

1. BUDGET HIGHLIGHTS

1.1 Building tomorrow, delivering today

The 2018-19 Budget focuses on the people, families and communities of New South Wales, and on making our State a better place to live – building for tomorrow, and delivering for today.

Based on a foundation of fiscal discipline, reform and economic strength, the Budget provides more support and better services to help ease the pressure on individuals and families, strengthen businesses, and create more opportunities to share in NSW's economic success.

Despite pressures on revenue – particularly residential transfer duty – a healthy surplus of \$3.9 billion is projected for 2017-18, with strong average surpluses of \$1.6 billion forecast from 2018-19 to 2021-22 (see Table 1.1).

The NSW economy is expected to continue its run of above-trend growth this year and over the next two years. This would result in six years of above-trend growth for the first time since the 1990s. This growth is being fuelled by a once-in-a-generation pipeline of public investment – including the Budget's record \$87.2 billion four-year infrastructure program.

The State's balance sheet remains strong with net debt estimated to fall to negative \$9.8 billion in June 2018 – a record low. New South Wales is also set to become the first Australian state with a net worth of a quarter of a trillion dollars in June 2018, one year ahead of expectations.

The Government's strong financial management and economic stewardship enable the Budget to provide more support for citizens today, while acting now to meet future challenges.

The Budget helps to reduce everyday costs, with savings on car and caravan registration, green slips and energy bills, and a new Creative Kids program – to complement Active Kids – so more children can get into creative activities like music, drama, art and coding.

It also funds thousands of additional frontline workers, including police, teachers and nurses, supports job creation with payroll tax cuts, takes steps to increase economic opportunity for indigenous citizens, tackles homelessness, and supports those with mental illness.

To meet the needs of future generations, the Budget bolsters the work already underway to deliver new record investments in schools, hospitals and transport links in our cities and regions, as well as investing in the conservation of our natural wonders, and world-class museums, stadia and sporting and cultural facilities across the state.

To reinforce the State's financial future, the Budget launches a world-first sovereign wealth fund: the NSW Generations Fund (see Box 1.1). As intergenerational challenges loom on the horizon, the Fund will help Government keep debt at sustainable levels in the long term.

It will also enable *My Community Dividend* – a participatory budgeting program for local communities to allocate funding for local projects of their choice (see Box 1.1).

With these initiatives, the 2018-19 Budget reflects the NSW Government's ongoing commitment to build for tomorrow while delivering for today.

Box 1.1: The NSW Generations Fund: investing for the future and delivering for today

In a world first, the Government introduces the NSW Generations Fund (NGF): a sovereign wealth fund that will support the State's triple-A credit rating over the longer term, while generating returns to be invested into local communities today.

With the State's balance sheet in a position of unprecedented strength, the Government will seed the NGF with \$3 billion sourced from balance sheet reserves and ensure these funds can only be used for debt retirement. Over time, growth in the NGF – from investment earnings and future contributions – will help the Government to maintain sustainable debt levels consistent with a triple-A credit rating.

Following the planned sale of 51 per cent of WestConnex, the Government intends to put the State's residual interest into the NGF so that the benefits continue to be shared by everyone in New South Wales.

This active approach to balance sheet management will support the Government's infrastructure program without saddling future generations with a debt burden.

As the NGF grows, up to 50 per cent of investment returns will support local communities through the My Community Dividend initiative.

My Community Dividend provides NSW residents with an opportunity to propose and vote on new projects in their local area, with the projects that receive the highest number of votes to be funded by the Government.

Projects may include all ability playgrounds, community mobility services, public gardens, upgrades to local sporting facilities, public artworks and festivals, programs for at risk youth, and healthy lifestyles initiatives. Further information on My Community Dividend can be found at the NSW Government 2018-19 Budget website.

This world first, dual purpose fund is set to benefit NSW residents across the State and set the right foundations for future generations: it is a program that builds for tomorrow and delivers for today.

1.2 Strong financial management

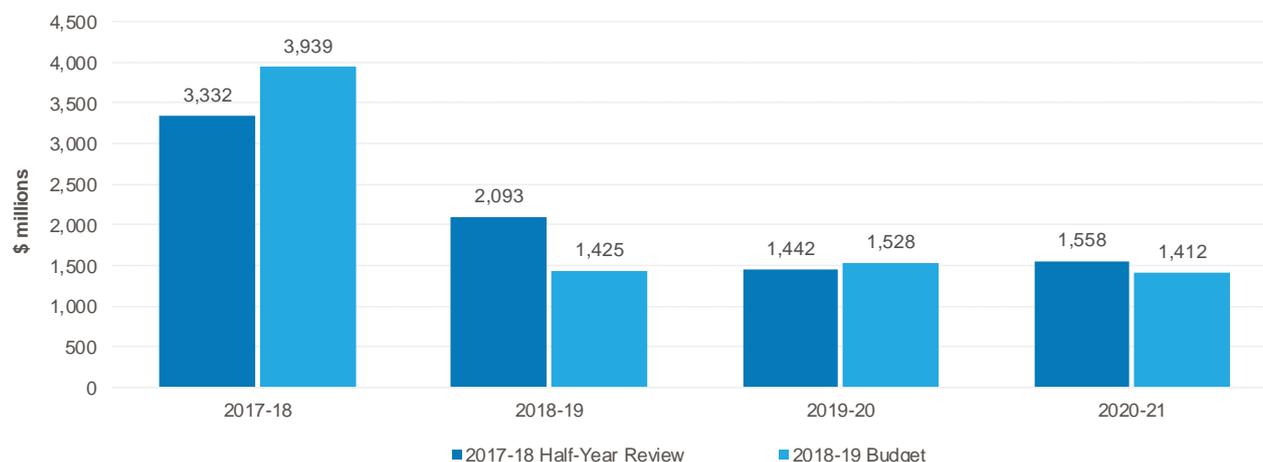
The NSW Budget is underpinned by strong financial management and fiscal responsibility. The 2018-19 Budget forecasts average budget surpluses of \$1.6 billion over the budget and forward estimates. Table 1.1 outlines the key budget aggregates for the 2018-19 Budget.

