



## *Budget 2014*

### New South Wales

Briefing and Discussion, 18 June 2014, Sydney





# Budget 2014-15

## Rebuilding NSW



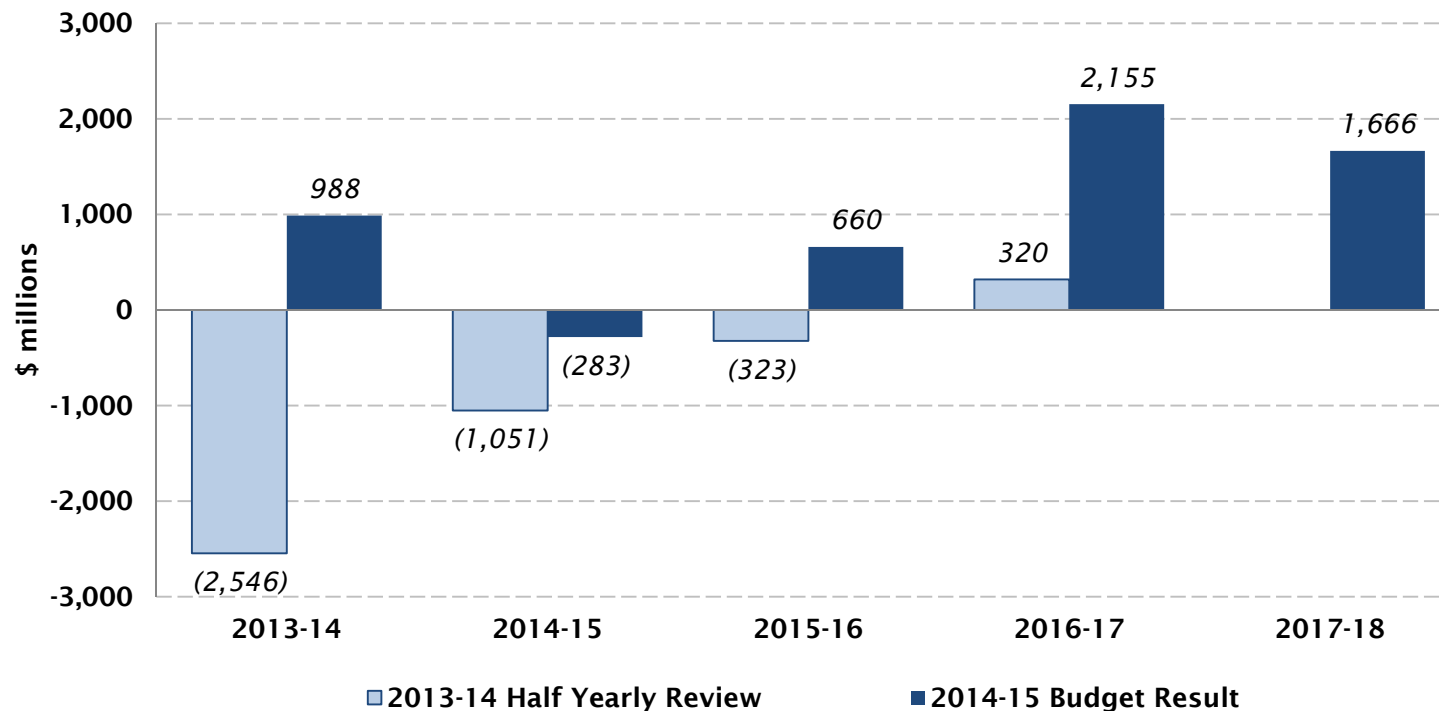
# Budget 2014-15

## Rebuilding NSW

### This is a strong budget result

A combined deficit of \$3.6 billion for 2013-14 and 2014-15 has been turned around to a combined surplus of \$705 million and there are strong surpluses in the out-years

Budget Result Comparison: 2013-14 HYR to 2014-15 Budget





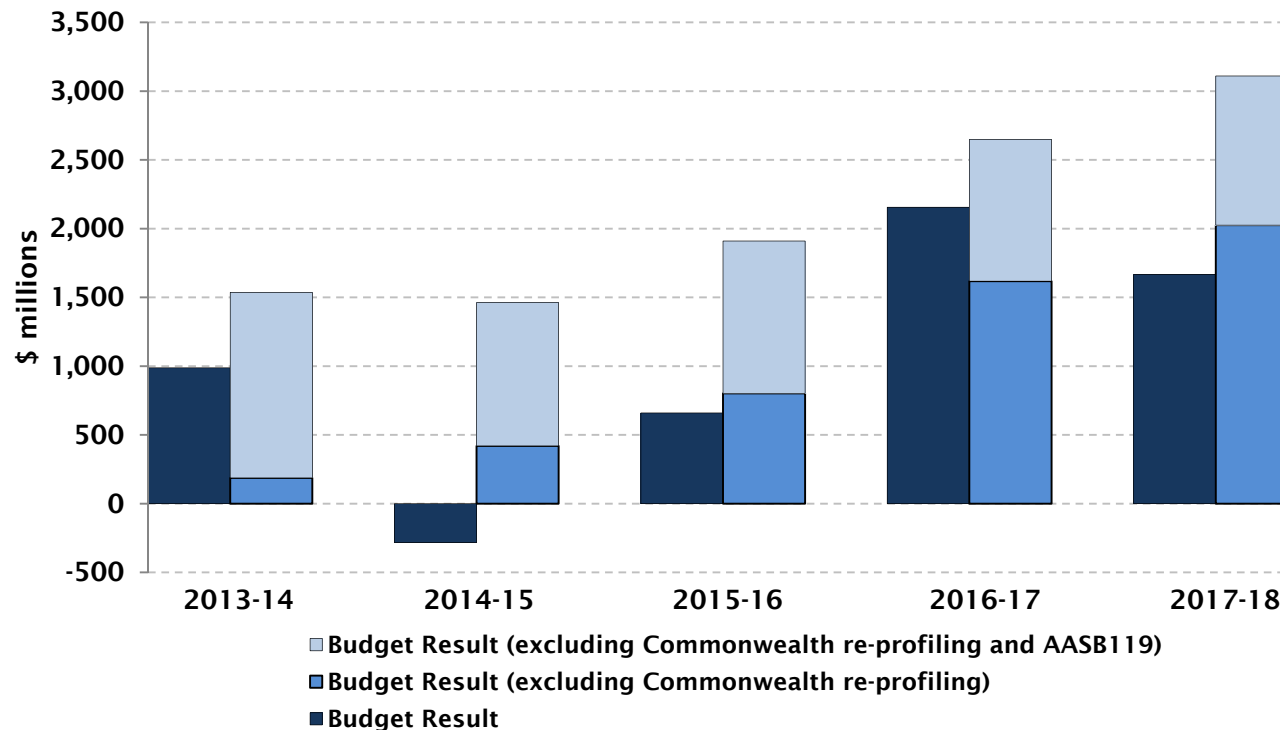
# Budget 2014-15

## Rebuilding NSW

### The underlying result is much stronger

The budget has absorbed significant impacts. Without changes in accounting policy and Commonwealth payments it would be in surplus in 2014-15 and the forward estimates

