

Budget Speech

2024-25



Circulated by The Hon. Daniel Mookhey MLC, Treasurer

New South Wales

2024-25 Budget Speech

Delivered on 18 June 2024 by
The Hon. Daniel Mookhey MLC, Treasurer

PROLOGUE

I am on the land of the Gadigal. So I offer my respect to their elders - past and present. As well as to the First Nations leaders of tomorrow.

Speaker -

I have returned to the people's house to deliver this new Government's second budget.

Rather than reciting all that this young government has already achieved: I prefer to start with all the work we still have to do.

The work we still have to do for the millions of families and businesses burdened by decades-high levels of inflation.

The duty we still owe to the tens-of-thousands of patients who turn to our public hospitals for urgent care.

The task that remains: to provide the hundreds of thousands of students attending our public schools with a world-beating education.

The responsibility we have to protect every community against crime, tragedy and terror.

And the job we have not yet finished: to back every citizen striving to own a home, rent a home, or who needs social housing.

These challenges are this government's causes.

We do not expect to overcome them in a single budget.

But in each Labor budget: we make progress. We pair the public's resources with the people's priorities so real change can happen.

In this Labor budget we continue with our plans to bust the wages cap; reform tolls, back first-home buyers, build new and better public schools and hospitals; speed up the renewables revolution, rebuild rural and regional roads, help small businesses, and wrangle debt back under control.

But I can report to this house: that more progress is possible.

Careful management of the public's finances means we can afford to accelerate change.

We can do more to prevent family violence. And we can do more to support the victim-survivors of family violence.

We can do more to help people visit their GP. And we can surge more resources into our emergency departments.

As for housing -

We can expand homelessness services to curb growth in the number of people who are unhoused.

We can build homes for key workers to rent. Homes close to the schools, hospitals and police stations where they work.

And -

We can make the biggest ever investment in social housing, by New South Wales, in the state's history. Especially for women and children needing to escape family-violence.

While also making the biggest investment ever in fixing the homes people are already living in.

The Minns Labor Government is determined to build a better NSW. To deliver the fresh start the state voted for.

Today I intend to set forth the next steps we take to fulfil that mission.

Beginning with the housing crisis.

HOUSING

Speaker -

Why should the dream of home-ownership be possible for some of us, but not all of us?

Why should we let inheritance matter more than work in determining who gets a home to call their own?

Above all -

Why would we risk a future that bars our children from ever owning a home when home ownership has been the birthright of every other generation of Australians?

NSW needs more homes.

More homes for renters. More homes for key workers. More homes for people escaping violence at home. More homes in metropolitan NSW. More homes in regional NSW. More homes close to public transport. More homes in the neighbourhoods people love living in.

So Budget 2024-2025 builds more homes.

In fact: the programme we fund today directly supports 30,000 new homes. More homes for key workers to rent. More homes for the next generation to buy.

And - Speaker - more homes for those needing to escape violence at home.

Social Housing

I remind the House -

There are currently 5013 women and children in urgent need of a safe place to live.

But those 5013 women and children are yet to find a permanent home because for too long, NSW did not invest enough in public housing.

Instead the number of homes owned by the state's Land & Housing Corporation has fallen compared to 2011.

The number fell because the former government's main method of funding the basic maintenance and repair of the state's publicly-owned housing stock was to sell the state's publicly-owned housing.

Put simply -

To fix one person's house, the previous government preference was to sell another's.

NSW can do better. So I am announcing -

The Minns Labor Government will make the biggest single investment in social housing any NSW government has made in the federation's history.

We will build 8,400 new social homes.

6200 are brand new homes. At least half-of-those are for the victim-survivors of domestic and family violence. They will have the first right to move in.

2200 homes - in disrepair - will be knocked down, rebuilt and then put back to use.

And a further 33,500 social homes are getting upgrades; part of a \$1 billion maintenance blitz.

In addition:

The state's emergency housing and homelessness services are getting an additional \$527.6 million over four years.

By the end of the forward estimates, Labor will have invested \$6.6 billion on social housing and homelessness services.

Using Surplus Government Land

I can also announce:

The government will soon begin releasing parcels of surplus government land.

Homes NSW, Landcom and the private sector can use them to build 21,000 new homes.

Social housing. Affordable Housing. Key Worker Housing. Market Housing - all close to public transport and other infrastructure that is already built.

It took our land audit to find these sites. Having now found these sites - we will mobilise them to build more housing for a state that needs it.

And we will set aside a further \$5.0 million to keep the audit going.