Table 1.1: Key general government sector 2018-19 Budget aggregates

	2017-18 Revised	2018-19 Budget	2019-20 Forward Estimates	2020-21 Forward Estimates	2021-22 Forward Estimates
Budget Result (\$m)	3,939	1,425	1,528	1,412	1,855
Per cent of GSP	0.6	0.2	0.2	0.2	0.3
Capital expenditure (\$m)	12,285	17,329	17,329	16,585	14,463
Per cent of GSP	2.0	2.7	2.6	2.4	2.0
Net debt (\$m)	-9,797	2,559	14,133	22,207	28,660
Per cent of GSP	-1.6	0.4	2.1	3.2	4.0
Net worth (\$m)	261,075	270,127	281,296	293,983	305,876
Per cent of GSP	43.1	42.9	42.8	42.6	42.2

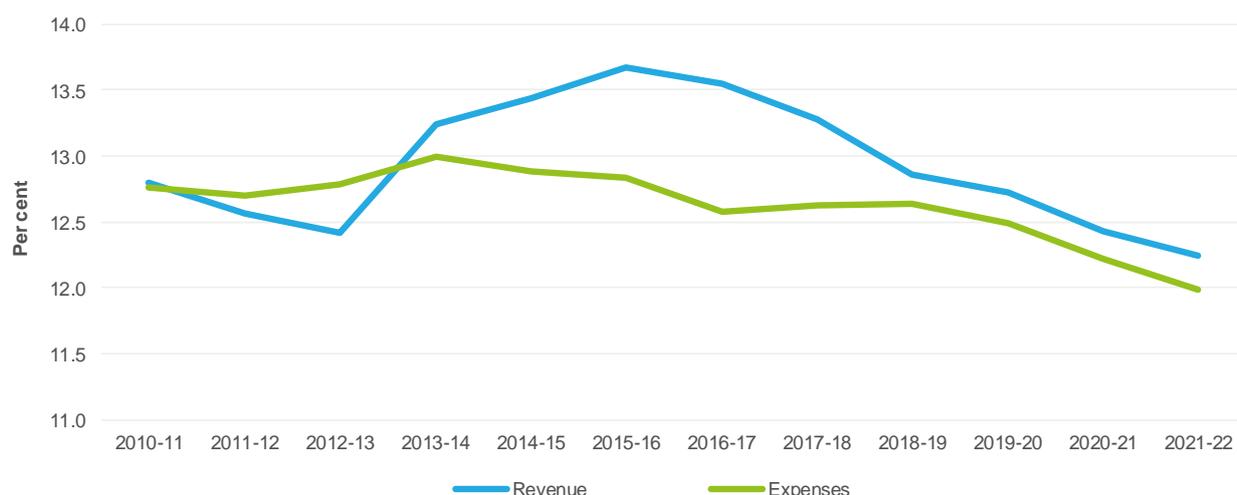
New South Wales is facing a slowdown in transfer duty revenue in the near term. Transfer duty is expected to decline by \$565 million in 2017-18 and a total of \$5.5 billion across the three years to 2020-21 relative to the 2017-18 Half-Yearly Review. At the same time, New South Wales will continue to be penalised under the current model for GST distribution, with the NSW share to reach a historically low level by 2021-22, at which point NSW is expected to receive only 83 cents out of each dollar of NSW per capita share of the GST.

Chart 1.1: Budget result: 2017-18 Half-Yearly Review compared to the 2018-19 Budget



Despite these fiscal challenges, the Government is investing in more health, education, transport and other services. This investment is essential to meet the State's growth and to improve outcomes for citizens across the State. This is driving an increase in expenses of \$2.8 billion across the four years to 2020-21 relative to the 2017-18 Half-Yearly Review. Nevertheless, the Government continues to ensure a sustainable budget position (see Chart 1.1). This has been achieved by maintaining a tight control on expenses, which are projected to decline as a share of GSP over the next four years (see Chart 1.2).

