

Australian Business Economists 

Budget 2012
New South Wales

Briefing and Discussion, 13 June 2012, Sydney



Australian Business Economists 

The Hon Mike Baird
Treasurer, New South Wales

Budget 2012





Budget 2012-13
Building for the Future



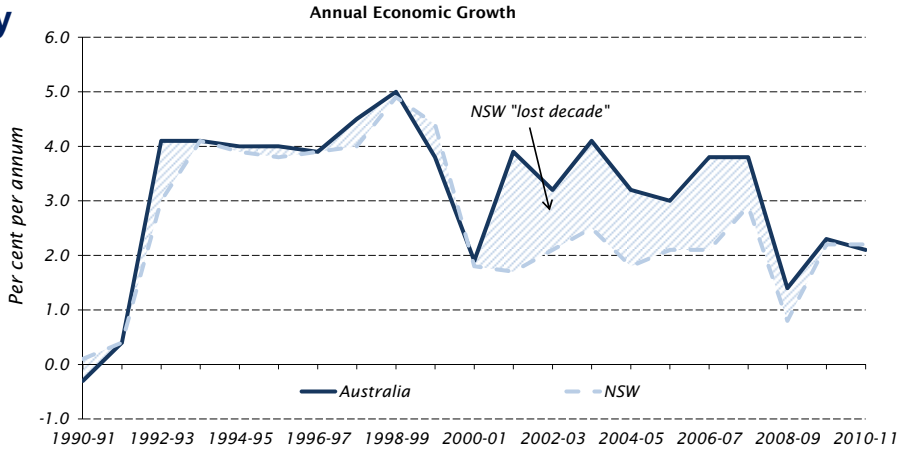
Budget 2012-13
Building for the Future

Budget 2012-13



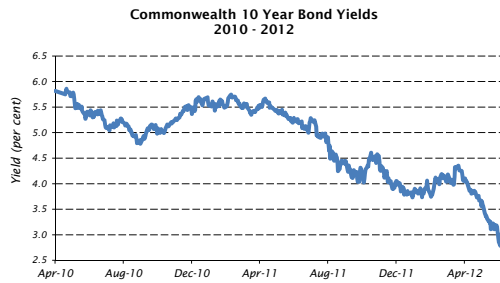
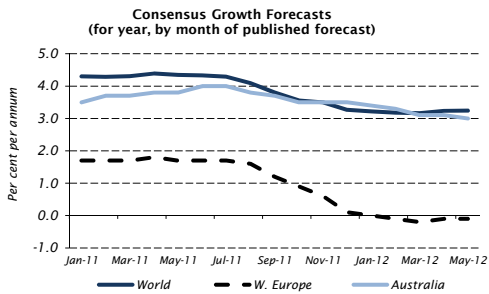
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The Government inherited an economy that had lost its way



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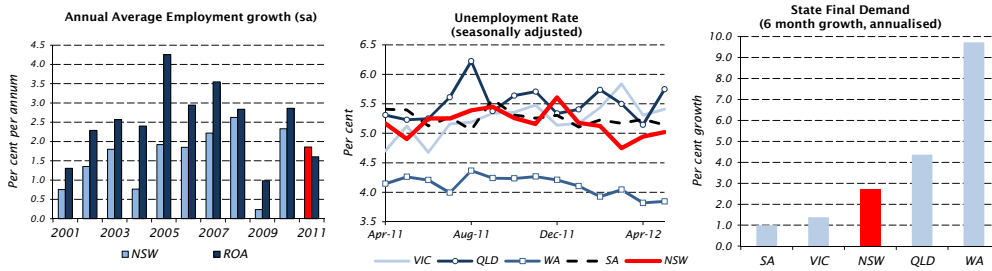
Global growth remains fragile, bond yields at historic lows