Changes in Forecast Net Debt: 2012-13 to 2014-15



Surpluses  
averaging  
**\$2.5  
Billion**  
from 2014-15

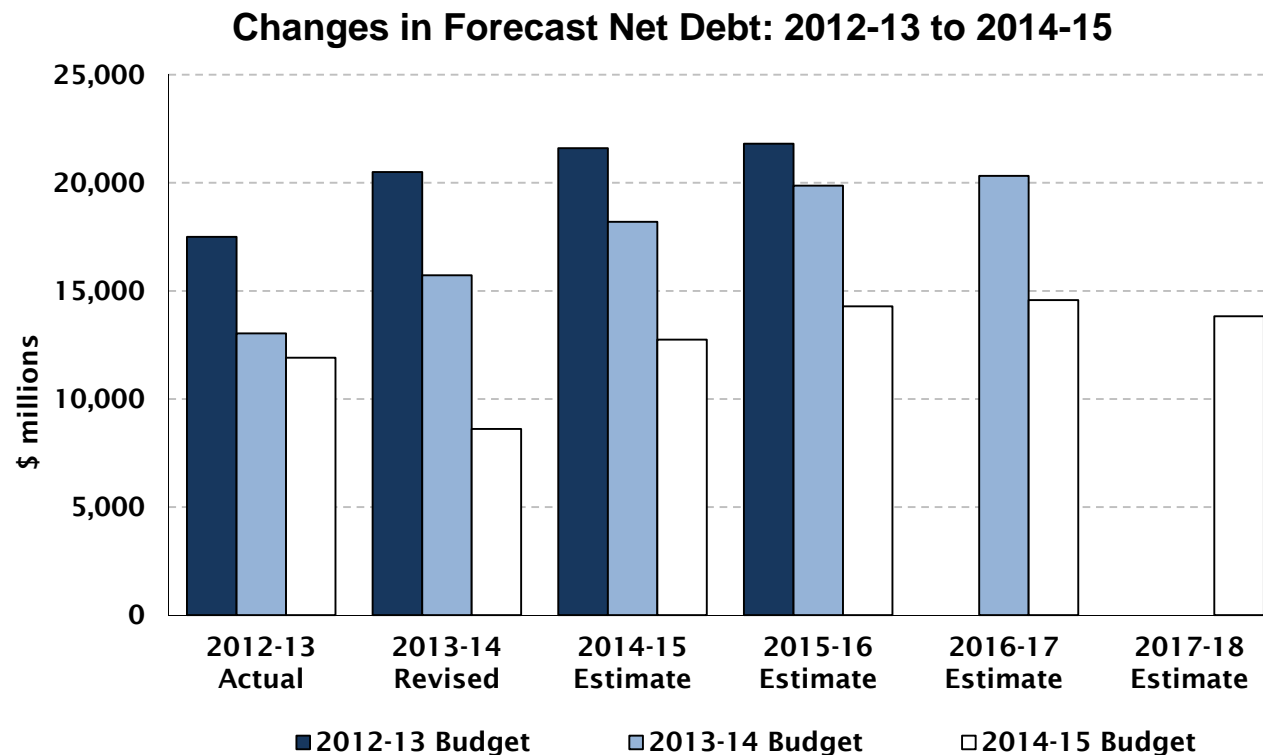


# Budget 2014-15

## Rebuilding NSW

### Net debt has fallen substantially

Expenditure control and asset recycling has reduced forecast net debt in 2013-14 by \$11.9 billion over the last two years





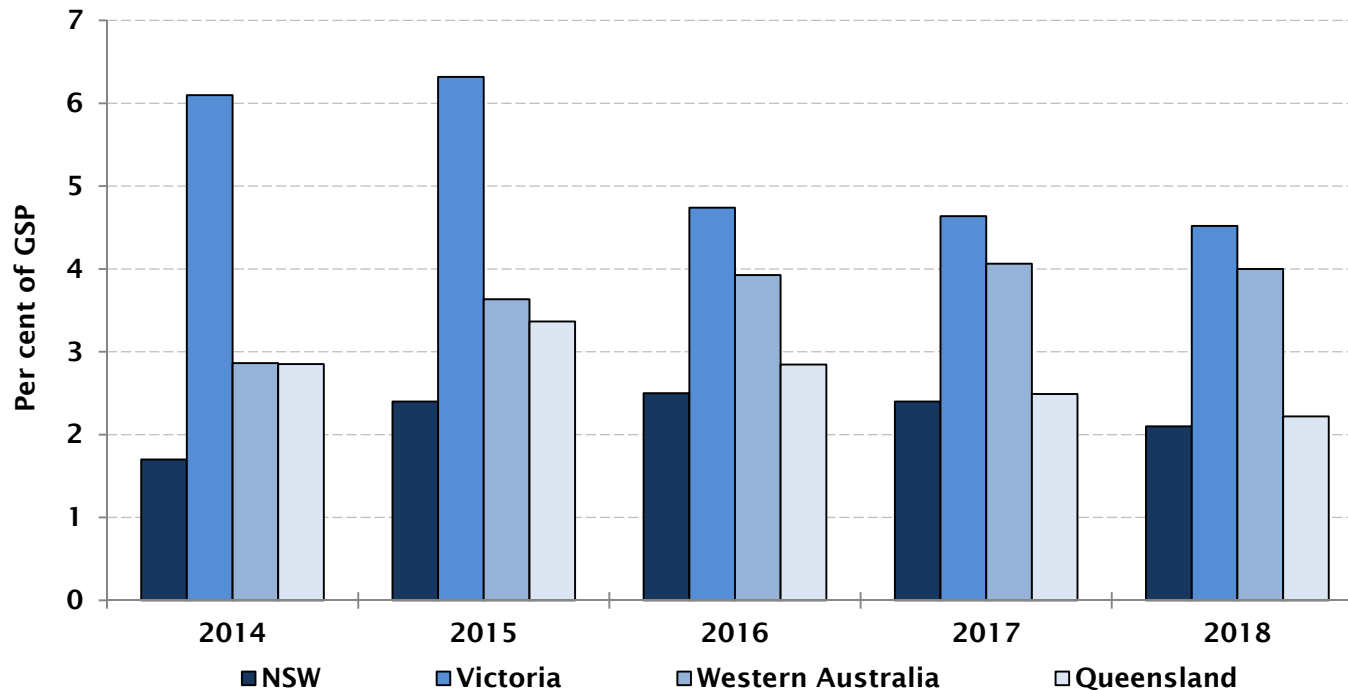
# Budget 2014-15

## Rebuilding NSW

### Net debt compares favourably with other States

NSW general government net debt is now under 3.0 per cent, compared with 6.3 per cent in Victoria and 3.4 per cent in Queensland