Chart 1.2: General government revenues and expenses as a share of GSP

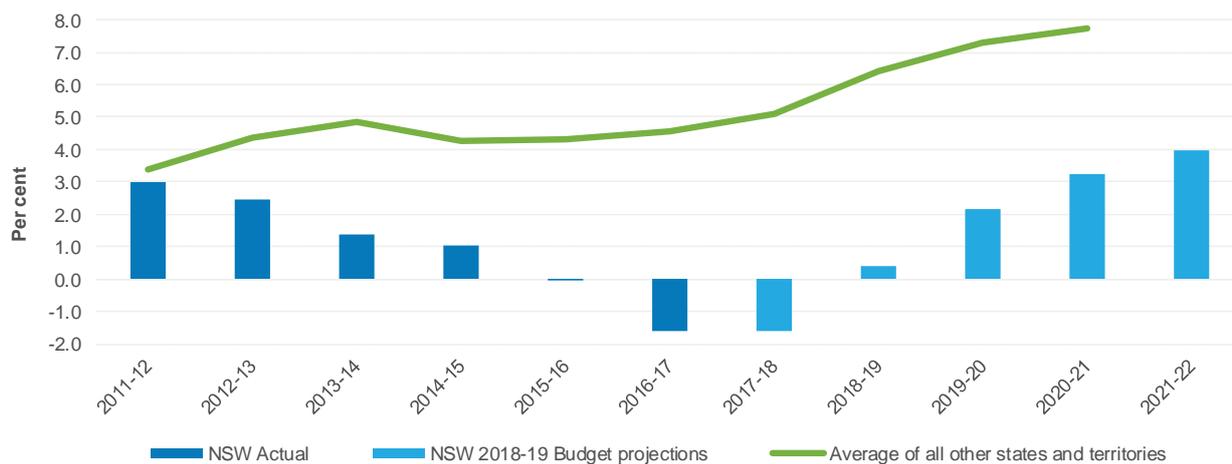


The Government's successful asset recycling strategy and continued budget surpluses are essential to funding the State's record infrastructure program and keeping net debt at sustainable levels.

Negative net debt at 30 June 2018 is expected for the third year in a row. Net debt is projected to be a record low of negative \$9.8 billion at 30 June 2018, \$6.9 billion lower since the 2017-18 Half-Yearly Review. This is primarily driven by Snowy Hydro proceeds, which consistent with usual NSW budget practice, were not recognised in the budget until the transaction was completed.

Net debt is forecast to grow across the forward estimates as the proceeds from asset recycling are spent on infrastructure. Chart 1.3 shows that NSW net debt is well below average net debt of the other states and territories.

Chart 1.3: General government net debt as a share of GSP^(a)



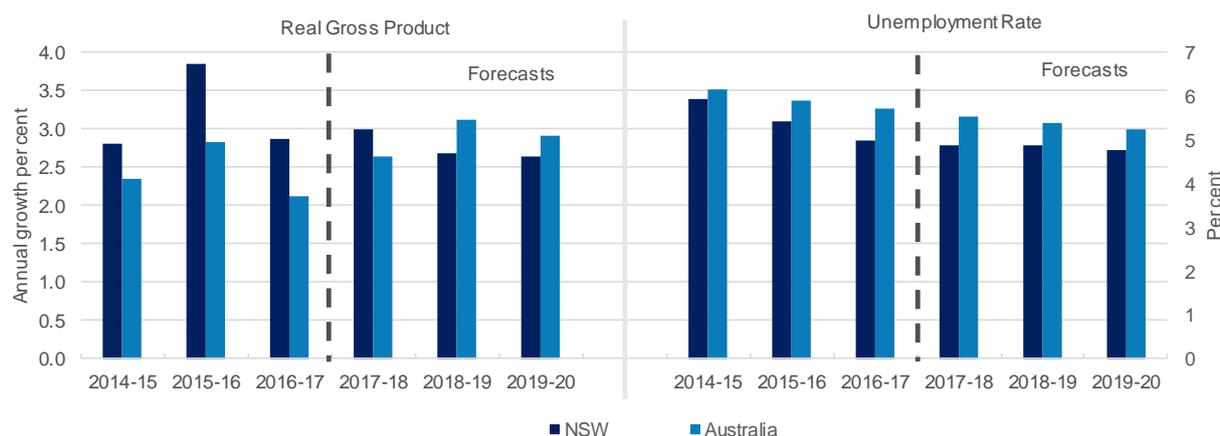
(a) Source: most recent published state and territory budget data

The State's balance sheet is in an unprecedented position of strength. Net worth is forecast to reach a quarter of a trillion dollars by the end of June 2018, and this includes \$171.3 billion in financial assets on the general government sector balance sheet, including equity investments in public sector entities. This has been underpinned by active financial liability management, optimised financial asset risk-return profiling and once-in-a-generation financial management reforms.

1.3 Robust economic outlook

Since 2014-15, the NSW economy has shown exceptional strength, with per capita GSP growth averaging 1.7 per cent, by far the strongest among the states. The economic outlook remains favourable for New South Wales, with economic growth to remain above trend for this year and the next two years. This would mark the longest period of uninterrupted above-trend economic growth since the 1990s.

Chart 1.4: NSW maintaining above trend economic activity



Source: ABS 5220.0, ABS 6202.0 and NSW Treasury

Public investment continues to be a cornerstone of economic growth, contributing half a percentage point per year to economic growth, on average, over the three years to 2017-18. This outstanding performance – around four times its historical average contribution – is forecast to be repeated in 2018-19, underpinned by the State's record \$87.2 billion infrastructure program.

For the past three years New South Wales has had the lowest unemployment rate of any state. Momentum in the labour market remains strong, with employment growth of 3 per cent forecast for 2017-18. Abundant job opportunities are attracting more people to the labour force, and have lifted workforce participation to near record levels of 64.8 per cent.

Over the forward estimates, above trend employment growth combined with high participation and above-trend population growth, is expected to see the unemployment rate remain stable at around 4¾ per cent, consistent with full employment.

Strengthening global and national economies are expected to boost exports, spurring business to increase investment and employment. Households have been surprisingly resilient in 2017-18, but a softening housing market and modest wage growth are expected to weigh on consumption over the next two years.

1.4 Budget priorities

The 2018-19 Budget's strong fiscal and economic position is enabling the Government to make large investments in new infrastructure and deliver enhanced services to meet the needs of the people of New South Wales.

Helping families and individuals with the cost of living

Recognising the pressures faced by families, the Government continues to focus on easing the cost of living with new initiatives that complement measures from last year's Budget.

