

6. EXPENDITURE

- The 2018-19 Budget harnesses the Government's record of strong fiscal management, with focused expenditure to deliver better essential services, more support, and new and improved infrastructure for communities across the State, to make New South Wales an even better place to live.
- Expenses for 2018-19 are estimated to be \$79.7 billion. This includes major investments in frontline services, supporting better care in our hospitals, world class education in our schools, and transport links that are fast, convenient and easy to access.
- Expense growth is forecast to be lower than estimated at the 2017-18 Half-Yearly Review, growing at an average of 3.2 per cent per annum over the budget and forward estimates. This reflects the Government's commitment to sustain the State's fiscal and economic strength in the long term.
- To reduce back-office costs and focus expenditure where it is needed most, the 2018-19 Budget includes a number of savings and efficiency measures, including an extension of the efficiency dividend from two to three per cent.
- The Government's record infrastructure program continues, with forecast capital investment of \$87.2 billion over the budget and forward estimates (including \$65.7 billion within the general government sector). This includes major health, education, road and transport projects to support current and future generations, as well as local infrastructure to make communities more liveable by improving parks, cultural and sporting precincts, and creating more open and green spaces.

6.1 General government recurrent expenses

General government sector (GGS) recurrent expenses include the costs of delivering services such as education, health, public transport and other frontline services. Recurrent expenses include grants and subsidies, depreciation and other operating expenses, as well as the salaries and wages for teachers, nurses and police.

Expenses in 2017-18 are expected to be \$76.5 billion, which is \$664.5 million lower than estimated in the 2017-18 Budget. This decrease is primarily driven by the reprofiling of expenditure across the budget and forward estimates to better align with planned project and service delivery schedules.

Expenses in 2018-19 are forecast to be \$79.7 billion. This is 4.1 per cent higher than 2017-18, reflecting investments to improve disability and hospital services, public transport upgrades, and additional support for our police and justice system.

Annual expense growth across the budget and forward estimates is expected to remain below long-term average revenue growth of 5.6 per cent, in line with the Government's commitments outlined in the *Fiscal Responsibility Act 2012* (FRA).

Expenditure as a percentage of GSP is expected to fall from 12.6 per cent in 2018-19 to 12.0 per cent in 2021-22. Over the longer term, between 2010-11 and 2021-22, expenses as a share of GSP are forecast to decline by 0.8 of a percentage point, reflecting the Government's responsible fiscal management and efficient service delivery.

A reconciliation of the variations in expenses between the 2017-18 Budget and the 2018-19 Budget is outlined in Table 6.1 below.

Table 6.1: Expense reconciliation since the 2017-18 Budget

	2017-18 Revised \$m	2018-19 Budget \$m	2019-20 Forward Estimates \$m	2020-21 Forward Estimates \$m
Expenses – 2017-18 Budget	77,186	78,098	80,939	82,270
Policy measures	92	458	1,039	821
Parameter and other budget variations	(768)	104	(277)	(29)
Reforms, savings and offsets	...	2	(1)	(26)
Expenses – 2017-18 Half-Yearly Review	76,510	78,661	81,699	83,036
Policy measures	158	2,006	1,193	1,383
Parameter and other budget variations	(145)	(835)	(351)	422
Reforms, savings and offsets	...	(177)	(360)	(525)
Expenses – 2018-19 Budget	76,522	79,656	82,181	84,316

The increase in expenses between the 2017-18 Budget and the 2017-18 Half-Yearly Review, for the period 2018-19 to 2020-21, is mostly driven by policy measures, including Restart NSW reservations for projects delivered by local governments and government businesses, increased energy rebates and Government support to local councils to repair and upgrade New South Wales' regional roads (as outlined in the 2017-18 Half-Yearly Review).

The increase in expenses for 2018-19 and across the forward estimates since the 2017-18 Half-Yearly Review are primarily a result of:

- \$4.6 billion in new policy measures (\$5.9 billion over four years to 2021-22), including improved health services, assistance for people with disabilities to live independently and safe and reliable public transport for the people of New South Wales (see table 6.5)
- parameter and other budget variations largely relating to updated expenditure profiles to align with revised program delivery schedules, reducing forecast expenditure in 2018-19 and 2019-20
- \$1.1 billion in savings and offset measures (\$2.1 billion over four years to 2021-22), including the extension of the efficiency dividend from two to three per cent, enabling resources to be allocated where they are needed most for the delivery of critical services to the community.

New policy measures

The 2018-19 Budget includes a range of new initiatives to deliver infrastructure and enhance services to support the growing economy. These measures include investments to support the regions, enhance liveability and help those most in need.

Key new policy measures include spending in priority areas of:

- world class health care, with new and upgraded hospitals and more nurses, midwives, paramedics and health professionals
- more schools and education services to help children realise their full potential
- easing the cost of living and improving liveability
- future-ready transport services (see Box 6.1)
- investing in regional communities

- improving our sports, arts and cultural facilities
- helping the vulnerable and supporting those in need
- creating jobs, increasing productivity and making New South Wales a great place to do business
- helping young people get ahead
- supporting our justice system and protecting our communities
- empowering Indigenous communities
- preserving our natural environment
- futureproofing New South Wales and planning for the future of Western Sydney.

Box 6.1: More Trains, More Services

The 2018-19 Budget increases Government investment to \$648.2 million in 2018-19 (\$1.6 billion over four years) to commence critical replacement of end-of-life signaling systems under the Automated Systems phase of the More Trains, More Services program. This funding will also support a business case and planning for further stages of the program.

More Trains, More Services is looking at ways to transform the existing rail network and Sydney's busiest train lines with world-class technology. This includes creating high capacity 'turn up and go' services using digital systems, infrastructure upgrades and enhanced rail fleet.

This program will focus on delivering express services for Western Sydney and investigate critical capacity upgrades for the T4 Eastern Suburbs and Illawarra Line, T8 Airport and South Line and South Coast Line.

Parameter and other budget variations

Parameter and other budget variations are changes affecting the cost, timing and delivery of services largely outside government control. These include changes to broader economic factors, population or demand growth, accounting adjustments and variations to Commonwealth Government grants.