Key Workers

For key workers in metropolitan Sydney - the budget provides Landcom with \$450 million to build homes for them to rent.

The people's developer. Building homes for the state's essential workers. Workers the public cannot do without.

For regional and rural health workers - NSW Health gets \$200 million more to find and build more homes for them to live in.

Another step forward in staffing regional hospitals. So our rural and regional citizens get the healthcare they deserve.

Communities

We also need more homes people can buy or rent.

We need them in areas where we are building world-class public transport. In neighbourhoods people love to live in.

So to those communities stepping up to solve the housing crisis:

- Your Councils will get access to a \$200 million incentive fund. Money to expand the critical services.
- The Building Commission will get \$35 million more to enforce the state's buildings standards in your neighbourhood - and in all our neighbourhoods.
- And the planning department will get another \$254 million so it can do its job faster too.

TODS

There is also \$520 million of infrastructure spending available for communities part-of the government's transport-oriented development programme.

This programme sees more homes built near public transport. The public transport we have borrowed and spent billions of dollars building.

Some people oppose this initiative. They would cancel it. Those people should answer these questions:

If we are not building homes near public transport - then where should we build those homes? And if not now, when?

COST-OF-LIVING

Speaker -

This Government is acting to alleviate the pressure NSW families feel from the rising cost-of living.

Budget 2023 began the hard work of reform. Especially for people needing help to pay their power bills. Or needing help to pay their toll bills in the most tolled city in the world.

Budget 2024 offers more help, especially so more people can afford to see a doctor.

Bulk-Billing

Doctors that bulk-bill are getting harder to find. Free healthcare is supposed to be the birthright of every Australian. But until the Albanese Government recently increased payments to GPs, bulk-billing rates have been in freefall.

GPs are facing other pressures too.

Especially the pressure arising from uncertain payroll tax obligations. The uncertainty which-in-turn stems from decisions courts made years before this government came to office. Their implications: not addressed by our predecessors.

So the Health Minister and the Finance Minister have been working with the state's doctors.

Their efforts means today I can announce: NSW's first ever bulk-billing support initiative. An initiative worth \$188.8 million:

From September 4 -

GP practises that bulk-bill 80 per cent of their patients in metropolitan Sydney - and 70 per cent in the rest of the state - can claim a complete tax rebate for the payroll tax they otherwise would have to pay for the wages of contractor GPs.

Not an amnesty. Not a moratorium. A full rebate.

Additionally - No GP clinic will have to pay any back taxes they might owe on a contractor GP's wage.

Extinguished through legislation: that is our plan. NSW - The only state that will.

Because we prefer GPs to spend more time with their patients than with their accountants.

Tolls

As for tolls -

I can report: relief is rolling out. Reform is underway.

The \$60 toll cap that began on 1 January will continue, providing total relief worth \$561.0 million, over two years.

720,000 people are eligible to get money back from the NSW Government's toll cap.

Commuters in Baulkham Hills, Blacktown, Marsden Park, Auburn and Merrylands are the biggest winners so far. More commuters will win as this programme enters its second year.

ESSENTIAL SERVICES

Speaker -

Budget 2024-2025 continues Labor's plan to rebuild the state's essential services.

Health

The health system is getting a big boost:

- \$481 million extra is going to our hard-pressed, under-pressure emergency departments - money invested to reduce wait times and improve patient outcomes.
- A further \$275 million will go to hospitals and health services including those in the Tweed, Sutherland, Cooma, Bowral, Glen Innes, Griffith, Randwick, Cowra, and Wentworth. Allowing them to hire 250 health care workers like cleaners, allied health workers, nurses and doctors.
- We are allocating \$130.9 million for the *Family Start Package*. Expanding early intervention programs to give mums and bubs the best start to life we can. Including more funding for Tresillian and Karitane. More funding to support vulnerable children in their first 2000 days. And - in a first - funding for the Waminda Birth Centre. So first nations women on the South Coast can give birth according to traditional cultural practice.
- Finally, there is a \$111.8 million investment in mental health, including investment in services that reduce long stay hospitalisation, the creation of dedicated mental health single front door and a boost for community mental health teams.

As for bricks and mortar of the NSW health system:

- The money announced in *Budget 2023/2024* to upgrade Blacktown and Mount Druitt Hospitals; Canterbury Hospital, Fairfield Hospital; and to rebuild Bankstown hospital on a new site remains in *Budget 2024/2025*.
- Port Macquarie Hospital is getting \$265.0 million for a critical upgrade.
- \$250 million more will go to hospitals across NSW to bolster critical maintenance.
- While hospitals in Eurobodalla, Ryde, Temora, Liverpool, Moree, Nepean, Cessnock, Shellharbour, as well the mental health complex at Westmead hospital, will share in an additional \$395.3 million. So their upgrades can continue apace.

