

1. BUDGET HIGHLIGHTS

1.1 Introduction

The 2017-18 Budget builds on the NSW Government's track record of strong financial management, investing the State's economic and financial success back into the communities of New South Wales and building for the future.

The Budget delivers strong surpluses with \$4.5 billion expected in 2016-17 and forecast average surpluses of \$2.0 billion from 2017-18 to 2020-21.

The State's economy remains the strongest in the nation, posting economic growth of 3.5 per cent in 2015-16 – the strongest of all states and territories in Australia. The economic outlook remains positive with above-trend economic growth forecast over the next three years, bolstered by the Government's responsible financial management and reform agenda.

This robust budget position means the Government can continue to drive its once-in-a-generation infrastructure program, with \$72.7 billion to be invested in infrastructure projects across the state over the next four years.

This includes the continuation of major projects like WestConnex and Sydney Metro, but also includes record new investments in local infrastructure, including new and upgraded schools, hospitals, roads, and sporting and other facilities for communities across the State.

The infrastructure pipeline will continue to create jobs, support favourable business conditions and drive consumer confidence.

As a result, the government can make record investments in the services that families, communities and businesses rely on, with funding to deliver more health workers in our hospitals and more teachers in our schools.

New initiatives like the Government's comprehensive housing affordability package, extended support for early childhood education and tax cuts will all ease cost of living pressures, and they are only made possible by the Government's strong fiscal and balance sheet management.

Looking further ahead, the 2017-18 Budget lays the groundwork for future prosperity with new initiatives to ensure the State's revenue is working for its citizens and Government expenditure is delivering real outcomes for the people of New South Wales.

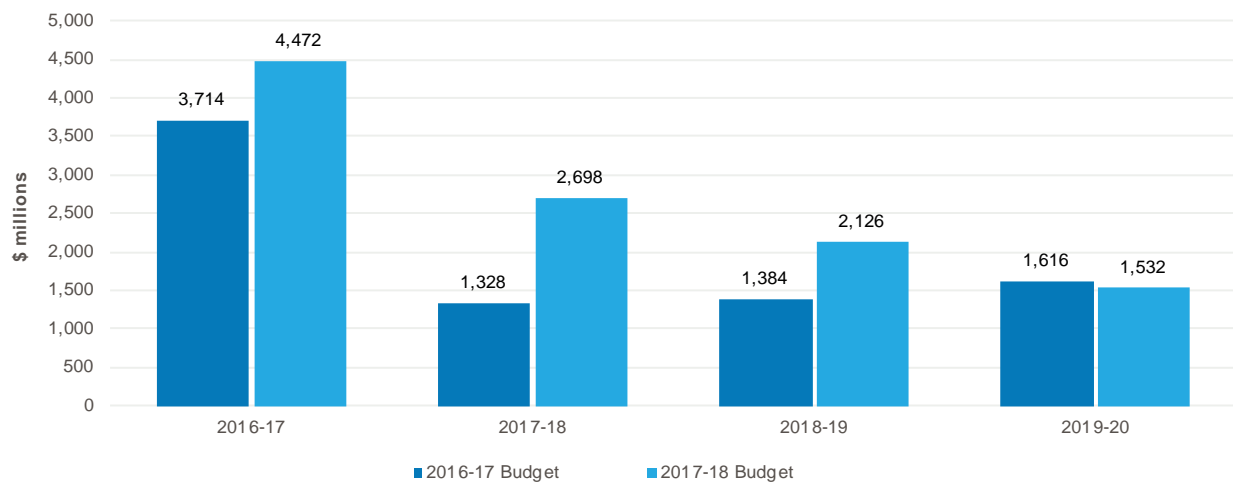
1.2 Strong financial and economic management

The State's strong budget and fiscal position is underpinned by responsible management of government expenditure. This Budget shows a continued focus on driving efficiency in service delivery as well as introducing a new approach to better target expenditure by tracking outcomes for citizens rather than just inputs.

The Government is forecasting healthy surpluses, with average surpluses of \$2.0 billion over the budget year and forward estimates (see Chart 1.1).

The 2016-17 Budget result is expected to be \$4.5 billion, \$0.8 billion higher than forecast at the 2016-17 Budget, with one-off revenues associated with asset recycling and higher than expected distributions from NSW Self Insurance Corporation driving the increase.

Chart 1.1: Budget result: 2016-17 Budget compared to 2017-18 Budget



In 2017-18, general government revenues are estimated to be \$79.9 billion (see Table 1.1). Revenue is forecast to be higher over the forward estimates compared to the 2016-17 Budget, driven by higher transfer duty and dividends. Against this, GST revenue has been revised downwards and payroll tax has softened driven by softer labour market conditions.

