

Australian Business Economists



Budget 2013
New South Wales

Briefing and Discussion, 19 June 2013, Sydney



Australian Business Economists



The Hon Mike Baird MP
Treasurer, New South Wales

Budget 2013





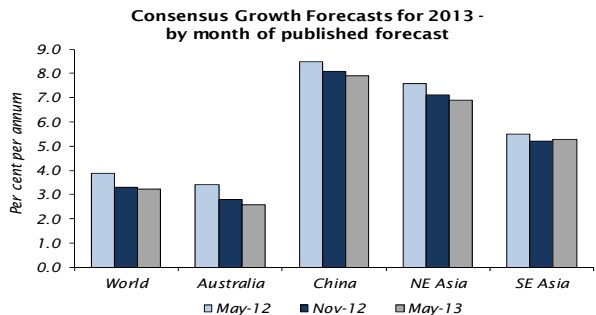
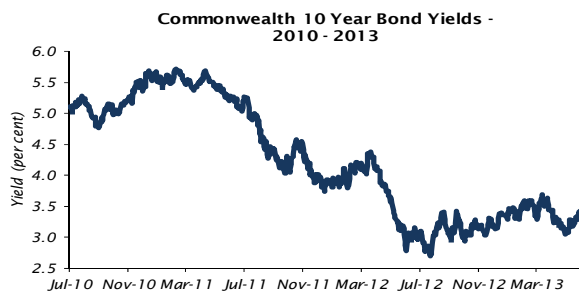
Budget 2013-14
Securing the future for NSW

Budget 2013-14



Budget 2013-14
Securing the future for NSW

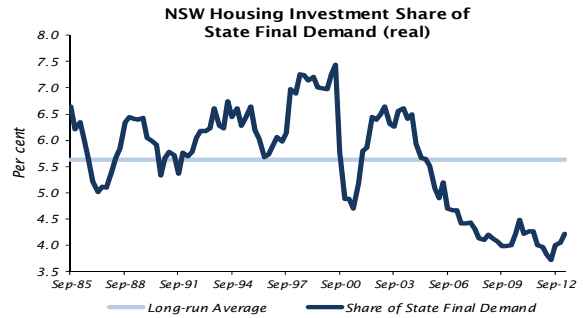
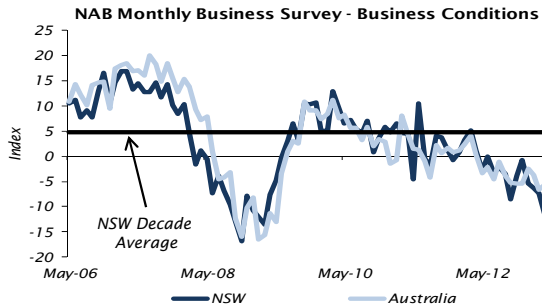
Global growth prospects remain fragile





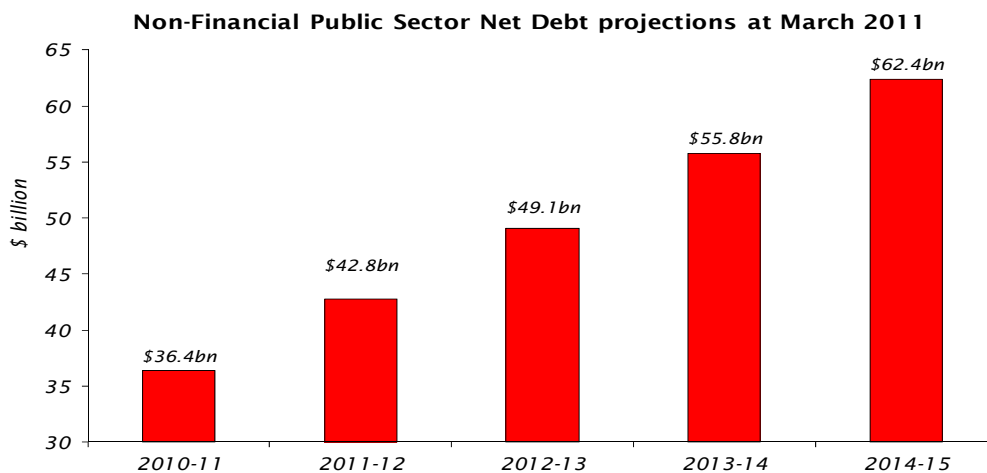
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Businesses are struggling, and the housing sector remains subdued



