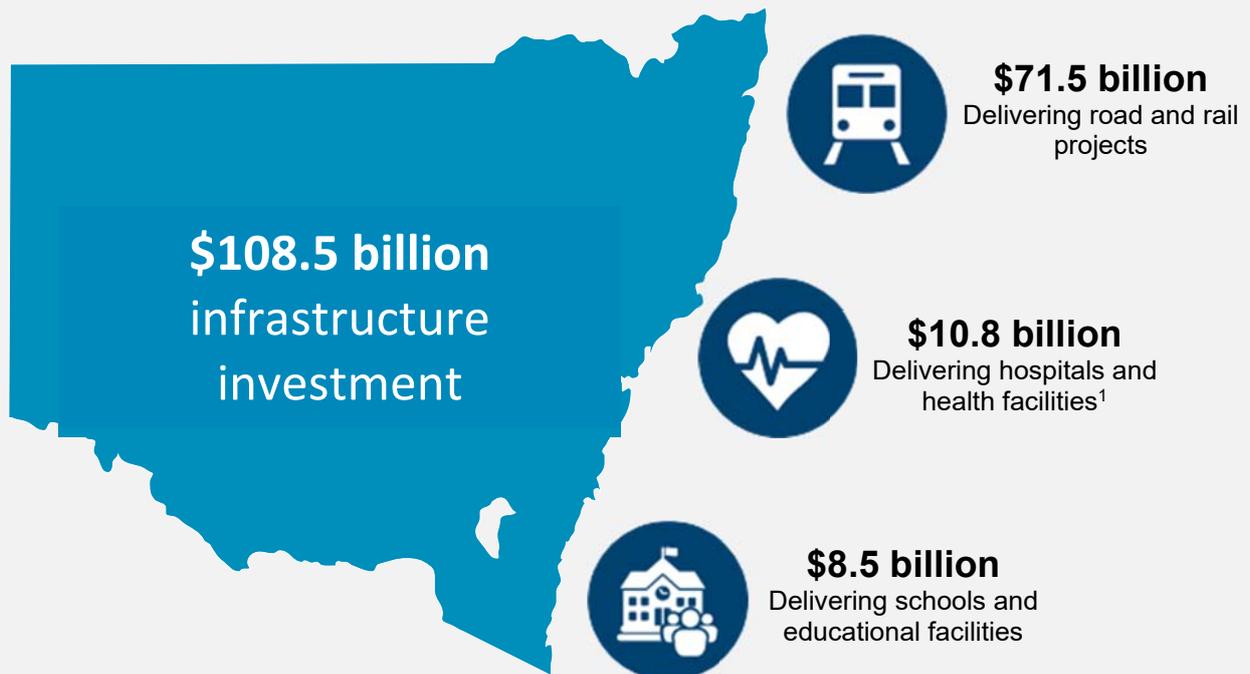


1. OVERVIEW

The 2021-22 Budget provides for a new record \$108.5 billion infrastructure commitment over four years to drive economic growth, boost productive capacity and enable innovation.

The record infrastructure program is focused on investing for continued growth beyond the recovery, making the best services even better and transforming our communities by elevating New South Wales' natural and cultural treasures.



Funding has been allocated to projects that will transform local communities, including a record investment in schools and hospitals, the new Bradfield City Centre and continued investment in transport networks.

The Government is continuing to invest heavily across regional New South Wales, with new infrastructure to support jobs growth, the delivery of vital public services and the ability to manage and respond to natural disasters and events.

This significant infrastructure investment will ensure New South Wales is well positioned to rebound from the COVID-19 pandemic and can respond with agility to the challenges of today and tomorrow.

¹ Health Capital Expenditure includes capital expensing amounts. Further information is provided at footnote c) of Table 1.2.

