

Budget Speech

2023-24



Circulated by The Hon. Daniel Mookhey MLC, Treasurer

New South Wales

2023-24 Budget Speech

Delivered on 19 September 2023 by
The Hon. Daniel Mookhey MLC, Treasurer

INTRODUCTION

Speaker -

I am presenting this year's budget on the land of the Gadigal.

So let me begin by offering my respect to their Elders - past, present and to the First Nations leaders of tomorrow.

And allow me to pledge my ally-ship to all First Nation's people presently campaigning for Australia to take the next step forward in perfecting this democracy.

By enshrining a voice for First Nations people in the national constitution; so we all can partake in this nation's future equally; and we do indeed advance Australia fair.

A Fresh Start for New South Wales

Speaker, I have come here - to the people's house - to deliver this new Government's first budget.

This *Labor* Budget signals the beginning of a new age of public investment that benefits the many, bringing an end to the era of privatisation that handed profits to the few.

This Budget treats our schools and hospitals, our railways and roads, as assets to revitalise; not liabilities to neglect.

This Budget builds more homes amidst a housing crisis. It funds more essential workers for our essential services. It rescues the energy transition with additional investment. It aids disaster-hit cities and regions with help to repair.

And this Budget cuts waste; ends pork-barrelling, funds what works; and lowers debt for our children and our grandchildren.

Above all -

This *Labor* Budget delivers the people of NSW the fresh start they voted for.

Busting the wages cap, beginning toll-reform, backing first-home buyers, building new and better public schools and hospitals; restoring TAFE, fixing social housing, repairing rural and regional roads, helping small businesses, and wrangling debt back under control.

Today I intend to set forth how the Minns Government will use the people's resources to improve our people's lives.

Economic Outlook

Speaker, rising rents; sky-rocketing mortgages; ever-increasing electricity bills and even more expensive groceries is making it harder to live, work and retire in this state.

Like I said in June: inflation remains NSW's preeminent economic challenge.

It is why interest rates have increased; living standards have fallen; real-wages have declined and unemployment is likely to climb.

The Treasury expects elevated inflation this financial year.

The forecast is for it to top four and three quarters percent. It is then expected to return to the Reserve Bank's target range from the June quarter in 2025 onwards.

Economic growth is moderating. 12 interest rate rises in 16 months has hit households hard. They are spending less.

The Treasury predicts the NSW economy will still expand, rising by 1 and 1/4 per cent in real terms this financial year.

Growth is then anticipated to climb to 2 and 1/4 per cent by 2026-2027.

Unemployment is likely to hew closely to the national projections

Importantly, wage-growth is finally set to accelerate.

The Treasury expects real-wages to rise from next year: outpacing price growth by 3/4 per cent by the 2026-27 financial year.

Signalling the reversal of a decade of real wage-stagnation. Beginning the recovery of a decade's worth of lost buying power.

HELPING FAMILIES WITH THE COST OF LIVING

Speaker, the prospect of real wages rising will help families live through this once-in-a-generation cost-of-living crisis.

But any truthful reckoning of the current difficulties will reveal this simple truth:

Too many of our citizens will still live in dread of the next interest rate rise.

Or their next utility bill.

Or their next visit to the supermarket.

Or their next notice from their landlord.

Or their next toll notice.

In NSW the cost-of-living crisis is worse because of a decade of privatisation. The sale of tens of billions worth of public assets turned families into the prey of private monopolies.

It is why NSW is home to the most-tolled city in the world. It is why NSW families are paying more for their power.

And it is why NSW families have less control of their energy future than families living in states like Queensland - which still owns their electricity assets.

Privatisation is draining family budgets. They need help now. So the Minns Government will act.

Our strategy is to provide immediate relief to help alleviate the pain of high housing costs, electricity bills, and tolls; but pair these measures with long-term change.

Private-sector reform. Matched with public sector-innovation. Targeting the factors responsible for inflicting those pains in the first place.

Let me explain - beginning with housing.

Housing

NSW is in the midst of a fierce housing crisis. Rents are rising. Interest rates are climbing. Home-ownership rates are falling. Demand for social housing is increasing. Homelessness is worsening. And the next generation fears permanent eviction from safe and secure housing.

Had we built more homes during the last decade - more homes could be bought or rented in this decade. But years of governments plodding means the state now needs deep systemic solutions to correct the flaws in the housing market.

