 per cent through the year to the March quarter 2022, its highest rate since 2008. This was lower than the national figure of 5.1 per cent and also lower than that experienced in similar major international economies. The rate of inflation is expected to ease eventually but will remain higher than pre-pandemic levels across the forecast period.

Central banks, including the RBA, are responding by commencing the process of removing stimulus. While further rate rises are expected over the forecast period, current monetary policy continues to be supportive of growth, with interest rates remaining very low (0.85 per cent in June).

Risks remain elevated, as outlined in detail in Chapter 2, and extend beyond the impacts of COVID-19 and potential new variants. This includes risks to the global economy and supply chains arising from Russia's invasion of Ukraine, China's zero-COVID policy and climate change.

The Government has limited control over these global factors but can invest in preparation and response. Over the long term, reforms to boost productivity and participation are critical to achieving sustained economic growth.

1.3 Fiscal outlook

Table 1.1: Key Budget aggregates for the general government sector

	2020-21 Actual	2021-22 Revised	2022-23 Budget	2023-24	2024-25 Forward Estimates	2025-26
Budget Result (\$m)	(7,072)	(16,562)	(11,260)	(2,796)	601	1,431
Per cent of GSP	(1.1)	(2.4)	(1.5)	(0.4)	0.1	0.2
Capital expenditure (\$m)	18,818	19,734	22,666	22,646	21,968	21,114
Per cent of GSP	2.9	2.9	3.0	2.9	2.7	2.5
Net debt (\$m)	37,076	53,538	78,169	93,749	105,519	114,814
Per cent of GSP	5.8	7.8	10.4	11.9	13.0	13.7
Net worth (\$m)	234,587	271,812	267,203	273,230	279,067	280,316
Per cent of GSP	36.5	39.6	35.5	34.7	34.4	33.5

The State's strong balance sheet has underpinned measures to stimulate the economy and support the community over the past couple of years. These measures have protected jobs and businesses through the pandemic.

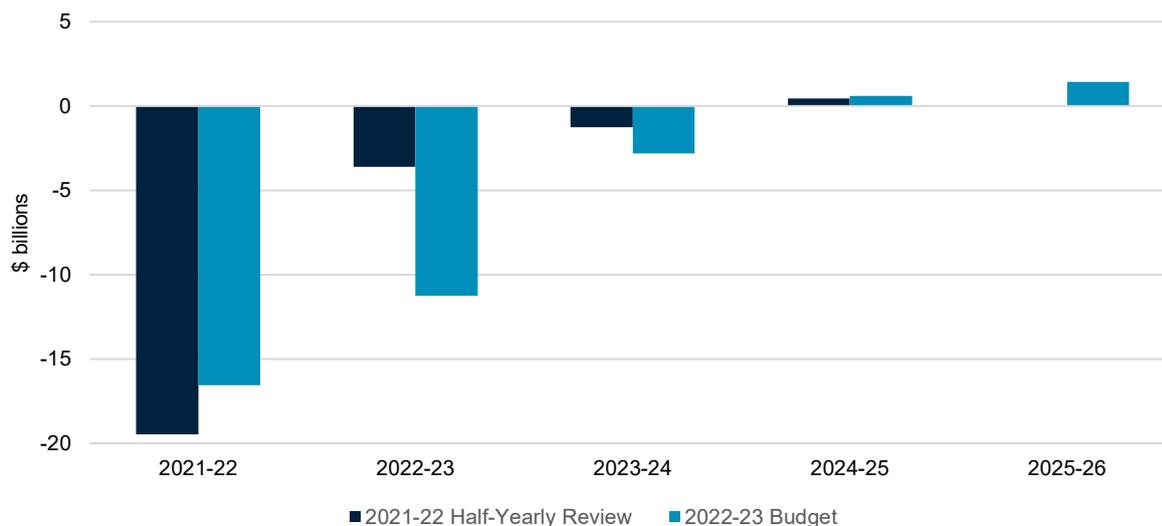
A budget deficit of \$11.3 billion is projected for 2022-23 reflecting the large investment in the health system to improve capacity and resilience, continuing support for COVID-19 and flood response and the comprehensive suite of measures to boost household budgets. The Budget also prioritises significant investments in reforms to boost productivity and participation. These expenditures are partially offset by a \$4.1 billion improvement in government revenues for 2022-23.