Significant parameter and other budget variations that have increased expenditure in 2018-19 and across the forward estimates, relative to the 2017-18 Half-Yearly Review include:

- \$346.5 million over 2020-21 and 2021-22 to recognise payments associated with the Public Private Partnership delivery of the new Grafton Correctional Centre
- \$327.3 million in 2018-19 and 2019-20 for expenses associated with the delivery of Sydney Metro Northwest, creating future ready transport that supports a growing economy
- an additional \$283.8 million over four years to support increased NSW Government school enrolments, including expenditure to support students with disability and provide the educational foundations for success
- \$153.8 million over four years for the reclassification of capital expenditure to grants to local government for the delivery of transport assets to increase transport accessibility and reduce commuting times

- higher depreciation expenses, including \$714.6 million over four years associated with the revaluation and reclassification of regional rail infrastructure and education building assets. This increase is partially offset by a reduction in depreciation over four years as a result of accounting adjustments and the revaluation of some transport assets.

Managing growth in expenses

Managing expense growth at sustainable levels is critical to the Government's fiscal strategy, with the 2018-19 Budget including a range of savings and offset measures totalling \$2.1 billion over the four years to 2021-22. As a result, average expense growth across the budget and forward estimates is expected to be 3.2 per cent, a reduction since the 2017-18 Half-Yearly Review.

The Government continues to deliver on its FRA targets, with annual expense growth from 2018-19 to 2021-22 forecast to remain below long-term average revenue growth of 5.6 per cent (see Chapter 2).

Savings and offset measures in the 2018-19 Budget include:

- the annual efficiency dividend on agencies will be increased from the current rate of 2.0 per cent to a rate of 3.0 per cent from 2018-19 for four years. The efficiency dividend will continue to target back office savings. This is expected to attain an additional net saving of \$1.6 billion over four years
- agency specific savings of \$430.7 million across the budget and forward estimates, which have been reallocated to higher priority areas of need.

Table 6.2 below outlines the total impact of whole-of-government savings and efficiencies implemented since 2011-12, totalling \$30.8 billion from 2017-18 to 2021-22.

Table 6.2: Whole-of-government efficiencies since 2011-12

	2017-18	2018-19	2019-20	2020-21	2021-22	Total
		Budget	Forward estimates			
	\$m	\$m	\$m	\$m	\$m	\$m
2011-12 to 2017-18 commitments^(a)	5,298	5,605	5,914	6,164	6,174	29,154
2018-19 commitments						
<i>Efficiency dividend</i>	...	139	275	408	803	1,625
Total savings	5,298	5,744	6,189	6,572	6,977	30,780

(a) 2011-12 to 2017-18 commitments are based on total amounts published in 2017-18 Budget Paper No. 1, and have been adjusted to reflect Government decisions made since the 2017-18 Budget

The NSW Public Sector Wages Policy continues to support expense management, providing a fair, transparent and effective strategy to manage wage growth. The policy is expected to avoid additional costs of \$5.8 billion over the four years to 2021-22.

Trends and outlook – expenses

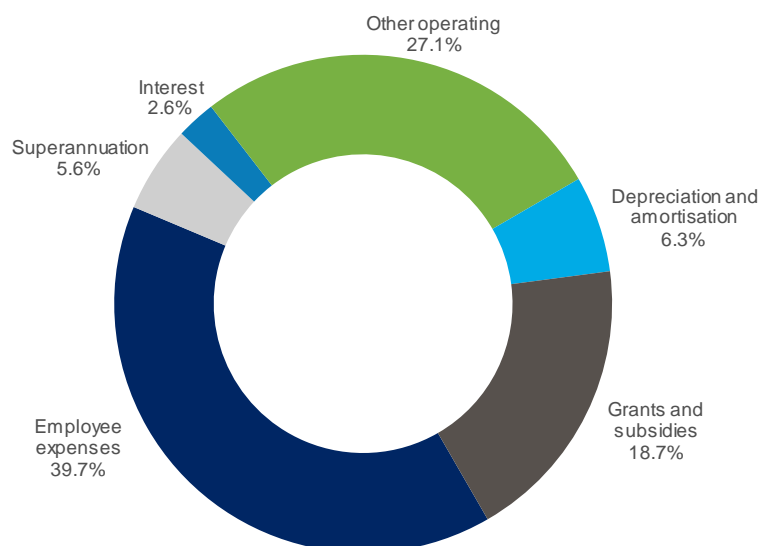
This section outlines GGS expenses by major operating statement category, as shown in Table 6.3.

Table 6.3: General government sector expenses

	2017-18	2018-19	2019-20	2020-21	2021-22	% Four year average growth 2017-18 to 2021-22
	Revised	Budget	Forward Estimates			
	\$m	\$m	\$m	\$m	\$m	
Total Employee-Related Expenses	35,777	36,088	37,882	38,918	39,915	2.8
Employee Expenses	31,302	31,613	33,434	34,476	35,463	3.2
Superannuation	4,475	4,475	4,449	4,442	4,451	(0.1)
Other Operating	19,985	21,600	21,132	21,194	22,482	3.0
Depreciation and Amortisation	4,965	4,989	5,346	5,674	5,759	3.8
Grants and Subsidies	13,785	14,934	15,526	15,866	15,892	3.6
Interest	2,011	2,044	2,295	2,665	2,766	8.3
Total Expenses	76,522	79,656	82,181	84,316	86,814	3.2
Annual change	5.5%	4.1%	3.2%	2.6%	3.0%	

Chart 6.1 outlines the composition of expenses in 2018-19 by operating category. Employee related expenses (including superannuation) account for almost half of total 2018-19 expenses (45.3 per cent). Other operating expenses are the second largest category (27.1 per cent), followed by grants and subsidies (18.7 per cent), depreciation and amortisation (6.3 per cent) and interest expenses (2.6 per cent).

Chart 6.1: Composition of 2018-19 expenses



Employee expenses

Employee expenses (excluding superannuation) represent 39.7 per cent of total 2018-19 expenses. This is the largest expense area, reflecting the Government's commitment to delivery of quality services, particularly in frontline areas including teachers, nurses, police and paramedics (see Box 6.2).