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Inherited debt trajectory was threatening the Triple-A



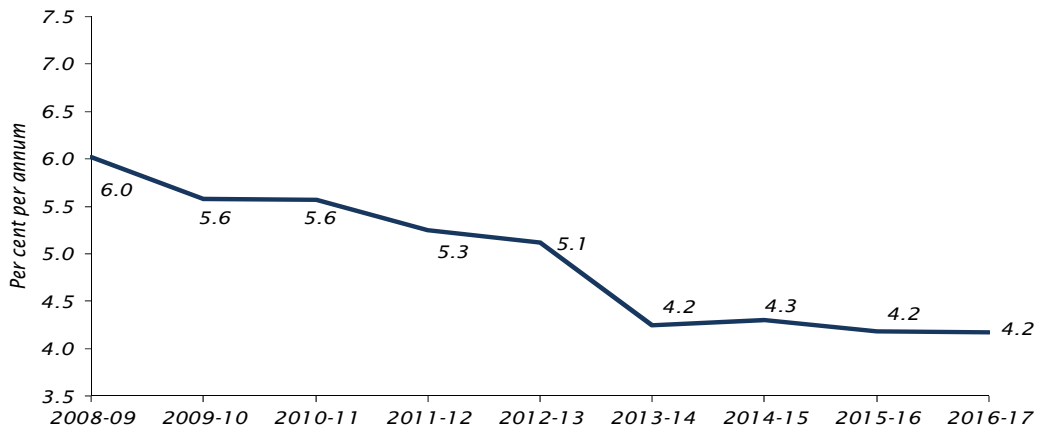


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Average revenue growth rate has fallen by 30 per cent

Underlying* Revenue Growth - 4 year Rolling Average



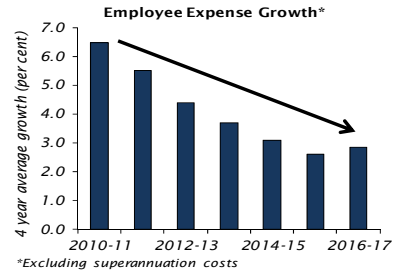
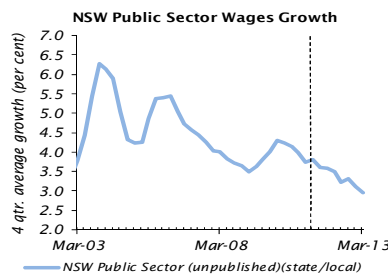
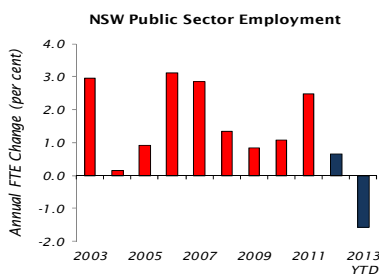
* Excludes Commonwealth Fiscal Stimulus and road grant timing adjustments.



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Public sector reform and the wages policy have cut expense growth in half



