



New South Wales Branch

PO Box 277
 HURSTVILLE NSW 2220
 Tel: 0412 880861
 Fax: 02 9579 2333
 Email: hughmc@artionsw.com.au
 ABN: 93149961882

The Courier

Information and Advice for NSW Transport Operators

Newsletter Vol. 5 No. 14 18 June 2019

Special Edition – NSW 2019-20 Budget

1. Overview
2. Economic Outlook
3. Budget Overview
4. Significant Transport and Roads Projects Soon to be Delivered
5. Significant Transport and Roads Projects Given Ongoing Funding
6. Payroll Tax Reform
7. Energy Switch Program Extended to Small Businesses

Overview

The 2019-20 NSW Budget delivers operating surpluses averaging \$1.7 billion per annum over the next four years.

NSW continues to have the lowest net debt in Australia, projected to be negative \$8.8 billion at June 2019.

The 2019-20 Budget projects the largest infrastructure program in the State's history at \$93b over the next four years.

The 2019-20 Budget notes that the NSW economy is not immune to the global and local headwinds. A moderating housing market has resulted in reductions in forecast receipts from stamp duty and GST. Significant drought conditions continue to impact regional communities.

Economic Outlook

Indicator	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2021-22 Forecast
Real State Gross Product (%)	2.25	2.25	2.5	2.5	2.5
Employment Growth (%)	3.25	1.5	1.25	1.25	1.25
Unemployment (%)	4.5	4.5	4.5	4.5	4.5
CPI Sydney (%)	1.75	2.0	2.0	2,25	2.5
Wage Price Index (%)	2.5	2.5	2.75	3.0	3.0
Population Growth (%)	1.7	1.6	1.5	1.5	1.5

Solid economic fundamentals should see the State's economy continue to perform well, despite near-term challenges, underpinned by a low unemployment rate and growth in employment well above the national average.

However, some risks to the national economy have either intensified in recent months or are starting to be realised. Labour market conditions in NSW and the NSW Government's record infrastructure program can be expected to help manage these headwinds.

Growth in real gross state product is expected to be 2.25 per cent per annum in both 2018-19 and 2019-20. Thereafter, economic growth is forecast to pick up.

The NSW Government's record infrastructure program, is expected to contribute 0.5 percent a year to economic growth this year and over the next two years, around five times its historical average.

Conditions in the household sector are expected to improve by mid-2020, particularly as stimulus measures driven by including income tax cuts and lower interest rates, stronger wages growth and improved housing market conditions. When added to a recovery in the rural sector, strength in the non-residential construction sector and above-trend population growth, the economy is forecast to experience a growth rate of 2.75 per cent by 2020-21.

Strengthening national and global economies strengthen can be expected to stimulate demand for the State's exports and provide a more favourable environment for local businesses to hire and invest.

Budget Overview

Budget Indicator	2018-19 Revised	2019-20 Budget	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
Revenue (\$m)	81,128	84,316	87,362	90,018	82,009
Expenditure (\$m)	80,326	83,300	86,405	88,016	89,410
Surplus (\$m)	802	1,016	1,227	2,002	2,509
Capital Expenditure (\$m)	17,864	22,345	17,750	17,247	14,349
Net Debt (\$m)	(8,818)	12,354	22,973	32,884	38,640

Significant Transport and Roads Projects Soon to be Delivered i

- NorthConnex: tunnel, linking the M1 Pacific Motorway at Wahroonga with Pennant Hills Rd, is scheduled to be open in 2020.
- A new \$240m bridge over the Clarence River at Grafton scheduled to be completed in December 2019.
- Sydney CBD and South East Light Rail, with all sections expected to be fully completed in 2020.

Significant Transport and Roads Projects Given Ongoing Funding

The capital program includes \$55.6b investment over the four years to 2022-23 for public transport and roads, an 8.6% increase on the four years to 2021-22.