Table 1.1: Key budget aggregates

	2016-17 Revised	2017-18 Budget	2018-19 Forward Estimates	2019-20 Forward Estimates	2020-21 Forward Estimates
Revenue (\$m)	78,008	79,885	80,224	82,471	83,770
Revenue growth (per cent pa)	4.7	2.4	0.4	2.8	1.6
Expenses (\$m)	73,537	77,186	78,098	80,939	82,270
Expense growth (per cent pa)	5.3	5.0	1.2	3.6	1.6
Budget Result (\$m)	4,472	2,698	2,126	1,532	1,500
Per cent of GSP	0.8	0.5	0.3	0.2	0.2

Expenses are forecast to be slightly higher across the forward estimates in comparison to the 2016-17 Budget, driven by additional measures to support housing affordability, as well as critical services such as education, health and out-of-home care. In 2017-18, expenses are expected to be \$77.2 billion (see Table 1.1), with the Government also investing to help all communities, including those in rural and regional New South Wales.

The Government has now successfully concluded the partial long-term lease of the NSW electricity network businesses, with the partial long-term lease of Endeavour Energy reflected for the first time in this Budget (see Box 1.1). This follows the inclusion of the Ausgrid lease in the 2016-17 Half-Yearly Review. The full \$2.2 billion in Asset Recycling Initiative payments from the Commonwealth Government are now included in the budget. The 2017-18 Budget also reflects the 35-year concession of Land and Property Information's titling and registry services.

Net debt is expected to be negative for the second consecutive year at 30 June 2017. As the proceeds of asset recycling are reinvested in infrastructure projects across the State, net debt will increase. Net debt is projected to reach 2.7 per cent of gross state product (GSP) by the end of the forward estimates.

Box 1.1: Successful asset recycling fuels infrastructure investment and reduces net debt

The successful long-term partial lease of Endeavour Energy and the granting of a concession of Land and Property Information's titling and registry services will provide an additional \$5.4 billion for Restart NSW in 2016-17. Asset recycling has unlocked funding that will benefit communities across New South Wales.

On 11 May 2017, the Government entered into a binding agreement with an Australian-led consortium Advance Energy for the long-term lease of 50.4 per cent of Endeavour Energy.

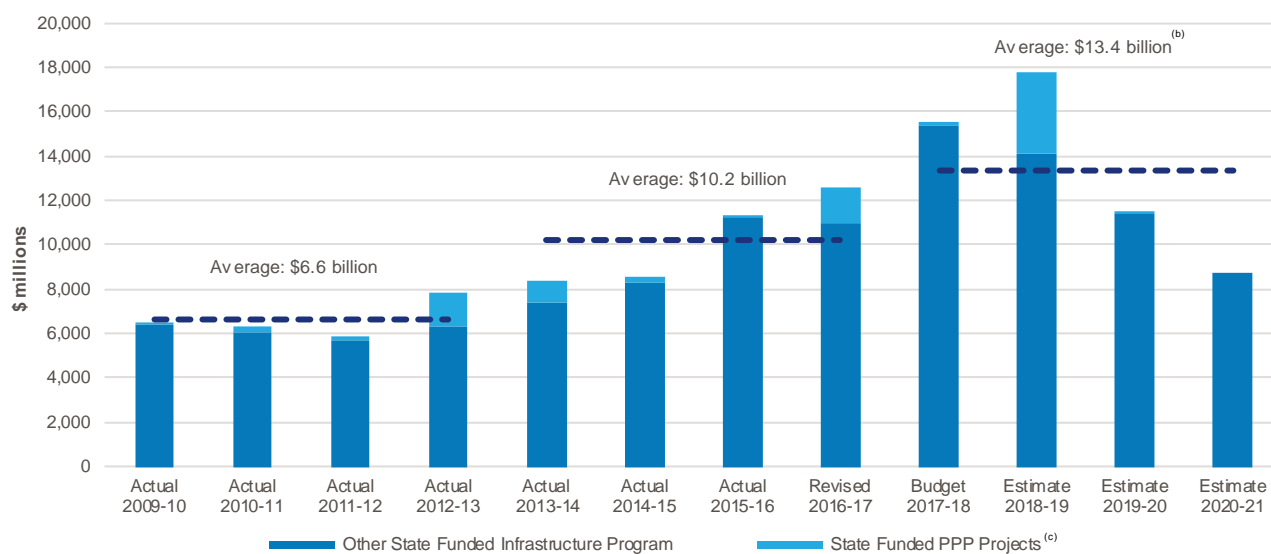
On 12 April 2017, the Government entered into a binding agreement with Australian Registry Investments Pty Ltd for the 35-year concession of Land and Property Information's titling and registry services. The Government has placed rigorous contractual and legislative safeguards around the concession to ensure the continued security of property rights and data. It has also capped annual price rises at the Consumer Price Index for the full term of the concession.