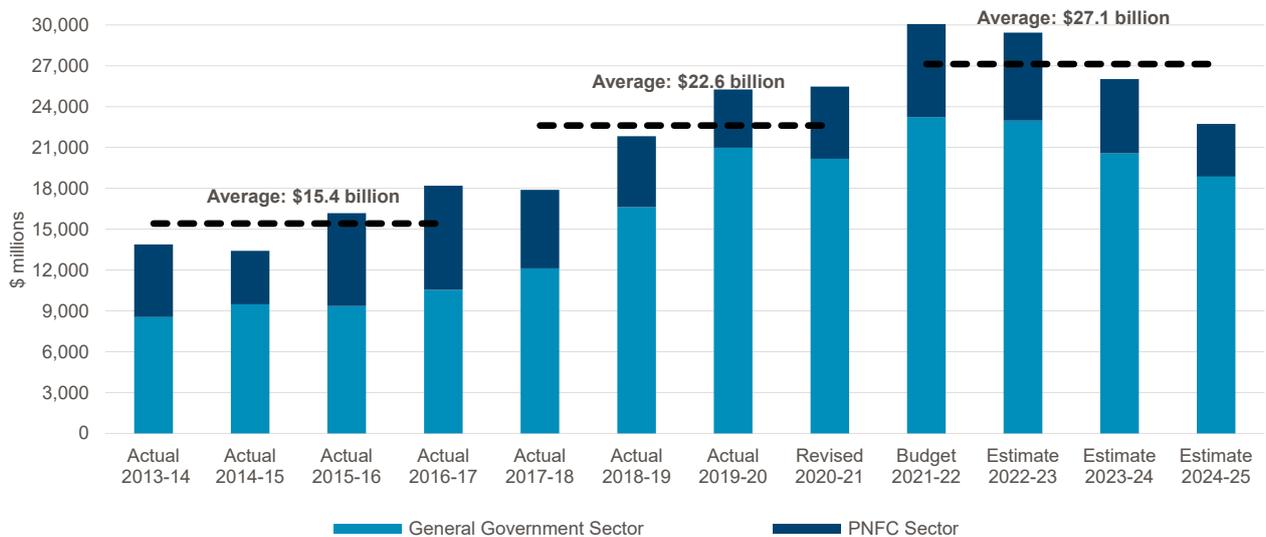
1.1 The Government’s infrastructure program driving a better state

The people of New South Wales demonstrated incredible resilience during recent challenges including the COVID-19 pandemic, bushfires, drought and flood. The 2020-21 Budget contained significant investment in stimulus projects, including the \$3.0 billion Jobs and Infrastructure Acceleration Fund, which continues to support economic recovery. The 2021-22 Budget continues the Government’s investment in world class infrastructure to ensure the State and its residents are prepared for future challenges and opportunities.

The Government’s infrastructure program continues to support the community with modern, efficient and reliable assets. Infrastructure is the backbone of the economy – transport connects workers to their jobs, schools shape the leaders of the future, hospitals support a healthy population, water infrastructure is critical for communities and digital technologies shape how people connect.

The Budget commits \$108.5 billion over the four years to 2024-25 to the Government’s infrastructure program. The average infrastructure investment of \$27.1 billion per annum over four years is 1.3 per cent higher than the average four-year investment of \$26.8 billion announced in the 2020-21 Budget, and nearly double the average four-year investment of \$15.4 billion from 2013-14 to 2016-17. Chart 1.1 shows the projected growth in the State’s capital program from 2013-14 to 2024-25.

Chart 1.1: Infrastructure program from 2013-14 to 2024-25



This commitment maintains the Government’s record level of infrastructure investment, with \$153.9 billion invested from 2011-12 to 2019-20. The benefits of this infrastructure pipeline continue to be realised and enjoyed by the people of New South Wales, with many projects across all clusters now complete. Further information on how the Government’s infrastructure program is benefiting residents is provided in Box 1.1.

Box 1.1: Improving wellbeing through our record infrastructure investment

More than 170 health capital projects and over 160 new and upgraded schools have been delivered since 2011 as part of a record infrastructure investment by the Government. Many projects are now complete and benefitting local communities by supporting the provision of quality services, improving the capacity of the transport network and growing the economy by keeping people healthy and connected.

Examples of key projects the Government has delivered since 2011 include:

- the Pacific Highway Upgrade from Woolgoolga to Ballina. The 155-kilometre upgrade is the final link in the 657-kilometre Pacific Highway upgrade, a Commonwealth and NSW Government commitment to upgrade the highway to a four-lane divided road between Hexham and the Queensland border. The upgrade means a quicker and safer journey for local, inter-regional and interstate travellers with a 75 per cent reduction in fatal and injury causing crashes, as well as a reduced travel time of approximately 25 minutes
- the Westmead Hospital Redevelopment Stage 1 and the Sydney Children's Hospital Network Westmead Redevelopment Stage 1 delivered two new emergency departments, one for adults and one for children. This included more than 300 patient rooms and one and a half floors for the University of Sydney to enable greater integration of education, research and health service delivery
- Sydney Metro Northwest delivered 36 kilometres of rail track and allows peak time commuters between Chatswood and Rouse Hill to access a train service every four minutes. The project provided eight new railway stations, 4,000 commuter car parking spaces, a major Metro train stabling facility and rail bridges to minimise disruption to the community
- Arthur Phillip High School and Parramatta Public School to accommodate 3,000 students and provide readily accessible and flexible facilities to meet the demands of an evolving curriculum in line with innovative learning principles
- Western Sydney Stadium set a new standard for sports fans with 30,000 undercover seats, big screens and modern technology. Featuring the steepest grandstands in Australia, the stadium creates an unparalleled live event experience
- the Wentworth to Broken Hill pipeline is a major piece of public infrastructure supplying up to 37.4 megalitres of water per day to Broken Hill and surrounding communities. The 270-kilometre pipeline runs from the River Murray near Wentworth to Broken Hill, providing local residents with a reliable supply of water.