Project funding during this four year cycle includes:

- \$6.4b to the Sydney Metro West between the Sydney CBD and Parramatta.
- Over \$2b, subject to completion of the business case, to commence construction of the North South Metro Rail Link to connect the new Western Sydney Airport, with construction expected to start in 2021 and be completed in 2026.
- Initial investment of \$295m over four years for the fast rail network, including:
 - Identifying an improved alignment north of Mittagong;
 - Duplication between Berry and Gerringong;
 - Development for a new alignment between Sydney and Woy Woy; and
 - Planning work to improve the route to the Central West.
- \$268m as part of a \$2.5 billion commitment to start the duplication of the Great Western Hwy between Katoomba and Lithgow
- \$500m for the Fixing Country Bridges program to repair and replace poor quality timber bridges in rural and regional communities
- \$322m as part of an additional \$960m commitment to upgrade the Princes Hwy between Nowra and the Victorian border, including:
 - The new Nowra bridge.
 - The Batemans Bay replacement bridge.

- \$99m as part of a \$695m commitment to further ease congestion through smart technology, including intelligent traffic light installations, planning for a smart motorway upgrade on the M1 between Gosford and Sydney, digital parking and clearway signage, virtual in-car and GPS messaging, and new drones.
- \$5.3b to the Sydney Metro City and Southwest linking Chatswood and Bankstown
- \$4.1b for the WestConnex Motorway including the final stage of the project, the M4-M5 link tunnel and Rozelle Interchange.
- \$3.3b to continue planning or delivery of motorway links in Sydney including:
 - The F6 extension from WestConnex at St Peters to Kogarah.
 - The Western Harbour Tunnel.
 - The Northern Beaches Link.
 - NorthConnex between Pennant Hills and Wahroonga.
 - Sydney Gateway from WestConnex at St Peters to Port Botany
 - Parramatta Light Rail.
 - South East Light Rail.
- Western Sydney Growth Roads Program:
 - Upgrades to Mamre Rd, Mulgoa Rd, The Horsley Dr, Campbelltown Rd, Memorial Ave and Appin Rd.
 - Planning for the Spring Farm Parkway.
- \$168.7m for the Newcastle Inner City Bypass from Rankin Park to Jesmond and the Pacific Motorway extension to Raymond Terrace
- \$426.3m to complete construction of the Albion Park Rail bypass in 2022
- \$311.7m to complete road projects on the Central Coast area, including:
 - The M1 Motorway.
 - Upgrade of the intersection of Empire Bay Dr, The Scenic Rd and Cochrone St, Kincumber.
- \$1.5b to the Pacific Hwy, including:
 - Construction between Woolgoolga and Ballina.
 - Planning and preconstruction activities for the bypass of Coffs Harbour.
- \$822.3m in regional NSW, including:
 - Bridges for the Bush projects at Tabulam, Echuca-Moama and Gunnedah.
 - New overtaking lanes on the Newell Hwy.
 - Improvement programs on the Golden Hwy, Oxley Hwy and the Silver City and Cobb Hwys.
- \$373m to improve road safety, including continuing investment under the Road Safety Plan 2021 targeting regional areas where most fatalities occur.
- \$500m to the Fixing Local Roads program to support councils with repairing, maintaining and sealing important local roads.

Payroll Tax Reform

The payroll tax threshold will be increased from its current level of \$850,000 in 2018-19 to \$900,000 in 2019-20, \$950,000 in 2020-21 and \$1.0 million in 2021-22.

From 1 July 2019, monthly payroll tax returns are replaced with single annual returns for businesses with payroll tax liabilities up to \$20,000 per annum. Pre-set monthly payments will also be available for businesses with liabilities between \$20,000 and \$150,000 per annum.

Energy Switch Program Extended to Small Businesses

The Energy Switch Program has been extended to small businesses, helping them gain access to lower cost energy providers. For further information, visit <https://energyswitch.service.nsw.gov.au/>.