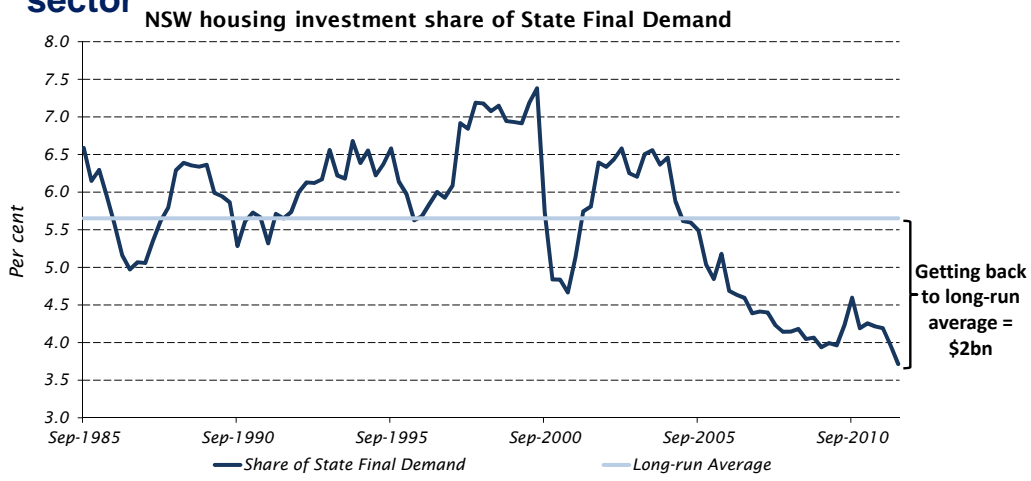
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There are signs that the NSW economy is improving



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The biggest challenge for NSW is the struggling housing sector





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Stronger growth is forecast from 2012-13

Economic Performance and Outlook^(a)

	2010-11 Outcomes	2011-12 Forecasts	2012-13 Forecasts	2013-14 Forecasts
New South Wales				
Real state final demand	3.1	2¼	2¾	3½
Real gross state product	2.2	1¾	2¼	3
Employment	3.1	½	1	1¼
Unemployment rate (b)	5.1	5¼	5½	5½
Sydney CPI (c)	3.8	1¼	3	2½
Wage price index	3.7	3½	3½	3½

(a) Per cent change, year average, unless otherwise indicated

(b) Year average, per cent

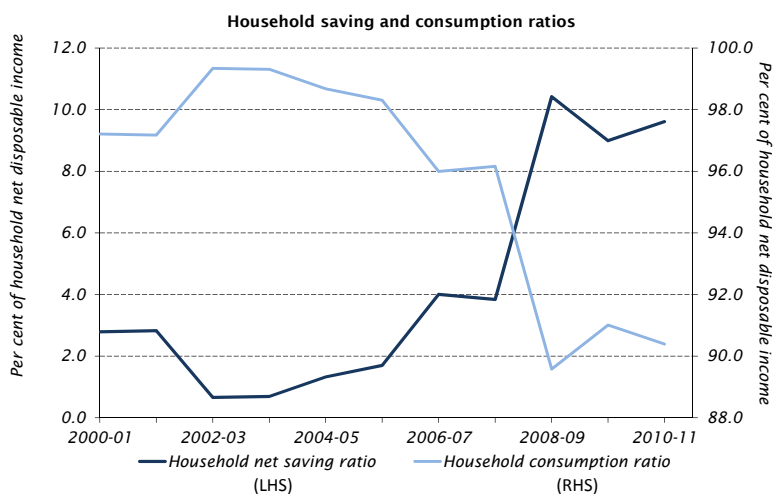
(c) Through the year to June Qtr; 2012-13 forecasts include the ¾ percentage point impact of the introduction of the carbon tax