Infrastructure investment is a key component in achieving State Outcomes, supporting the provision of Government services and improving the lives of NSW residents. Further information on how infrastructure contributes to the delivery of State Outcomes is provided in *Budget Paper No.2 – Outcomes Statement*.

The Government's successful asset recycling strategy and strong economic credentials have been an integral and innovative building block for consistent record infrastructure investment. The Government is continuing to investigate asset recycling opportunities, including the WestConnex transaction and the finalisation of the Lotteries Scoping Study. Further information on the Government's asset recycling strategy is provided in Section 1.3 of this *Infrastructure Statement* and also in Chapter 3 of *Budget Paper No. 1 – Budget Statement*.

The everyday lives of NSW residents are being improved through the wide range of projects being delivered as part of the Government's infrastructure program, including:²

\$71.5 billion for public transport and roads, including:

- \$12.0 billion over the next four years for Sydney Metro West
- \$3.1 billion over the next four years for More Trains, More Services
- \$2.7 billion over the next four years for the M6 Extension Stage 1
- \$2.0 billion over the next four years for the Great Western Highway Upgrade
- \$872.6 million over the next four years for the Newell Highway
- \$329.1 million over the next four years for the Princes Highway Upgrade, including the Albion Park Rail Bypass, construction of the new Nowra Bridge and the Berry to Bomaderry Upgrade

\$10.8 billion for health infrastructure³ to plan and deliver new and upgraded hospital builds, including:

- \$1.3 billion for the Bankstown-Lidcombe Hospital and Community Health Services Redevelopment
- \$835.0 million for the John Hunter Health and Innovation Precinct and car park
- \$740.0 million for the Liverpool Health and Academic Precinct

\$8.5 billion for education and skills infrastructure, including:

- \$2.1 billion over four years, as part of a total new investment of \$3.3 billion, for new and upgraded schools (see Box 1.2 for more information)
- \$79.6 million over four years for the Institute of Applied Technology for Construction

These projects are complemented by a significant investment across arts and culture, venues, energy, water utilities, emergency services and other important infrastructure to provide vital services for communities and support job creation. Chapter 2 of this *Infrastructure Statement* provides further details on infrastructure projects the Government is delivering.

² The estimated total cost (ETC) of projects identified in this chapter may include prior year expenditure and expenditure beyond the budget and forward estimates.

³ Health Capital Expenditure includes capital expensing amounts. Further information is provided at footnote c) of Table 1.2.

Box 1.2: Schools Infrastructure Investment

The 2021-22 Budget includes a new investment of \$3.3 billion (including \$2.1 billion over the four years to 2024-25) for 44 new and upgraded schools across the state.

This investment will deliver world-class education facilities to foster a safe and holistic teaching and learning environment for both teachers and students. This will be achieved through investing in flexible teaching and learning spaces to enable a wide variety of education practices and support growing student demands with future focused learning principles.

Schools Infrastructure NSW, a specialist unit established within the Department of Education, will oversee the delivery of the program across metropolitan and regional areas.

New funding of \$3.3 billion has been allocated for new and upgraded schools including:

- Macquarie Park Education Campus
- Rydalmere Education Campus
- Liverpool Boys and Girls High School
- the new high school in Marsden Park
- Bomaderry High School Upgrade
- Yanco Agricultural High School Upgrade
- Wee Waa High School
- South West Sydney, new selective high school
- the new high school in Edmondson Park
- Oran Park Public School Stage 2

A full list of new and upgraded schools currently being delivered is provided in Box 2.6 of Chapter 2.

Delivering for regional communities

The 2021-22 Budget includes a significant infrastructure investment for regional New South Wales, including the construction of new and upgraded hospitals, schools and roads. These investments respond to the many challenges that confront the people and towns of regional New South Wales, including drought, bushfires, floods and the COVID-19 pandemic.

Significant regional projects include:

- the Coffs Harbour Bypass: \$1.2 billion over the next four years to continue the joint State and Commonwealth funded Coffs Harbour Bypass as part of the Pacific Highway Upgrade program to improve connectivity, road transport efficiency and safety for local and interstate motorists
- the Goulburn Hospital Redevelopment: \$165.0 million for the construction of a new four-storey clinical services building to integrate and consolidate most health services into one location, improving accessibility for the local community to a range of a health services
- the Wagga Wagga Special Activation Precinct: \$150.6 million to develop a 4,500-hectare precinct supporting up to 6,000 jobs across a range of industries including renewables, recycling, advanced manufacturing, value-added agriculture and freight and logistics
- Showcasing our National Parks: \$80.4 million over three years for signature walking experiences, including the Great Southern Walk in the Illawarra, with a range of dedicated accommodation options, making natural and cultural heritage assets in NSW national parks a must-see destination for local national and international visitors
- the Moree Hospital Redevelopment: \$80.0 million for the construction of a culturally welcoming, contemporary health facility that will deliver better health outcomes for the Northern Tablelands community
- Goulburn Police Academy upgrade: \$60.0 million to upgrade the Goulburn Police Academy to incorporate contemporary technology and training facilities and refurbish student accommodation and classrooms
- new investment in regional schools including Wee Waa High School Upgrade and Yanco Agricultural High School Upgrade, and a continued investment in the Murwillumbah Education Campus.