Net Debt Projections for Australian States



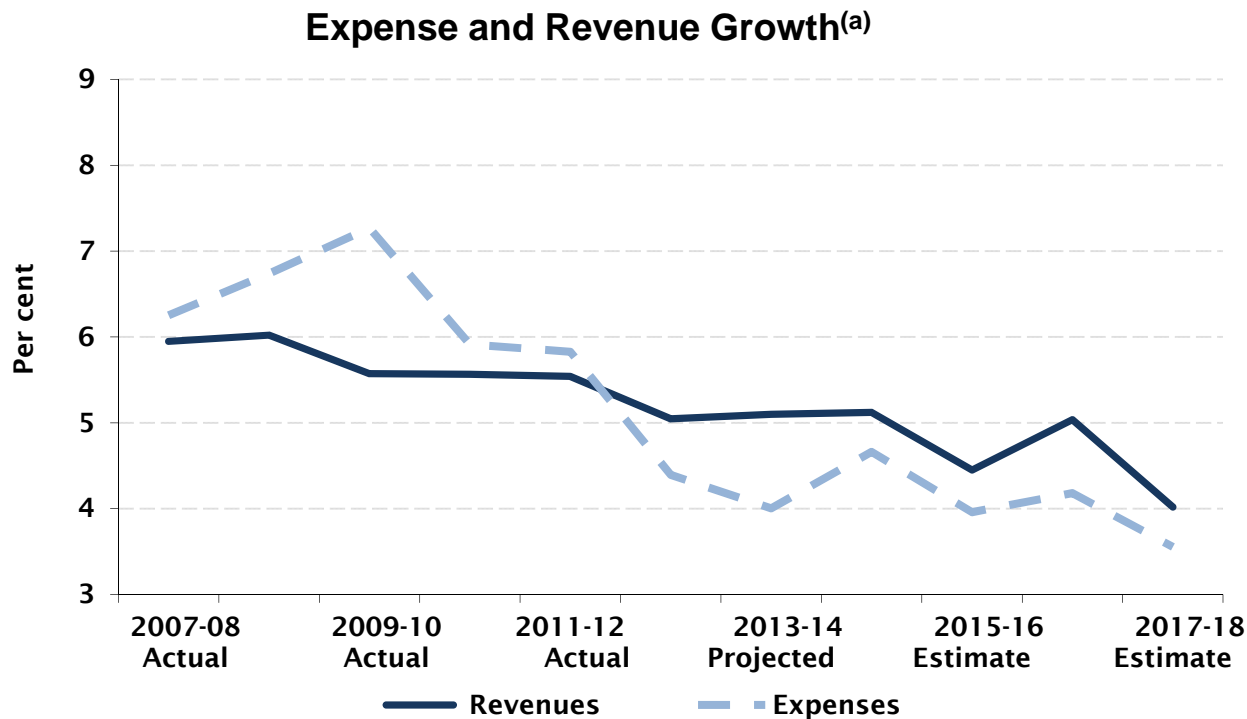


# Budget 2014-15

## Rebuilding NSW

### The NSW Government is sticking to the fiscal plan

Expense growth increased rapidly up to 2009-10, but this government has reined it in and it will remain below average revenue growth across the forward estimates



<sup>(a)</sup> Four-year average per cent change to indicated year.



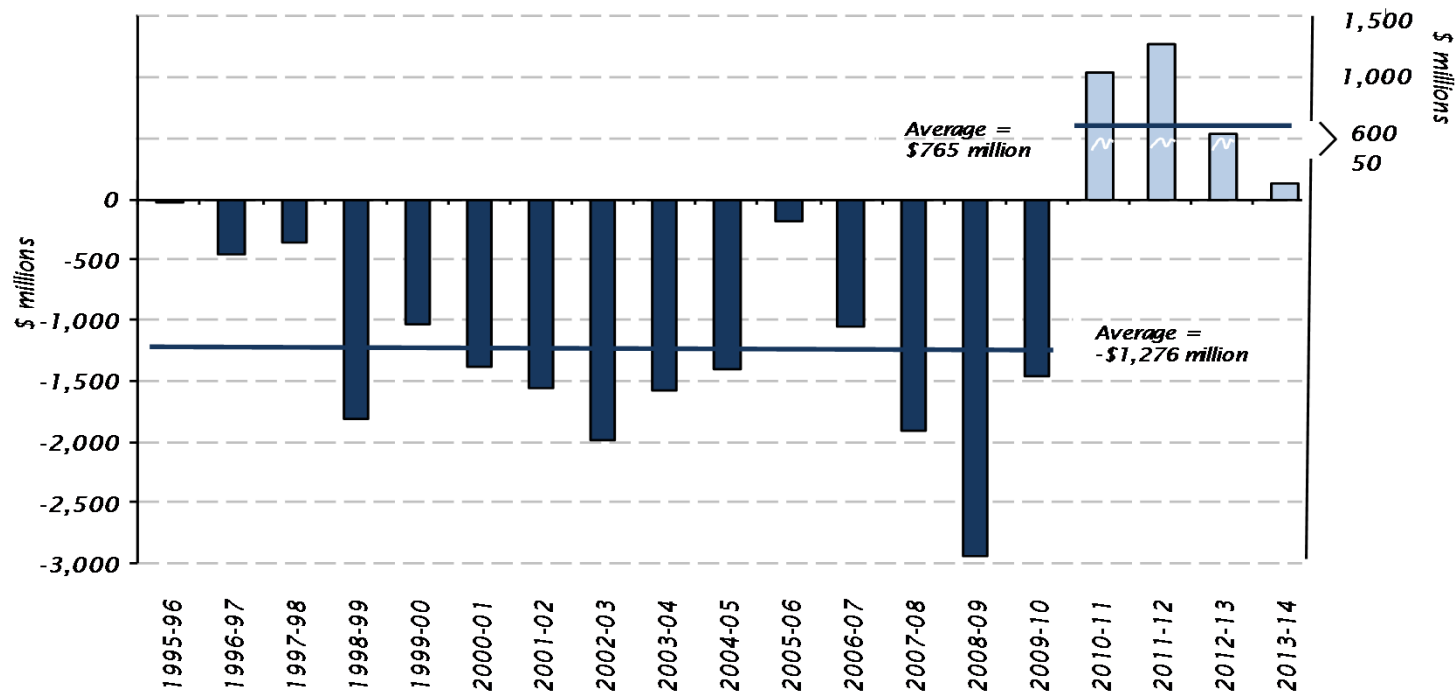
# Budget 2014-15

## Rebuilding NSW

### A culture of financial discipline is established

After years of billion dollar budget overruns, expenses have been less than budgeted in the four years of this government