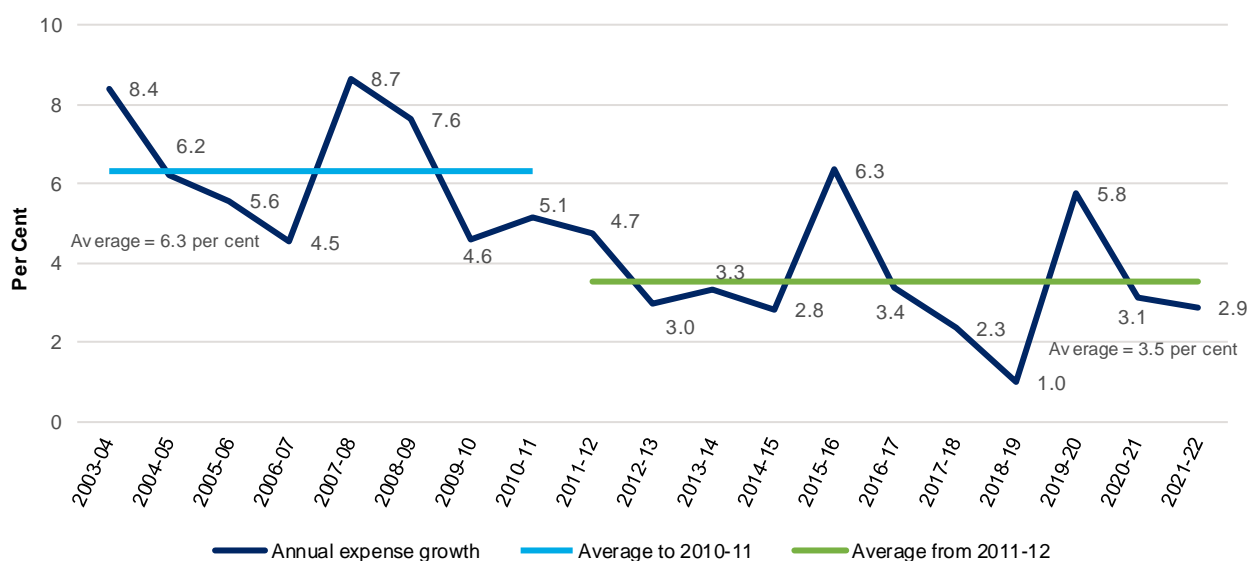
Employee expenses are forecast to be \$31.6 billion in 2018-19 and are expected to grow by an average of 3.2 per cent per year over the budget and forward estimates. This increase is driven largely by additional employee costs to support the delivery of critical health, education and justice services, and wage growth.

Effectively managing employee costs while maintaining service delivery standards is an important component of the Government's fiscal strategy, given that employee expenses are the largest expense category.

Annual average growth in employee expenses was 6.3 per cent per annum from 2003-04 to 2010-11, compared to forecast average annual growth of 3.5 per cent from 2011-12 to 2021-22 (Chart 6.2 below). This represents a 44.5 per cent reduction in average annual growth between these two periods.

The NSW Public Sector Wages Policy, alongside productivity enhancing measures, such as digital government initiatives, have supported the government in managing employee expense growth and enabling further investment in critical service areas and frontline staff.

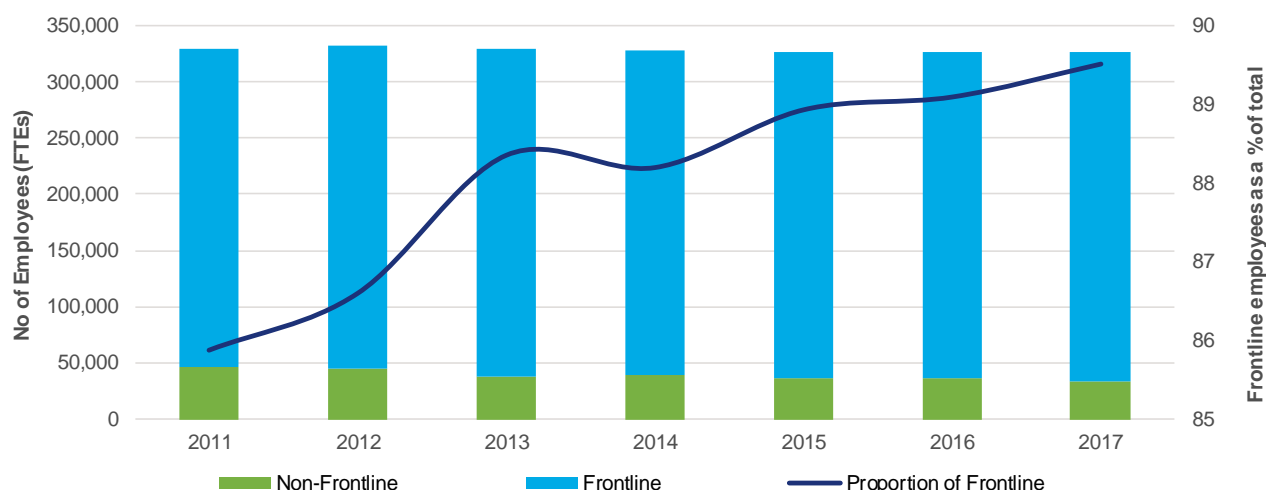
Chart 6.2: Employee expense growth 2003-04 to 2021-22



Frontline staff have increased as a proportion of the total New South Wales public sector from 2011 to 2017 (see Chart 6.3)¹. During this period, the total number of frontline staff increased by 8,009 FTEs, while non-frontline staff numbers fell by 12,111 FTEs.

¹ This data is sourced from the annual workforce profile census conducted by the Public Service Commission and identifies frontline roles as those that primarily deliver established services to external customers, where external customers can be other state government agencies as well as members of the general public.