Government expenditure will decrease as stimulus programs are phased out and the economy continues to rebound. The rebounding economy is also underpinning an upgrade of State revenues, largely driven by record low unemployment, New South Wales' increased share of GST, higher consumer spending and elevated resource prices.

The State is on track for a return to surplus by 2024-25. This will help build capacity to respond to future shocks and invest in future infrastructure and economic reform. Reforms in areas such as early childhood education and care as well as women's opportunities will generate economic and fiscal returns to the State over the medium to long term.

The 2022-23 Budget continues the Government's commitment to invest in infrastructure as a key driver of long-term growth, with a record \$112.7 billion four-year infrastructure program.

Chart 1.2: NSW Budget Result: 2021-22 Half-Yearly Review compared to the 2022-23 Budget



Some significant economic and fiscal pressures and risks remain. For example, higher than anticipated inflation and upward pressure on interest rates would flow through to expenses, and increase the State's cost of borrowing. The international economic outlook currently faces heightened risks with the NSW economy and the State's budget exposed to unanticipated fluctuations in international economic activity and global inflationary pressures.

The Government is committed to maintaining sustainable debt levels over the medium term and the 2022-23 Budget projects a stabilisation of net debt at around 14 per cent of GSP by June 2026. Net debt is projected to decline towards the end of the decade, helping to ensure balance sheet resilience.

Achieving sustainable levels of net debt is further supported by the Government's fiscal repair program, which continues to strengthen the State's balance sheet, with initiatives undertaken by the Government outlined in Box 1.1.

Box 1.1: Fiscal sustainability for future generations

The Government is committed to maintaining sustainable debt levels over the medium term. The 2022-23 Budget projects a stabilisation of net debt at around 14 per cent of GSP by June 2026 with net debt gradually declining towards the end of the decade.

This is consistent with the Government's commitment to a sustainable and diversified infrastructure pipeline that supports a strong and resilient infrastructure sector. An improving operating position will aid debt repair and bring net debt levels down in the second half of the decade, supporting balance sheet resilience.

The 2022-23 Budget projects net debt as percentage of GSP at lower levels over the forward estimates, at 13.0 per cent of GSP in June 2025. This is lower than the previous projection in the 2021-22 Budget where net debt was projected to be 13.7 per cent of GSP in the same time period. The Government has taken action to stabilise net debt and maintain it at sustainable levels, including:

- **WestConnex transaction** – Since the sale of WestConnex the Government has retired \$7.7 billion in debt using the NSW Generations Fund, and is expected to retire another \$3.3 billion in 2022-23 for a total of \$11 billion in debt retirement.
- **Green and Sustainability bonds** – the NSW Government is one of the largest semi-government issuers with \$7.0 billion in bonds issued to date to help diversify the State's investor base and facilitate capital flows towards ESG objectives.

The 2022-23 Budget also includes \$2.0 billion in budget improvement measures to support fiscal sustainability and a return to surplus, comprising:

- \$1.4 billion in revenue measures, including amendments to the point of consumption and betting tax settings, increases to the foreign investor surcharge land tax rate, a reduction in the discount available for the early payment of land tax and additional compliance investments within Revenue NSW. See Chapter 4 – Revenue for further detail.
- \$645.8 million in savings measures largely due to the introduction of a further efficiency dividend from 2023-24 to 2025-26 and lower wages growth for senior executives. See Chapter 5 – Expenditure for a more detailed explanation.

1.4 Building a brighter future for NSW families

Following unprecedented challenges since 2020, the Government is committed to supporting NSW families. This Budget invests in key initiatives that take pressure off household budgets and support our frontline staff to deliver better services closer to home for communities across New South Wales.

The Budget also aims to build a brighter future for children and young people by setting them up for success and creating better opportunities to be part of the workforce. This requires investing in reforms to drive long-term productive capacity and support sustainable economic growth by creating new industries, new technologies and new jobs.

Boosting household budgets

This Budget provides a range of new cost of living measures that leave more money for families at the end of the week.

Box 1.2: Supporting families to boost household budgets

The NSW Government is committed to easing the cost of living for all households across the State. In 2022-23, more than \$7.2 billion in new and existing rebates, concessions, and cost of living measures are available to households to help with everyday expenses.

