

Barton Deakin Brief: NSW State Budget 2014-15**17 June 2014**

Today the NSW Treasurer, the Hon Andrew Constance MP, delivered the 2014-15 NSW State Budget.

The centrepiece of the Budget is \$15 billion of investment in 2014-15 in productive capital infrastructure across metropolitan and regional NSW.

Overview

The NSW Government will deliver a surplus of almost \$1 billion in 2013-14 and a deficit of \$283 million for 2014-15. This result is impacted by the Federal Government bringing forward to 2013-14 a payment to NSW of \$703 million for Pacific Highway upgrades, which was originally expected in 2014-15.

In 2013-14 revenues increased to \$65.4 billion. This was an increase of \$2.9 billion from the estimate set out in the 2013-14 Budget. This reflects stronger than expected collections of state taxes on the back of the housing market, increased consumption and therefore greater GST revenues, as well as revenue from Commonwealth Government grants. Modest revenue growth is expected in 2014-15 and across the forward estimates.

Expenditure growth in 2013-14 will be around 4.9% above 2012-13 levels. Expense growth of around 3.4% per annum is expected over the forward estimates.

Unemployment has fallen after peaking lower than expected. Unemployment currently sits at 5.7%, the lowest of the States other than WA, with a 2013-14 year average unemployment rate of 5.75%. Unemployment is expected to fall to 5.5% in 2014-15, declining further to 5.25% in 2015-16.

Real Gross State Product growth has increased, after 2012-13 saw growth of 1.8%. In 2013-14 growth of 3% will be achieved and this growth rate is expected to be maintained in 2014-15 and 2015-16.

Net debt will sit at \$8.6 billion by the end of June 2014, which is equivalent to 1.7% of Gross State Product and much lower than the \$13.97 billion previously forecast. This is thanks to significant improvements in revenue, as well as expense management and the proceeds from the lease of the Port of Newcastle.

The budget position is predicted to be better than previously forecast by Treasury in the [mid-year review](#) in December 2013, which forecast a deficit of \$1 billion in 2014-15 with a return to surplus in 2016-17, and net debt of \$13.97 billion at the end of 2013-14, rising to \$20.1 billion by 2016-17.



Infrastructure

The Government has committed to the following infrastructure spending in 2014-15:

Roads

- \$1.2 billion to continue upgrades to the Pacific Highway
- \$398 million towards WestConnex
- \$209 million for road upgrades for Western Sydney
- \$177 million to commence construction of a second crossing of the Clarence River at Grafton
- \$185 million to continue upgrades to the Princes Highway
- \$70 million for upgrades to Central Coast roads
- \$109 million for upgrades to support a second airport at Badgerys Creek, with \$3.5 billion to be spent on these upgrades by 2024
- \$113 million to continue upgrades on the Great Western Highway
- \$616 million for capital maintenance of road and maritime assets
- \$240 million from the Community Road Safety Fund to deliver the NSW Road Safety Strategy

Rail

- \$400 million set aside for Parramatta Light Rail project
- \$863 million for the North West Rail Link to deliver a new rapid transit service to the people of North West Sydney
- \$283 million for the Northern Sydney Freight Corridor to improve freight rail access through the Sydney-Newcastle rail corridor between Strathfield and Broadmeadow and improve the reliability of passenger services
- \$265 million for the CBD and South East Light Rail
- \$103 million for the South West Rail Link with services planned to commence in 2015
- \$84 million for Wynyard Walk, to improve pedestrian access from Wynyard station to the western CBD and Barangaroo area
- \$5 million to commence procurement of 65 new intercity trains. This will lead in to \$2.8 billion to be spent by 2024 on a new fleet of 65 intercity trains
- \$181 million for maintenance of Country Rail assets, including replacement of timber sleepers with steel sleepers, resurfacing track and replacing bridges and culverts

Other

- \$1.3 billion on health infrastructure and hospital upgrades
- \$325 million for the [Water Security for the Regions](#) program to fund infrastructure works that secure water supplies and drought-proof regional communities
- \$110 million for a new Regional Tourism Infrastructure Fund
- \$50 million for a new Western NSW Freight Productivity Program
- \$952 million for metropolitan and outer metropolitan bus services, including financing costs of 199 buses worth \$91 million

Barton Deakin's brief on infrastructure investment under the Rebuilding NSW plan can be read [here](#).

The NSW Government's 20 year infrastructure strategy is available [here](#).



Other spending measures

Key spending measures for 2014-15 include:

Health

Health spending measures in 2014-15 include:

- \$300 million to meet increased demand for hospitals and emergency departments
- \$48 million capital investment to improve eHealth in rural NSW health services
- \$220 million to retain patient services that were previously funded by the Commonwealth under the National Partnership Agreements

Child protection, homelessness and disability services

- An additional \$500 million over four years for Safe Home for Life, to further reduce pressure on out-of-home care services, including:
 - \$51 million over four years across the NSW Government to implement child protection legislative reforms
 - \$100 million over four years (\$60 million capital and \$39 million recurrent) to design and replace frontline technology systems
- \$684 million over four years to continue Keep Them Safe reforms

ICT and corporate services

- \$153 million to provide expert procurement and project management services to help client agencies serve the community
- \$148 million to provide shared transactional and corporate services to the Government, including procurement, fleet, ICT, human resources, finance and business services

Further information

For further information:

- The 2014-15 Budget Papers are available at <http://www.budget.nsw.gov.au/>.
- The Treasurer's budget speech is available [here](#).
- The 2013-14 half-yearly budget review released on 12 December 2013 is available [here](#).
- Previous budget papers can be viewed [here](#).
- The performance report for the Government's NSW 2021 goals can be found [here](#).
- The NSW 2021 plan can be accessed [here](#) and the website is available [here](#).

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