Chart 6.3: Proportion of frontline and non-frontline staff from 2011 to 2017



Box 6.2: Increasing frontline staff

The 2018-19 Budget continues the Government's investment in increasing frontline staff, supporting the delivery of state outcomes including protecting vulnerable people, building strong educational foundations and improving services in our hospitals. This includes funding for:

- an additional 950 nurses and midwives, including clinical nurse/midwife educators; 300 additional doctors, including specialists; and an additional 120 allied health workers, such as physiotherapists, occupational therapists and pharmacists
- 883 extra teachers in 2018-19 to meet increasing school enrolment growth and ensure the continued delivery of high quality educational outcomes
- an additional 100 child protection workers to ensure more children are supported through the child protection system
- 100 additional specialist police officers and highway patrol officers to promote road safety and help in creating safer communities
- an additional 200 paramedics (700 over four years) and 13 call centre staff (50 over four years) to improve ambulance response times, reduce paramedic fatigue and promote safety
- up to an additional 253 front-line educators in TAFE to support planned growth for trade and other skills
- additional train drivers and guards to support the More Trains, More Services program.

Superannuation expenses

Superannuation expenses are forecast to remain relatively stable across the budget and forward estimates, declining by an average of 0.1 per cent per annum. This decrease largely reflects a reduction in defined benefit superannuation liabilities, in line with the Government's FRA commitment to fully fund these liabilities by 2030. This decrease is partially offset by increased superannuation accumulation scheme expenses, primarily associated with additional health and education employee costs.

Other operating expenses

Other operating expenses represent 27.1 per cent of total expenses in 2018-19 and are expected to increase by an average of 3.0 per cent per annum across the budget and forward estimates.

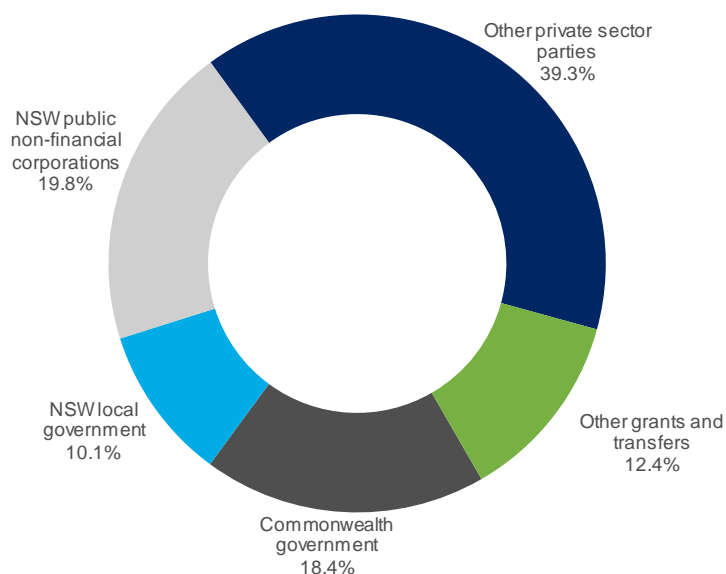
In 2018-19, other operating expenses are forecast to increase by 8.1 per cent from 2017-18 to \$21.6 billion. This growth is primarily driven by investment in transport projects, including Sydney Metro Northwest and More Trains, More Services, higher health related expenses to improve hospital services and create healthier communities, and the reprofiling of transport and education projects to reflect updated delivery schedules.

Other operating expenses are then expected to stabilise across the forward estimates, reflecting continued investment in key services, including health, education and transport.

Grants and subsidies

Grants and subsidies include payments to other sectors of government, local government, community groups and non-profit organisations for the delivery of services and infrastructure projects. Grants and subsidies are expected to be \$14.9 billion in 2018-19 and form 18.7 per cent of 2018-19 total expenses. Chart 6.4 below outlines the composition of grants and subsidies in 2018-19 by recipient.

Chart 6.4: Composition of grants and subsidies in 2018-19 by sector



Grants and subsidies are expected to increase by an average of 3.6 per cent annually over the budget and forward estimates, largely driven by increases in grants to the Commonwealth government, local governments and the PNFC sector. These increases reflect the ongoing transition to the National Disability Insurance Scheme (NDIS), increases in funding grants to non-government schools, as well as grants to local governments (including Restart NSW grants).

Grants to local governments and councils are forecast to increase by over 50 per cent between 2017-18 and 2018-19. These payments support the delivery of roads and other transport systems, as well as upgrades to critical infrastructure and water security in rural and regional communities.

Depreciation and amortisation

Depreciation and amortisation expenditure is forecast to be \$5.0 billion in 2018-19, and is expected to increase by an average of 3.8 per cent per annum over the budget and forward estimates.

The Government's record infrastructure program is driving this increase in depreciation, with higher depreciation costs associated with rail and other transport projects and the revaluation of education buildings. This is partially offset by a reduction in depreciation expenses as a result of revised accounting treatment and the revaluation of some transport assets.

Interest

Interest expenses in 2018-19 are forecast to be \$2.0 billion and are expected to increase by an average of 8.3 per cent annually over the four years to 2021-22. This increase is primarily associated with the State's investment in the record infrastructure program as government looks towards low cost borrowing options to help deliver infrastructure projects and enhanced services. Interest revenues are shown in section 5.5 of this *Budget Statement*.

6.2 General government capital expenditure

Table 6.4 below provides a reconciliation of the changes in GGS capital expenditure from the 2017-18 Budget to the 2018-19 Budget.

Table 6.4: Capital expenditure reconciliation

	2017-18	2018-19	2019-20	2020-21
	\$m	\$m	\$m	\$m
Capital - 2017-18 Budget	14,515	16,490	10,707	7,938
Policy measures	610	1,810	2,103	2,300
Parameter and other budget variations	(800)	351	91	494
Capital - 2017-18 Half-Yearly Review	14,325	18,651	12,902	10,732
Policy measures	(204)	1,397	3,019	4,268
Parameter and other budget variations	(1,836)	(2,718)	1,408	1,585
Capital - 2018-19 Budget	12,285	17,329	17,329	16,585

General government sector capital expenditure includes the capital investment program of general government agencies and excludes public non-financial corporations such as the Rail Corporation of New South Wales/Transport Asset Holding Entity, Sydney Opera House Trust and the Sydney Olympic Park Authority.