In this Budget, the Government is investing in a range of new and expanded measures to boost household budgets, including:

- **Toll relief** – \$520 million over two years, to deliver a new broad-based Toll Rebate Scheme where, every quarter, eligible individuals and small business customers will receive a 40 per cent cash rebate for every dollar spent on tolls once they have reached a minimum of \$375, saving NSW drivers up to \$750 a year, while Sydney’s toll scheme is comprehensively reviewed
- **Back to School program** – \$193.0 million to provide \$150 to every NSW school child towards the cost of school supplies in 2023, including school uniforms and shoes, bags, textbooks, lesson resources and other stationery
- **Affordable and reliable energy** – \$128 million over eight years (including \$50 million of new funding) for the new Energy Bill Buster Program, to help eligible households reduce their gas and electricity bills by providing technology solutions, including solar panels or high efficiency appliances
- **Women’s opportunities and early childhood education** – \$1.3 billion for the Brighter Beginnings Affordable Preschool initiative to provide fee relief for families with children across both the community and mobile preschool sector and long day-care sector

- **Supporting regional communities** – \$98.0 million for a two-year pilot towards a \$250 prepaid Regional Apprentice and Uni Travel Card for university students and apprentices in regional New South Wales each year to ease the cost of travel.

Existing NSW Government measures to support household budgets, while contributing to broader economic and social outcomes, include:

- Active Kids providing savings through two \$100 vouchers each year to June 2023 to increase participation of school-enrolled children in sport and physical activity, with over 4.2 million vouchers redeemed, valued at \$413.3 million, since program inception
- Creative Kids providing savings through a \$100 voucher each year to June 2023 to make it affordable for school-aged kids to get involved in creative and cultural activities, with over 1.6 million vouchers redeemed, valued at \$156.7 million, since the program started in 2019
- First Lap vouchers providing a \$100 voucher each year to June 2023 to make swimming and water safety education more accessible for NSW families, with over 130,000 vouchers redeemed, valued at \$13.1 million, since the program launch
- over 1 million Regional Seniors Travel Cards of \$250 value have been issued to seniors living in regional, rural and remote areas of New South Wales to ease the cost of travel, improve transport access to services, participate in the community and stay connected to family and friends
- over \$300 million paid in 2020-21 through the Energy Social Program, which provides six energy rebates and one crisis support scheme to assist low-income households, with an average saving of around \$320 per customer.

These rebates and vouchers are available through the online NSW Savings Finder tool, which has been accessed by more than 3.75 million people, with an average saving of \$760 per person.

Strengthening frontline services

This Budget will deliver better services sooner and closer to home for communities across New South Wales.

Providing more schools and learning opportunities

This Budget will set children and young people up for success through continued investment in early education, local schools and vocational education, including TAFE. This investment includes:

- \$5.8 billion over 10 years as an investment to make pre-kindergarten available for all children in the year before school by 2030
- \$1.6 billion in new capital expenditure to deliver 23 new and upgraded schools and additional minor works to modernise existing facilities and provide additional teaching spaces
- \$1.3 billion to help families meet the cost of preschool in community and mobile preschools and long day care settings through the Affordable Preschool program
- \$1.2 billion over three years to provide better learning environments by boosting school infrastructure maintenance
- \$108.5 million to support the continued rollout of new Institutes of Applied Technology at Meadowbank and Kingswood, bringing industry, vocational education and training, and higher education providers together to deliver modern training that prepares students for the work of the future
- \$82.7 million to support a further 70,000 placements in apprenticeships, traineeships and high priority training over the next two years.

Delivering world-class healthcare

This Budget commits record investment in the NSW health workforce to ease pressure on existing health workers and support the delivery of quality health care. This commitment consists of \$4.5 billion to recruit 10,148 full-time equivalent staff to hospitals, NSW Ambulance and health services across the State.

This investment includes an additional \$743 million in funding over five years for palliative care and specialist health services, to ensure NSW residents at the end of their life have access to new treatments and world-leading pain management. The increased funding will support the employment of an extra 600 nurses, allied health professionals, doctors and support staff.