Total Expense Variations - Budget to Actual





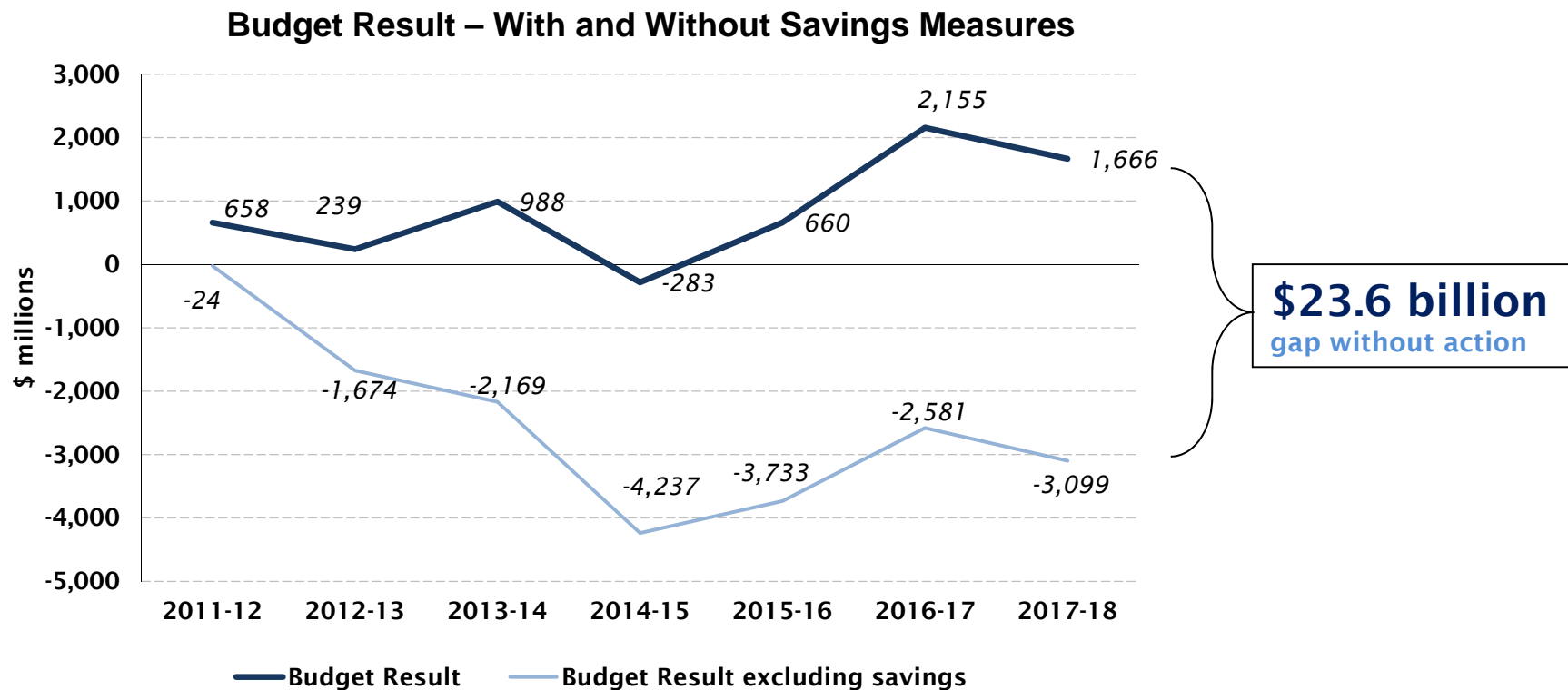


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## Rebuilding NSW

### Being in control gives the government options

Delivering a savings program of \$23.6 billion will give the government flexibility to invest in infrastructure, improve services and support those in need



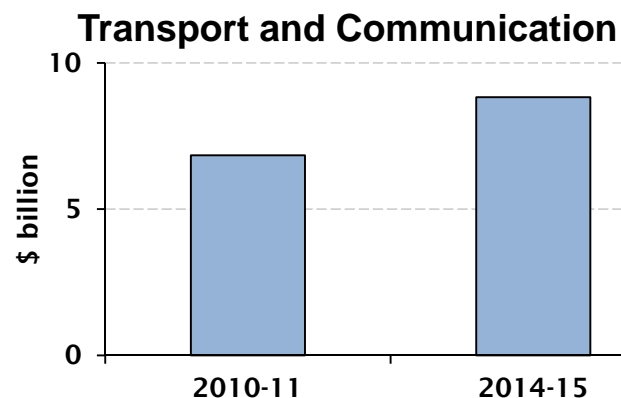
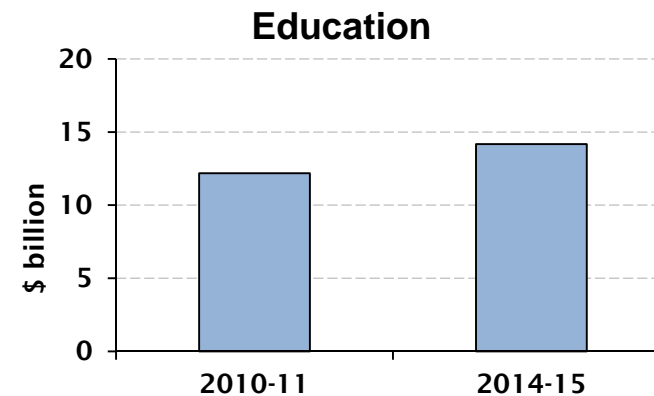
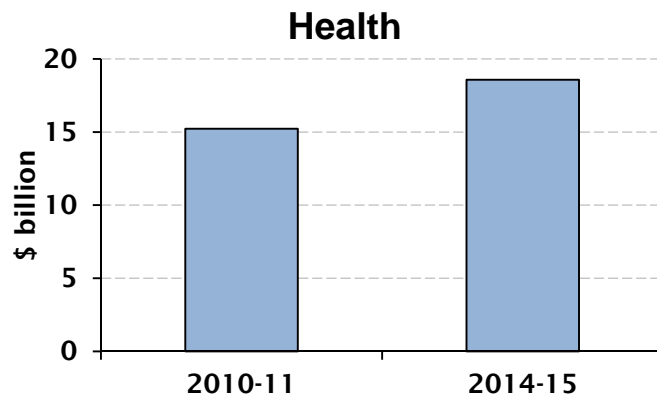