The partial lease of Endeavour Energy and the concession of Land and Property Information's titling and registry services have been reflected in this Budget for the first time boosting holdings of cash and financial assets and strengthening the net debt position (see Chart 1.3).

The 2017-18 Budget includes the final tranche of the Commonwealth Government Asset Recycling Initiative payments, in line with the expected completion of milestones. This will secure a total of \$2.2 billion from the Commonwealth Government to invest in infrastructure in New South Wales.

The Government's successful asset recycling strategy has also boosted the position of the budget, contributing to strong surpluses in 2016-17 and 2017-18 through higher transfer duty receipts from asset recycling and Commonwealth Government Asset Recycling Initiative payments. This strong position is being reinvested through continuing record levels of infrastructure spending (see Chart 1.2), with a strong investment in local infrastructure – such as schools and hospitals – in communities across the State.

Chart 1.2: State-funded capital expenditure program^(a)



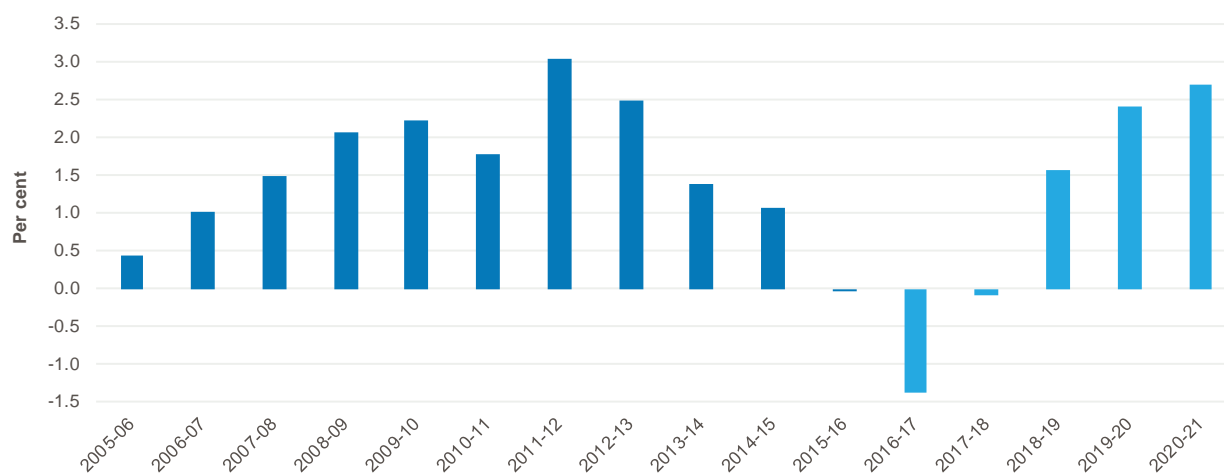
(a) The State-funded capital program includes expenditure in the general government sector, public transport PNFCs, Darling Harbour Live, the Broken Hill Water Pipeline and the state-funded contribution to WestConnex.

(b) Does not include Restart NSW reservations being considered by Infrastructure NSW before commitments are made, which will result in significant increases in later years.

(c) PPP projects in 2018-19, including Sydney Metro Northwest, Northern Beaches Hospital and CBD and South East Light Rail.

The Government continues to invest in local infrastructure and major infrastructure projects such as WestConnex, with a \$72.7 billion program over the four years to 2020-21. The Government's infrastructure program will support the delivery of new and upgraded local schools and hospitals, roads and rail, and sporting and cultural institutions across New South Wales. These investments will create jobs, provide more efficient and reliable services and boost the economic prosperity of the State.

Chart 1.3: General government net debt at 30 June, as a percentage of GSP



The Government is committed to doing all that it can to maintain the State's triple-A credit rating, consistent with its fiscal strategy as outlined in the *Fiscal Responsibility Act 2012* (FRA).

The 2017-18 Budget looks ahead to future challenges to safeguard the State's fiscal position. The Government will continue to pursue innovation in the delivery of services and build systems and capability to measure the outcomes of expenditure and make better decisions about future investments.

The Government also welcomes the Productivity Commission *Inquiry into Horizontal Fiscal Equalisation*, and supports reform that moves towards a per capita distribution of GST. The current system for allocating GST penalises New South Wales for having the nation's strongest performing economy. In 2016-17, GST revenue is expected to be \$448.7 million lower than at the 2016-17 Budget, with a declining share of the national GST pool forecast over the four years to 2020-21. New South Wales' share of per capita GST will fall to 0.79 by the end of the forward estimates representing the State's lowest share of GST on record and leading to New South Wales' GST revenues declining in real terms.