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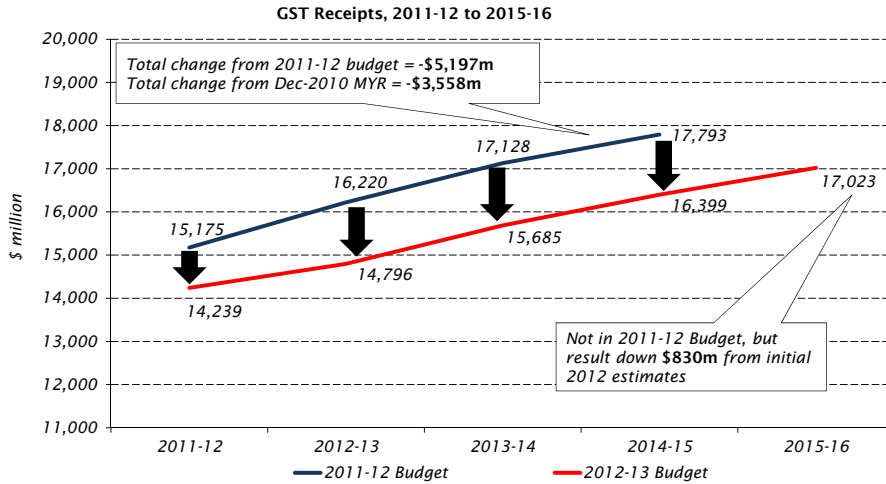
Households are saving more and spending less...