The Government has also committed to invest 30 per cent of the \$37.4 billion Restart NSW Fund (forecast as at 30 June 2021) in regional infrastructure over the life of the fund. This is in addition to the \$4.2 billion from the Snowy Hydro Legacy Fund which is delivering major transformative infrastructure projects across regional New South Wales. For more information see the *Regional NSW* budget publication.

1.2 Infrastructure supporting the economy and productivity

The Government is delivering a record infrastructure pipeline to support the economic recovery following the COVID-19 pandemic, while also building the New South Wales of tomorrow where residents can continue to enjoy world-class service delivery.

Consecutive years of record investment and strong strategic planning means that the Government is uniquely placed to accelerate infrastructure projects and support jobs (see Box 1.3.)

Box 1.3: Infrastructure supporting the economic recovery

The Government's infrastructure pipeline is supporting much needed jobs across regional and metropolitan New South Wales.

As well as making the State more liveable and its people more productive in the medium- and long-term, investing in infrastructure supports jobs in many trades and locations. Infrastructure projects also support indirect jobs across the full spectrum of industries required to assist the construction supply chain.

The scale of the Government's infrastructure investment is unprecedented and is supporting tens of thousands of jobs each year. The \$108.5 billion infrastructure program also underpins a lift in state and local public investment which is expected to contribute ½ a percentage point to economic growth in 2021-22.

The Government has announced a suite of job-supporting infrastructure initiatives, including:

- the new Bradfield City Centre will be a key driver of economic growth and support up to 200,000 jobs across the Western Parkland City
- the Jobs and Infrastructure Accelerated Fund has invested \$3.0 billion to accelerate over 100 new and existing projects and support up to 20,000 direct and indirect jobs across the State
- the Parkes Special Activation Precinct covers 4,800 hectares and will promote Parkes as a major inland freight and logistics hub while supporting up to 3,000 jobs across a range of industries including freight and logistics, resource recovery, value-added agriculture and renewable energy
- the M6 Extension Stage 1 will connect President Avenue at Kogarah with the WestConnex M8 at Arncliffe via twin four-kilometre tunnels, supporting more than 5,000 jobs, with construction expected to start in early 2022
- the city shaping Sydney Metro West project will improve travel times for commuters from the western suburbs while supporting 10,000 direct and 70,000 indirect jobs
- the Sydney Gateway motorway will connect the WestConnex St Peters Interchange to the Airport and Port Botany Precinct, supporting 1,000 direct and 3,000 indirect jobs
- the Campbelltown Hospital Redevelopment Stage 2 will deliver the expansion of key clinical and support services, integrated and expanded mental health service and enhanced paediatric services for the Macarthur region, while supporting around 700 direct jobs during construction.

Quality infrastructure investment can raise productivity and provide multiple economic and social benefits. Examples of this include:

- world class hospitals and schools to enable high quality health and education services that are the foundation of wellbeing for the community
- quality, smart infrastructure to enable businesses and employment precincts to thrive. The new Bradfield City Centre will provide an economic hub for businesses and jobs of the future. It will connect businesses to the world through the new Western Sydney International (Nancy-Bird Walton) Airport, and to the rest of Sydney through Sydney Metro - Western Sydney Airport and the M12 motorway
- Renewable Energy Zones (REZs) to support industry transition to a more sustainable future. The Government is establishing REZs in regional New South Wales to help replace the State's existing power stations as they approach their scheduled end of operational life. REZs will unlock a significant pipeline of large-scale generation and storage projects to provide more reliable and affordable energy for households, support emissions reduction through a cleaner energy sector and increase regional employment
- digital infrastructure to assist in planning by better visualising future scenarios. The NSW Spatial Digital Twin is creating a full three-dimensional model of the State's physical environment which is capable of recording past conditions and scoping future scenarios. These models will support infrastructure planning and delivery, as well as environmental and natural resource management
- resilient infrastructure to provide for continuity of service in difficult conditions by withstanding disruption. The New Dubbo (River Street) bridge will provide for an additional high-level crossing across the Macquarie River to ease congestion and maintain reliable access through Dubbo during flood events. The bridge will provide 1:100 year flood immunity to ensure access during floods for emergency services, local schools, hospitals and the airport
- lifestyle enabling infrastructure, including cultural, sporting and environment infrastructure, to enrich the way of life for residents and attract visitors to the State. The transformation of the Ultimo Powerhouse Museum, with its emphasis on innovation, design and fashion, will drive the visitor and cultural economy and deliver a rich and diverse experience for visitors, surrounding communities and creative industries alike
- efficient transport networks to produce real and measurable benefits for the community as they go about their daily lives. Since 2012 Transport for NSW has delivered 217 pinch point projects to help ease congestion and provide more consistent travel times for motorists in Sydney. These projects include widening small sections of roads, replacing busy roundabouts with traffic lights and adding extra turning lanes. Based on Transport for NSW estimates, these projects have resulted in \$1.4 billion in realised benefits, including eased congestion and reduced travel times, compared to the \$579.0 million spent⁴.