New initiatives include:

- the new Creative Kids Rebate that will provide families with a \$100 voucher per school-aged child, per year for extra-curricular activities including music, drama, visual and performing arts, coding and language classes (see Box 1.4); this will complement the existing Active Kids Rebate, which provides a \$100 voucher per year for each school-aged child for use with registered sports organisations

- establishing an online “one-click energy switch” service through Service NSW, allowing New South Wales consumers to send their energy bills to Service NSW, who will advise on the best alternative energy deals and provide assistance in signing up to a new deal in a few easy clicks
- establishing a cost of living service – a one-stop shop, available in Service NSW centres, online or over the phone, to reduce cost pressures for households by advising on available rebates and concessions across government
- reducing the top ten (level two) parking fines issued by State Government agencies by 25 per cent and initiating a review to ensure that Government issued fines are fair and balanced
- reducing caravan motor vehicle weight tax for private users by 40 per cent, making caravan registration cheaper from 1 November 2018
- extending universal education access to preschool for three-year olds, making New South Wales the first state in Australia to do so, providing an average saving for families of \$825 dollars a year from 1 January 2019.

These new initiatives support existing cost of living programs including:

- the Energy Affordability Package, providing up to 20 per cent increases to energy rebates from 1 July 2017 including the Low-Income Household Rebate, the Family Energy Rebate, the Gas Rebate, the Medical Energy Rebate, the Life Support Rebate, and the Energy Accounts Payment Assistance
- reducing the cost of Compulsory Third Party (CTP) Green Slips for vehicle owners, including a refund for some vehicle owners, saving on average \$124 per year in the last 12 months
- the Toll Relief Program which eases costs for frequent toll road users by providing free vehicle registration to owners of privately registered light vehicles that spend \$25 or more per week, on average, over a 12 month period on tolls from 1 July 2018, expected to save some drivers more than \$700 per year
- limiting Opal fare increases to CPI only, with the Gold Opal to be capped at \$2.50 for all day travel, from July 2018
- transfer duty relief saving first home buyers an average of \$14,500 with additional benefits for first home buyers, offering total savings up to \$34,361.

Delivering world-class health

The 2018-19 Budget aims to provide New South Wales with a world-class healthcare system and a strong support structure to ensure people have access to the health services they need when they need them.

The Government is investing in health infrastructure with \$8.0 billion over four years. This includes new funding to:

- commence new capital works at Liverpool Hospital, Griffith Base Hospital, Dubbo Cancer Centre, Bankstown-Lidcombe Hospital (emergency department), birthing suites and theatres at St George Hospital and the next stage of a new health service at Rouse Hill
- invest in the \$700.0 million state-wide Mental Health Infrastructure Program. This investment will transform existing infrastructure to support new contemporary care models and provide new specialist mental health units for mothers and their babies, children, adolescents and older persons. It will also improve the forensic mental health network and enhance step-up step-down capacity in the community

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- commence a new Rural Health Infrastructure Program, that will upgrade Tenterfield, Dungog, Scone and Gloucester Hospitals
 - enhance hospital builds already in progress at Grafton, Inverell, Manning, Coffs Harbour, Cooma and Bowral
 - plan for future works at John Hunter, Nepean Stage 2, Sydney Children's Hospital Westmead Stage 2, Albury Hospital (medical care, obstetric and neonatal services), Canterbury, Bankstown, Shoalhaven (Nowra), Hornsby hospitals and Goulburn ambulatory care.

Other new investments include:

- increasing frontline health staff, with an estimated 1,370 additional frontline staff across the state including 950 nurses and midwives, 300 doctors and 120 allied health workers such as physiotherapists, occupational therapists and pharmacists
- investing in care for new parents and children with a \$156.5 million new Parents Package (see Box 1.2)
- investing in ambulance services with \$23.7 million in 2018-19 to employ an additional 200 paramedics (700 over four years) and 13 call centre staff (50 over four years) to improve ambulance response times, reduce paramedic fatigue and support safety
- world-class research and innovation investment total of \$115.0 million in 2018-19 for medical and scientific innovations to fight diseases and keep the community healthier including the following two new initiatives:
 - \$15.0 million for cardiovascular disease research capacity development as part of the Government's \$150.0 million commitment over 10 years
 - \$5.0 million to support treatment of childhood cancer and other genetic disorders by investing in technology and staff to enhance for paediatric precision medicine as part of the new Parents Package
- \$82.5 million in 2018-19 for increased admitted and community-based mental health services across New South Wales. This is part of the \$2.1 billion total recurrent investment for mental health services including \$100.0 million annually for specialist community mental health supports to continue the Government's 10-year reform of mental health services
- continuing with the existing drug and alcohol services investment with \$12.0 million in 2018-19 for services in metropolitan and regional areas for prevention and harm minimisation programs.

Box 1.2: Investing in care for new parents and children

The Government is committed to protecting and improving the wellbeing of new parents and their babies. In this Budget, the Government is investing in a landmark \$156.5 million Parents Package. Key initiatives in 2018-19 include:

- \$9.3 million to provide 100 more midwives to support maternity service growth across the State
- \$7.6 million for a NSW Baby Bundle, starting 1 January 2019, to provide new parents with essential items to assist in their child's early health and development
- \$5.0 million to support treatment of childhood cancer and other genetic disorders by investing in technology and staff to enhance paediatric precision medicine research
- \$4.3 million to expand the NSW post-natal home visits program, including funding two Karitane child and family health nurses to provide virtual home visits to new parents
- \$2.2 million to partner with Tresillian to establish five new Family Care Centre Hubs in rural and regional locations to provide local intensive support at early infancy
- \$2.0 million to upgrade play spaces in eight paediatric wards to make facilities more welcoming at often stressful times for families
- \$1.5 million to enhance systems across the State to support the safe and timely transfer of pregnant women who need higher levels of care
- \$1.1 million to increase services for pregnant women and mothers with severe and complex mental illness. Planning will also commence for the development of a new specialist mothers and babies mental health unit
- \$200,000 to expand newborn bloodspot screening to include congenital adrenal hyperplasia. This is in addition to \$2.0 million to introduce a Spinal Muscular Atrophy and Severe Combined Immunodeficiency pilot research program in 2018-19
- information campaigns to support prospective parents and pregnant women with important health advice.