*Excluding superannuation costs

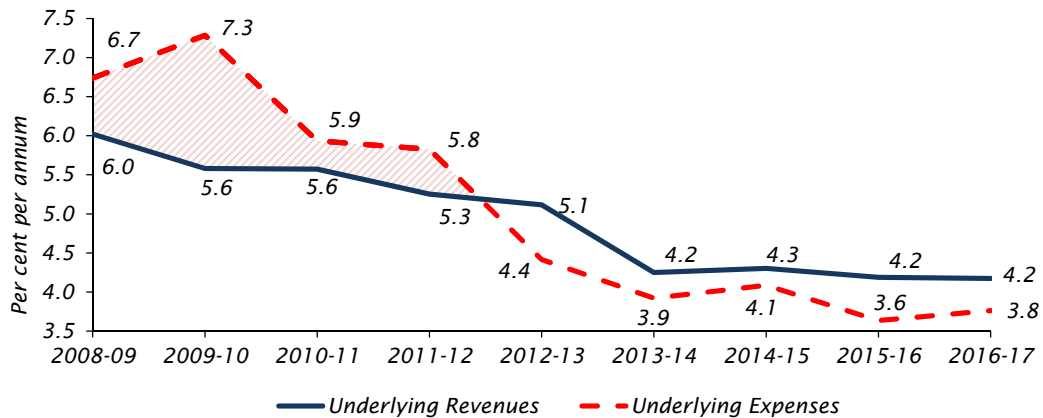


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Despite falling revenue growth, by reining in expenses, fiscal sustainability is rebuilt

Underlying* Revenue and Expense Growth - 4 year Rolling Average



* Excludes Commonwealth Fiscal Stimulus, road grant timing adjustments and AASB119 change impacts.

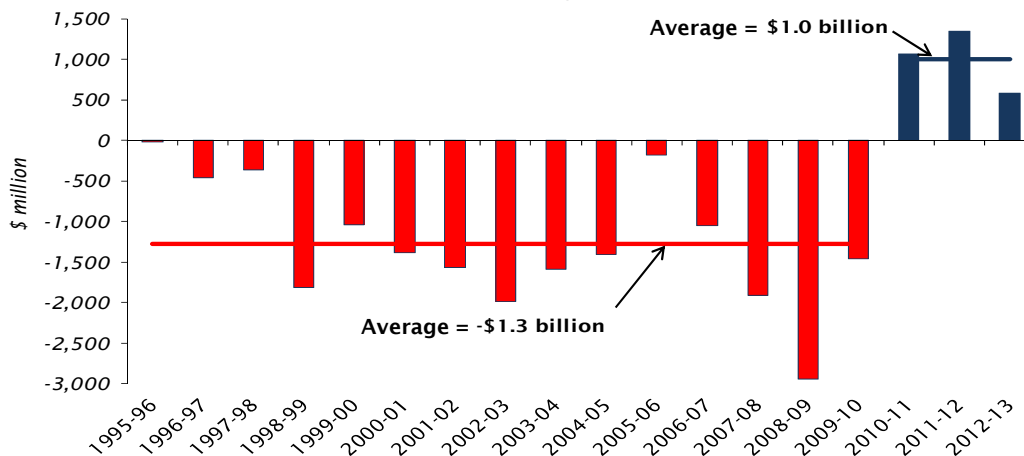


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NSW has now built a culture of living within expense budgets

Total Expenses: Budget less Actual*



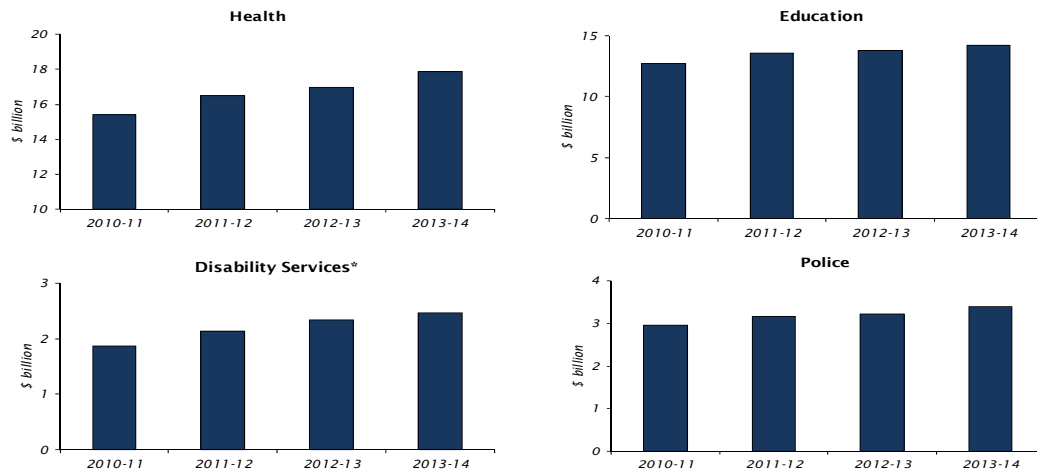
* 2012-13 compares Budget with the latest projection; Series break between 1997-98 and 1998-99 due to change from cash to accrual accounting.