⁴ Transport for NSW, *Sydney Pinch Point Programs Overview May 2020*

1.3 Our fiscal management

The Government is maintaining record levels of infrastructure investment while upholding a sustainable and responsible approach to fiscal management. The State's balance sheet is being leveraged during a period of very low interest rates to ensure key infrastructure projects are delivered to improve the lives of both current and future residents. This has been enabled by the Government's fiscal strategy which includes:

- continuing management of recurrent expenditure consistent with the *Fiscal Responsibility Act 2012*
- active management of the State's balance sheet, including reinvesting the proceeds of asset recycling into productive infrastructure via the NSW Infrastructure Future Fund (NIFF), allowing the Government to generate additional returns for taxpayers
- whole-of-government prioritisation of infrastructure projects, based on a rigorous project assessment process, to enable a more strategic approach to capital allocation
- the establishment of the NSW Generations Fund (NGF), the State's own sovereign wealth fund, that invests asset recycling proceeds to achieve a competitive return for taxpayers and facilitates infrastructure investment, while supporting a sustainable debt position over the medium term.

The Government uses a comprehensive capital investment framework to inform and evaluate investment decisions. This framework integrates planning, project selection, funding and delivery and is designed to ensure the Government invests in infrastructure projects that provide the greatest benefit at the most efficient cost for the taxpayer.

Infrastructure NSW plays a key role in assisting the Government to identify and prioritise infrastructure projects. It provides independent advice on infrastructure needs and delivery, with a focus on capital investment that brings economic growth and social well-being.

More information on the role of Infrastructure NSW, as well as the project assurance processes the Government utilises, is provided in Section 1.7 of this *Infrastructure Statement*.

Asset recycling strategy

The Government's successful asset recycling strategy continues to play a major role in ensuring the delivery of the infrastructure pipeline. Asset recycling proceeds have been used to accelerate the delivery of key projects including Sydney Metro City and Southwest, the More Trains, More Services program and the Parramatta Light Rail.

Asset recycling proceeds will continue to support the State's balance sheet and new infrastructure investment. Asset recycling proceeds are being invested in a special purpose fund, the NGF, to earn competitive returns for taxpayers, support sustainable debt levels and facilitate investment in world class infrastructure.

For further information on the Government's asset recycling strategy and how it is being used to continue the Government's record infrastructure investment see Chapter 3 of *Budget Paper No. 1 – Budget Statement*.

1.4 Four-year capital program

The Government's capital investment program is forecast to be \$108.5 billion over four years to 2024-25. Table 1.1 provides a reconciliation of capital expenditure between the 2020-21 Budget and the 2021-22 Budget.

Movements in the profile of capital expenditure across years for individual projects are captured at an aggregate level in parameter and other variations. These variations are the result of changes to the cost and timing of infrastructure projects that are largely outside government control. Examples include changes in economic conditions, variations to Commonwealth Government grants, accounting and technical adjustments (including accounting standard changes) and changes to project delivery schedules which may have been adversely impacted by major events such as the COVID-19 pandemic, bushfires and floods.

Table 1.1 shows that capital expenditure has increased from a projected \$25.4 billion in 2020-21 to \$30.4 billion in 2021-22. Key drivers of this increase include initiatives such as the new school infrastructure investment, the Critical Communications Enhancement Program and enabling works for the Bradfield City Centre.

Table 1.1: Capital expenditure reconciliation

	2020-21 Revised \$m	2021-22 Budget \$m	2022-23 \$m	2023-24 Forward Estimates \$m	2024-25 \$m
Capital – 2020-21 Budget	29,146	29,818	25,401	22,722	N/A
Capital measures ^(a)	(6)	74	64	59	N/A
Parameter and other variations ^(b)	(1,934)	721	507	630	N/A
Capital – 2020-21 Half Yearly Review	27,206	30,613	25,972	23,411	N/A
Capital measures ^(a)	204	845	1,738	2,268	1,951
Parameter and other variations ^(b)	(1,970)	(1,108)	1,726	350	N/A
Capital – 2021-22 Budget	25,440	30,350	29,435	26,029	22,733

(a) Includes the estimated impact of spending funds committed and reserved in Restart NSW.