The extra money going to our hospitals statewide will strengthen a health system handling tremendous pressure.

But it would all be for nought had we allowed 1112 nurses to lose their jobs.

Those nurses were all set to be fired in 12 days. Because the previous government failed to fund their positions in their final budget.

Healthcare workers are not 'optional extras'.

Healthcare workers are the health system's heart and soul. Our hospital cleaners and security guards; our allied health professionals and paramedics; our nurses and doctors - they make the health system go.

So we will continue to partner with them in reform. We now pay our paramedics like the professionals they are.

Safe-Staffing ratios for our nurses are rolling out.

And those 1112 nurses: their jobs are safe. Their positions: funded permanently.

Education

Budget 2024-25 also progresses our plans to turnaround a decade of declining education outcomes:

So our children get the education they need:

- We are budgeting an extra \$481.1 million so the NSW Government funds its share of the resources kids need to get the world class education they deserve - two years earlier than the former government's schedule. Canberra now needs to do the same.
- The community of Box Hill will get a new primary school and a new high school. Huntlee will too. Calderwood will get a new primary school. Those communities were promised new schools, but those schools were never budgeted for - let alone built. They are budgeted for now. They will be built. Part of our massive \$8.9 billion pipeline for public schools and pre-schools. Continuing our record spend.
- Schools in Riverbank, The Ponds, Austral, Leppington, Googong, the Northern Beaches, Yennora and - even a school in fair Verona - are getting upgrades!
- While \$1 billion will go towards tackling the maintenance backlog afflicting our public schools statewide. Because flushing toilets, leak proof roofs, and working bubblers make for decent schools.

- Finally our plan to build 100 public preschools - half in western Sydney, half in regional NSW - continues to roll out. With the preschool at Gulyangarri Public the first to open, later this year.

Labor is the party of education. Labor will always be the party of education.

Transport & Infrastructure

Turning to public transport and roads:

- Stage Two of the Parramatta Light Rail Project is morphing from being a project that was no more than a pipe-dream, into a project that is in the pipeline. This government is setting aside a further \$2.1 billion to finally begin building the second stage of the Parramatta Light Rail.
- We are also upgrading the Tangara fleet. A \$447 million investment so commuters get a better ride, while we get set to build trains in NSW again.
- We are spending \$24.7 million to expand bus transport to cover more of growing North West Sydney; areas expanded but have been poorly serviced by buses, or have had no bus services at all.
- And \$10 million is going towards developing the next stage of the *Illawarra Rail Resilience Plan*; mapping options to rebuild rail along the South Coast Line after recent extreme weather events.

Budget 2024-25 also builds the roads NSW needs to connect people to jobs and opportunities.

- There is an extra \$1.1 billion to build the roads for the new Western Sydney Airport, and its surrounding communities - taking our total investment in Western Sydney roads to \$5.2 billion.
 - \$1 billion is for Stage Two of the Mamre Road project - the section between Erskine Park and the thriving Kemps Creek.
 - \$800 million more is going towards widening key parts of Elizabeth Drive.
 - And we will spend \$520 million widening Richmond Road - M7 to Townson Road
- Outside of Sydney:
 - \$1.4 billion to continue construction of the M1 to Raymond Terrace extension and Hexham Straight Widening projects.
 - \$1.1 billion to continue Princes Highway projects including construction of the Milton Ulladulla bypass, Jervis Bay Road intersection upgrade and Jervis Bay Road to Hawken Road upgrade.
 - There is \$275 million for Nelson Bay Road to Bob's Farm upgrade.
 - \$128.5 million for regional road upgrades and infrastructure at the Newcastle Port to enable the transport of equipment components to Renewable Energy Zone projects
 - The Nowra Bypass and Network Planning project is getting \$105 million.

Disaster Relief

\$5.7 billion is being provided to disaster stricken communities so they can build back faster.

There is more than \$632.4 million set aside for the Northern Rivers and Central West.

This includes \$525 million for the Resilient Homes Program - funding voluntary buy-backs, raisings, repairs and retrofits.

And there is \$3.3 billion to fix state and local roads, damaged by floods and fires, that regional communities rely on.