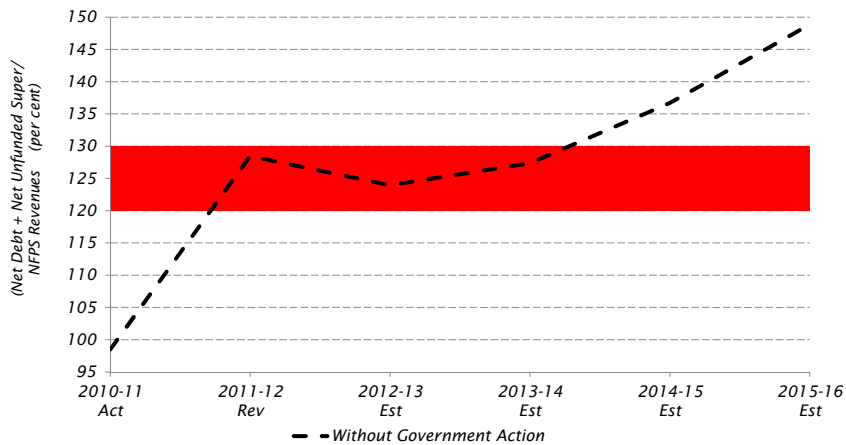
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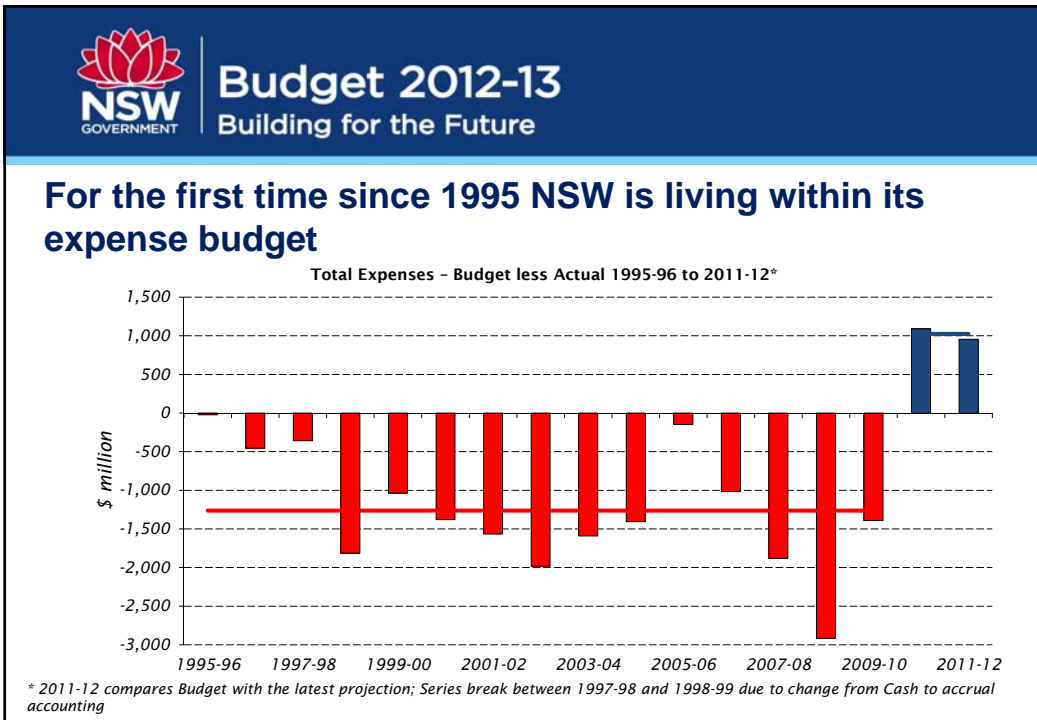
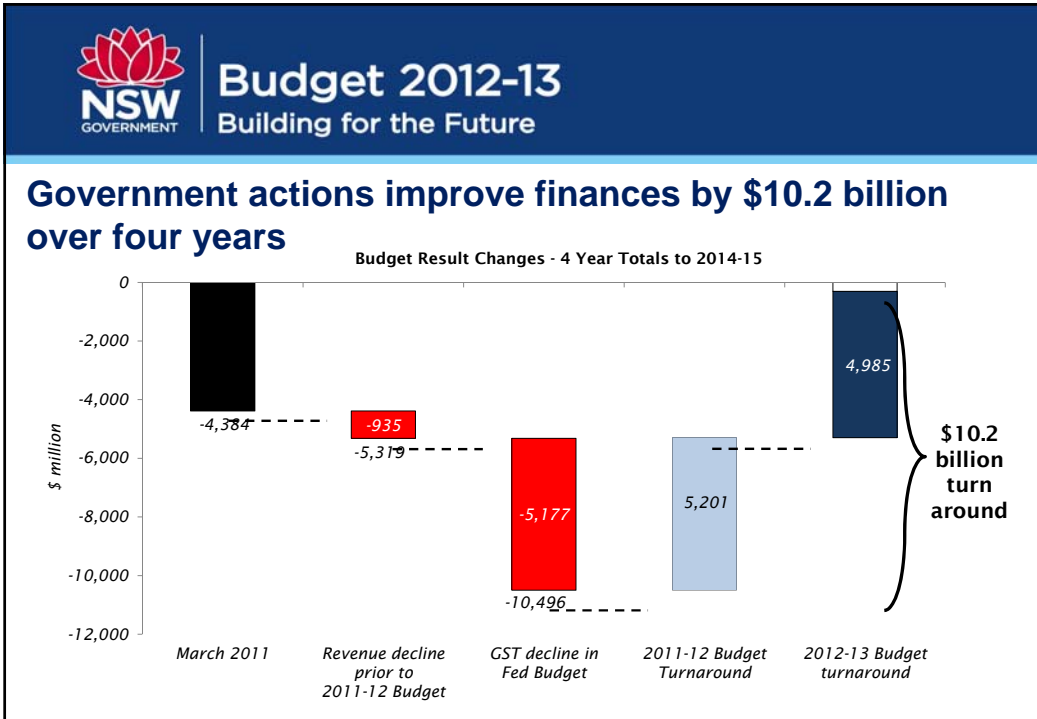
... driving GST revenues sharply lower



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Without government action, the collapse in GST revenues would have forced a review of the NSW Triple-A rating