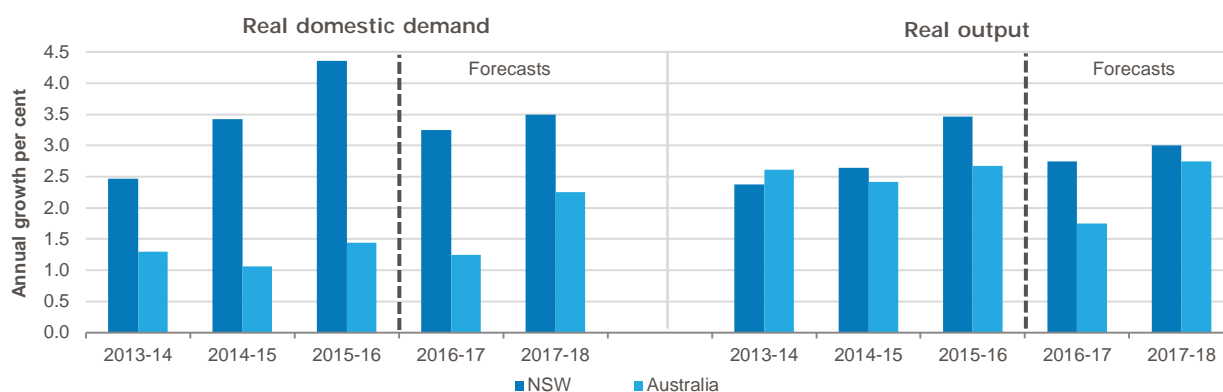
1.3 The NSW economy continues to outperform

The NSW economy continued to outperform the rest of Australia in 2016-17, with Gross State Product (GSP) estimated to have increased by an above-trend 2¾ per cent. This follows another exceptional result in 2015-16 when the NSW economy led the nation – growing by 3.5 per cent. The outlook has strengthened since the Half-Yearly Review (HYR) with above trend economic growth expected for each of the next three years.

Public and private investment has made a strong contribution to economic growth over the last year. Service exports are booming, with overseas visitors and international student enrolments expanding at double digit rates.

The outlook from 2017-18 has been upgraded by $\frac{1}{4}$ of a percentage point in each year compared to the HYR, with GSP expected to grow by 3 per cent in 2017-18 and $2\frac{3}{4}$ per cent for the following two years. This strong outlook reflects growing export demand, low interest rates, strong population growth and continued investment in public infrastructure.

Chart 1.4: NSW outperformance to continue in 2017-18



Source: ABS 5206.0, 5220.0 and Treasury

Dwelling investment is forecast to record its sixth consecutive year of growth in 2017-18, by far the longest period of expansion on record. With new Government initiatives to increase supply providing support, activity is expected to remain at high levels in 2018-19.

Ongoing growth in construction will be driven by business investment and public infrastructure. As the State's infrastructure and asset recycling program has ramped up, state-led infrastructure investment has become a key driver of economic growth. Public investment is expected to boost economic growth by an average of $\frac{1}{2}$ a percentage point a year over the next two years – well above its historical contribution.

Employment is forecast to grow at an above-trend rate of $1\frac{3}{4}$ per cent in 2017-18 and 2018-19, in line with strong growth in economic activity and forward indicators such as job advertisements and hiring intentions.

The NSW unemployment rate is forecast to remain a little under 5 per cent over the next two years, close to estimates of full employment. Wages growth will be moderated by excess labour capacity, largely in the rest of Australia, with above trend migration into New South Wales expected to slow any decline in the unemployment rate.

Inflation is expected to remain around $2\frac{1}{4}$ per cent in 2017-18 and increase very gradually over the forward estimates. Higher global oil prices and a strengthening global economy are expected to contribute to some inflationary pressures, while competitive pressure in retail and modest wages growth will offset these to some degree.

1.4 Budget priorities

The strength of the 2017-18 Budget fiscal and economic position allows the Government to continue to invest in key frontline services and critical infrastructure to support local communities and help businesses to thrive.

Strong investment in major infrastructure

The 2017-18 Budget delivers continuing record levels of investment in infrastructure across New South Wales, with \$72.7 billion committed over the next four years. This investment is enabled by the State's strong fiscal position, facilitated through delivery of surpluses and asset recycling.

The investment program includes hospital redevelopments to cater for increasing demand on the health system, the construction of new schools in response to expected growth in student enrolments (refer to Box 6.6), continued delivery of major transport projects, and significant funding for regional infrastructure to support growth and productivity in regional areas.