More schools and learning opportunities

Around 164,000 more students are forecast to enter government schools by 2031. Growing our education system is key to ensuring the educational success of students across New South Wales.

The Government is investing a record \$6.0 billion over four years to deliver more than 170 new and upgraded schools including:

- commencing work in 2018-19 on 40 new and upgraded school projects, and beginning planning for over 20 new and upgraded schools
- continuing works on more than 110 ongoing new and upgraded schools.

This record capital investment also includes the delivery of minor works projects including improvements to school facilities such as canteen and toilet block upgrades, sports courts and installation of shade covers, as well as land purchases for new and expanded schools.

In addition, the 2018-19 Budget also provides:

- \$500.0 million over five years for cooling in schools through the installation of reverse cycle air-conditioning to ensure New South Wales schools have the best environment to learn
- \$197.8 million over four years to extend universal access to preschool for three-year olds, as part of the Start Strong. This will help families with the cost of early childhood education as well as creating the best foundations for success
- a continuation of the record \$747.0 million planned maintenance investment across New South Wales schools announced in the 2017-18 Budget with \$160.0 million invested in 2018-19
- \$30.0 million in 2018-19 to open school playgrounds and sporting facilities for community use on weekends and during school holidays through the Share Our Space program.

The best start in life

The Government is helping young people get ahead with initiatives for the best start in life and to enhance skills and qualifications.

Measures aimed at providing an optimal start in life include:

- \$156.5 million over four years for a Parents Package to improve the wellbeing of new parents and their babies (see Box 1.2)
- ensuring that every child in New South Wales is provided the opportunity to partake in two years of early childhood education, with the continuation and expansion of the Start Strong program. \$197.8 million is being invested over four years in the focus areas of:
 - ensuring universal access to two years of early childhood education for all three-year old children from 2019 onwards – making New South Wales the first state in Australia to do so
 - creating 4,800 new community preschool places in growth areas with \$42.1 million in extra capital grants funding provided over four years
- \$39.2 million over four years to replace and refurbish Police Citizens Youth Clubs. These clubs create police and community partnerships focused on encouraging young people to be active, develop their skills, character and leadership, and prevent crime by and against young people. These funds will provide replacement clubs in Wagga Wagga, Walgett and Dubbo, a new club in the Windsor area and the upgrade of five regional clubs in Albury, Bourke, Griffith, Kempsey and Moree.

In addition, the 2018-19 Budget is helping to make training more accessible for students with:

- \$285.2 million (over six years) to fund 100,000 fee-free apprenticeships to increase apprenticeship commencements and address skills shortages in areas of significant demand in New South Wales (see Box 1.3)
- additional investments into the Mobile Training Units to provide support for the delivery of training with TAFE Connected Learning Centres. This is part of the 2018-19 investment total of \$179.5 million for TAFE NSW's capital expenditure program.

Box 1.3: Attracting more apprentices and easing the financial load

The Government is providing 100,000 fee-free Smart and Skilled apprenticeships to students to ease the financial pressures faced by students and increase the uptake of apprenticeships.

Fees for apprenticeships are often a barrier to participation in training. Upfront fees, compounded by tool and travel costs, can be prohibitive for prospective apprentices on the minimum apprentice wage.

There are skilled labour shortages in many industries in New South Wales, including the construction, hospitality and automotive repair industries.

A fee-free apprenticeship can remove financial barriers to, and provide an incentive for, prospective students enrolling in a Smart and Skilled apprenticeship and enable them to take advantage of the high demand for jobs in these growing sectors.

Building a better-connected New South Wales

The 2018-19 Budget is building better transport infrastructure to get New South Wales residents where they need to go. A well-connected transport system, including investment in roads, rail and buses will help people spend less time in traffic and get home to their families sooner. This Budget includes:

- \$4.3 billion in 2018-19 towards delivery of Sydney Metro including \$2.4 billion on Sydney Metro Northwest linking North West Sydney with Chatswood, and \$1.9 billion on Sydney Metro City and Southwest linking Chatswood with Bankstown
- a new \$3.0 billion Restart NSW reservation for the Sydney Metro West, the city's next underground metro railway between the Sydney CBD and Greater Parramatta. This funding, subject to the final business case, will fund completion of project development and commencement of land acquisition, early works and tunnelling. This is in addition to the NSW Government investment of \$28.1 million in 2018-19 to fast track the planning and the final business case for this project
- \$1.8 billion in 2018-19 to continue the development and delivery of WestConnex
- \$1.2 billion in 2018-19 to continue the Pacific Highway upgrade program, including continuing construction between Woolgoolga and Ballina, and planning for the Coffs Harbour bypass
- \$648.2 million (\$1.6 billion over four years) for the More Trains, More Services Program, which will enhance rail infrastructure and fleet to increase and improve rail services, including express services for Western Sydney
- \$438.9 million in 2018-19 (co-funded by NSW and Commonwealth Governments) for road upgrades to support the new Western Sydney Airport at Badgerys Creek, including continuing construction on the remainder of Bringelly Road as well as The Northern Road between Narellan and Penrith
- \$282.8 million in 2018-19 (\$3.0 billion over four years) to continue planning or delivery of missing links on motorways and major routes in Sydney, including the new projects such as F6 extension Stage 1, Western Harbour Tunnel and Beaches Link and Sydney Gateway, and continuing NorthConnex
- \$281.3 million in 2018-19 to reduce congestion on Sydney roads by addressing critical pinch points, and continuing works for the M4 Smart Motorway
- \$258.0 million in 2018-19 (\$2.1 billion over four years) of new investment in the Parramatta Light Rail Stage 1 to support growth in Western Sydney

- \$11.6 million in 2018-19 as a new investment to plan upgrades of Heathcote Road, including widening the Woronora River bridge and road widening between Holsworthy and Voyager Point.