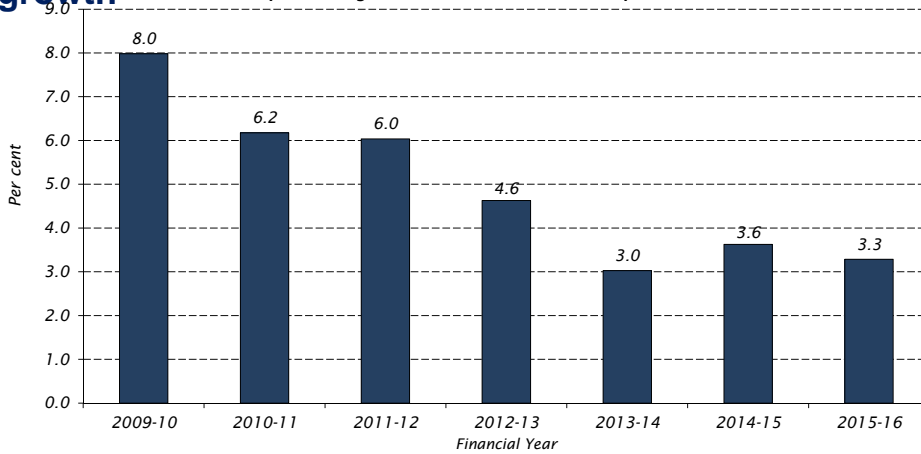




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The Government is dramatically slowing expense growth

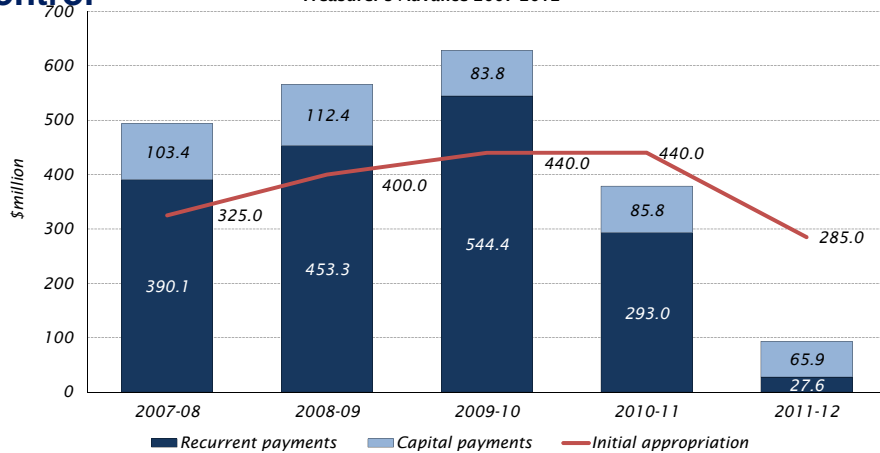
Four year Average Annual Nominal Growth in Expenses



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Fiscal discipline: the Treasurer's Advance is under control

Treasurer's Advance 2007-2012

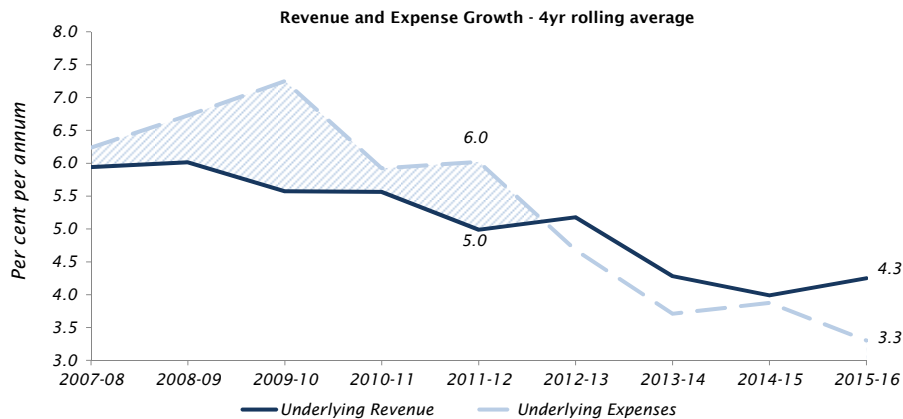




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Fiscal sustainability is achieved as expense growth falls below revenue growth



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Expense restraint allows the Government to deliver its priorities

Better services

- Health
- Education
- Police
- Transport

Supporting the vulnerable

- Stronger Together 2
- Mental Health services
- Social Housing and the homeless
- Reforming Out of Home Care

Support for Business

- Workcover reforms
- Payroll tax indexation
- Small Business Commissioner
- Skills investment

Building the economy

- Housing
- Infrastructure

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“Building the State” Package will reinvigorate the housing sector

- More home buyer support
- More housing infrastructure
- More resources for Development Approvals
- A new growth delivery entity

More Housing
The Building the State package accelerates the release of up to 76,000 additional properties to significantly boost housing supply.