New infrastructure investments in this budget include:

- Record investment in education infrastructure, with \$4.6 billion allocated for capital works in schools and TAFE to 2020-21. This includes an additional \$2.2 billion for around 90 new and upgraded schools to be delivered over the next five years. This investment will be accompanied by the establishment of School Infrastructure NSW, a specialist unit responsible for the delivery and management of public school infrastructure across the State.
- Record investment in health infrastructure, with an additional \$2.8 billion invested over four years to 2020-21, bringing total health infrastructure investment to over \$7.7 billion. Major hospital redevelopments have been funded across the State including the Campbelltown Hospital Redevelopment, Randwick Hospital Campus reconfiguration and expansion, Tweed Hospital Redevelopment and Phase 1A and 1B of the Concord Hospital Upgrade.
- Substantial funding for regional projects including \$1 billion reserved in Restart for the Regional Growth: Economic Activation Fund to drive investment in regional New South Wales for the economic and social benefit of regional communities, as well as \$200 million for a Stronger Country Communities Fund and \$100 million for a Regional Cultural Fund.
- Targeted infrastructure to unlock housing supply including a \$1.6 billion contribution to priority projects, \$369 million allocated to councils for local infrastructure and an expansion of Special Infrastructure Contributions (an additional \$545 million in infrastructure funding over the next four years).
- Major transport projects, which continue to receive substantial funding. The third stage of WestConnex, the M4-M5 link, will receive \$7.2 billion in investment. Funding will continue for Sydney Metro City and South West (\$4.9 billion across four years) and Sydney Metro Northwest (\$4 billion) over four years.

World class healthcare and hospitals

The Government is committed to delivering a world class health system, designed to keep up with the challenges of the future, including an ageing population, as well as protecting and improving the health and wellbeing of the residents of New South Wales.

This Budget will provide an additional \$1 billion of investment in health services in 2017-18 and an additional \$2.8 billion of capital investment over four years to 2020-21 including:

- an investment in over 4,500 additional nurses, midwives, doctors, allied health professionals and hospital support staff, going beyond the 2015 election commitment of 3,500 additional front line staff and delivering the commitment ahead of schedule
- investment in new and refurbished hospitals and health facilities including at Randwick Campus, Campbelltown (including enhanced paediatric services and mental health services), Tweed, Nepean, Maitland, Concord, Shellharbour, Hornsby, Wyong, Wagga Wagga, Coffs Harbour, Goulburn, Mudgee, Sydney Children's Hospital Network Westmead, Inverell and Cooma
- planning for future works at Rouse Hill, Liverpool, St George, Tumut and Griffith Hospitals, and a state-wide mental health capital works program
- improved ambulance services with full implementation of the Helicopter Retrieval Network Service, including provision of doctors on every flight with bases operating 24/7 at

Newcastle, Tamworth, Orange, Wollongong, Canberra, Lismore and Bankstown, allowing aircraft to respond to emergencies more effectively. An additional 50 paramedics will also be employed to meet critical health needs in rural and remote areas

- more capacity to address increasing demand for mental health services including an extra \$20 million for community based services, bringing the Government's recurrent investment in mental health reform to \$95 million per annum. Additional capital investment of \$22.5 million in mental health infrastructure will also include a mental health unit at Port Macquarie and enhancement of services at Campbelltown
- \$36 million for growth in emergency care services, allowing for an additional 28,000 emergency department attendances
- \$100 million for a new palliative care package (see Box 1.2).

Box 1.2: Investing in palliative care services

The Government is committed to ensuring that everyone has access to quality palliative care services regardless of their geographic location, economic or social circumstances.

The Government has committed an additional \$100 million over four years to support:

- community-based Palliative Care services in Western Sydney, with an in-home 24 hour, seven day a week on-call specialist palliative care service
- 30 additional specialist palliative care nurses providing care in hospitals, homes and nursing homes
- six additional palliative care specialists in rural and regional areas
- two specialist positions to provide relief to other specialists in rural and regional areas
- on-the-job palliative care training for 300 nurses and allied health staff
- 300 scholarships for regional and rural staff to enhance palliative care skills
- medication management for palliative care patients through community pharmacy initiatives
- the development of comprehensive and integrated palliative care services, in line with community expectations and needs.

More and better schools for our community

The Government is improving educational outcomes through the delivery of better teaching facilities and programs across New South Wales with:

- \$4.2 billion in new and existing capital works projects over the next four years to respond to rapid enrolment growth in government schools. As part of this total investment the Government will commence around 90 new capital works projects the next two years at an estimated total cost of \$2.2 billion, delivering more than 1,500 new classrooms
- a record \$747.4 million allocated over the next four years to address backlog maintenance in schools
- around 1,000 extra teachers to meet the demands of growing student numbers
- \$149 million in funding for education standards to support school curriculum assessment and teaching and regulatory standards in New South Wales schools
- \$46 million over four years to boost wireless access and internet capacity in around 900 regional schools under the Connecting Country Schools Program
- \$6.1 million over three years to support an anti-bullying strategy and resources for schools, students and parents.