# Budget 2014-15

## Rebuilding NSW

### Expenditure restraint has not meant cuts to services

The government has increased delivery of key services but has moderated expenditure growth through targeted savings, wages policy and financial discipline





# Budget 2014-15

## Rebuilding NSW

### Investments are being made to support the vulnerable

The government is committed to ensuring that people are supported and has increased funding for people with a disability, pensioners and children at risk of serious harm

**Safe Home for Life** – *supporting vulnerable children*

\$500 million

**Ready Together** – *preparing the disability community for the NDIS*

\$587 million

**Pensioner concessions** – *help with the cost of living*

\$107 million

**Going Home Staying Home** – *a safety net for those in need*

\$148 million



# Budget 2014-15

## Rebuilding NSW

### Key infrastructure initiatives in this Budget

The 2014-15 Budget begins the heavy-lifting on the biggest infrastructure projects in Australian history

- **\$1.3 billion** for the rebuilding and repair of our **major hospitals**
- **\$863 million** for the start of major construction of the **North West Rail Link**
- **\$398 million** for work on the 33km **WestConnex motorway**
- **\$265 million** for the start of major construction of the **CBD and South East Light Rail Project**
- **\$103 million** to finalise construction of the **South West Rail Link**

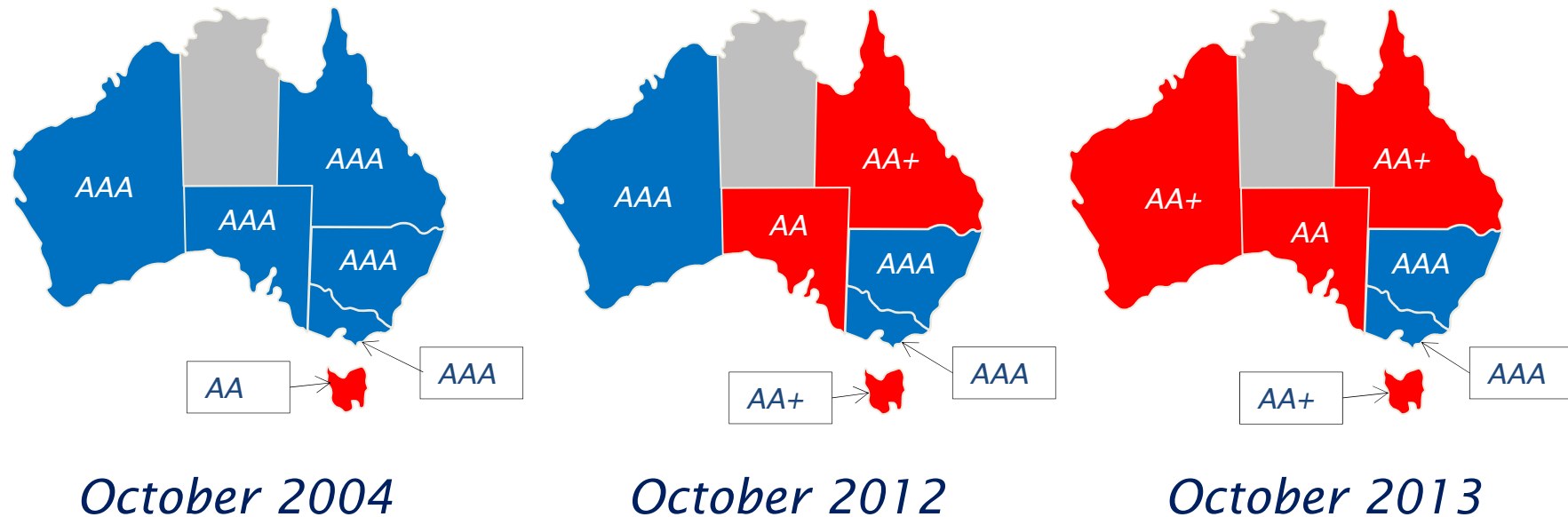


# Budget 2014-15

## Rebuilding NSW

### Sound financial management is protecting the triple-A

NSW's credit rating is a vital asset given the dwindling number of triple-A ratings



Source: S&P



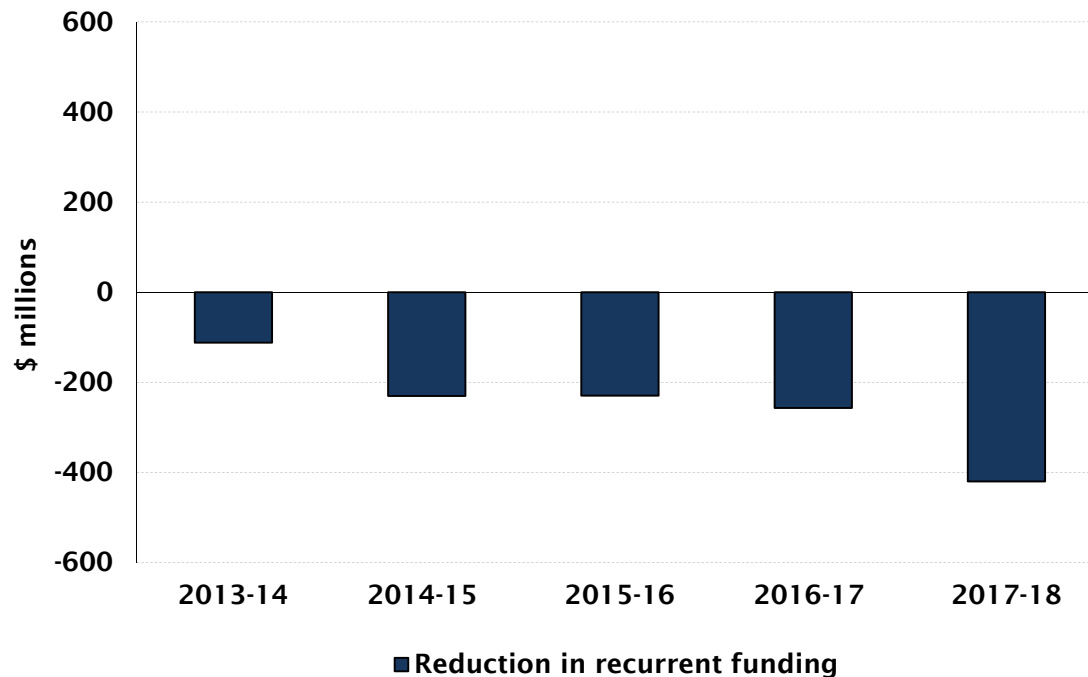
# Budget 2014-15

## Rebuilding NSW

### The Commonwealth budget will take a toll

Cuts in recurrent funding and re-profiling of payments have had a significant impact