In 2018-19 general government capital expenditure is forecast to be \$17.3 billion, an increase of 41.1 per cent from 2017-18. The variation in capital expenditure in 2017-18 and 2018-19 largely reflects changed expenditure profiles to align with updated project delivery schedules. General government sector capital expenditure is expected to be \$65.7 billion over the four years to 2021-22.

General government capital expenditure in the 2018-19 Budget has increased by \$9.1 billion over four years (to 2021-22) compared to the four years to 2020-21 estimated in the 2017-18 Half-Yearly Review. This increase is primarily driven by new policy measures including new investments in the transport sector and recognising the forecast impact of spending \$5.4 billion reserved in Restart NSW over the four years to 2021-22.

The 2018-19 Budget includes new funding or reservations for:

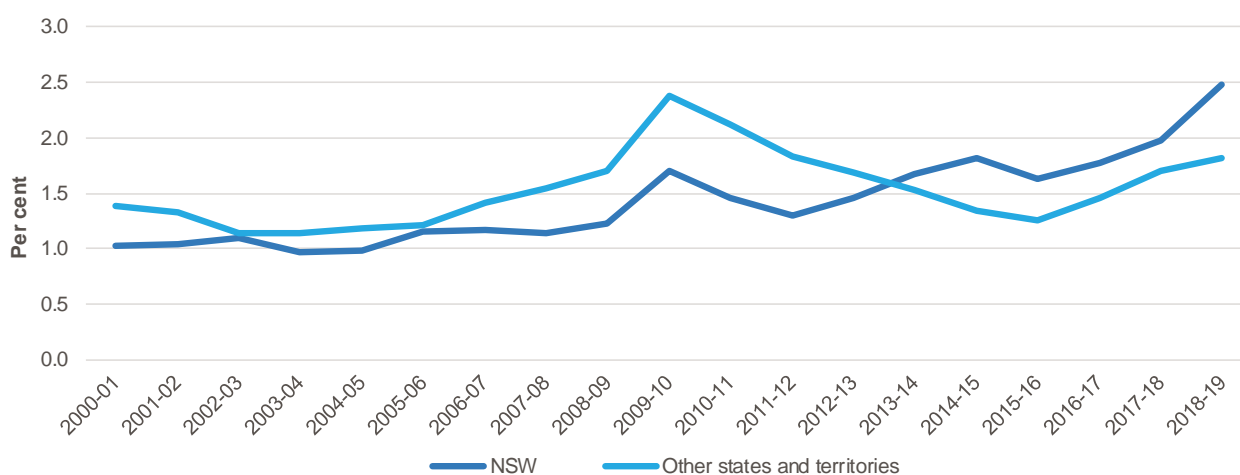
- Sydney Metro West – a new underground metro railway that would connect the Parramatta and Eastern Sydney Central Business District (an initial \$3.0 billion reserved in Restart NSW)
- F6 Extension Stage 1 – connecting the M1 Princes Motorway in Kogarah to the new M5 in Arncliffe (\$1.2 billion over four years).

General government capital expenditure as a share of GSP increased from 1.5 per cent in 2010-11 to 2.5 per cent in 2018-19 (Chart 6.5), reflecting the Government's continued investment in productive infrastructure to support a growing economy.

Total non-financial public sector capital expenditure is expected to be \$87.2 billion over the four years to 2021-22.

For further information on capital expenditure, refer to *Budget Paper No. 2*.

Chart 6.5: General government sector capital spending relative to GSP



(a) General government sector – purchases of non-financial assets, percentage of GSP. For consistency with other states, assets acquired through finance leases are excluded.

Source: ABS cat no. 5520.0 and 5512.0 for years 2001-02 to 2016-17. State Budget papers and NSW Treasury calculations for 2017-18 and 2018-19.

6.3 Recurrent and capital expenditure by function

The following section provides information on the State's total GGS expenditure by the Classification of Functions of Government – Australia (CoFOG-A). The CoFOG-A is an international standard that classifies government expenditure into standardised categories that align to the purpose for which the funds are used, allowing comparison across jurisdictions. As a result of differences in reporting classifications and consolidation, the CoFOG-A expenditure data discussed in this section will differ from the data presented on a cluster and state outcome basis in *Budget Paper No. 3*.

Chart 6.6 below shows the largest recurrent expenditure groups for 2018-19 are health, education, transport, public order and safety and social protection, which together account for 84.3 per cent of total expenses.

Chart 6.6: Composition of total 2018-19 recurrent expenditure by policy area

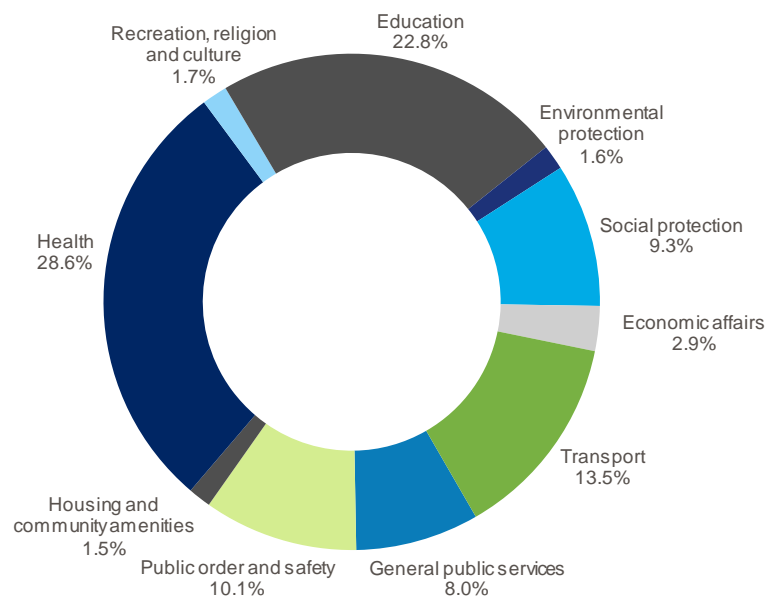
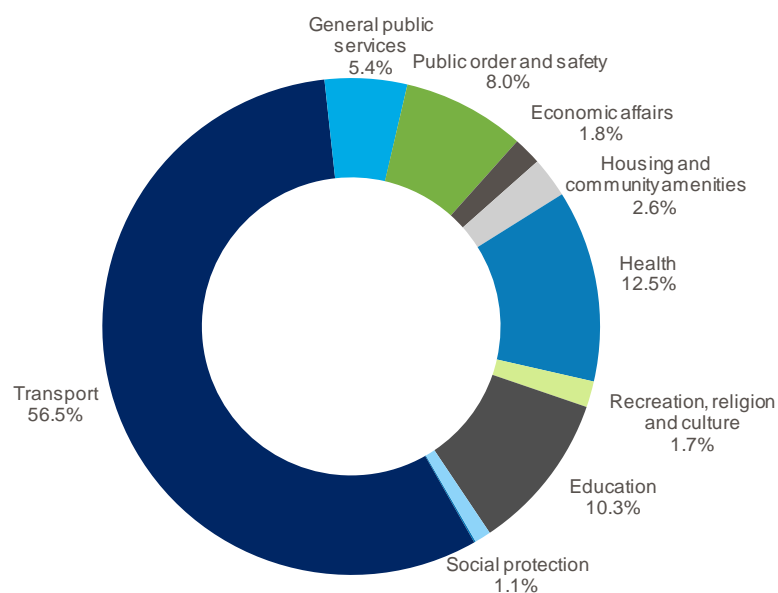