Public transport and local roads

The Government is continuing its significant investment to upgrade and expand public transport and local road infrastructure in 2017-18, including:

- \$1.8 billion for the maintenance of road, maritime and freight assets, including bridge rebuilding, pavement rehabilitation, traffic facilities maintenance, drainage upgrades, wharf maintenance and grants and subsidies to local councils
- \$1.5 billion to continue the New South Wales and Commonwealth Government funded Pacific Highway upgrade program, including continued construction between Woolgoolga and Ballina, completion of construction between the Oxley Highway and Kempsey and between Warrell Creek and Nambucca Heads, and planning for the future bypass of Coffs Harbour
- \$1.5 billion for bus services throughout New South Wales, including rural and regional bus services, school services and financing of 314 buses to replace older vehicles and 132 buses to provide capacity for growth services
- \$658 million to plan, develop and deliver enhancements to increase and improve rail services, including more express services for Western Sydney
- \$648 million for New South Wales and Commonwealth Government funded road upgrades to support Western Sydney Airport at Badgerys Creek, with completion of the first stage of Northern Road between Camden Valley Way and Peter Brock Drive and the first stage of Bringelly Road between Camden Valley Way and King Street. Construction is continuing on the remainder of Bringelly Road as well as further sections of The Northern Road between Narellan and Penrith
- \$264 million to reduce congestion on Sydney roads by addressing critical pinch points and commencing implementation of the Smart Motorways program on the M4 Motorway
- \$208 million for major road upgrades in regional New South Wales, including completing the Guanna Hill realignment on the Mitchell Highway, continuing construction of the additional bridge over the Clarence River at Grafton, commencing construction of the Ellerton Drive Extension at Queanbeyan, and continuing construction works for improving Local Roads' safety and congestion
- \$137 million for upgrades on the Princes Highway, including completion of the Princes Highway bypass of Berry and the new Burrill Lake Bridge, continuation of realignment works at Dignams Creek, starting construction of the Princes Highway upgrade between Berry and Bomaderry, and planning for replacement bridges at Nowra and Batemans Bay.

21st century infrastructure to connect our state

In 2017-18, the Government is continuing to deliver a number of major transport and road projects. Major transport investments currently underway or scheduled to substantially commence in 2017-18 include:

- \$3.2 billion to continue the development and delivery of WestConnex, comprising \$1 billion spending within Roads and Maritime Services for planning, pre-construction and construction and \$2.2 billion within Sydney Motorway Corporation
- \$2.8 billion in 2017-18 towards delivery of Sydney Metro, including \$1.1 billion to deliver a new rapid transit service for North West Sydney (Sydney Metro North West), scheduled to open in the first half of 2019. \$1.7 billion will also be invested this year for preconstruction activities and to begin early works of Stage 2 of Sydney Metro (Sydney Metro City and Southwest) which will link Chatswood with Bankstown and include a second harbour rail crossing
- \$463 million towards construction of NorthConnex

- \$127 million to continue with delivery of CBD and South East Light Rail that will run from Circular Quay along George Street to Moore Park, then on to Kingsford and Randwick (including a \$41 million contribution from the City of Sydney).

Investing in our regional communities

Regional areas are an integral part of the New South Wales economy. The regions have experienced a significant uplift in employment growth over the last two years. Driving this growth, services are now making up a greater share of regional economies.

Investment in infrastructure in regional NSW is significant and growing. The Government has committed 30 per cent of all Restart NSW spending to regional and rural areas. Of the \$20 billion Rebuilding NSW plan, \$6 billion is targeted for regional areas.

New regional investment since the 2016-17 Budget includes:

- \$1 billion reserved through Restart NSW for the Regional Growth: Economic Activation Fund to support investment in:
 - Growing Local Economies: unlocking economic potential through investment in enabling infrastructure
 - Resources for Regions: addressing infrastructure requirements in mining communities
 - Connecting Country Communities: improving connectivity in regional NSW to drive economic growth
 - Regional Sports Infrastructure: supporting participation in regional sporting communities.
- repurposing \$1 billion of Restart NSW funding for the Safe and Secure Water Program, commencing in 2017-18 to provide a clean and reliable water supply to rural and regional New South Wales
- more than \$550 million in 2017-18 for investment in rural and regional hospitals and health facilities, including projects in Tweed, Goulburn, Coffs Harbour, Wagga Wagga, Macksville, Wyong, Mudgee, Maitland, Albury, Cooma, Inverell, Lismore and Shellharbour
- \$582.5 million for the Regional Road Freight Corridor program to create safer, more efficient road freight corridors
- \$341.3 million for Regional Growth Roads including \$153.1 million for the Pacific Highway Upgrade, Parsons Road to Ourimbah Street Stage 3B
- \$200 million over three years toward a Stronger Country Communities Fund. This fund will support community and public facilities such as playgrounds, bike paths and community halls. Every local government area within regional NSW will be eligible to receive funding under this initiative to enhance liveability and public amenity
- \$107.1 million for the Regional Water and Waste Water Backlog program to drought-proof regional communities by boosting essential water and waste water services, including the construction and upgrade of sewerage treatment and water treatment plants
- \$100 million over four years for a Regional Cultural Fund to support cultural and artistic activities in regional and rural communities to enhance quality of life and social amenity across New South Wales

- \$84 million for the Regional Freight Pinch Point and Safety program to improve key freight corridors
- \$38.6 million for Bridges for the Bush to replace or upgrade bridges in regional New South Wales, including Bruxner Highway and Tabulam Bridge.

