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**Briefing Paper**  
**2016/17 NSW Budget**  
**160621**

## **Introduction**

NSWIC attended the NSW Budget lock-up in Sydney on Tuesday 21st June held before the public release of the budget documents.

Treasury officials were available to answer general questions or to refer specific questions to Departmental officials via telephone.

The Treasurer Gladys Berejiklian today delivered the State Budget. We have summarised the highlights and key rural and water related budget items - below.

Full Budget documents are available at:

[www.budget.nsw.gov.au](http://www.budget.nsw.gov.au)

## **This Briefing**

This document does not purport to be a full summary of the entire Budget. It was prepared in the two hour timeframe available, so is focused on the key initiatives of relevance to our sector.

## The Budget In Overview

The key number of the budget is the projected \$3.7 billion surplus for the next year and average \$2 billion surpluses in the next 4 years. The 2015-16 surplus is expected to be \$3.4 billion. In the next year net lending is projected to be in deficit by \$3.6 billion reflecting the overriding emphasis in this budget of new and ongoing infrastructure investment. The Government expects net debt for 2015-16 of \$663.1 million. Government revenue growth is forecast at 4.4% for 2016-17 balanced by expense growth of 4.2% - mainly driven by growth in transfer, land and payroll taxes but this revenue is expected to moderate over the out years - which underlines slowing revenue growth as a key challenge for the Government into the medium term.

## Infrastructure Investment

A record \$73.3 billion in infrastructure spending over the next 4 years was the standout figure of the budget - including \$41.5 billion for transport, \$6 billion for energy, and \$3.7 billion for water and wastewater investments - including a Commonwealth Infrastructure recycling funding contribution of \$9.9 billion.

Some of this spending is being funded from the long term lease of Transgrid with \$6.6 billion in net proceeds from the lease. The conclusion of the Ausgrid and Endeavour leases are expected in the coming financial year.

## Regional Investment

30% of the Restart NSW program focusing on road, rail and water infrastructure funding has been allocated to regional investment - totalling \$1.7 billion of regional investment - so far. Forward budget funding includes:

- \$2 billion for regional road freight corridors including upgrades to Cobb and Silver City Highways.
- \$1 billion in regional growth roads funding
- \$500 million for the Fixing Country Roads program including \$50 million in the next year
- \$400 million for Fixing Country Rail
- \$200 million for Bridges in the Bush - targeting 17 freight road locations
- \$1 billion for the Regional Water Security & Supply Fund, and
- \$110 reserved for the Regional Water and Wastewater Backlog Program.

The Broken Hill Pipeline is the centrepiece of regional water security program.

Planning and scoping has commenced and the pipeline will be completed by the end of 2018. Specific benefits quoted in the budget papers include *"benefit for irrigation communities in NSW through more effective use of limited water resource. The investment supports NSW commitments under the MDB Plan and will provide significant benefits to northern and southern irrigation industries. Broken Hill will no longer rely on the Menindee Lakes. This will enable NSW to keep more water in productive use within the Murray Darling Basin Plan and realise the full economic benefit of this precious resource."*

The following list summarises the major water projects contained in the budget papers:

- Broken Hill Water Supply - around \$500 million to be spent over 3 years with \$139.7 million to be spent in 2016-17.
- Hawkesbury Nepean Flood Mitigation Program at \$58.5 million - planning to commence with \$10.7 million in initial budget funding in the next year.
- An Enterprise Resource Planning (ERP) platform and new customer-centric billing system at \$91.3 million.
- Priority Drought Preparedness Projects - with feasibility study funding for the proposed Belubula Dam at Cranky Rock in the Lachlan catchment of \$6 million.
- Priority Catchment Infrastructure funding - also with \$6 million provided for options analysis to identify water infrastructure investments in "hotspot" catchments of Gwydir, Macquarie and Hunter.

## **Primary Industries, Lands & Water**

Minister Blair's Media Statement for the budget highlighted \$1.4 billion for the Primary Industries Sector - principally to secure regional water security and support farmers during drought. Over and above the measures announced above, are:

- \$165 million to assist households with costs of securing potable water.
- \$75 million for infrastructure under the Water for the Future program funded by the Commonwealth.
- \$45 million for Country Towns Water Supply and Sewerage program and \$9.4 million for water and sewage services for Aboriginal communities.
- \$18 million for Murray Darling Basin Reforms initiatives (although no detail in the budget papers on the breakdown of this figure). This is over and above Water Reform in Murray Darling Basin work in progress which concludes in 2019 costing \$7.33 million with \$1.89 million already spent and \$3.11 million allocated for 2016-17.
- \$159 million for Local Land Services.
- A \$90 million Drought Strategy - concessional loans, farm business planning, vocational training scholarships and more weather stations to assist in drought impact mitigation.
- Over \$21 million for food safety systems including for correct labelling initiatives.

## **WaterNSW**

Projects valued at \$126.3 million were allocated funding, including:

- \$1.943 million in Catchments Upgrades.
- \$20.86 million in General Upgrades (of a \$481m total program cost)
- \$149,000 for Chaffey Dam Augmentation & Upgrade work.
- \$16.93 million for Keepit Dam Upgrade Phase 1
- Integrated Surveillance, Monitoring, Automation and Telemetry (\$46.2 million total program cost) - \$41.15million in 2016-17)

- Water for Rivers and Other Water Savings Projects - final \$35,000 next year in a \$22.5 million program.
- Total 2016-17 Projects including metro and urban projects of \$126.37 million.

## **Water Administration Ministerial Corporation (DPI Water)**

- WAMC recorded a \$12.132 million loss this yr - with 2016-17 projected at a similar loss of \$12.29 million loss but including depreciation, amortisation and disposal of assets.

## **Transport**

Transport Minister Gay has detailed \$9.7 billion for roads, maritime and freight including:

- \$242 to upgrade and maintain regional rail freight lines.
- \$111 million to support productivity and safety for road freight in regional NSW including the Bridges for the Bush (as above), road freight upgrades and heavy duty pavement installation.
- \$1.5 billion for road, maritime and freight maintenance.

## **Environment**

Environment Minister Speakman announced a number of programs relevant to regional and rural businesses:

- \$49 million for energy productivity including \$6 million for energy efficiency programs for business.
- \$9 million for National Energy Market regulation.
- \$1.4 million towards renewable energy programs.
- \$240 million to facilitate strategic biodiversity conservation on private land including \$15 million in 2016-17

**ENDS.**