NSW needs to think laterally about how to add to the state's housing stock.

That means re-imagining the role of the government agencies we entrust to lead our housing interventions.

Modernising them so their capabilities match the moment we live in.

A New Future for Landcom

One of those agencies is Landcom. It is a publicly owned corporation. It has featured heavily in our housing past. It needs to feature prominently in our housing future too.

Under the Minns Government: it will.

That is why I am announcing a \$300 million funding injection for Landcom. It will go towards building 4697 new homes.

1409 of them will be affordable homes.

The extra money is in addition to the \$60 million Landcom will get to pilot publicly-owned build-to-rent projects in the Northern Rivers and the Illawarra-Shoalhaven regions.

And it makes possible this reality: a publicly-owned company can build new housing on the public's land for a public that needs them desperately.

Building Neighbourhoods Before the Housing Arrives

I am also announcing the creation of a new \$400 million Housing Infrastructure Fund. Financed from the monies leftover after more than 700 Restart NSW projects finished.

Many of those dollars have been idling in the government's bank accounts for years. They were forgotten until our comprehensive expenditure review found them.

Now, that money will go towards building sewers, footpaths, lights, parks and schools.

\$100 million is reserved exclusively for Regional NSW.

It bolsters the \$1.5 billion available through the new *Housing and Productivity Contribution* so the practical infrastructure people expect is ready before they get the keys to their new homes.

The Government is also providing the state's social housing agencies and homelessness services a one-off \$224 million emergency funding boost.

Neither of them can wait long for more resources.

They are both facing acute pressures.

So they are getting what they require right now. And we will return with further reform to equip them with what they need thereafter.

Alone these measures will not transform the NSW housing market. I do not make that claim.

But I do say that - along with removing and reducing stamp duty for 84 per cent of first home buyers, the creation of Homes NSW; the adoption of the faster planning protocols; and the modernisation of our rental laws - the Government is establishing the foundations of a new housing compact in NSW.

Tolls

Speaker, there is yet another reason why NSW families are suffering acute cost-of-living pressures. They involve choices the previous government made.

From their very first term and until their last term, the Liberal and National parties showed they are the parties of privatisation.

That is when Sydney became the most tolled city in the world. With a private company owning all or part of the M2, the M4, the M5 East, the M5 South West, the M7, the M8, the M4-M8 link, NorthConnex, the Lane Cove Tunnel, the Cross-City Tunnel and the Eastern Distributor.

By the time the last of these privatised roads returns to public ownership a child born today will be celebrating their 37th birthday.

If NSW is to have a simpler, fairer and more efficient tolling system, then work needs to begin immediately.

Toll reform cannot wait 37 years.

So here is what we will do:

First, the Government is getting ready to introduce a two year \$60 per week toll cap from January onwards.

\$551 million back to more than 700,000 motorists. Complemented by \$64 million for a one-third cut to the toll multiplier for trips taken by trucks on the M5 East and M8 for 2 years.

Two election promises: delivered in full.

Second, Australia's toughest customer - Allan Fels - is spearheading the work necessary to streamline motorway pricing across Sydney.

Third, public ownership.

Under Labor the public will always own the Sydney Harbour Bridge, the Sydney Harbour Tunnel, the Western Harbour Tunnel, and the M6 Stage 1.

The era of toll-road privatisation is over.

With public ownership, we can begin to inject competition into the toll market. And that is what this Government intends to do.

Energy Relief

Privatisation also drains family budgets every time an electricity bill arrives.

And those with the least are suffering the most from the sky-high power prices charged by the privately-owned power companies.

So this Government is responding.

This Budget raises:

- the Family and Seniors Energy Rebates to \$250;
- the Low-Income Household and Medical Energy Rebate to \$350; and
- the Life Support Rebate to \$1,639 for each equipment type from 1 July next year.

These additional three measures are part of a package worth a combined \$100 million. They will help up to 1.6 million families.

They complement the \$500 energy rebate currently rolling out to those 1.6 million households.

And they form part of the \$1.1 billion the Minns Government is spending this Budget year to alleviate the pain families feel from the privatised electricity utilities.

Energy Reform

This investment is coupled with reform. Reform that builds an energy market that is stable enough, cheap enough and predictable enough for businesses to make long-term investments; and clean enough to help stave off the horrors of global heating.

To begin this work: this Budget creates the *NSW Energy Security Corporation*. It seeds it with \$1 billion.