Chart 6.7 shows the 2018-19 split of capital expenditure by functional area, with transport, health, education and public order and safety as the four largest capital expenditure groups, representing 87.3 per cent of total capital expenditure.

Chart 6.7: Composition of total 2018-19 capital expenditure by policy area



Health

Recurrent health expenses for 2018-19 are expected to be \$22.8 billion, representing 28.6 per cent of total expenses. This spending delivers improved service levels in hospitals, ambulance and emergency services and enhanced patient services to get the best health outcomes for the people of New South Wales.

The 2018-19 Budget is investing in a range of health measures, including additional support for new parents and their children, investment in medical research, increased numbers of paramedics and ambulance call centre staff, mental health reform, and additional drug and alcohol services.

Capital expenditure for health in 2018-19 is \$2.2 billion, or 12.5 per cent of total 2018-19 GGS capital expenditure.

This will provide for significant upgrades to facilities in metropolitan areas, including critical upgrades to meet demand in growth areas. New works include redeveloping the Liverpool Health and Academic Precinct, \$35.0 million for the Griffith Hospital Redevelopment Stage 1, \$25.0 million for the Bankstown-Lidcombe Hospital (emergency department) and \$11.5 million for refurbishing birthing suites and theatres at St George Hospital.

Major health capital investment is also being made across rural and regional areas (see Box 6.3).

Box 6.3: Supporting rural and regional health infrastructure

The Government continues to support greater access to quality healthcare in rural and regional communities. Over \$2.3 billion in recurrent and capital expenditure has been earmarked in the 2018-19 Budget for the Health capital program. This is part of more than \$8 billion being invested over four years to continue major capital upgrades, redevelopments and construction of new health facilities.

New 2018-19 projects for rural and regional communities include:

- the State-wide Mental Health Program, to improve the quality of care for people living with mental illness and better support their families and carers. This will provide specialist beds to enable the whole-of-government reform of mental health care and will enable more care to be delivered in the community rather than in hospitals
- Griffith Hospital Redevelopment Stage 1
- Western Cancer Care Centre Dubbo, jointly funded with the Commonwealth Government, delivering an integrated cancer diagnostic and treatment service
- Expanding the scope of hospital redevelopments underway at Grafton, Inverell, Manning, Coffs Harbour, Cooma and Bowral
- Rural Health Infrastructure Program, which will provide hospital upgrades at Tenterfield, Dungog, Scone and Gloucester
- Port Macquarie Hospital car park and Wyong Hospital car park
- Planning for future new works at John Hunter, Albury Hospital medical care and obstetric and neonatal services, Shoalhaven (Nowra) and Goulburn ambulatory care.

Education

Budgeted expenses for education in 2018-19 are expected to be \$18.1 billion, or 22.8 per cent of total recurrent expenses. Expenses in the education sector include the Government's continued investment in pre-primary, primary and secondary education, technical and tertiary education, as well as expenses to empower Aboriginal communities and equip teachers with the best skills to teach our young people.

Government expenditure in pre-primary, primary and secondary education is \$12.6 billion, including significant new expenditure towards early childhood education (see Box 6.4). Expenditure on tertiary, technical and further education is \$2.1 billion in 2018-19, including 100,000 fee-free apprenticeships under Smart and Skilled to improve the take up of apprenticeships.

Education capital expenditure for 2018-19 is expected to be \$1.8 billion, representing 10.3 per cent of total capital GGS expenditure.

Capital investment in the 2018-19 Budget will build on a record schools infrastructure program, with works on over 40 new and upgraded school projects and planning for over 20 new and upgraded schools to begin in 2018-19. The Government has also committed \$500.0 million over five years from 2018-19 to enhance the quality and comfort of indoor learning spaces through the rollout of reverse cycle air-conditioning and improved ventilation in government schools.

Box 6.4: Investing in early childhood education

Research shows that children who participate in a quality early childhood education program are more likely to arrive at school equipped with the social, cognitive and emotional skills necessary to engage in learning, with lifelong benefits.

To ensure all children in New South Wales get the best start in life, the Government is investing an additional \$197.8 million over four years to expand and strengthen the Start Strong program for early childhood education. This will ease the cost pressures faced by families and enable greater access to a quality early childhood education.

This additional investment will:

- assist in reducing cost pressures for over 38,000 children attending community preschools who currently benefit from Start Strong subsidies
- expand universal access to the Start Strong program for 3-year olds, making New South Wales the first State in Australia to do so, allowing an additional 6,500 children to access Start Strong subsidies in 2019
- provide \$42.1 million in capital grants to support the creation of around 4,800 new enrolment places, primarily in areas with a current undersupply of community preschools.