Making New South Wales the best place to work and do business

A strong economy is only possible if businesses can thrive. The Government understands this and is investing in initiatives that will attract, support and encourage business activity across New South Wales.

The 2018-19 Budget introduces new measures and expands on existing programs, including:

- increasing the payroll tax-free threshold from \$750,000 to \$1.0 million to help reduce the burden on businesses in New South Wales. The threshold will increase progressively over the next four years to 2021-22
- establishing the first ever New South Wales Productivity Commission with an overarching focus on micro-economic reform to drive productivity and improve regulations. The Commission's work is aimed at making it easier to do business, lowering the cost of living, making housing more affordable, and making our State the easiest to move to
- \$37.0 million in 2018-19 to accelerate and extend the roll out of the Easy to Do Business Program, in the cafes, restaurants and small bars, and the housing construction sectors in New South Wales, under the project agreement for Small Business Regulatory Reform agreed with the Commonwealth Government
- \$2.0 million (\$7.1 million over four years) for civil justice initiatives to provide a responsive and effective civil justice system that will support people and small businesses to resolve matters quickly and efficiently, and to alleviate demand pressures on courts. Key initiatives include implementation of the pilot online dispute resolution program.

Supporting those who need it most

The Government is investing in a range of initiatives to ensure the ongoing provision of vital services to the most vulnerable. Key objectives of these initiatives include providing accessible healthcare, protecting our kids, reducing homelessness, creating sustainable housing and reducing domestic violence.

New initiatives in the 2018-19 Budget include:

- \$250.0 million for the New South Wales contribution to the Commonwealth Redress Scheme for survivors of child sexual abuse in NSW Government institutions
- \$61.7 million over four years in new funding to implement the NSW Homelessness Strategy 2018-2023 to support programs including Staying Home Leaving Violence, sustaining tenancy supports, social impact investment and transitional accommodation
- \$59.1 million over four years in new funding to support better safety, permanency and wellbeing outcomes for children, young people and their families with funding for 100 additional workers for the child protection system and investment in the open adoption program
- \$44.1 million over three years to support people impacted by domestic violence and reduce reoffending and re-victimisation
- \$10.0 million in 2018-19 (\$55.0 million over four years) to implement a *Mentally Healthy Workplaces Strategy* to foster workplaces with an environment that supports and engages workers

- a grant of \$5.0 million for Adele House, a charity providing specialist drug rehabilitation and training services, towards a facility at Bucca Road on the New South Wales North Coast.

The Government is also continuing to support the State's transition to the full National Disability Insurance Scheme (NDIS) on 1 July 2018 with:

- \$3.2 billion in 2018-19 as the NSW Government contribution to support the transition to the NDIS. This consists of an estimated \$2.7 billion cash contribution and \$477.5 million in-kind contribution through services provided by NSW Government agencies
- \$97.5 million in 2018-19 (\$230 million over three years) for operational services until full transition to the NGO sector
- \$87.0 million in 2018-19 (\$150 million over three years) for residual disability functions.

Investing in our regional communities

Regional New South Wales is high on the Government's priority list with a range of initiatives in the 2018-19 Budget aimed at promoting the regions as an attractive place to live, work, do business and visit.

A new key initiative of this budget is the planned implementation of the Snowy Hydro Legacy Fund to facilitate reinvestment of proceeds from the Snowy Hydro Limited share sale. The intention of this program is to invest these gains in state-building infrastructure across regional New South Wales. The Government has appropriated an initial \$40.0 million in 2018-19 to investigate the feasibility and implementation of potential projects.

In addition, the Government is investing:

- \$1.9 billion in 2018-19 on regional capacity enhancements with the continuation of upgrades to the Pacific and Princes Highways, and Central Coast and Hunter Roads, various projects and programs on roads in regional New South Wales and procurement of the Regional Rail Fleet Program
- an additional \$250.0 million over four years towards the Farm Innovation Fund, which provides concessional loans of up to \$250,000 for investments in on-farm infrastructure to provide greater drought resilience, and \$50,000 seven-year interest-free loans to allow farmers to transport feed, move livestock and preserve stock bloodlines
- a new reservation of \$155.0 million from Restart NSW for the new Shoalhaven River bridge at Nowra, subject to Restart NSW assurance
- \$153.4 million over four years (total of \$178.4 million over five years from 2017-18) in new investments for the Regional Road Freight Corridor program as part of Restart NSW
- a new \$137.3 million over four years for Fixing Country Rail (Restart NSW) projects including \$60.4 million towards the Junee to Griffith Line Upgrade, \$40.0 million for the Berry to Bomaderry Rail Line and the OMEGA Tunnels Track Upgrade and \$7.7 million for the Tarago Passing Loop Extension
- \$71.8 million new investment over four years towards the forestry sector including \$34.0 million over four years for a loan scheme as part of the Forestry Innovation Fund to support innovation and productivity growth, an equity injection of \$24.0 million to Forestry Corporation to support plantation investment, \$9.2 million over four years for world-class forest mapping and monitoring and \$4.6 million over four years for forestry contractor training and accreditation
- \$26.8 million over four years in new Resources for Regions programs including \$7.8 million for the Upper Hunter Regional Mine Affected Roads program, \$4.6 million for stage four of the South Orange Economic Development Corridor (Anson Street to Pinnacle Road) and \$4.3 million for the Newcastle Beach Community Infrastructure Project