The corporation's mission: to partner with the private sector.

To unlock the investments in the long-duration storage we need to curb our dependence on coal-fired power.

The Budget also injects an additional \$804 million into the *Transmission Acceleration Facility*. Money to connect the state's Renewable Energy Zones (REZ) to the grid sooner. Money to save the energy transition from faltering altogether

The Government is also revamping the NSW Electric-Vehicle strategy.

Rather than spending \$263 million of the public's money on private subsidies for electric-vehicle buyers, this Budget will use those funds to build more electric-vehicle infrastructure.

Especially charging infrastructure. Especially in regional NSW.

REBUILDING ESSENTIAL SERVICES

A New Deal for NSW Essential Services and Workers

Energy bills, tolls, rent and mortgage increases have all felt more severe because for more than a decade, conservative politicians - Federal and State - have held down the wages of working people.

Speaker, paying people enough to provide for their family is right morally; it is correct economically; and it is vital if we want to rebuild essential services to the world-class standards NSW demands.

If we want a world-class health system: we have to train, recruit and retain enough health workers to staff our hospitals.

If we want young people to have more opportunities than we do: we need to stop denying there is a teacher shortage - and instead act to solve it.

If we want to keep our communities safe and prosperous: we have to fill the vacancies in our police force, our child protection system and across the NSW public service.

So, to begin rebuilding our essential services, the Government will act on the labour shortages that are diminishing them.

We have removed the wages cap the conservatives introduced - which only served to stoke confrontation - and are replacing it with a new-bargaining system that fosters cooperation.

We are creating a \$3.6 billion *Essential Services Fund* to share the fruits of reform with those who deliver them.

And the NSW public sector has already gotten the biggest public sector pay rise in more than a decade.

Turning around a decade of wage suppression will take more than six months. The best way to restore real-wage growth for all workers remains bringing inflation back under control.

Another decade spent holding down people's wages will result in more inequality, a weaker economy and worse public services.

Health

Recruiting more essential workers is the first step of rebuilding public services after more than a decade of decline.

The need is especially urgent in the New South Wales health system.

We need more hospital cleaners and security guards; more allied health professionals and paramedics; more nurses as well as doctors

That is why this Budget:

- Hires 500 new paramedics for rural and regional NSW as part of a \$438.6 million program.
- Begins to reform salary packaging benefits for some of our lowest paid health workers so more of them stay working in our hospitals and don't leave for other industries.
- Funds scholarships for 12,000 healthcare students. New students will receive \$4,000 **per year** and existing students will receive **one-off payments** of \$8,000 if they join and stay working for NSW health.

This Budget also commences the historic introduction of Safe-Staffing levels for NSW Nurses: \$419 million to hire the 1,200 nurses the health system has to have.

And

The Budget saves the jobs of 1112 nurses. Nurses that otherwise would have been fired next June because the previous government left their positions unfunded without telling anyone.

The investment we are making in the people working in the health system is complemented with the investments we are making in health infrastructure.

The \$13.8 billion we are spending to build and upgrade health facilities include:

- \$120 million to expand Blacktown and Mount Druitt Hospital
- \$350 million for Canterbury Hospital, \$550 million for Fairfield Hospital and
- \$1.3 billion to rebuild Bankstown hospital on a new site.

And, after being promised for 3 elections in a row, this Labor Government is delivering \$700 million to finally build the Rouse Hill Hospital.

Last year a Parliamentary Inquiry told us: “Residents in rural, regional and remote New South Wales have inferior access to health and hospital services”.

This Budget begins to end this divide by making:

- A \$260 million investment in Eurobodalla Hospital
- \$200 million for Bathurst Hospital to serve the Central West
- \$538 million for Albury Wodonga Regional Hospital
- And we will help make parking free across our rural and regional hospitals at a cost of \$19 million.

Education

Speaker, the long-term driver of our prosperity is our people. Their skills and ingenuity.

Let there be no doubt: Our state makes its living by selling the intelligence of our citizens to the world.

Education has always been our secret superpower.

It’s how we acquire the world-beating skills that we then use to unlock the magic circle of productivity growth, that leads to investment growth, that lifts real wages as our national income climbs.

Yet this truth is increasingly self-evident:

The power of our education system is fading. Here are some facts that alarm this Government and should alarm this House too.