(b) Includes timing adjustments related to movements in project delivery schedules.

Breakdown of the capital program

Table 1.2 details the breakdown of capital expenditure by cluster. More than half of the four-year capital program reflects the Government's investment in road and rail infrastructure. The table also highlights the significant infrastructure investment in Health and Education over the four years to 2024-25.

More information on individual agency capital programs is provided in Chapter 5 (general government agencies) and Chapter 6 (public non-financial corporations).

Table 1.2: Non-financial public sector capital spending by cluster^(a)

	2021-22	2022-23	2023-24	2024-25	Four-year total	
	Budget		Forward Estimates			
	\$m	\$m	\$m	\$m	\$m	%
Transport ^(b)	18,649	20,447	17,304	14,704	71,105	65.5
Health ^(c)	2,943	2,416	2,615	2,211	10,185	9.4
Education and Skills	3,444	1,590	1,657	1,749	8,440	7.8
Stronger Communities	945	666	491	551	2,652	2.4
Premier and Cabinet	1,254	976	741	512	3,483	3.2
Planning, Industry and Environment	995	618	401	249	2,264	2.1
Regional NSW	333	309	57	11	710	0.7
Customer Service	689	405	243	132	1,469	1.4
Other ^(d)	1,098	2,009	2,520	2,615	8,242	7.6
Total^(e)	30,350	29,435	26,029	22,733	108,548	100

(a) Numbers represented in the table are on an eliminated Government Sector basis. This table does not agree with individual agency reporting elsewhere in these Budget Papers which is done on an uneliminated basis.

(b) Includes Transport PNFC agencies.

(c) Health uneliminated spending on capital is forecast to total \$10.8 billion over the four years to 2024-25. Table 1.2 does not include \$138.7 million in 2021-22, \$104.2 million in 2022-23, \$94.6 million in 2023-24 and \$91.0 million in 2024-25 for minor capital spending for the construction of health capital projects which fall below a capitalisation threshold and are not reported as capital expenditure.

(d) Mainly comprises energy, water and property PNFC agencies. 2021-22 budgets are set out in Chapter 6.

(e) Spending excludes capital expenditure by public financial corporations.

1.5 Funding the delivery of infrastructure

The State's capital program of \$108.5 billion over four years to 2024-25 is funded by a range of sources including:

- State funding, comprising:
 - State sources including taxation, other own-source State revenues and borrowings (\$77.3 billion)
 - Restart NSW (including the Rebuilding NSW plan) and Snowy Hydro Legacy Fund which encompass asset recycling proceeds, windfall tax revenues and the issuing of Waratah Bonds (\$5.3 billion)⁵.
- Public non-financial corporations (PNFC) sources (including from own source revenue, equity, retained earnings and borrowings) (\$14.2 billion)
- Commonwealth Government grants (\$11.7 billion).

⁵ Restart NSW is forecast to have \$37.1 billion of inflows as at 30 June 2021.

Chart 1.2: Summary of capital expenditure and funding sources – 2021-22 to 2024-25



As shown in Chart 1.2, the capital program comprises \$85.6 billion from the general government sector and \$22.9 billion from the PNFC sector.

State sources are expected to be the largest funding source for capital expenditure, totalling \$77.3 billion over the four years to 2024-25.

Commonwealth Government funding comprises infrastructure grants for specific projects and accounts for \$11.7 billion, or 10.8 per cent, of the capital program. PNFC own-source funding is \$14.2 billion, or 13.1 per cent of the capital program.