- \$26.7 million in 2018-19 for the Sealing Country Roads Program (Cobb and Silver City Highways) in Western New South Wales
- \$50.0 million over four years as a new initiative to upgrade research stations across rural and regional New South Wales to boost productivity and support world-class food and fibre production. This includes \$40.0 million reserved in Restart NSW
- a new \$10.0 million over two years from 2018-19 to commence the Rural Health Infrastructure Program, providing the capacity to undertake upgrades and refurbishments of smaller rural facilities including Tenterfield, Scone, Gloucester and Dungog.

Protecting our communities

The Government is investing in critical infrastructure and services aimed at making our community safer, fairer and a better place to live and work and for visitors to explore and enjoy. The 2018-19 Budget is investing in new initiatives including:

- \$315.0 million in 2018-19 to improve road safety, including a significant increase in investment through the Road Safety Plan 2021 targeting areas where the majority of fatalities occur. This builds on existing programs funded through the Community Road Safety Fund including public education campaigns, road upgrades through the Safer Roads and Black Spot programs, as well as high-visibility police enforcement
- \$288.2 million over four years to further support the re-engineering of the NSW Police Force and provide the Police Commissioner with the flexibility to deploy resources according to need, and effectively address and respond to crime
- \$17.1 million (\$56.4 million over four years) for the State Emergency Service Operational Fleet Replacement Program, replacing emergency vehicles and equipment inventory, marine vessels and trailers
- \$3.2 million (\$6.5 million over two years) for the Rural Fire Service to repurpose emergency response helicopters provided by the Australian Defence Force to increase bushfire response capability
- \$52.6 million over four years to implement the National Facial Biometric Matching Capability in New South Wales, increasing the capability to identify suspects and victims of terrorism and other criminal activity
- \$22.0 million (\$89.3 million over four years) to implement the *Terrorism (High Risk Offenders) Act 2017*, enabling post-sentence detention in a correctional centre or community supervision of offenders who pose a risk of committing a terrorism offence in the future
- an additional \$151.1 million in 2018-19 (\$467.3 million over four years) in the Critical Communications Enhancement Program to expand the coverage of the Government radio network and improve critical communications during emergencies.

Sports, arts and culture

The 2018-19 Budget is funding new projects to develop and support arts and culture, increase attendance at sporting and cultural events, sustain cultural precincts, improve participation in sport and active recreation and support our athletes to become world-class. The Government is also delivering new investment in high-quality stadia, venues and facilities, including:

- major stadia to attract world-class sporting and entertainment events and address ageing stadium infrastructure with \$729.0 million for construction of a new stadium at Moore Park to replace the Sydney Football Stadium. This is in addition to the existing investment of \$183.7 million to complete construction of the Western Sydney Stadium at Parramatta

- \$245.0 million in 2018-19 as part of the Government's \$645.0 million contribution to construct the new Powerhouse Museum in Parramatta as part of a new arts and cultural precinct, expand the Museums Discovery Centre, and plan a creative industries precinct in Ultimo
- \$100.0 million reserved for the Greater Sydney Sport Facility Fund to increase the number and quality of sporting facilities in densely populated areas
- \$20.0 million reserved from Restart NSW for the creation and upgrade of inclusive playspaces as part of the Everyone Can Play in NSW program
- \$7.5 million in 2018-19 (\$59.5 million over four years) for the construction of the Western Sydney Centre of Innovation in Plant Sciences, to enable the protection of an internationally significant botanical collection of over 1.4 million plant specimens
- \$5.8 million in 2018-19 (\$50.5 million over three years) to upgrade the Australian Museum to deliver a new touring exhibition hall and education and visitor facilities. This upgrade will also enable Sydney to be one of ten cities worldwide to host the King Tutankhamun exhibition before it permanently returns to Egypt
- \$1.5 million in 2018-19 (\$6.1 million over four years) for the ongoing operation of the expanded Anzac Memorial, which will commemorate and preserve the legacy of servicemen and women.

In addition, the Government is continuing with:

- the rejuvenation of the Walsh Bay Arts Precinct with \$110.4 million invested in 2018-19 (\$219.6 million over three years)
- the Regional Cultural Fund with \$30.0 million invested in 2018-19 (\$87.9 million over three years) to support development of arts and cultural activities in our regions
- the Regional Sport Infrastructure Fund with an investment of \$100.0 million over five years to increase the number and quality of regional sporting facilities
- an investment of \$24.1 million in 2018-19 (\$72.4 million over four years), some of which is new, for grants to support screen production across New South Wales.

Box 1.4: Creative Kids Rebate

From 1 January 2019, families in New South Wales will be eligible to receive up to \$100 each year for every school-age child to support access to creative and cultural activities outside school. The Creative Kids Rebate complements, and is in addition to, the Active Kids Rebate announced in the 2017-18 Budget – parents will be able to access both rebates.

Creative and cultural activities can add financial pressure to families. To help with these costs, the Creative Kids Rebate will provide assistance with fees for a broad range of structured cultural activities and lessons including:

- music
- drama and theatre
- language classes
- visual arts
- coding, graphic design and other forms of digital creativity.