Sports, arts and culture for locals and visitors

The 2017-18 Budget continues to build on the State's vibrant sports, arts and cultural sector to support jobs, grow regional economies and ensure that New South Wales remains a great place to live, work and visit, including:

- \$300 million from Rebuilding NSW for a Regional Growth: Environment and Tourism Fund, investing in regional environment and tourism infrastructure to encourage and support regional tourism
- \$193 million for integrated tourism and events programs to grow New South Wales as a global tourism and event destination
- \$190 million over four years for the Opera House renewal program to ensure it is properly equipped to welcome as many people in as many ways as possible
- \$187 million over four years to rejuvenate the Walsh Bay Arts Precinct, an important piece of Sydney's waterfront heritage, providing a unique cultural and visitor experience
- \$160.5 million in 2017-18 to continue the construction of the Western Sydney Stadium in Parramatta, including comfortable seating for 30,000 people, five levels of corporate and function spaces, and advanced technology including Wi-Fi to provide for a world class spectator experience
- \$40 million towards the National Rugby League Centres of Excellence program to support investment in elite training and community facilities
- up to \$30 million to partner with the City of Parramatta to construct a new aquatic centre
- \$19 million (\$244 million total Government contribution) for the Sydney Modern project
- \$8.0 million (over four years from 2017-18) to double grants to surf lifesaving clubs.

Box 1.3 Active Kids Rebate

From 1 January 2018, families in New South Wales will be eligible to receive up to \$100 for every child enrolled in school to help meet the cost of their sport and fitness activities each year, by covering expenses such as sport registration and learn-to-swim lessons, under the NSW Government's new Active Kids Rebate.

Getting kids involved in community sport can be a real cost pressure for families – registration and membership fees all add up – so the Government is taking action to help families with children in school to meet the cost.

Local sporting clubs are the heart and soul of communities across New South Wales, and this initiative will give more children the opportunity to get active, have fun, and get involved in their own local communities through sport and fitness activities.

Encouraging participation in sport and fitness is an important way to reduce young peoples' risk of obesity and help them grow into physically active adults. This initiative will support a key Premier's Priority of reducing overweight and obesity rates of children by five per cent over 10 years.

Helping families with the cost of living

The Government's 2017-18 Budget is easing the cost of living for families through:

- \$207 million over four years to introduce the Active Kids Rebate, to help meet the cost of getting their kids into sport and fitness activities (refer to Box 1.3)
- a comprehensive plan to tackle housing affordability, with a focus on giving first home buyers the best opportunity to enter the market, increasing the supply of reasonably priced housing and accelerating infrastructure to support growing communities (refer to Box 1.4)
- \$257 million in energy rebates to assist approximately 900,000 New South Wales customers with the cost of energy bills. Rebates include the Low Income Household Rebate, Family Energy Rebate, Gas Rebate, Life Support Rebate, Medical Energy Rebate and Energy Accounts Payment Assistance
- allocation of an additional \$217.3 million over four years to deliver on the Government's commitment to provide universal access to early childhood education, ensuring that affordability is not a barrier for families with young children
- Opal fare increases limited to CPI (2.4 per cent) from 3 July 2017, to keep public transport affordable for commuters in 2017-18
- enhancing regulatory oversight for compulsory third party motor vehicle insurance, expected to reduce premiums by an estimated \$100 a year.

Box 1.4: Boosting housing affordability

The NSW Government has launched a comprehensive package to assist first home buyers to get into the market. The strategy includes measures to boost supply and deliver essential state and local infrastructure critical to new housing such as roads, utilities and schools. Key elements of the package include:

Giving first home buyers a better chance

- transfer duty abolished for first home buyers on new and existing homes up to \$650,000 and stamp duty reductions for properties between \$650,000 and \$800,000
- \$10,000 grants for first home buyers purchasing new homes up to \$600,000
- targeting off the plan transfer duty deferrals to owner-occupiers
- insurance duty on lenders' mortgage insurance will be abolished
- introduction of a First Home Builder Grant of \$10,000 for people who build their first home on vacant land, where the total value of the house and land does not exceed \$750,000.