The most recent NAPLAN results showed 1 out of every 10 children in Year 9 are not able to read or write to the minimum standard.

Between 2006 and 2018, NSW students dropped from 6th to 22nd in the OECD in reading, from 9th to 30th in maths, and we dropped from 3rd to 23rd in science.

So I’m clear:

Falling education standards today is a recipe for economic decline tomorrow.

And no long-term economic-plan is worth its salt unless it truthfully reckons with the decade of declining education standards NSW has just endured.

So this Government is acting.

- After just six months - NSW Teachers are now the best paid in the nation. And more than 3000 of them are heading back to the classrooms - after the historic agreement we reached with their union.
- Six months ago 16 000 teachers and admin staff were on temporary contracts despite an epic teacher shortage. Six months later - those people have permanent jobs and the job security they have earned.

We make further progress in this Budget - with \$9.8 billion for school infrastructure, TAFE and pre-schools, including:

- \$3.5 billion to build 24 new and upgrade 51 schools in Western Sydney
- \$1.4 billion to build 19 new and upgrade 35 schools in regional New South Wales
- And \$769 million to fast track 100 new public preschools.

Labor has always been the party of education. Labor will always be the party of education.

Infrastructure and transport

Let me now turn to our infrastructure and transport networks.

Speaker, this Government prefers to build real projects - not waste billions on fantasy projects, vanity projects, or projects that are just plain bad.

So the pipedream of a park on top of the Cahill Expressway, a tunnel under the Blue Mountains, or dams that don't stack up, will make way for our emergency regional road repair program; the urban congestion busting fund; and the new and upgraded schools and hospital packages that communities really need.

Furthermore:

- The Sydney Metro City and Southwest needs an extra \$1 billion to get back on track after years of delays and cost blowouts. This Budget provides it.
- We have reserved \$303 million for a Western Sydney Rapid Bus Network to the future Western Sydney International Airport.
- The Parramatta Light Rail Stage 2 will be expedited by reserving \$200 million to get construction started.
- We will put Australian-made ferries back on our harbour with 7 new Parramatta River Class ferries for \$43 million, and \$71 million to return Freshwater Class ferries to the Circular Quay-Manly route.
- We will spend \$300 million upgrading train station car parks and installing new lifts, ramps and footbridges.

And, as promised during the election, we will give people more options to walk or ride to their destination by doubling the state-wide investment in Active Transport Infrastructure with an additional \$60 million.

Statewide roads

In Western Sydney a booming population needs roads and we have set aside \$2.4 billion for this purpose.

This Budget includes a commitment of \$770 million to establish an Urban Roads Fund to bust congestion in metro areas.

Furthermore, we will spend:

- \$106.2 million on the M7-M12 Interchange
- \$95.7 million to improve the Western Distributor
- And the Bells Line of Road will be upgraded for \$100 million.

Roads right across our vast state require significant improvement and repair.

A new \$390 million *Regional Emergency Road Repair Fund* will help councils rebuild local roads destroyed in natural disasters.

A further \$334.0 million *Regional Roads Fund* will build and maintain new and existing roads across the state.

Promises made. Promises kept.

Disaster Relief

Speaker -

Few people have done it tougher than those who have lost their homes or seen their community devastated by floods and fires.

This Budget includes \$4 billion for natural disaster support and recovery programs to pay the bills left behind from the March 2021 floods; the November 2021 floods; the February and July 2022 floods, and the floods in August and September 2022.

These floods affected people in Lismore, Ballina, Woodburn, Windsor, Chipping Norton, Molong, Eugowra, Cowra, Forbes, Young, Yass, Bega, Gunnedah and Scone to name just a few.

Those communities have waited too long.

So those communities are getting help now.

As weather events become more extreme, new investment in preparation and mitigation is as needed as funding for recovery and rebuilding.

More than \$700 million will go to rebuild roads. And the NSW Reconstruction Authority will also get \$121.0 million to ensure communities are better prepared for, and can recover faster from, the heartache of natural disasters.

And that's just the start

Speaker, the programme of reform funded in this Budget is extensive:

- We are putting an end to the politicisation and pork-barrelling of regional development funding. A new \$350 million Regional Development Trust Fund will have rules to ensure allocations are transparent. Because need should matter more than political allegiance.
- \$80 million is being set aside to establish the new Great Koala National Park on the Mid-North Coast.
- \$34.3 million is going to 20 Women's Health Centres - their first funding increase in decades.
- We are partnering with the McGrath Foundation to hire 29 new breast cancer nurses,
- And we are spending \$52.7 million to fund 48 new Sexual Assault Nurse Examiner

Common-sense programmes. Life-changing outcomes.