Project	Additional Properties
North Kylylle wastewater treatment	up to 3,000 properties
First Fyshwick wastewater plant	up to 5,000 properties
Richmond Road upgrade between Thomson Road and George Avenue	up to 12,000 properties
Richmond Road construction of Kingsford to New Road	up to 3,000 properties
Acceleration of the completion of Camden Valley Way upgrade	up to 41,500 properties
Water reserves for Thurston release area	up to 4,500 properties
Sparks Road intersection construction at Wannanulla town centre	up to 1,600 properties
Road and intersection upgrades for Epping town centre precinct	up to 4,000 properties
Land acquisition at Green Square town centre	up to 2,400 properties
West Dracis wastewater extensions	up to 1,000 properties

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As the Commonwealth’s capital spend decreases, NSW is committing \$2bn p.a. more funding to infrastructure

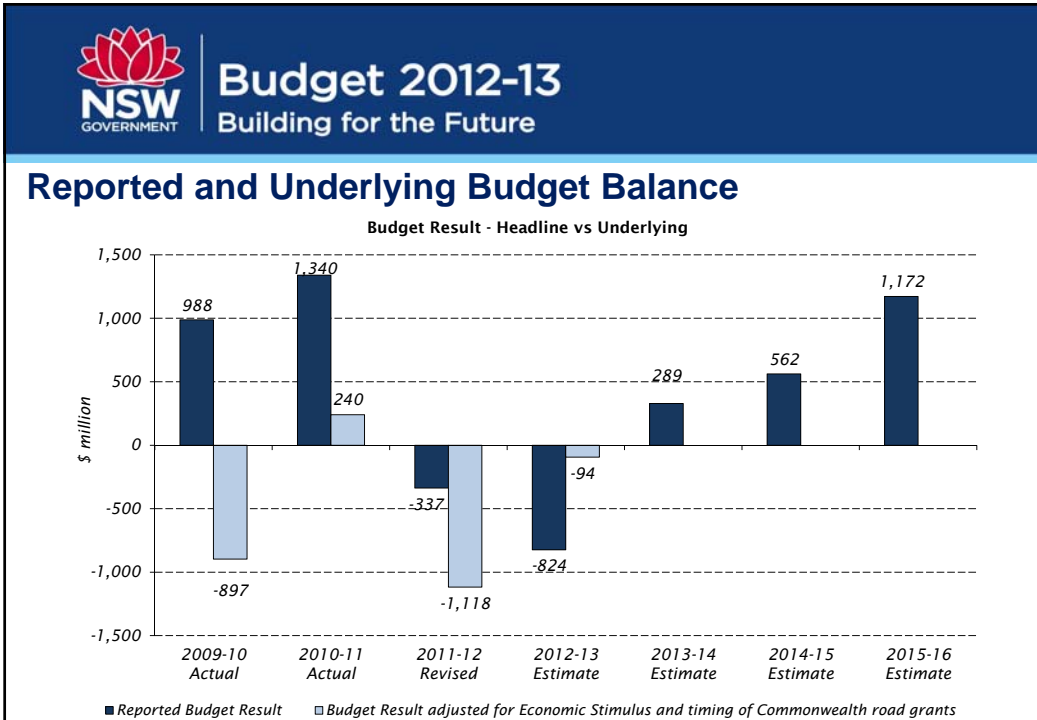
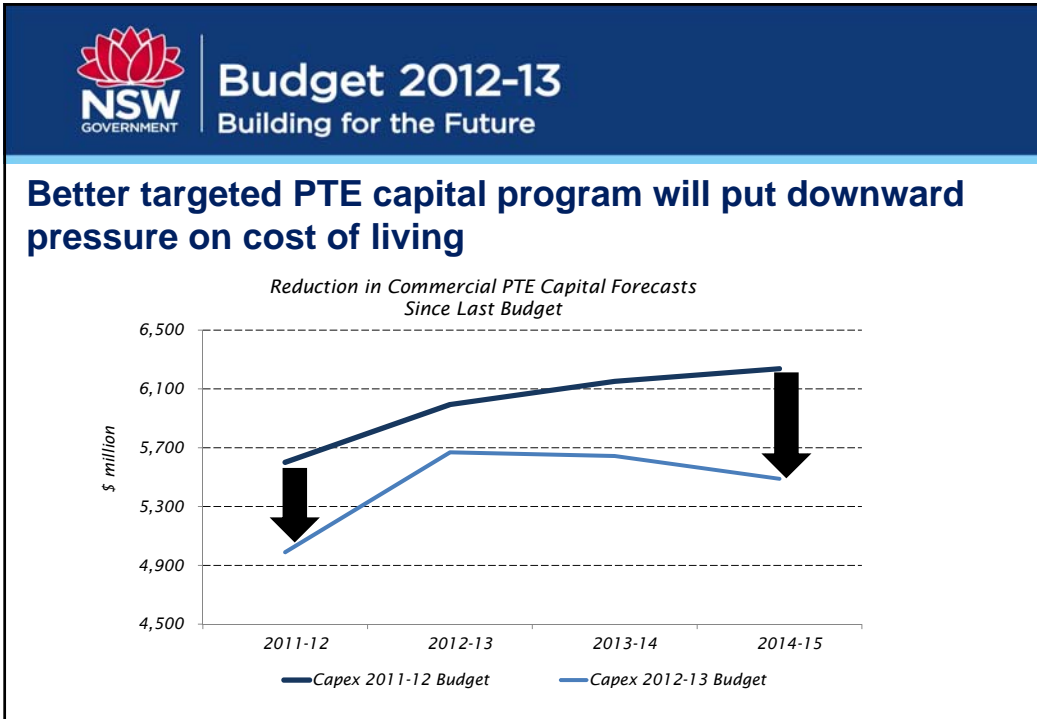
Australian Government Contribution to State Infrastructure Program