Net Impact of Commonwealth Budget on Recurrent Funding





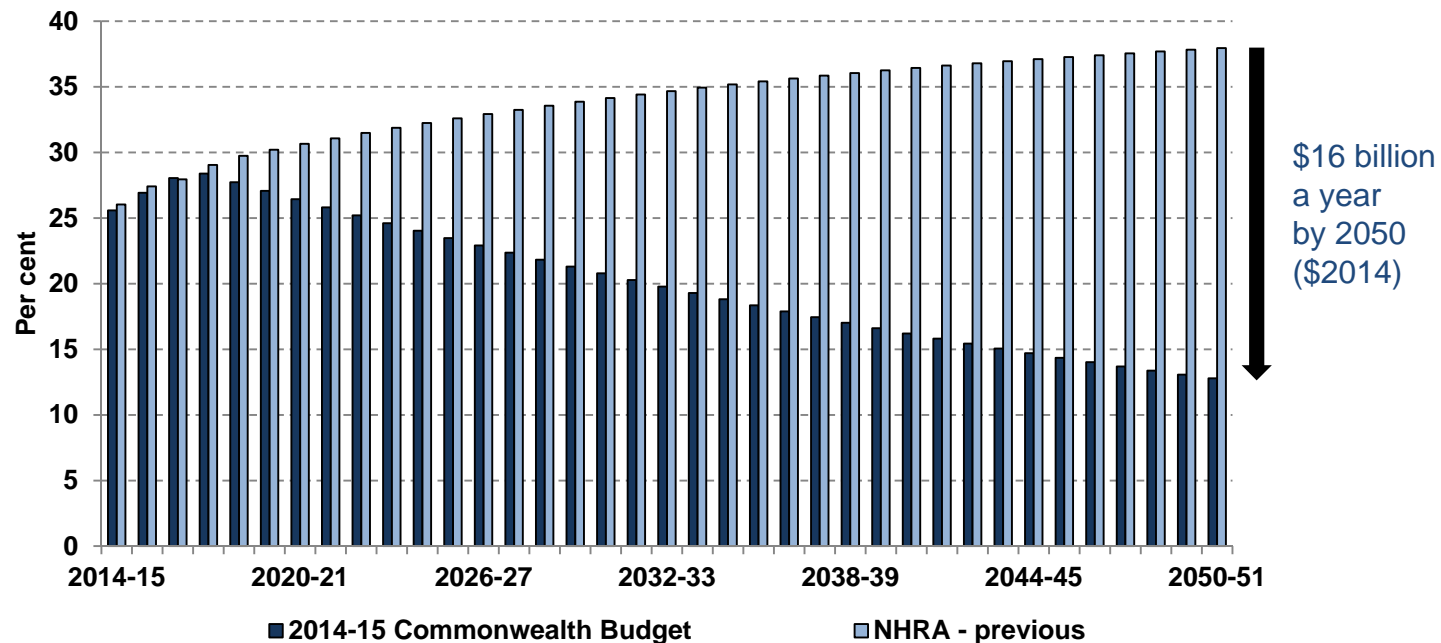
# Budget 2014-15

## Rebuilding NSW

### The funding cuts are not sustainable in the long-term

State revenues cannot fund rising health expenditure and it is critical that sustainable funding arrangements are established between the Commonwealth and the States

#### Commonwealth Budget Changes to Long-Term Health Funding



Source: Treasury



# Budget 2014-15

## Rebuilding NSW

### The economy – now and then

NSW's economic growth has been exceptional with a 4.7 per cent increase through the year to March. This performance is reflected in a range of economic indicators

Economic Indicator	Where we were	Where we are now
<b>Jobs Growth</b>	<b>Slowest</b> of any State for past decade under Labor	Second <b>fastest</b> of all the States
<b>Economic Growth</b>	<b>Slowest</b> of any State for past decade	<b>Fastest</b> of all the States on a quarterly and annual basis
<b>Business Confidence</b>	<b>Lowest</b> of any State among small-medium businesses for past five years under Labor	<b>Positive</b> for nine consecutive months
<b>Housing Supply</b>	<b>Lowest</b> number of new dwelling starts per capita for five years under Labor	Housing approvals at <b>highest</b> levels in over a decade
<b>Retail Trade</b>	<b>Lowest</b> average annual growth rate of any State under Labor	<b>Highest</b> of all the states