Box 1.3: Boosting paramedic numbers to provide better services across the State

This Budget invests almost \$1.8 billion to enable NSW Ambulance to recruit 2,128 staff and open 30 new ambulance stations. The first eight stations will be at Warilla, Kincumber, Lisarow, Gateshead, Swansea, Cherrybrook, Raby and Narellan in the coming year with 22 more stations over the following three years.

This investment includes \$94.5 million to establish an Ambulance Virtual Clinical Coordination Centre (VCCC) co-located and integrated within the State Operations Centre. The VCCC will assist NSW Ambulance Control Centre staff to manage an increased volume of triple zero calls to effectively prioritise emergency cases.

The additional funding supports NSW Ambulance to meet the current and projected demand for critical care across New South Wales to ensure equity of access, timeliness and quality of service.

In recognition of the efforts of health workers throughout the pandemic, the Government will provide a one-off payment of \$3,000 to NSW Health employees. This is in addition to the new public sector wages policy which increases remuneration by 3.0 per cent in 2022-23 and 2023-24, with an additional 0.5 per cent on offer in 2023-24 where productivity improvements can be delivered to absorb the cost of the increase.

Supporting a quality home for everyone

The Government will invest \$2.8 billion in measures to support greater opportunities to access and own a quality home and help the most vulnerable, including:

- \$780.4 million for a two-year trial of a shared equity scheme for up to 6,000 eligible single parents, older singles and first home buyers who are teachers, nurses or police
- \$728.6 million to introduce an option for first home buyers purchasing a home for up to \$1.5 million to pay an annual property tax instead of upfront stamp duty
- \$300.0 million for a third round of the Accelerated Infrastructure Fund, including \$120.0 million for regional areas, to co-fund critical housing enabling infrastructure
- \$300.0 million for maintenance and upgrades to more than 15,800 social housing properties, extending the life of social homes and ensuring tenants have safe accommodation
- \$174.0 million for 271 new homes for key workers in regional and remote New South Wales
- \$149.8 million for 200 new and 260 upgraded homes for First Nations people, as well as 4,400 climate resilience and energy saving upgrades, helping to reduce overcrowding and improve the quality of life for tenants
- \$89.0 million to reduce planning assessment timeframes and bring forward housing supply

- \$73.5 million to undertake strategic planning and rezoning in State-led precincts to increase capacity for new housing and employment opportunities
- \$67.2 million to continue and expand the Strong Family, Strong Communities program, to provide wrap-around services and support to at-risk First Nations families and the Aboriginal Community Housing sector
- \$37.0 million to partner with Community Housing Providers to deliver 120 new social housing dwellings to support the transition of existing Together Home clients in leased accommodation to permanent accommodation
- \$33.8 million for the Regional Housing Development Program to overcome data gaps, coordination and planning barriers to secure a pipeline of housing supply in regional NSW
- \$32.0 million to deliver planning and infrastructure upgrades to First Nations communities through the Roads to Home program, supporting access to essential services.

Investing in our communities

The Government is committed to investing in the future of our communities across New South Wales by delivering world class infrastructure and services.

A sustainable infrastructure pipeline

The Government is committed to delivering its \$112.7 billion four-year infrastructure program to enhance the future of our communities through transformative transport infrastructure.

Transport plays a key role in making New South Wales a better place to live, work and visit by connecting people and communities and making journeys safer, easier and more reliable.

Integrated transport networks, including road, train, metro, bus, ferry, light rail, cycling and walking, also play a critical role in driving economic growth and wellbeing. Key projects include:

- \$12.4 billion for the Sydney Metro West which will deliver a new underground driverless Metro line connecting Greater Parramatta with the Sydney CBD in around 20 minutes, including new metro stations at Westmead, Parramatta, Sydney Olympic Park, North Strathfield, Burwood North, Five Dock, The Bays, Pyrmont and Hunter Street in the Sydney CBD
- \$8.4 billion for the Sydney Metro – Western Sydney Airport which will deliver six new Metro stations to service the future Airport and the Western Sydney Aerotropolis, interchanging with the T1 Western Line at St Marys
- \$5.1 billion for the Sydney Metro City and Southwest which will deliver an extension of Sydney Metro Northwest from Chatswood, under Sydney Harbour, through new CBD stations and southwest to Bankstown
- \$4.1 billion for the Western Harbour Tunnel to deliver the first stage of tunnelling works for a new crossing of the Sydney Harbour, and continued planning for Beaches Link
- \$3.2 billion for the Great Western Highway Upgrade to reduce congestion and deliver safer, more efficient and reliable journeys through the Blue Mountains and better connect communities in the Central West
- \$2.3 billion for the M6 Extension Stage 1 which, when completed, will remove more than 2,000 trucks a day from surface roads, enable motorists to bypass up to 23 sets of traffic lights on the Princes Highway and enhance pedestrian and cyclist safety through shared pathways
- \$1.9 billion for Jervis Bay to the Victorian border to continue the transformation of the Princes Highway from south of Nowra to the Victorian border, including the delivery of the Milton-Ulladulla Bypass to improve safety, journey times and freight efficiency
- \$1.7 billion for the Warringah Freeway upgrades to surface roads, bridges and interchanges along about four kilometres of the freeway corridor.

Recovery and resilience

At the pandemic's outset, the Government had the fiscal capacity and strong economic foundations to invest in our people and our economy through the worst of the pandemic.

The economy will continue to be supported by targeted recovery measures into 2022-23.

Key investments include:

- an additional \$961.4 million for the ongoing health costs of the continued management of COVID-19 including fever clinics, long COVID-19 clinics, and infection prevention
- \$155.0 million for the Before and After School Care program, providing a \$500 voucher towards the cost of before-and after-school care for every child in New South Wales
- \$130.0 million for the Mental Health and Wellbeing package
- \$66.2 million for the Alfresco Restart Package and the \$50.0 million CBDs Revitalisation Program to bring the streets of New South Wales back to life with outdoor dining, live music and entertainment.

Across New South Wales, 61 LGAs were Disaster Declared as a result of the February and March 2022 storms and floods. In response to these events, the NSW and Commonwealth Governments have jointly committed \$3.5 billion (2021-22 to 2024-25) to support impacted communities, including:

- \$350.0 million for immediate clean up assistance for properties and other public, community and environmental assets, and waste disposal
- \$350.0 million for the procurement and management of temporary and medium-term housing in approved sites, to support people unable to secure stable, ongoing accommodation because of the floods
- \$312.5 million to deliver State and Local government transport infrastructure resilience improvements to reinforce and upgrade infrastructure and assets
- Housing and accommodation support, including:
 - \$285.2 million for rental assistance support, temporary housing measures, and a housing flood recovery service
 - \$168.0 million for social and police housing support
 - \$112.5 million for Back Home grants to help restore housing to a habitable condition.

Empowering First Nations communities

New South Wales is home to Australia's largest Aboriginal and Torres Strait Islander population. As signatory to the National Agreement on Closing the Gap, the Government is committed to strengthening shared decision-making and genuine partnerships with Aboriginal and Torres Strait Islander communities and organisations.

Box 1.4: Partnering with First Nations communities to Close the Gap

This Budget provides a suite of initiatives to improve social, economic and cultural outcomes for First Nations people. This investment will empower Aboriginal Community-Controlled Organisations (ACCOs) to deliver culturally appropriate services in their communities. This is in recognition of the critical role ACCOs play in service delivery and providing employment opportunities for First Nations people.

To support progress towards Closing the Gap, the Government has partnered with the NSW Coalition of Aboriginal Peak Organisations to co-develop 28 new initiatives totalling \$188.6 million. These initiatives empower ACCOs to deliver services in partnership with the Government including:

- \$47.0 million to support strong data and governance to drive the Government's partnership approach with First Nations communities
- \$33.2 million to support First Nations children and young people to thrive through community-driven programs
- \$29.6 million to promote health and wellbeing in First Nations communities including access to culturally appropriate mental health and cancer treatment services
- \$26.2 million for developing appropriate standards for First Nations housing and land management
- \$19.7 million to tackle recidivism in the justice system

This Budget also includes an additional \$527.1 million for other programs that will deliver positive outcomes in First Nations communities, including:

- \$43.9 million for the Aboriginal Languages Trust to support First Nations languages revitalisation
- \$34.2 million to continue and expand Aboriginal Child and Family Centres and an additional \$64.5 million to build six new sites to provide culturally safe services that support First Nations children and families to thrive
- \$15.3 million for Stolen Generation Keeping Places that allows for culturally appropriate preservation of sites, research and stories of survivors.