Year	Commonwealth Other Funded (\$ millions)	Commonwealth Stimulus Funded (\$ millions)
2008-09 Actual	1,000	0
2009-10 Actual	1,500	3,000
2010-11 Actual	1,800	1,800
2011-12 Revised	2,200	0
2012-13 Budget	1,800	0
2013-14 Estimate	2,100	0
2014-15 Estimate	1,300	0
2015-16 Estimate	1,000	0

State-Funded General Government Infrastructure Program including Public Transport

Year	State-Funded (\$ millions)
2008-09 Actual	5,500
2009-10 Actual	6,000
2010-11 Actual	6,000
2011-12 Revised	5,800
2012-13 Budget	7,000
2013-14 Estimate	8,500
2014-15 Estimate	8,500
2015-16 Estimate	7,500

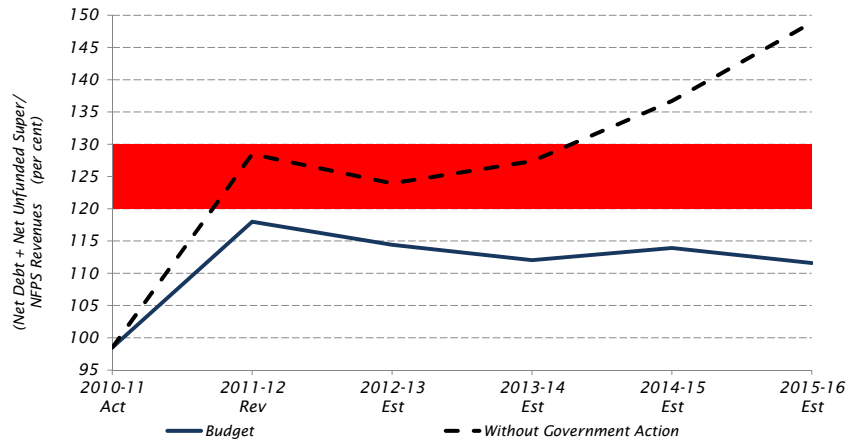
--- Four year average





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Government actions will protect the Triple-A, while delivering infrastructure and services



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