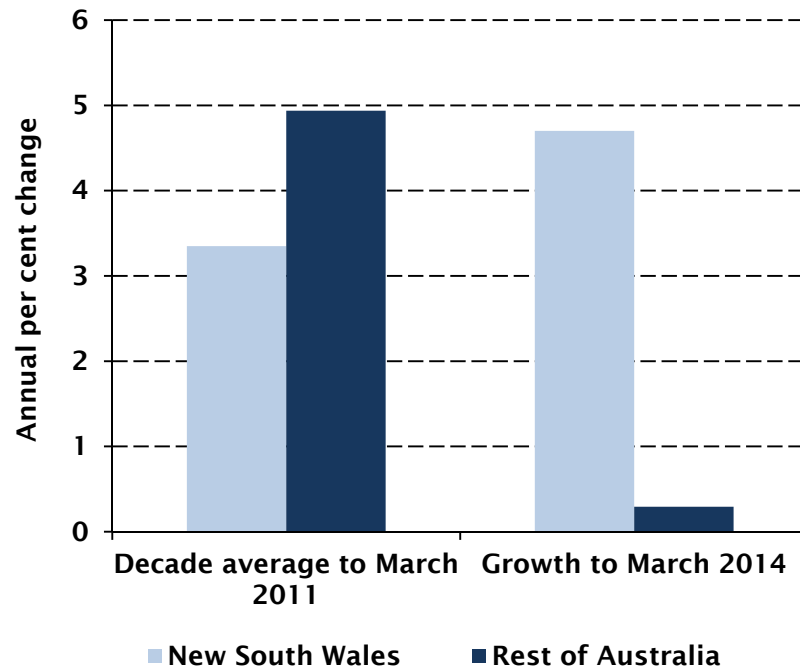
# Budget 2014-15

## Rebuilding NSW

### The NSW economy is well placed to grow

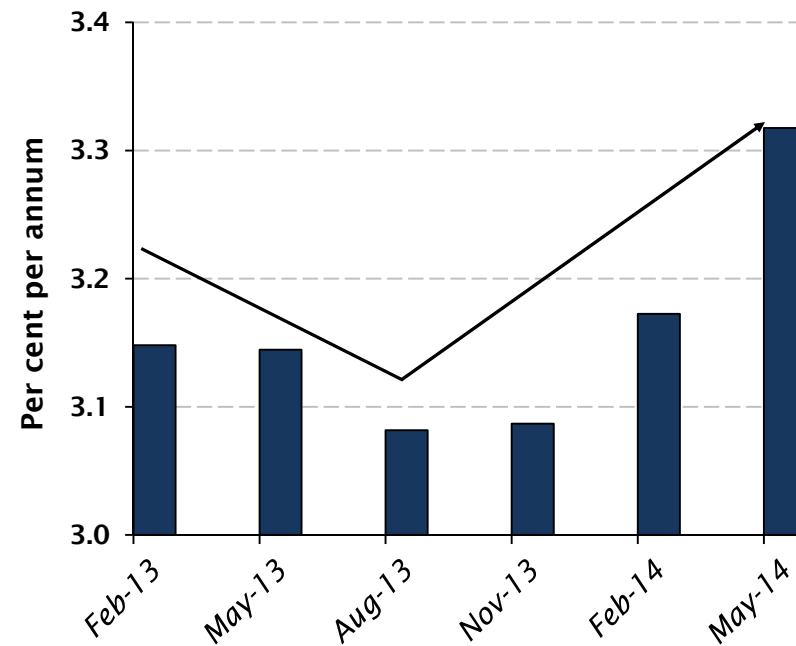
The NSW economy is growing strongly and forecasts for global and national economic growth are being revised upwards

Economic Growth: NSW and RoA



Source: ABS 5206.0 and Treasury

Consensus Global Growth Forecasts for 2014



Source: Consensus



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## Rebuilding NSW

### NSW will continue to support strong jobs growth

Improvements in the global economy, increasing housing construction and investment in infrastructure will sustain jobs growth across the NSW economy

Employment - Change Since April 2011



Source: ABS6202.0



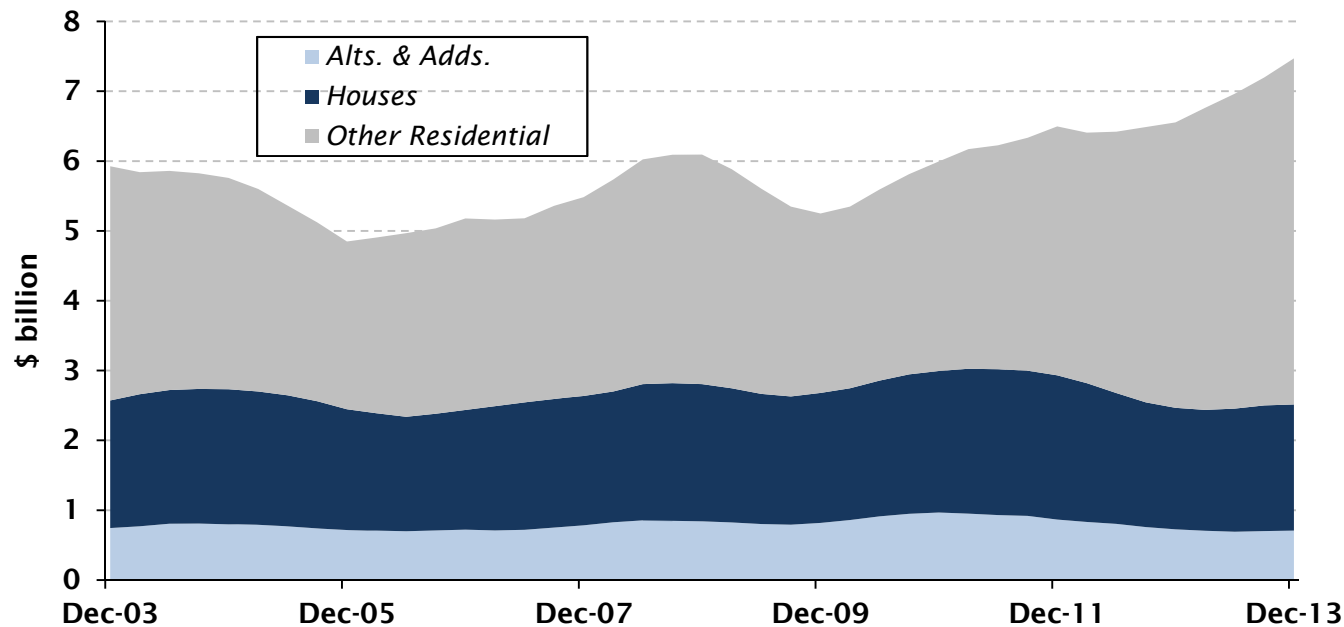
# Budget 2014-15

## Rebuilding NSW

### Housing construction is set to surge

A pipeline of housing approvals has built up that will feed into supply, relieve housing affordability and create jobs across NSW

NSW Residential Pipeline: Building Approvals



Source: ABS8752.0, ABS5206.0 and Treasury



# Budget 2014-15

## Rebuilding NSW

### The NSW Government's policies support growth

The NSW economy is leading the nation because the government took action with a suite of policies to rebuild the NSW economy