Building strong regions and creating more opportunities

Regional New South Wales is home to diverse communities and places, offering lifestyle and business opportunities found nowhere else. Many people have recognised the appeal of living in regional New South Wales, reflected in increased levels of migration from metropolitan centres.

The Government is continuing to support regional communities through high quality services, improving infrastructure, and investing in critical industries. This includes:

- \$2.4 billion over 10 years to boost the regional workforce including strategies to address the future pipeline of healthcare workers by increasing health training positions locally in rural areas, supporting professional development of rural workforce, and providing recruitment and retention incentives to support sustainable workforce supply
- \$1.3 billion to expand the Regional Growth Fund, continuing successful programs that have invested in over 2,700 projects since 2017, including the Stronger Country Communities Fund, Resources for Regions, and the Regional Job Creation Fund
- \$149.5 million to enhance the existing Isolated Patients Travel and Accommodation Assistance Scheme to improve access to timely specialist and preventive care, while reducing out-of-pocket expenses for patients

- \$145.0 million over three years for the Regional Investment Activation Program to strengthen supply chains, attract private sector investment and address skills gaps in key sectors to drive high value, specialist industries and job creation
- \$130.0 million over five years to maximise the potential of the critical minerals industry by driving investment and job creation for a viable, valuable and sustainable sector.

Ensuring Western Sydney remains a great place to live, work and raise a family

The Government is committed to creating opportunities and improving quality of life for people living in Western Sydney for decades to come. This Budget invests in vital infrastructure to build a better future for Western Sydney communities, including:

- \$246.1 million in 2022-23 (as part of an \$840 million total Government contribution) for the new Powerhouse Museum at Parramatta and expansion of the Museum Discovery Centre in Castle Hill
- \$185.4 million in 2022-23 (as part of a \$619.0 million project) for Stage 2 of The Children's Hospital at Westmead Redevelopment
- \$126.8 million in 2022-23 (as part of a \$740.0 million project) for the Liverpool Health and Academic Precinct.

The \$5.0 billion WestInvest program will also fund transformational projects that will support liveability and community amenity in Western Sydney. The program is split between two funding streams. \$2.0 billion is reserved for high-priority community projects:

- \$400.0 million is directly allocated to 15 Western Sydney Local Government Areas to fund shovel-ready local projects
- \$1.6 billion is allocated through a competitive grants process that is open to applications from community groups, non-government organisations and local councils.

A further \$3.0 billion will be made available to NSW Government agencies to deliver transformational projects that will benefit local communities.

As part of WestInvest, this Budget commits \$478.2 million to modernise nine schools in Western Sydney, including Rouse Hill High School and Parramatta East Public School. This program of works will deliver a broad range of capital investment to renew existing school assets and provide additional teaching spaces.

Growing the economy for a brighter future

The best approach to global uncertainty is to invest in reforms to drive long-term productive capacity and support sustainable economic growth.

Supporting women's opportunities

The Government will invest in significant early childhood education and care reforms to help increase women's workforce participation and to improve developmental outcomes for children. These reforms are based on the findings of the Women's Economic Opportunities Review, which was commissioned by the Government in February 2022. This landmark investment will drive economic growth through higher participation, while achieving better outcomes for children. Key initiatives include:

- \$775 million over the next four years for the creation of the Affordable and Accessible Childcare and Economic Participation Fund (the Fund) to increase the supply of affordable childcare, followed by an investment of up to \$650 million per year after that, indexed to CPI

- expansion of the Affordable Preschool program, which will provide families with \$2,000 per child per year for preschool in long day care settings and up to \$4,000 per child per year in community and mobile preschools. Together with the Fund, this will enable more women to participate in the workforce or increase how much they work, and ensure children in New South Wales have the best start in life
- \$80.0 million to support affordable fertility treatments across New South Wales, including extending the fertility testing rebate (of up to \$2,000 per family) and increasing the number of fertility treatment places in public clinics
- \$12.0 million to establish the Carla Zampatti Fund (\$10 million for the Fund and \$2 million for establishment and operation), which will invest in female-led start-ups to help more women entrepreneurs start and run successful businesses
- \$9.5 million for dedicated support for female business owners through Service for Business and Business connect programs.