Increasing housing supply

- the Government will ensure that the Greater Sydney Commission's final District Plans contain strong housing supply and housing diversity targets for each Local Government Area
- up to \$2.5 million provided to priority councils to fast track updates of Local Environment Plans that put District Plans into practice allowing more housing to be supplied in the right areas
- rezoning for Priority Precincts and Priority Growth areas will be accelerated as an interim step to deliver 30,000 additional dwellings
- the Government will consult on greater use of independent panels to determine more local development applications to speed up approvals
- complying development rules will be simplified in greenfield areas and medium density housing.

Box 1.4: Boosting housing affordability (cont)

Accelerating infrastructure to support growing communities

- Up to \$1.6 billion towards infrastructure aimed at unlocking housing supply
- the Government will support Local Councils with up to \$500 million of concessional loans to support the delivery of local infrastructure
- an allocation of \$369 million will be made to councils for local infrastructure under the Local Infrastructure Growth Scheme
- special infrastructure contributions will be expanded to 10 new areas to provide an additional \$545 million in infrastructure funding over the next four years.

Making NSW better for jobs and small business

Our state has become the most confident in the nation when it comes to starting and growing a business (see Box 1.5). The Government's 2017-18 Budget provides a range of measures to continue to support businesses to invest, grow and innovate, including:

- a range of insurance tax cuts for small business from 1 January 2018 to reduce the cost of doing business, protect against under insurance and support jobs growth in New South Wales
- providing \$96 million in 2017-18 to support high potential businesses through Jobs for NSW, as part of the Government's continued commitment of \$190 million to support jobs, including:
 - \$25 million to launch a co-investment vehicle with the private sector to make equity investments in growth companies across New South Wales
 - \$20 million to develop a site in the Sydney CBD where start-up incubators and accelerators will co-locate to foster collaboration and create jobs.
- funding of \$10 million to lead industry development activities that drive growth and global competitiveness. This includes collaborative programs with industry and universities, industry capability building, leveraging the benefits of a new airport in Western Sydney, establishment of Defence NSW, promotion and support of key industries and land activation through strategic project delivery
- investing \$9.4 million to make it easier for small businesses to be established, through an online portal and reduction in red tape
- allocating \$7.5 million for the New South Wales Government's Business Connect program, funding more than 60 advisors across New South Wales and the business bus to help small businesses start and grow
- \$3.6 million in 2017-18 to support and grow small businesses in New South Wales including the provision of small business advocacy services and dispute resolution services.

Box 1.5: Making NSW the most competitive place to do business

The NSW Government is committed to enhancing our State's reputation as the best place in Australia to do business, by reducing the tax burden for small and medium businesses, cutting red tape, and creating even better conditions for businesses to thrive.

In this Budget the Government will ease the tax burden on small businesses, abolishing inefficient taxes on insurance products that are a necessary part of doing business in New South Wales.

Initiatives like the Easy to Do Business program – which reduces the time it takes to start a small business by streamlining the regulatory application process – reduce start-up costs and ease the regulatory burden. In this Budget the Government has increased funding for the Easy to Do Business program, bringing it to more local government areas and more businesses across New South Wales.

A new strategy to make New South Wales the easiest place to start and grow a business will also be adopted to further enhance the State's favourable business conditions, attract more investment, and create new jobs for the people of New South Wales.

A helping hand for those who need it

Our state's success means we can take better care of those who need it most. The 2017-18 Budget provides additional support for vital social and government services, including:

- \$148 million over four years to support high needs children in Out-of-Home Care (OOHC)
- \$63.2 million over four years to improve child protection case work practice and address critical capacity gaps, including additional caseworkers, case managers, and case support workers
- an additional \$20.4 million over four years to support homelessness initiatives that provide access to additional transitional accommodation units and support packages for rough sleepers
- additional support for disadvantaged three-year olds to access early childhood education under Start Strong, recognising that disadvantaged children stand to gain the most from early childhood education.

Protecting our communities

The Government is undertaking an ambitious reform program to make our communities safer, with more effective offender management and fairer and more streamlined legal and court processes. Key initiatives in 2017-18 include:

- \$178 million (over two years) to accelerate enhancement of the communications services used by frontline agency staff in the delivery of emergency, law enforcement and essential community services
- \$127 million for construction of new 400 bed Rapid Build Prisons at both Cessnock and Wellington
- \$62 million to strengthen offender management and continue delivery of programs to support the State Priority to reduce adult reoffending rates
- \$51 million to continue implementation of the four year \$100 million Policing for Tomorrow Technology Fund, to provide the NSW Police Force with state-of-the-art technology to fight crime and enhance officer mobility
- \$47 million over three years to combat radicalisation in the NSW correctional system

- \$27 million to deliver early guilty pleas reform that will reduce stress for victims, minimise court delays and allow police to return to frontline duties faster
- \$38 million over four years to enhance the State's bush firefighting capability by engaging air tankers in fire season
- \$15 million to continue strengthening the NSW Police Force air support and counter terrorism capability.