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Expense restraint enables the Government to prioritise funding for key services



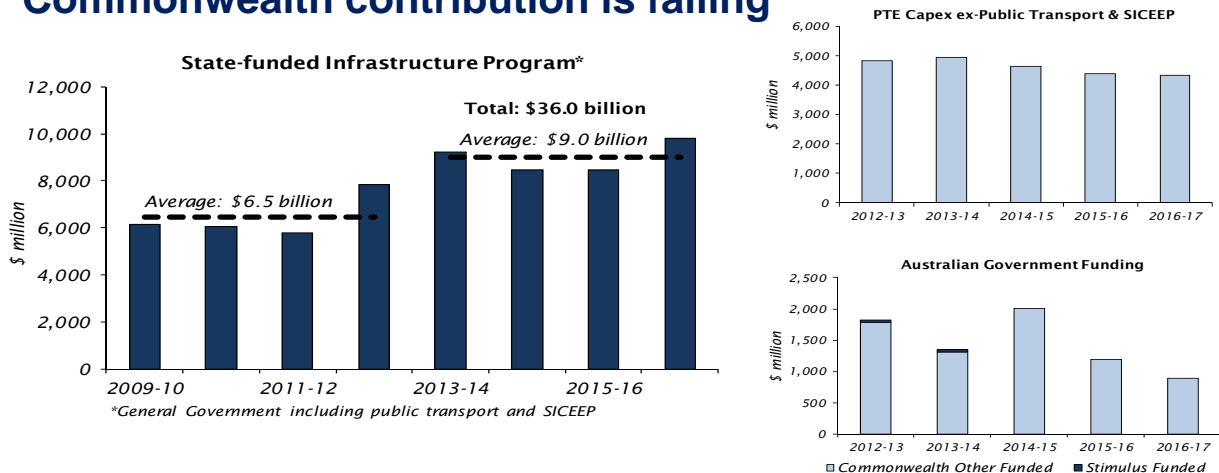
*Excludes Basic Community Care due to the change in funding responsibilities between the Commonwealth and NSW Governments.



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State infrastructure up strongly – close to \$60 billion. Commonwealth contribution is falling



*General Government including public transport and SICEEP

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Infrastructure investment to grow NSW

\$60 BILLION TO BUILD INFRASTRUCTURE

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WestConnex model and funding allocation

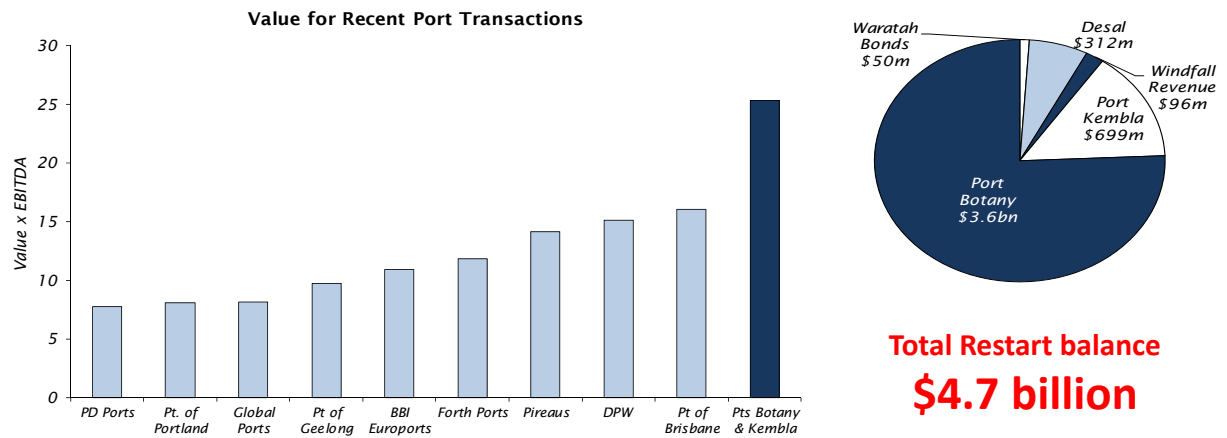
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    graph TD
      NSW[NSW Government] -- Equity --> WCF[WestConnex Finance]
      FPE[Future Private Sector Equity] -.-> WCF
      FPE -.-> WCF
      PPF[Private Sector Project Financing] --> WCF
      Tolls --> WCF
      WCF -- Construction Funding --> WCD[WestConnex Delivery]
  