Keeping Our Communities Safe

So every community feels safe, Budget 2024-25:

- Funds the government's \$245.6 million Emergency Intervention Package to support and protect the victim-survivors of family and domestic violence.
 - It includes \$45 million so the justice system can improve its response to domestic violence; and so it's harder for those accused of serious domestic violence offences to get bail.
 - \$38.3 million for NSW's first dedicated Primary Prevention Strategy.
 - And \$48 million to expand the *Staying Home Leaving Violence* program and the Integrated Domestic and Family Violence Service. *Staying Home Leaving Violence* will be expanded to include the remaining 37 local government areas. Two-thirds of which are in Regional NSW.
- We are also spending \$66.9 million on intervention programmes to divert young people away from the criminal justice system and toward community programmes shown to reduce crime.
- \$20.8 million is going towards building the National Firearms Register to track the movement of firearms throughout the Federation, jointly funded by the Commonwealth.
- And Waverley and Rose Bay police stations are getting a \$22.9 million upgrade as well.

Environment & The Climate Crisis

To care for our environment, and to combat the climate crisis:

- We will spend \$25.0 million extra to continue restoring the Darling/Baaka River - the site of too many mass fish kills.
- \$75.1 million will go towards maintaining and improving our national parks; protecting nature, improving the visitor experience - and boosting tourism too.
- Over the next four years, we are investing \$3.1 billion in building the clean power we need for an emission-free energy future. A future cheaper for NSW families and businesses than a nuclear future.
- And - I am pro-d to announce - we will buy the land which is home to the ancient Butterfly Caves. A sacred site for the Aboriginal women of the Awabakal Nation. Its purchase: the result of their decade - long campaign to protect the site for generations-to-come.

And That's Just the Start

Budget 2024-25 also:

- Adds a further \$50 million to the \$350 million we set aside for the *Regional Development Trust* last September. Ending the pork-barrelling that shrouded regional development funding for too long.
- \$5 million more is going to Service NSW's business bureau; help for them to help more of NSW's small businesses.
- And \$13.5 million will go to Netball NSW ahead of NSW hosting the Netball World Cup.

These are common sense decisions. But they lead to future shaping outcomes.

FIXING THE STATE'S FINANCES

Speaker -

Countering the housing crisis. Supporting the victim-survivors of family violence. Fixing our schools and hospitals. Building the roads and public transport of the future. Preventing youth crime. Combating the climate crisis.

Above all - backing families living through NSW's worst cost-of-living crisis in a generation: this is the progress we make in Budget 2024-25.

This is the progress we have made despite NSW having billions taken from us by the Commonwealth Grants Commission.

The GST Rip Off

If NSW was still getting back 92 cents from every dollar in GST paid in the state, the budget would be returning to surplus next year.

In fact - NSW could have expected cumulative surpluses over the forward estimates worth \$1.9 billion.

But NSW is not getting back 92 cents per dollar. NSW will only get 87 cents.

The Treasury calculated that this cut will cost NSW \$11.9 billion over the next four years.

Here is a way to comprehend the impact of the Grants Commission's decision on NSW's budget:

The Grants Commission has cost NSW more in lost revenue than COVID-19 did.

Here is how to appreciate the magnitude of the Commission's decision for our essential services:

- \$11.9 billion is enough money to hire an additional 16,000 police officers.

Here is why I say the system is unfair:

For every dollar that Victoria will give to the smaller states next year, NSW will give upwards of four.

Then Treasurer Perrottet said this in 2018, the last time the Grants Commission cut NSW GST funding:

“This outcome reinforces the fact that the current GST model is broken. Yet again, we are seeing the hardworking taxpayers of NSW being ripped off by a perverse and unfair distribution model.”

True then. True now.

There is plenty that divides the parties in this place. And - believe me - there is even more that divides the parties sitting in the other place!

But this can unite us all:

NSW deserves its fair share of the GST. It is time NSW got its fair share of the GST.

The Budget Result

The government will absorb the \$11.9 billion hit from the Commonwealth Grants Commission.

I prefer that than hitting families or businesses for an extra \$11.9 billion.

Hence the NSW budget remains in deficit over the forward estimates.

Our careful spending will see the deficit fall from \$9.7 billion in 2023-24 to \$3.6 billion in 2024-25. A \$6 billion improvement.

In 2025-26 tight spending discipline will see the deficit fall again to \$2.5 billion. Then in 2026-27, it is likely to be \$2.4 billion. Finally, in 2027-28, it drops to \$1.5 billion.

Overall, \$9.0 billion better than 2022-23.

