**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.

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<tbody>
<tr>
<td>Revenue ($m)</td>
<td>74,532</td>
<td>78,008</td>
<td>79,885</td>
<td>80,224</td>
<td>82,471</td>
<td>83,770</td>
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<tr>
<td>Expenses ($m)</td>
<td>69,867</td>
<td>73,537</td>
<td>77,186</td>
<td>78,098</td>
<td>80,939</td>
<td>82,270</td>
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<tr>
<td>Budget result ($m)</td>
<td>4,664</td>
<td>4,472</td>
<td>2,698</td>
<td>2,126</td>
<td>1,532</td>
<td>1,500</td>
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<tr>
<td>Capital Expenditure ($m)</td>
<td>9,351</td>
<td>10,943</td>
<td>14,515</td>
<td>16,491</td>
<td>10,707</td>
<td>7,939</td>
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<tr>
<td>Net Debt ($m)</td>
<td>-57</td>
<td>-7,788</td>
<td>-521</td>
<td>9,864</td>
<td>15,850</td>
<td>18,583</td>
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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.

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<tbody>
<tr>
<td>Real state final demand</td>
<td>4.4</td>
<td>3.25</td>
<td>3.5</td>
<td>2.75</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Real gross state product</td>
<td>3.5</td>
<td>2.75</td>
<td>3</td>
<td>2.75</td>
<td>2.75</td>
<td>2.5</td>
</tr>
<tr>
<td>Employment</td>
<td>3.8</td>
<td>0.75</td>
<td>1.75</td>
<td>1.75</td>
<td>1.5</td>
<td>1.25</td>
</tr>
<tr>
<td>Unemployment rate&lt;sup&gt;2&lt;/sup&gt;</td>
<td>5.4</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4.75</td>
<td>4.75</td>
</tr>
</tbody>
</table>

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.