The future economy

The Government is investing in technology that will create new opportunities for businesses and drive long-term productive capacity. This Budget will support the future economy and jobs of tomorrow through targeted investments in research and development (R&D) and research commercialisation, including:

- \$1.0 billion towards the delivery of four new research and development precincts, including:
 - \$261.9 million over 10 years in capital expenditure towards the establishment of the Advanced Manufacturing Research Facility, a new state-of-the-art facility that will be established within the Bradfield City Centre
 - \$150.0 million over five years in capital expenditure towards the construction of the Sydney Biomedical Accelerator Complex – a co-funded partnership project between NSW Health, Sydney Local Health District and the University of Sydney – at the Tech Central precinct in Camperdown. The Accelerator will be a state-of-the-art biomedical research complex offering a unique global concentration of biomedical research talent, enabling researchers and industry collaborators to work together on solving critical health challenges
 - \$119.1 million over 10 years in Ribonucleic Acid (RNA) therapeutics manufacturing, research and development for initiatives to translate RNA therapeutics research into clinical and commercial outcomes and ensure best use of the pilot manufacturing facility
 - \$49.6 million in capital expenditure over four years towards the construction of the Viral Vector Manufacturing Facility at the Westmead Health and Innovation District.
- \$703.4 million for the establishment of the Future Economy Fund. This fund will target the end-to-end stages of business growth including R&D, commercialisation, industry growth, investment attraction and maturity
- \$300.0 million over 10 years to help build the State's clean manufacturing base, using new, clean technologies including green hydrogen, cement, ammonia, and steel production.

Protecting the planet and growing a clean economy

New clean energy initiatives will expand and accelerate the development of clean energy production, transmission and storage in New South Wales. This Budget includes investments to address the physical risks of climate change as well as take advantage of clean technologies and emerging green markets.

The Government's commitment to protecting our environment will support sustainable economic growth for the long-term and leave a better planet for future generations.

Key clean energy initiatives include:

- \$1.2 billion net (maximum, after recycling proceeds) to accelerate the delivery of the new transmission projects required for Renewable Energy Zones across regional New South Wales (total gross investment, which is intended to be fully recouped, is \$3.1 billion over the next 10 years)
- \$250.0 million over five years to support the emerging renewable manufacturing industry, securing local supply chains and encouraging innovation, to ensure New South Wales captures the jobs and investment from the renewable energy transition
- \$74.0 million for Zero Emission Buses to develop a Final Business Case and commence enabling works to transition to a low-emission bus fleet to allow quiet and environmentally friendly travel services for Sydney commuters
- \$84.0 million over 10 years for the delivery of the Energy Infrastructure Roadmap, accelerating the development of the Renewable Energy Zones across regional New South Wales
- \$47.6 million over five years to investigate new opportunities for pumped hydro energy and deliver an extra 1.4GW of storage to the grid.
- \$38.3 million to support the rollout of Electric Vehicle Charging Infrastructure to deliver infrastructure to service the growing fleet of electric vehicles, including by accelerating the rollout of ultra-fast charging stations, kerbside charging, and ensuring buildings are ready to install charging infrastructure.

This Budget also invests:

- \$423.6 million for the National Parks and Wildlife Service to meet growth in demand for nature-based tourism and continue to deliver improved conservation outcomes
- \$206.2 million over 10 years for the Sustainable Farming Program to reward farmers through incentive payments linked to an opt-in accreditation program, who invest in best-practice regenerative farming to improve biodiversity, reduce carbon emissions and improve farm productivity
- \$106.7 million to establish a new Biodiversity Credit Supply Fund designed to increase the supply of biodiversity credits to re-sell to public and private proponents. The operation of the Fund will benefit the environment and landholders, while supporting the delivery of infrastructure projects and economic activity
- \$93.7 million over eight years for a Climate Change Adaptation Strategy to develop risk assessments, action plans and other capabilities needed to address the physical risks arising from climate change
- \$19.8 million for Water Strategy Initiatives to address floodplain management, First Nations access and a groundwater framework.