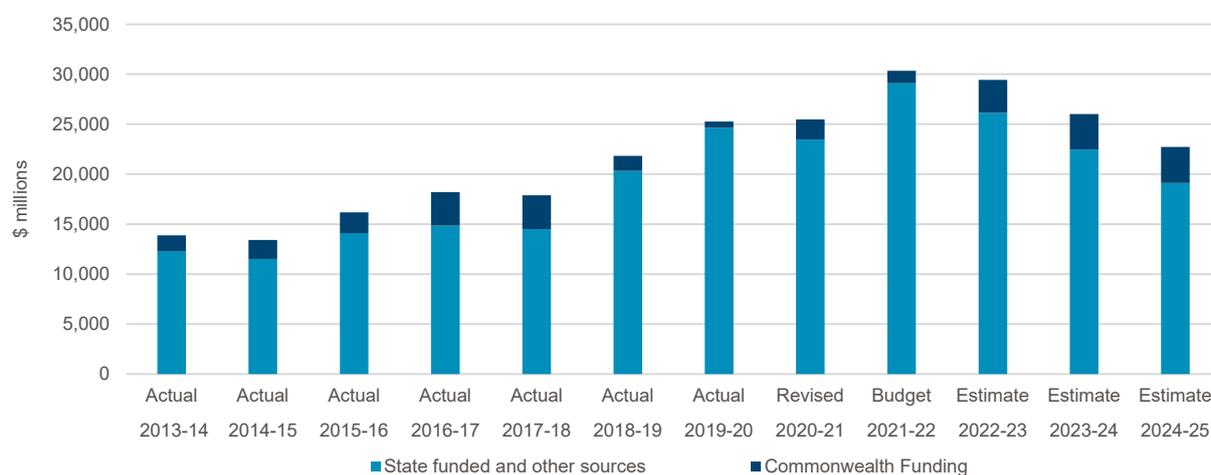
State funding

The total state funded program, comprising state sources and Restart NSW, is forecast to be \$82.6 billion over the four years to 2024-25. This is driven by the Government’s significant investment in new and upgraded schools, hospitals, road and transport networks and emergency services and cultural infrastructure.

Commonwealth Government funding

The Commonwealth Government will contribute \$11.7 billion to the NSW infrastructure program over the four years to 2024-25. Chart 1.3 shows the Commonwealth's contribution as a proportion of the total state capital program over the years 2013-14 to 2024-25.

Chart 1.3: Commonwealth contribution to the State capital program 2013-14 to 2024-25



The 2021-22 Commonwealth Budget included over \$3.0 billion in new funding for New South Wales road upgrades including the Great Western Highway, the Mount Ousley Interchange and the Princes Highway Corridor. Contributions from the Commonwealth Government are currently forecast to increase over the four years to 2024-25.

1.6 Existing assets and maintenance program

Existing assets

The Government's asset portfolio is vital for community wellbeing and productivity. Over the past 10 years the Government has invested heavily in increasing the State's asset base with productivity boosting infrastructure.

Table 1.3 shows that the State's asset base continues to grow as a result of the Government's record infrastructure program. The State's physical assets are estimated to have a value of \$386.7 billion as at 30 June 2021, representing an increase of \$20.7 billion from 30 June 2020.

Table 1.3: State owned physical assets: value by sector ^{(a)(b)}

As at 30 June	2018 Actual \$m	2019 Actual \$m	2020 Actual \$m	2021 Revised \$m	2022 Budget \$m
General Government Sector	196,478	221,100	231,766	272,442	290,244
Public Non-Financial Corporations	140,012	131,036	134,242	114,218	120,597
Total ^(c)	336,490	352,136	366,008	386,660	410,841

(a) Net of accumulated depreciation.

(b) Includes investment properties.

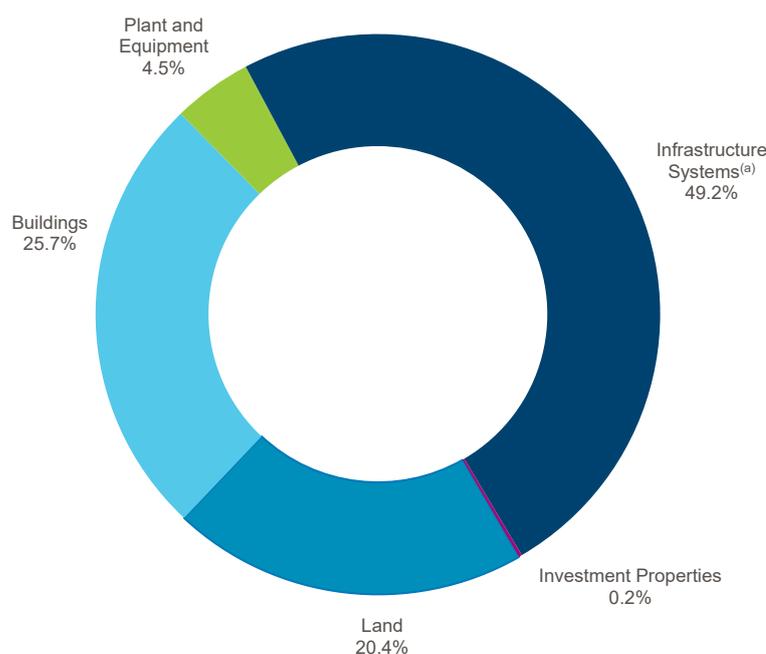
(c) Consolidated total may not equal the sum of the individual sectors due to differences in classification between the individual sectors and the consolidated sector.

In 2020 the Government launched the *Asset Management Policy for the NSW Public Sector (TPP19-07)* to optimise the benefits derived from use of the state's asset portfolio and to ensure infrastructure spending is prioritised in a way that supports the needs of NSW communities.

The Asset Management policy arose from a recommendation in the *2018-2038 State Infrastructure Strategy: Building Momentum*. The policy supports the provision of high-quality government services through adoption of sustainable, whole-of-asset-lifecycle approaches to investment decisions, acquisition of new assets, operations and maintenance, and recycling of assets at the optimal time. The policy is also supported by a robust assurance framework, further information on which is provided in Section 1.7.