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Recycling capital releases massive value for NSW



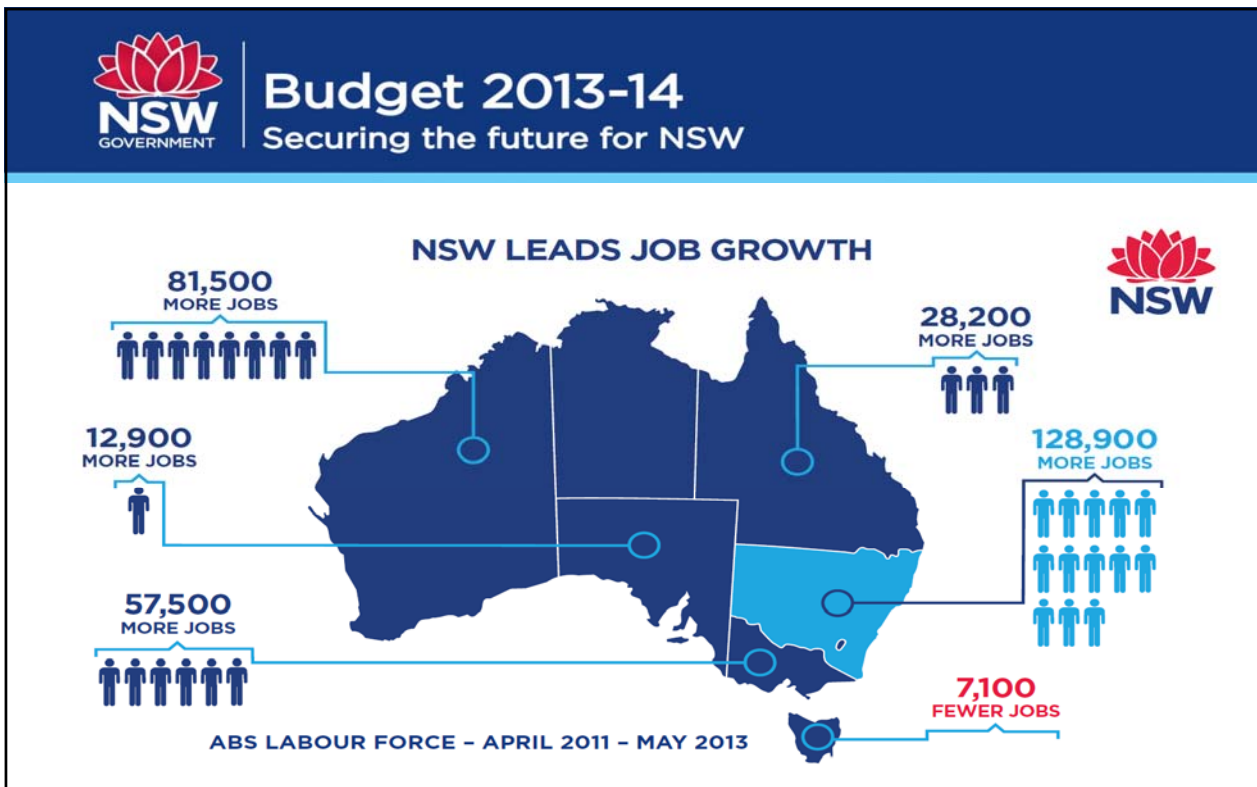
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The Government will lease Port of Newcastle to fund infrastructure in the Hunter and across NSW





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NSW Government is investing in small business and jobs

Lowering Payroll Tax burden

- Increasing threshold from \$689,000 to \$750,000
- Removing indexation

Enhancing the Jobs Action Plan

- Increasing Jobs Action Plan payroll rebates from \$4000 to \$5000
- Extending for two more years

