NSW Budget a golden opportunity to set us up for the long run

As the state emerges from the pandemic relatively unscathed and with its economy in a strong position, NSW has a unique opportunity to not only bounce back from the crisis but to bounce higher. The state budget will be a strategically important opportunity to set Sydney and the state up for a more prosperous future.

2021 — our year of recovery and growth

This time last year, NSW had emerged from a lockdown and successfully quelled a Covid-19 outbreak. Restrictions around home visits, community sport and attending gyms were being gradually lifted as people started to reconnect and resume a new Covid-safe life. At the same time, the federal government reduced the number of passengers arriving at Sydney Airport to ease the pressure on NSW's hotel quarantine system.

Since then, NSW has performed remarkably well, from a health and economic perspective. In the same period, other global cities have experienced multiple outbreaks and lockdowns. Dire projections of economic devastation have not come to fruition here locally. There are signs some sectors are bouncing back, including arts and recreation, hospitality and transport.

This hasn't occurred by accident. Proactive macroeconomic action by the Reserve Bank of Australia, coupled with stimulus from all tiers of government, and a strong health response have shielded our economy from major shocks.

We now need to seize on this success and put in place the policies that will build a better future for our city and state.

What we need now — key priorities

Maintaining this momentum is even more important now, with the Commonwealth's JobKeeper no longer available, and JobSeeker significantly wound back. To do this, the upcoming state budget should focus on two key priorities.

First, it should continue to fund and accelerate infrastructure projects that are important to the state in the long run. This is not a time for austerity.

Second, the government should use this moment as an opportunity to reform. We cannot afford to only get back to how things were. The time is now to fix the things that have needed fixing for a long time.

Infrastructure

While the heavy lifting of income replacement was done by the federal government, mostly in the form of JobKeeper, much of the heavy lifting of investment will be done by the state. JobKeeper is estimated to have cost the federal government around $90 billion. In the first phase of the program, from March to September 2020, it supported more than 3.8 million workers.

But it's the state government's $107 billion infrastructure investment over the forward estimates that has real potential to rev up the economy. This public investment will boost quality of life for NSW citizens, and it will also stimulate public and private jobs growth.

The Committee will be looking through the budget papers closely to see whether the government continues its public transport infrastructure boom. In particular, we hope to see continued commitment towards Sydney Metro City & South West, Sydney Metro West and Sydney Metro Greater West. The government should continue its ambitious Metro build to ensure its ambition of creating a network is realised, like what is on offer in major global cities such as New York, London and Tokyo.

We also hope to see the state government kickstart the next generation of infrastructure projects. This includes investment into faster rail connections, which have the potential to boost connectivity and livability throughout the state's regional hubs. This will also help realise the Committee's vision of the Sandstone Mega-Region, connecting Newcastle, the Central Coast, Sydney and Wollongong. These regions make up more than 70 per cent of the NSW population and nearly a quarter of the national population. Helping unlock the economic potential of these regional hubs will be a crucial plank of the state's recovery.

Reform

Stimulus and infrastructure spending will not be enough if we want our economy to bounce back stronger. Reform is a must.

The Committee supports the state government's tax reform agenda, particularly abolishing stamp duty on property purchases and replacing it with a broad-based annual land tax. This regressive and outdated tax has reduced mobility and hindered the dream of home ownership for many people.

Introducing a road user charge on electric cars will also be an important step. Apart from plugging a revenue gap from falling a fuel excise, it is an important piece of reform that will set Sydney up for the future. Ideally, the new levy should be put in place before there is a big constituency of EV owners who will experience the change. This will help avoid shocks to consumers once EVs become bigger players in the market. At the same time, we need to increase the uptake of EVs – and the most effective way to do that is to put in place upfront purchase rebates, which we hope to see in next week's budget.

We also need the underlying settings to be right to allow new firms and industries to be created. That includes further modernising of the VET sector and integrating it more closely with our high schools and universities. We would also welcome more support towards start-ups and innovators, including funding towards incubators, accelerators and maker spaces.

Setting up NSW for the long run

There are of course many other programs we care about and will be commenting on as the government makes its announcements. These include boosting social and affordable housing, increasing public spaces and measures to support the construction of the Western Sydney Airport city Bradfield.

But the underlying big picture view of the Committee is that this budget should be an opportunity to set strategic priorities for a more prosperous future for our city and state. We have a golden opportunity to build on our state's incredible wins during the pandemic and to finally realise our ambition to make Sydney the best city in the world.