**Housing**



Housing Acceleration Fund  
First Home Owners Grant Scheme

**Jobs**



Jobs Action Plan  
Payroll Tax Reductions  
Workcover premium reductions

**Infrastructure**



Asset Recycling Strategy  
Restart NSW

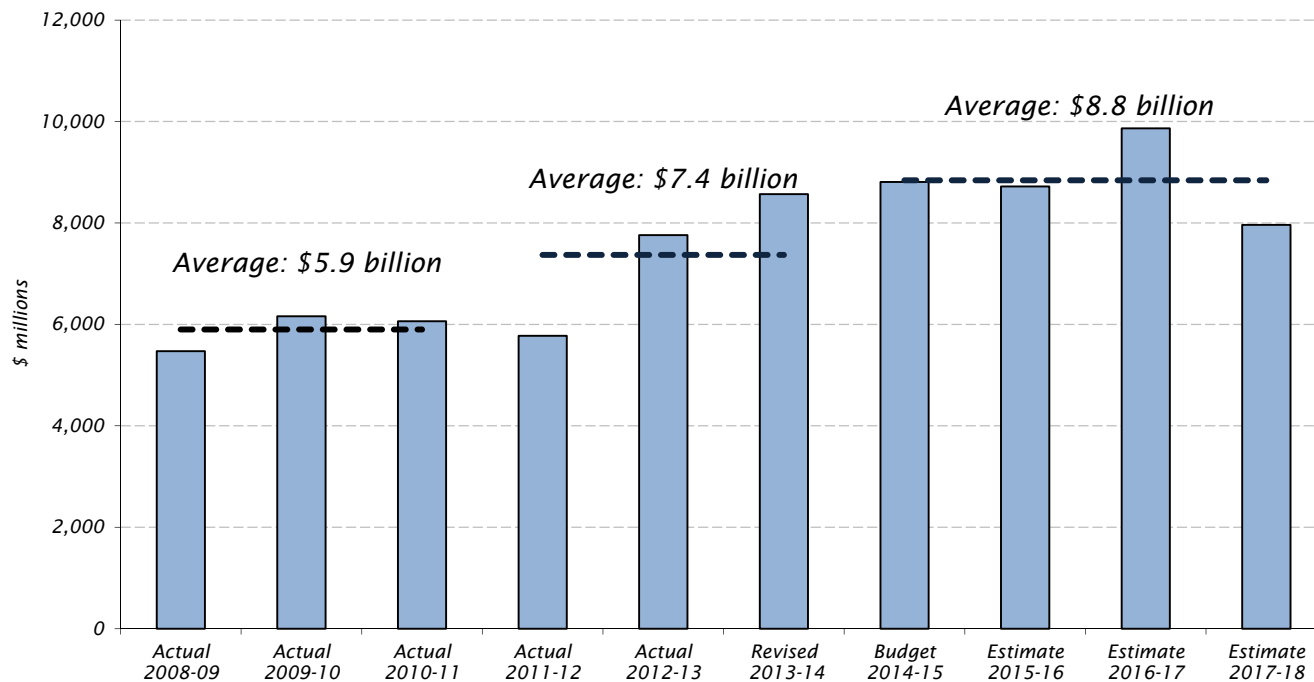


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## Rebuilding NSW

### State infrastructure funding is increasing

The NSW government has an ambitious infrastructure program to clear the \$30 billion backlog, improve productivity and create jobs. This is before leasing electricity assets



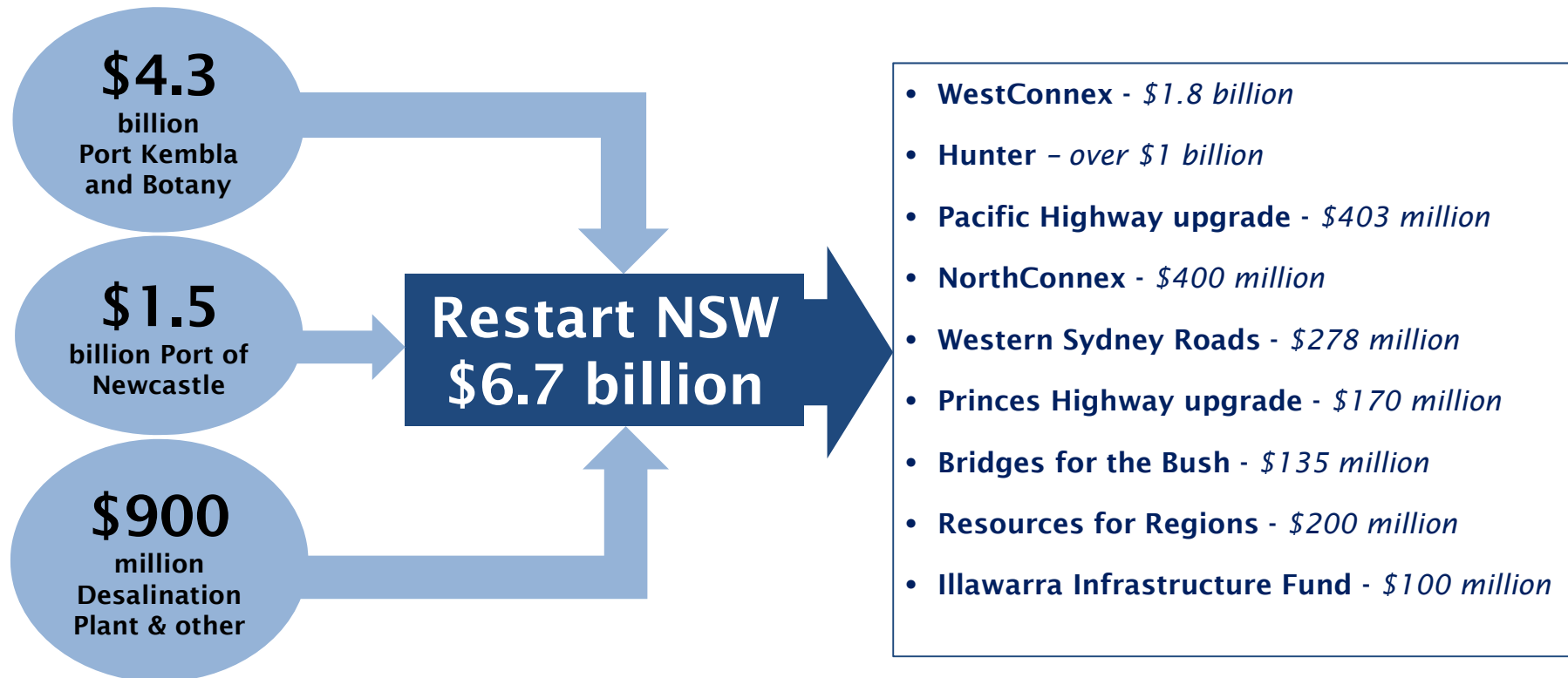


# Budget 2014-15

## Rebuilding NSW

### Asset recycling accelerates infrastructure spending

With expenditure under control, funds released through asset recycling can be directed to critical job-creating infrastructure projects.





# Budget 2014-15

## Rebuilding NSW

### Leasing “poles and wires” network businesses

The Government will unlock \$20 billion in infrastructure funding by undertaking a long-term lease of 49 per cent of the “poles and wires” network businesses.