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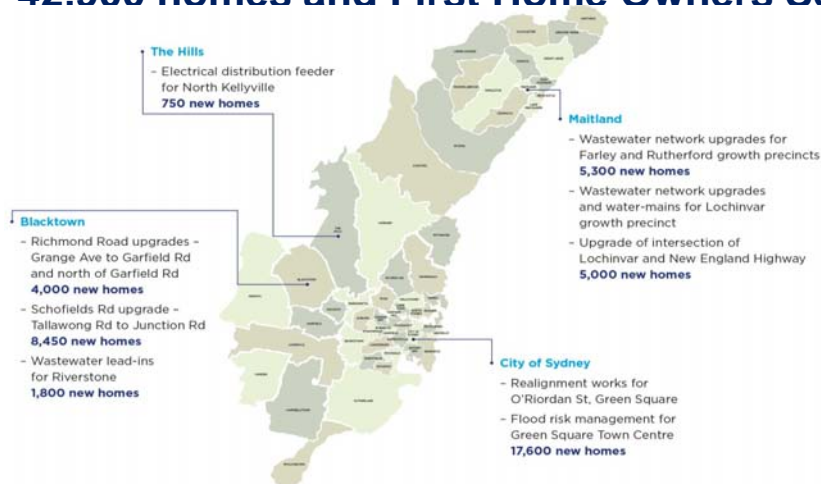
- Over 1300 businesses removed from payroll tax in 2013-14
- All businesses better off by over \$3000
- Increased incentives to employ



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More infrastructure in growth areas, unlocking a further 42,900 homes and First Home Owners Scheme extended