Transport

Recurrent 2018-19 expenditure on transport forms 13.5 per cent of total 2018-19 expenditure and totals \$10.7 billion. This reflects the Government's focus on delivering a safe and reliable travel system that connects regional and metropolitan areas and supports a growing economy and population.

The Government has committed significant recurrent expenditure in 2018-19 towards improved public transport services and infrastructure. This includes \$648.2 million invested in the More Trains, More Services program (see Box 6.1).

Capital expenditure on transport in 2018-19 is forecast to be \$9.8 billion, or 56.5 per cent of total capital expenditure and contributes to continuing investment for accessible and future ready transport infrastructure projects, such as:

- \$3.0 billion over four years for the planning and implementation of Sydney Metro West, a new metro railway that would connect the Parramatta and Eastern Sydney Central Business District (Restart NSW reservation)
- \$1.2 billion additional funding over four years to progress stage one of the F6 Extension, extending the M1 Motorway from Arncliffe to Kogarah
- \$1.2 billion to continue the New South Wales and Commonwealth funded Pacific Highway upgrade program, including continuing construction between Woolgoolga and Ballina and planning for the Coffs Harbour bypass
- \$556.2 million over four years for planning and early works for the Western Harbour Tunnel and Beaches Link.

Box 6.5: Improving public transport accessibility

The Government is supporting increased equity and accessibility within the transport system, by committing almost \$1 billion in 2018-19 to provide more choice for people with mobility constraints and better connections to places of employment, education, business and enjoyment. Key initiatives include:

- \$133 million for lifts and escalators that provide greater access to train stations and wharves. This will enhance accessibility for those with a disability or those carrying prams and luggage
- \$87 million for Community Transport and Home and Community Care services to assist people who have difficulties accessing transport
- \$15 million to install lifts on the north and south ends of the eastern walkway of the Sydney Harbour Bridge. The new lifts will allow access to the walkway by those who are mobility impaired including people with a disability, prams or people who have difficulty climbing stairs.

In addition, the Government is continuing to support affordable access to public transport with \$1.2 billion in 2018-19 in public transport concessions, including concessions for pensioners, seniors, people with disabilities and the school student transport scheme.

Public order and safety

Police, civil and fire protection services, prisons and law courts all operate to create safer communities and ensure the effective functioning of New South Wales' justice system.

Recurrent expenditure on public order and safety in 2018-19 is expected to be \$8.0 billion, making up 10.1 per cent of total recurrent expenditure.

Spending on police services and law courts is expected to be \$4.9 billion in 2018-19. This expenditure contributes towards reducing violent crime, breaking the cycle of reoffending, improving road safety, as well the effective administration of law courts, tribunals and the delivery of legal services.

This includes \$288.2 million over four years to support the re-engineering of the NSW Police Force, providing greater flexibility and resources to effectively address and respond to crime.

Capital spending on public order and safety is forecast to be \$1.4 billion, or 8.0 per cent of total 2018-19 capital expenditure. This expenditure is primarily relates to the ongoing implementation of the Prison Bed Capacity Program and police station redevelopments across regional and metropolitan New South Wales.

Box 6.6: Continuing to protect against terrorism

The Government continues to make substantial new investments to safeguard the community against terrorism and reduce the risk of violent extremism, including:

- \$89.3 million over four years to enable post-sentence detention in a correctional centre or supervision in the community of offenders who pose a high risk of committing a terrorism offence
- \$52.6 million over four years to implement the National Facial Biometric Matching Capability in New South Wales, increasing the capability to identify suspects or victims of terrorist or other criminal activity
- \$36.2 million over two years to maximise protection for staff and the public at the Sydney Opera House
- \$5.5 million in 2018-19 to maintain counter terrorism security at New South Wales courts
- \$4.9 million in 2018-19 for the protection of critical transport infrastructure and public assets from acts of terror
- \$2.9 million over four years to support additional security measures for public events delivered by the Premier's department
- \$1.6 million over two years for a specialist Countering Violent Extremism Team within the Juvenile Justice system to identify and manage radicalised youths, or those at risk of radicalisation.

Social protection

The 2018-19 Budget includes \$7.4 billion to help protect the vulnerable, break disadvantage and support people with disability, representing 9.3 per cent of total GGS expenditure. Additional investment in the 2018-19 Budget continues to support clients in the transition to the NDIS, reduce homelessness and improve the child protection system.

Box 6.7: Social protection initiatives – caseworkers

Every child deserves a safe and permanent home where they can develop strong, loving relationships and a sense of belonging that gives them the very best start in life. To support this, the Government is investing an additional \$59.1 million over four years in the NSW statutory child protection system, including 100 new workers to ensure more children are supported through the child protection system and investment over the next two years to help achieve the goal of more than 1,000 open adoptions over the next four years.

These investments build on the \$63 million over four years provided in the 2017-18 Budget to improve child protection casework practice.

Housing and community amenities

The Government will spend an estimated \$1.2 billion in 2018-19 on housing and community amenities, reflecting its priority to create strong and vibrant communities, enhance environmental protection, ensure energy and water security and improve liveability (see Box 6.8).

Box 6.8: Creating green places and open spaces

The Government is improving liveability for communities across New South Wales, allocating \$287.5 million over five years from 2018-19 towards expanding and enhancing open spaces and parklands, including:

- \$100 million for the acquisition of green and open space for public use across the Greater Sydney region
- the \$100 million Greater Sydney Sports Facility Fund, reserved from Restart NSW, to develop or upgrade local sports facilities, including ovals, dressing rooms, kiosks, and equipment to assist families and children in living healthier lifestyles
- \$37.5 million to partner with communities, councils and businesses to increase the average tree canopy across Sydney, by planting an extra five million native trees
- the \$30 million Share our Space program, opening more than 80 public schools to the public throughout school holidays to encourage greater use of school facilities such as playgrounds, ovals and sport courts
- the \$20 million Everyone Can Play in NSW program, reserved from Restart NSW, creating inclusive and engaging play spaces for children.