Participation in extra-curricular activities, including creative arts and sports, is an integral part of learning growth and development. These activities help build important social, emotional and physical skills, including resilience, initiative and team work. The Creative Kids Rebate will support more children across New South Wales to access these critical learning opportunities by easing cost pressures on families.

Parents and caregivers of school-aged children will be able to apply for the Creative Kids Rebate alongside the existing Active Kids Rebate through Service NSW.

Empowering Aboriginal communities

New investments are being made in the 2018-19 Budget to support and empower Aboriginal people across New South Wales, including:

- \$33.1 million over four years for the Aboriginal Social Housing Strategy to deliver innovative housing solutions, support for Aboriginal people and to build the Aboriginal Community Housing sector
- \$10.0 million over four years for social impact investment to support Aboriginal economic development. This investment will support innovative community-led initiatives to improve Aboriginal employment outcomes, wealth creation and well-being
- \$3.75 million in 2018-19 to support an additional 1,000 student placements in the Clontarf Foundation program, which encourages Aboriginal boys and young men to stay at school by harnessing their passion for sport
- \$2.8 million in 2018-19 for the establishment of Australia's first Aboriginal Languages Trust under the *Aboriginal Languages Act 2017*. The Aboriginal Languages Trust will be responsible for resourcing local language activities and developing and implementing a five year strategic plan to support Aboriginal languages at local, regional and State levels
- \$2.7 million over three years for the expansion of the Youth Koori Court to the new Surry Hills Children's Court, providing at risk young people with links to relevant support agencies.

Preserving our environment

The Government recognises the value of preserving the natural environment.

The 2018-19 Budget provides a total investment of \$1.9 billion in 2018-19 towards valued and protected environment and heritage initiatives including:

- \$632.3 million (\$2.5 billion over four years) for national parks, walking trails, public parklands and gardens to grow tourism and improve liveability and sustainability. This includes new upgrades to national walking tracks in Sydney, Port Stephens, Tweed-Byron, on the Macleay Valley Coast and the South Coast
- \$89.4 million (\$345 million over four years) for the Biodiversity Conservation Trust of New South Wales to deliver private land conservation outcomes across priority areas
- \$36.8 million to protect threatened species including \$24.9 million through the State's Saving our Species program and \$11.9 million to implement the New South Wales Koala Strategy.

Other new initiatives the Government is investing in include:

- \$25.0 million in 2018-19 (\$100.0 million over four years) for the acquisition of green and open spaces to improve the liveability of New South Wales communities
- \$9.5 million in 2018-19 (\$37.5 million over four years) to partner with communities, councils and businesses to increase the average tree canopy across Sydney as part of the Five Million Trees for Greater Sydney by 2030 program.

Planning the future of Western Sydney

Western Sydney remains an area of focus for the NSW Government. Planning for the region includes aspirations for a new Western Sydney Airport, providing growth in supporting industries and infrastructure, world-class jobs and a great quality of life.

The 2018-19 Budget includes the following new initiatives for Western Sydney:

- \$3.0 billion reserved from Restart NSW for the Sydney Metro West, the city's next underground metro railway. This will provide the fastest, easiest and most reliable journey between the Sydney CBD and Greater Parramatta. Further details are provided above under *Building a better-connected New South Wales*
- \$258.0 million in 2018-19 (\$2.1 billion over four years) of new investment in stage one of the Parramatta Light Rail to support growth in Western Sydney and create new communities by connecting places
- commitments under the Western Sydney City Deal, including:
 - \$60.0 million as the NSW Government contribution towards the \$150.0 million Western Sydney Parkland City Liveability Program
 - \$50.0 million (including \$35.0 million in 2018-19) towards planning and the final business case for the North-South Rail Link to service the new Western Sydney Airport as part of a joint funding commitment of \$100.0 million between the Commonwealth and New South Wales Governments through the Western Sydney City Deal
 - \$15.0 million New South Wales contribution to a \$30.0 million Western Parklands City housing package
 - \$7.5 million in 2018-19 (\$59.5 million over four years) for the construction of the Western Sydney Centre of Innovation in Plant Sciences
 - the Aerotropolis development surrounding Western Sydney Airport and establishing the Western Sydney Investment Attraction Office.

In addition, the Government is:

- working with the Commonwealth Government to fund road upgrades supporting the new Western Sydney Airport at Badgerys Creek, with \$438.9 million allocated in 2018-19
- investing \$132.2 million in 2018-19, inclusive of new funding, for road upgrades to support population and economic growth in Western Sydney, including construction of the first stage of the Campbelltown Road upgrade at Edmondson Park, improvements to Appin Road, and commencing construction of the Jane Street and Mulgoa Road upgrade at Penrith.

Investing for the future, today

The unprecedented strength of the Government's balance sheet is supported by its successful asset recycling strategy and disciplined financial management. To ensure the benefits of today can be shared with the generations of tomorrow, the Government is establishing a world first sovereign wealth fund – the NSW Generations Fund (NGF).

The NGF is a dual-purpose fund that combines the objectives of keeping debt at sustainable levels in line with a triple-A credit rating and supporting investment in communities across New South Wales.

The NGF is supported by legislation to ensure funds will be available for debt retirement. As the fund grows over time it will support the Government's infrastructure program without saddling future generations with a debt burden.

NSW Treasury Corporation, the State's financial markets partner, will manage the NGF - building on their proven track record in managing the State's financial assets.

As the NGF grows, up to 50 per cent of investment returns will support local communities through the My Community Dividend initiative - a new initiative where the community can propose and vote online for the investments they need in their local area.

To oversee the NGF, the Government will establish the NGF Advisory Board who will contribute real-world expertise to help shape the future of the NGF and My Community Dividend.