\$15,000 First Home Owners Grant

- Due to be reduced to \$10,000 from 1 January 2014
- Extended for two years

Almost 120,000 new homes unlocked by the Housing Acceleration Fund



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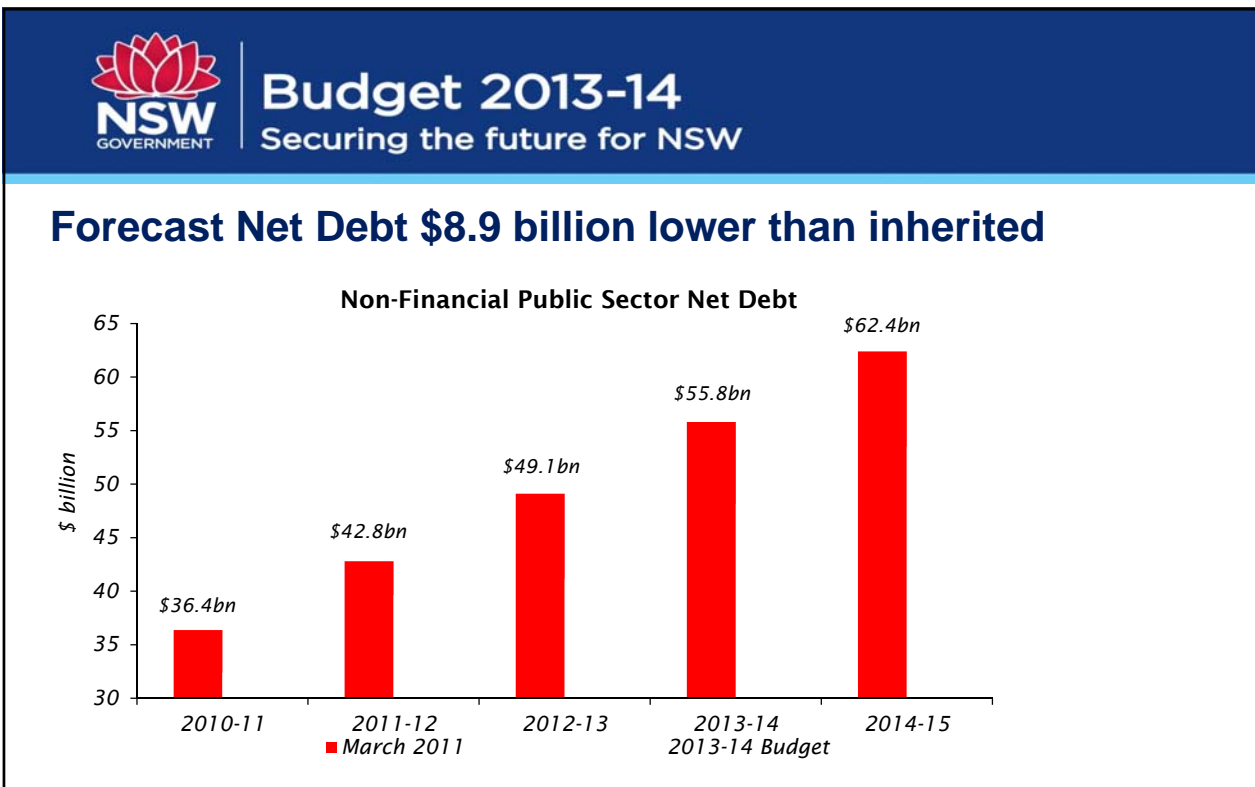
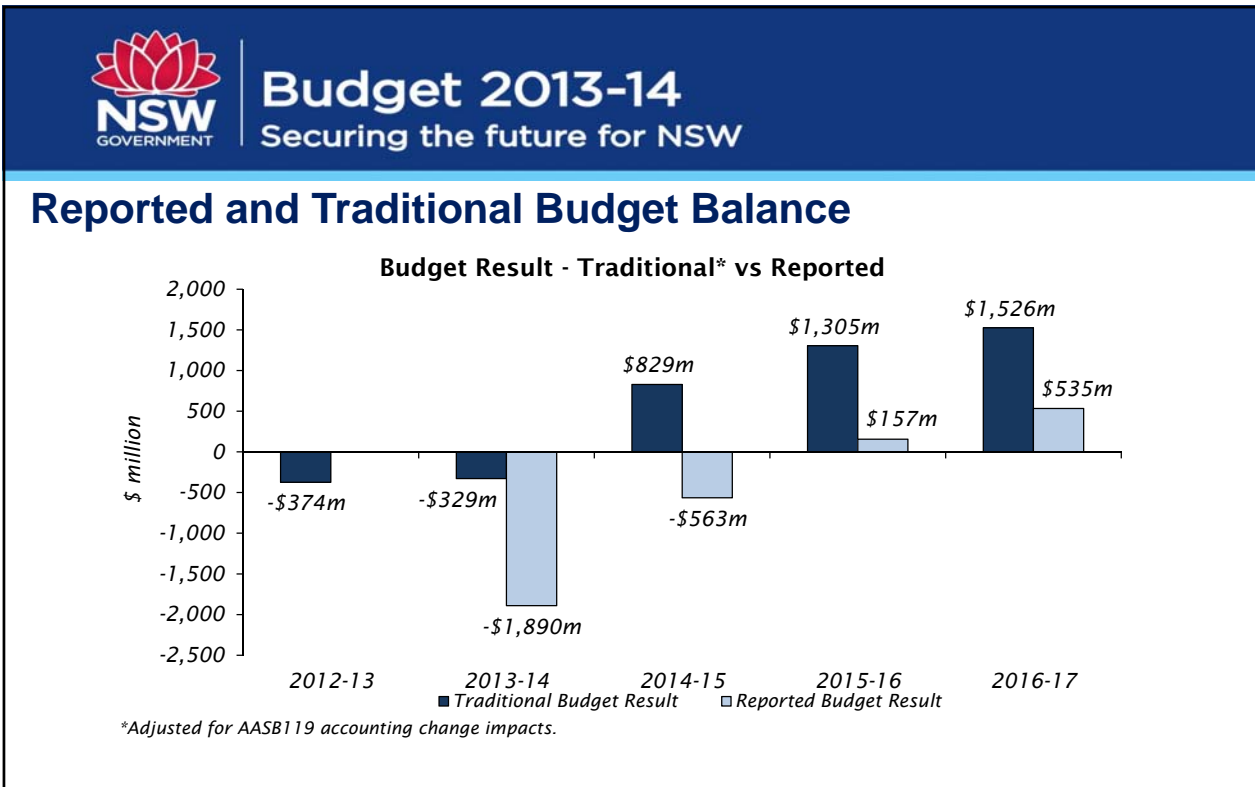
Economic forecasts