6.4 Recurrent expense measures statement

The Government continues to invest in services and projects for communities across regions and cities of New South Wales, aimed at improving the lives of residents.

Table 6.5 shows the impact of new policy measures by cluster. The table displays the expense impact of these measures, and does not include associated revenue or capital expenditure.

Table 6.5: New recurrent policy measures since the 2017-18 Half-Yearly Review by Cluster ^{(a)(b)}

	2018-19 Budget	2019-20 Forward estimates	2020-21 Forward estimates	2021-22 Forward estimates	Four year Total	Description of major initiatives
	\$m	\$m	\$m	\$m	\$m	
Education	88.7	92.9	109.8	149.6	441.0	<ul style="list-style-type: none"> Supporting greater access and eligibility to early childhood education under the Start Strong program. Introduction of a Creative Kids Rebate to support New South Wales school-aged children access structured creative and cultural activities. Additional placements for Indigenous students in the Clontarf Foundation school-based mentoring program, supporting at risk students to fully engage in schooling and reach their potential. Establishment of the Aboriginal Languages Trust.
Family and Community Services	233.3	204.8	189.8	203.1	831.0	<ul style="list-style-type: none"> Supporting people with a disability in the NDIS and the transition of services to the non-government sector. Implementation of the NSW Homelessness Strategy. Additional investment in the child protection system, including more caseworkers and the continuation of the Adoptions Taskforce. Aboriginal Social Housing Strategy to deliver innovative new housing solutions and support for Aboriginal people and build the Aboriginal Community Housing sector.
Finance, Services and Innovation	55.5	131.3	56.1	67.6	310.6	<ul style="list-style-type: none"> Additional funding towards the Critical Communication Enhancement Program, aiding in the delivery of emergency, law enforcement and essential community services. Boosting the NSW Government's capability and preparedness against cyber security threats. Funding to launch a cost of living service – a tailored one-stop-shop aimed at reducing cost pressures for citizens by promoting rebates and initiatives across the NSW Government.
Health	529.7	267.9	173.7	145.5	1,116.8	<ul style="list-style-type: none"> Protecting and improving the wellbeing of new parents and their babies through a new parents' package. Employing an additional 200 paramedics and 13 ambulance call centre staff, as well as additional funding to support the rollout of the Critical Communications Enhancement Program. Investing in medical research to help fight diseases and keep our community healthier longer, including funding for cardiovascular disease and paediatric precision medicine.

Table 6.5: New recurrent policy measures since the 2017-18 Half-Yearly Review by Cluster ^{(a)(b)}
(cont)

	2018-19 Budget	2019-20	2020-21	2021-22	Four year Total	Description of major initiatives
	\$m	\$m	\$m	\$m	\$m	
Industry	128.2	106.9	147.8	166.2	549.1	<ul style="list-style-type: none"> • Funding for 100,000 fee-free apprenticeships to improve the take up of apprenticeships training, particularly in the construction industry. • Further investments through the Stronger Country Communities Fund and Regional Sport Infrastructure Fund to create better sporting facilities and increase the quality of life in regional New South Wales. • Water management reforms to ensure best practice management, and support for agricultural and forestry industries with measures to boost productivity, investment and innovation.
Justice	259.8	182.9	165.3	130.0	738.0	<ul style="list-style-type: none"> • Support for the NSW Police Force to more flexibly deploy resources according to need, and effectively address and respond to crime. • Implementation of the Road Safety Plan 2021 with 50 additional highway patrol officers across regional New South Wales, increased speeding enforcement and 100,000 additional mobile drug tests. • Redevelopment and refurbishment of Police Citizens Youth Clubs across New South Wales.
Planning and Environment	34.9	36.0	33.5	22.5	126.9	<ul style="list-style-type: none"> • Investment in parks and open spaces to improve the liveability of NSW communities and increase the tree canopy across Sydney. • Support for the relocation of the Powerhouse Museum to Parramatta as part of a new arts and cultural precinct on the banks of the Parramatta River.
Premier and Cabinet	19.7	14.2	11.4	12.0	57.3	<ul style="list-style-type: none"> • Increased support to facilitate additional responsibilities and increased scope for the Independent Commission Against Corruption. • Extension of the Leadership Academy program.
Transport, Roads and Maritime	439.3	387.3	481.5	351.4	1,659.4	<ul style="list-style-type: none"> • More Trains, More Services Program to modernise and enhance rail infrastructure and provide increased rail services, including improvements for Western Sydney, the Airport and South Line and the Eastern Suburbs and Illawarra Line. • Delivering the Governments Road Safety Plan 2021, targeting regional areas where the majority of fatalities occur. • Planning and implementation of a suite of transport projects including the F6 Extension, Sydney Metro West and various country rail projects across New South Wales.

Table 6.5: New recurrent policy measures since the 2017-18 Half-Yearly Review by Cluster ^{(a (b))}
(cont)

	2018-19 Budget	2019-20	2020-21	2021-22	Four year Total	Description of major initiatives
	\$m	\$m	\$m	\$m	\$m	
Treasury	251.8	(207.3)	48.3	71.9	164.7	<ul style="list-style-type: none"> Establishing a Productivity Commission focused on making it easier to do business, lowering the cost of living, housing affordability and making New South Wales the easiest state to move to. Restart NSW grants to local governments, community organisations and other sectors. Funding community investments to improve wellbeing through My Community Dividend, with local communities to vote on preferred projects.
Other	(35.0)	(24.1)	(34.2)	(43.1)	(136.4)	<ul style="list-style-type: none"> This reflects whole-of-government measures and items that cannot be attributed to an individual cluster, as well as the transfer of Restart NSW commitments into agency budgets.
Savings and Offsets						
Whole-of-Government	(139.3)	(275.1)	(408.0)	(802.7)	(1,625.2)	<ul style="list-style-type: none"> Increase of the efficiency dividend, targeting back office savings and productivity.
Agency Specific	(37.6)	(85.3)	(117.3)	(190.5)	(430.7)	<ul style="list-style-type: none"> Agency specific savings and efficiency measures.

(a) A positive figure increases expenses, a negative figure decreases expenses

(b) These figures represent the net expense impact for new policy measures