

## NEW SOUTH WALES BUDGET 2017-18: HIGHLIGHTS

### ECONOMIC OUTLOOK

The New South Wales (NSW) Government has delivered a budget surplus of \$4.5 billion in 2016-17, reducing to \$2.7 billion in 2017-18. Average surpluses of \$2 billion are expected between 2017-18 to 2020-21. The projected surpluses across the forward estimates are contained in the table below.

Key budget aggregates: New South Wales						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Revised	Budget	Forward Estimates		
<b>Revenue (\$m)</b>	74,532	78,008	79,885	80,224	82,471	83,770
<b>Expenses (\$m)</b>	69,867	73,537	77,186	78,098	80,939	82,270
<b>Budget result (\$m)</b>	4,664	4,472	2,698	2,126	1,532	1,500
<b>Capital Expenditure (\$m)</b>	9,351	10,943	14,515	16,491	10,707	7,939
<b>Net Debt (\$m)</b>	-57	-7,788	-521	9,864	15,850	18,583

NSW's Gross State Product (GSP) is forecast to rise by 3 per cent in 2017-18 with growth of 2.75 per cent expected in 2018-19 and 2019-2020. Employment is forecast to grow at a rate of 1.75 per cent in 2017-18 and 2018-19, 1.5 per cent in 2019-20 and 1.25 per cent in 2020-21. The unemployment rate is forecast to remain at approximately 5 per cent in 2017-18 and 2018-19 before decreasing to 4.75 per cent in 2019-2020 and 2020-21. The table below outlines key areas of NSW's economic performance over the next four years.

Economic Performance and Outlook: New South Wales						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Outcomes	Forecasts			Projections	
<b>Real state final demand</b>	4.4	3.25	3.5	2.75	-	-
<b>Real gross state product</b>	3.5	2.75	3	2.75	2.75	2.5
<b>Employment</b>	3.8	0.75	1.75	1.75	1.5	1.25
<b>Unemployment rate<sup>2</sup></b>	5.4	5	5	5	4.75	4.75

Per cent change, year average, unless otherwise indicated.

<sup>2</sup>Year average, per cent.

### 2017-18 BUDGET MEASURES

Significant commitments to the tourism and hospitality industry were included in the 2017-18 NSW State Budget including \$193 million to increase visitation levels from domestic and international tourist markets and \$95 million to secure and support the attract of major events to the state. Small businesses with turnover of under \$2 million will be exempt from paying stamp duty on several different insurance premiums from 1 January 2018. The Budget also allocated \$2.2 billion towards education and training initiatives including \$759 million to skills development and training programs through TAFE NSW and other providers. The table overleaf provides a summary of Budget announcements that are of interest to the tourism and hospitality sector.

## NSW 2017-18 State Budget Measures

### TOURISM FUNDING

- \$193 million to attract visitors, support jobs and boost local economies;
- \$95 million to secure and support major events across NSW;
- \$61 million to support tourism operators, develop visitor services and promote NSW as a destination for domestic and international tourists;
- \$244 million to the Art Gallery of NSW for the Sydney Modern project;
- \$187 million over four years to revitalise the Walsh Bay Arts Precinct; and
- \$300 million for the *Regional Growth: Environment and Tourism Fund*, investing in regional environment and tourism infrastructure to increase tourist visitation to regional areas.

### INVESTMENT IN SMALL BUSINESSES

- \$96 million in 2017-18 to support high potential businesses through [Jobs for NSW](#);
- \$30.5 million towards supporting business advisory services, reducing red tape and driving innovation, including funds for more than 60 advisers through the [Business Connect](#) program;
- \$9.4 million to make it easier to establish small businesses, through an online portal and reduction in red tape; and
- \$3.6 million in 2017-18 for the provision of small business advocacy and dispute resolution services to support the growth of small businesses across the state.

### LOWERING THE COST OF INSURANCE PREMIUMS

As of 1 January 2018, small businesses with an aggregate turnover of less than \$2 million will be exempt from insurance duty on their premiums for:

- Commercial vehicle insurance (expected to save small businesses \$80 million over four years);
- Professional indemnity insurance (expected to save small business \$83 million over four years); and
- Product and public liability insurance (expected to save small businesses \$155 million over four years).

### EDUCATION AND TRAINING

The NSW Government is investing \$2.2 billion in education and training programs including:

- \$1.7 billion for TAFE NSW;
- \$759 million of investment in 2017-18 towards skills development and training programs through TAFE NSW and other providers; and
- \$65 million over three years for the Youth Employment program within [Smart, Skilled and Hired](#) which assists young people to gain employment by connecting them with training, mentoring and work experience programs in four pilot regions.

### INFRASTRUCTURE

- \$3.2 billion to support the development and delivery of WestConnex project;
- \$2.8 billion in 2017-18 to support the delivery of the Sydney Metro project;
- \$1.5 billion for bus services throughout NSW;
- \$1.4 billion investment in the maintenance of the Sydney Trains network;
- \$658 million of funding for 24 new suburban trains as well as additional rail services;
- \$648 million for NSW and Commonwealth Government funded road upgrades to support Western Sydney Airport at Badgerys Creek;
- \$463 million towards the construction costs of NorthConnex;
- \$153 million for road upgrades to support population and economic growth in Western Sydney; and
- \$127 million to continue work on the completion of the CBD and South East Light Rail (CSELR) project.