	2011-12 Outcomes	2012-13 Forecasts	2013-14 Forecasts	2014-15 Forecasts
New South Wales				
Real state final demand	2.1	2¼	3	3
Real gross state product	2.4	2½	2¾	2¾
Employment	0.7	1½	1¼	1¼
Unemployment rate ^(b)	5.2	5¼	5½	5½
Sydney CPI ^(c)	2.5	2½	2	2½
- through the year to June quarter ^(c)	1.3	2½	2½	2½
Wage price index	3.6	3¼	3¼	3½
Nominal gross state product	4.5	3¼	5¼	5¼

(a) All variables are per cent change, year average, unless otherwise indicated

(b) Year average, per cent

(c) 2012-13 forecasts include the ¼ percentage point impact of the introduction of the carbon tax

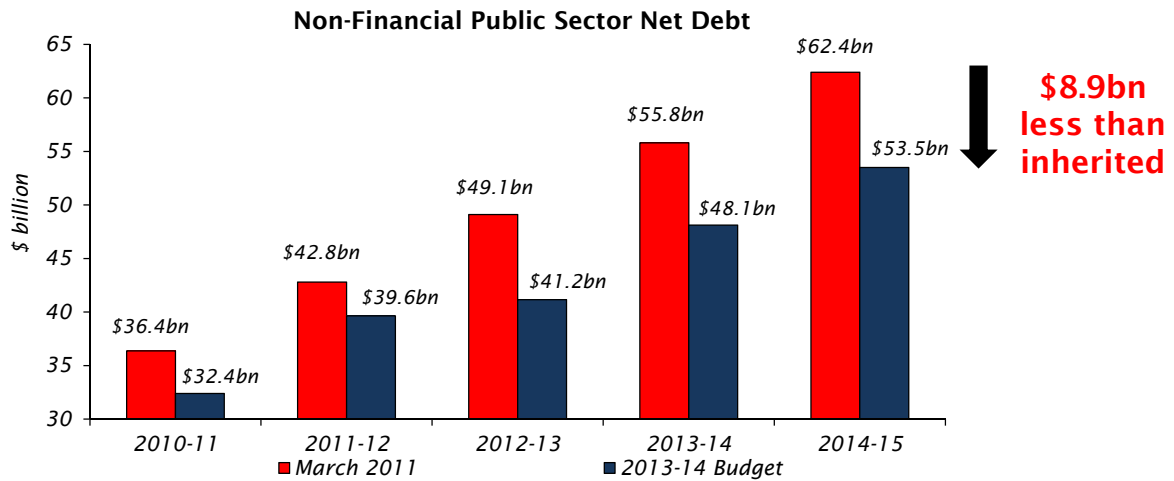




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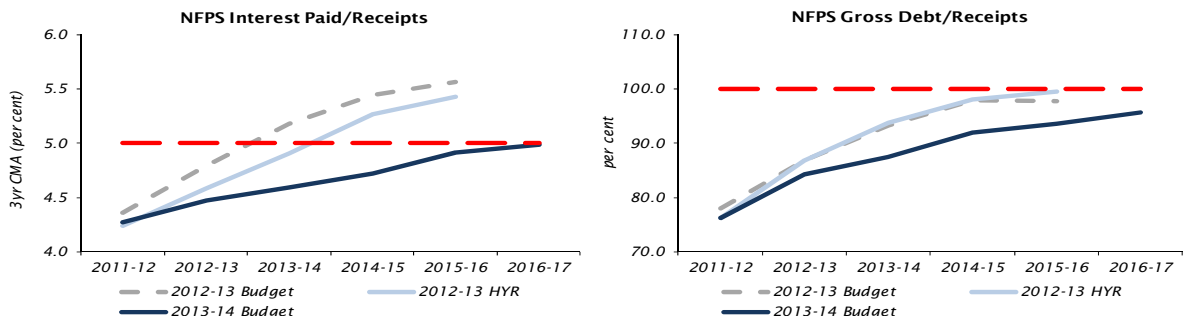
Forecast Net Debt \$8.9 billion lower than inherited



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Key Credit Metrics show significant improvement





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