Helping families is our most important mission during NSW's worst cost-of-living crisis in a generation.

That is why the Government is carefully absorbing the \$11.9 billion cut.

We refuse to respond to the Grant Commission's absurdity by imposing austerity on NSW. That would lead to misery.

Debt Under Control

This Labor Government can afford to make that choice because this Labor government has acted to stabilise the state's levels of debt.

Let no one forget -

The government inherited gross debt set to rise to \$188.2 billion by June 2026.

Gross debt, by June 2026, will be \$9.3 billion lower under this Government. That is *after* absorbing the \$11.9 billion GST hit, and the miscounting of \$1 billion of Sydney Metro asset sales.

NSW is stabilising its debt because NSW will stop borrowing money to pay our day-to-day bills. The state is on-track for a \$4.9 billion cash-operating surplus in the coming financial year.

The first cash-operating surplus since 2020-21.

NSW can also stabilise its debt trajectory because the Government is discontinuing the previous government's plans to borrow vast sums of money to artificially enlarge the *NSW Generations Fund*.

Put simply -

We will put an end to the fiction that by plunging the state further into debt we will eventually get the state out of debt.

So rather than risking billions to bankroll this risky strategy, the Government is instead shaking up its own funds-under-management.

I can announce:

Soon T-Corp will create OneFund. A new fund structure that manages several current investment funds worth \$46.7 billion as a single pool, rather than treating each fund as a separate silo.

OneFund delivers more income than the NGF strategy it will supersede. But it exposes NSW to far less balance-sheet risk.

And OneFund - combined with the cash operating surplus - also means I can announce:

NSW will be lowering its borrowings by nearly \$1 billion over the five years to 2027-28; one of the few states to do so.

Proof that our sound balance-sheet management is sparing our kids and grandkids from avoidable debt.

The Economic Outlook

Our stronger balance sheet also equips us to support the NSW economy come-what-may. Especially since the state's economic outlook remains challenging.

The Treasury's analysis shows that inflationary pressures are easing; but inflation still lingers. Lower levels of inflation than previously forecast are expected for the coming year.

Cost-of-living pressures have also weighed on household spending, slowing growth in the New South Wales domestic economy.

The slowdown in economic activity is expected to continue in the short term. The unemployment rate will likely hew closely to the national projections.

Momentum in activity is anticipated to recover in 2024-25 as cost-of-living pressures ease.

Especially since real wages are likely to rise every year over the forward estimates. Ending a decade of real wage-stagnation. Beginning the recovery of a decade's worth of lost purchasing power.

Federal State Agreements

A stronger economy will lead to a stronger budget.

So strengthening the economy is the best long-term strategy to fortify the state's finances; return the budget to surpluses; and then to sustain them.

That is even more likely if Canberra lifts its contribution to NSW Schools and NSW Hospitals - as they said they would do.

The states and territories are all currently re-negotiating the national agreements that will govern the nation's schools and hospitals for the next five years.

Much turns on the outcome of these discussions. Especially for our ability to provide the world-class public service our citizens rightly expect and deserve.

So we have not rushed to resolve those negotiations ahead of this budget. Even though that might have temporarily made the budget results look better.

Our focus is on making sure NSW gets its fair share.

Because getting NSW a fair deal from Canberra is far more important than getting NSW a quick deal from Canberra.

CONCLUSION

Speaker -

The Upper House is calling.

So I leave you mindful of this state's true character.

Here, in New South Wales we have always combined to advance the common good, so each of us are better equipped to pursue our individual ambitions.

I have always felt that what makes NSW the premier state is not the prodigious scale of our ambitions; nor is it our dogged pertinacity: it is the preternatural depths of our resilience.

This state has always decided its own destiny. We choose our future by always reinventing ourselves. Especially in the wake of a great crisis.

Choosing our future right now means coming-back from a once-in-a-century global pandemic. And the once-in-a-generation cost-of-living crisis it led to.

It means making decisions today so that the next generation can have homes to call their own tomorrow.

It means supporting the victim-survivors of family violence with our solidarity right now, as we strive to stamp out family violence altogether.

And it means always prizing the public realm; the schools, hospitals and other public services that are the jet fuel for our future prosperity.

Budget 2024 does not seek to transform NSW immediately. I am not claiming that.

But I do say that Budget 2024 builds the foundations of a better NSW.

Edging NSW further towards a brighter future.

I thank the House for your courtesies.

I promise to return next year if you will have me; and the Premier lets me!

And I commend these bills to the House.