FIXING THE STATE'S FINANCES

The Budget Result

Speaker, undoing the damage privatisation did to family budgets; fixing our essential services; paying our essential workers decently; rebuilding disaster-stricken cities and regions: these decisions begin the work of building a better NSW.

The investments we make in this Budget are possible because the government has made better choices.

Better choices about the use of the public's resources.

Choices necessary for the state to have the finances it needs to deliver the changes NSW must make.

Choices essential given the fiscal position this Government inherited.

Choices that have yielded a substantial improvement to the budget result.

The forward estimates are \$4 billion better-off under Labor. No privatisation needed. No smoke and mirror tactics used.

The Treasury is forecasting the budget deficit to reach \$7.8 billion this financial year.

They then expect the state to post an \$844 million surplus in 2024-25.

A \$1.6 billion surplus in 2025-26.

And a surplus of \$1.5 billion in 2026-27.

Reducing Liberal Party Debt Without Privatisation

Labor has also begun the hard work of reducing NSW's level of debt.

The last budget planned for NSW to add \$60 billion of additional debt in the next three years.

Under that plan we would have owed a total of \$188.2 billion by June 2026.

This was the largest debt any incoming state government has ever inherited from its predecessor.

In three years time, the State would have been handing our lenders \$7 billion in annual interest payments.

This is billions more than we spend to fund the entire NSW Police Force.

So there is no doubt:

This Government favours paying our essential workers more and our bondholders less.

Under Labor: we can.

I can report to the House:

Because of this Budget, gross debt will be \$14.8 billion lower by June 2026 compared to our predecessors. Net debt is \$10.5 billion lower.

This is NSW's largest ever reduction in gross debt - actual or forecast - and it has been achieved without privatisation.

As a result, the State will be saving \$2.3 billion in interest payments.

Money freed for our schools, hospitals, police stations and other vital public services. Money no longer destined for our creditors.

The Comprehensive Expenditure Review

Speaker,

The Finance Minister and I pored over every dollar the New South Wales Government spends.

We have been determined to make sure the public's money is being spent on the public's priorities. We found \$13 billion that we have redirected to the State's top priorities.

By freezing the pay of politicians and top public servants for two years, and by reducing the record 4000 top executives employed by the former government, the public is more than \$700 million better off.

Instead of forking out a king's ransom to hire an army of consultants and labour-hire companies, we will act on solving the staff shortages in the public service. Curing the cause to avoid the symptoms. Cutting expenses by \$530 million.

We prefer our state planners to work together - not be dispersed across a passel of planning agencies. So the Greater Cities Commission and the Western Parkland City Authority will be merged into the planning department. Yielding \$111 million in efficiencies.

COVID has ended. But a clutch of COVID programmes have not. Like the \$100 million still set aside for emergency PPE. We are ending them.

Getting NSW its Fair Share from Our Resources and the Commonwealth

The people of NSW will also be getting more of the wealth their resources create for others.

Coal royalties are increasing by 2.6 percentage points from 1 July 2024. The change will start after the Coal Market Price Emergency directions, introduced by the previous government in December 2022, come to an end.

The old system is out of date. The market has moved on. So the Government will modernise the state's coal royalties system so it suits current market conditions.

We will close a number of tax loopholes to existing taxes and duties. These measures will improve the fairness and integrity of our tax system.

And NSW is being clear with Canberra: the GST no-worse off guarantee must stay.

CONCLUSION

Speaker,

In a few moments I shall return to the other place - indebted to this House for the courtesies you have extended to me: a stranger in your midst.

So let me leave you with these closing remarks.

I grew up in Merrylands, in the Granville electorate. Most of my neighbours worked in the factories, estuaries, quarries and refineries of wider Western Sydney.

Today, people in my old neighbourhood have very different jobs. But, their ambitions and aspirations have stayed the same.

They expect honest businesses to make good profits.

They expect their hard work to be rewarded with greater wealth.

And they extend the hand of friendship to those experiencing adversity.

The Budget I deliver is a budget driven by those values - made for a state who voted for an energetic government, led by a united team, with a vision for what our state can become.

For that reason - I commend these bills to the House.