Chart 1.4 details the components of the State's physical assets. The largest component as at 30 June 2020 was infrastructure systems (\$180.2 billion). The remaining components comprise buildings (\$93.9 billion), land (\$74.6 billion), plant and equipment (\$16.6 billion) and investment properties (\$0.7 billion).

Chart 1.4: State owned physical assets: value by type, as at 30 June 2020



(a) Infrastructure Systems are assets that comprise public facilities and which provide essential services. They also enhance the productive capacity of the economy, including roads, bridges, and water infrastructure and distribution works.

Infrastructure maintenance

Agencies maintain their infrastructure to support the delivery of high-quality services. Table 1.4 shows the forecast maintenance expenditure estimates for the general government and PNFC sectors across the four years to 2024-25.

Table 1.4: Maintenance expenses^(a)

	2020-21		2021-22	2022-23	2023-24	2024-25
	Budget	Revised	Budget	Forward estimates		
	\$m	\$m	\$m	\$m	\$m	\$m
General Government Sector	1,865	1,833	1,946	2,038	2,042	2,094
Public Non-Financial Corporation Sector	2,192	2,171	2,184	2,142	2,105	2,118
Total	4,055	4,003	4,130	4,180	4,146	4,212

(a) Total spending may not equal the total of general government and PNFC expenditure due to intra-sector purchases.

1.7 Infrastructure investment assurance

The Government's capital investment is guided by the rigorous analysis and stakeholder consultation captured in key strategies and plans including the *State Infrastructure Strategy 2018-2038: Building Momentum*, the *Greater Sydney Region Plan – A Metropolis of Three Cities*, the *Future Transport Strategy 2056*, *Digital NSW: Designing our Digital Future* and the *Regional Development Framework*. These documents set out the Government's priorities and bring together infrastructure investment, precinct and land-use planning for cities and regions.

Box 1.4: Infrastructure NSW: Independent expert advice

The Government's investment in infrastructure is informed by independent, robust, evidence-based advice published by Infrastructure NSW in the 20-year State Infrastructure Strategy.

Updated every five years or as directed by the Premier, the State Infrastructure Strategy assesses infrastructure problems and solutions, and provides recommendations to best grow the State's economy, enhance productivity and improve living standards for the NSW community. The next State Infrastructure Strategy is being developed for release in 2022.

Infrastructure NSW also leads the delivery of a five-year infrastructure plan, the NSW Infrastructure Pipeline, updated bi-annually and published on the Infrastructure NSW website.

The plan sets out projects to be prioritised and the status and timeline for each. The pipeline brings together all Government infrastructure projects with a minimum capital value of over \$50.0 million expected to come to market in the next three to five years, providing government with a priority list and industry with the best possible information to enable planning and resourcing.

The Government is committed to the continued transparency of its project pipeline, to attract investment and early participation in the design, construction, management and operation of major infrastructure projects across New South Wales.

To support the timely delivery of projects within budget, and to meet community expectations for quality and functionality, the Government applies a comprehensive suite of tools focussed on effective infrastructure project selection, planning and delivery. The Gateway Review Policy and related assurance frameworks provide oversight across the entire infrastructure investment lifecycle.

Gateway Review

The Gateway Review system underpins project design and delivery in New South Wales to provide confidence that outcomes will be achieved. As the Government's assurance program for investments, Gateway involves peer reviews by independent experts at key decision points (or Gates) in a project or program's lifecycle. Gateway provides the Government with confidence that programs and projects are being effectively developed and delivered on time, on budget and in accordance with the Government's objectives.

It also provides delivery agencies with independent assessments to complement their internal assurance arrangements, supporting the delivery of successful projects.

Features of the Gateway Policy include:

- a Gateway review process that applies to significant infrastructure projects, major Information and Communication Technology (ICT) projects and recurrent projects
- a risk-based approach to determine when and at which decision points (or gates) Gateway reviews should be undertaken
- establishing the minimum requirements for risk-based assurance frameworks
- the use of three Gateway Co-ordination Agencies, including Treasury, the Department of Customer Service and Infrastructure NSW, to design and operate risk-based assurance frameworks.

Infrastructure Investor Assurance Framework

The Infrastructure Investor Assurance Framework (IIAF), further enhances the governance and oversight of infrastructure projects. The IIAF:

- provides the Government with confidence that key capital projects across the State are being delivered on time and on budget
- monitors the State's infrastructure program, flagging emerging issues and allowing the Government to act ahead of time to prevent projects from failing.

Infrastructure NSW is the Gateway Co-ordination Agency for the IIAF and is responsible for its design and administration. Under the terms of the IIAF, capital projects developed and/or delivered by agencies covered by the NSW Gateway Policy valued at an estimated total cost of \$10.0 million or greater must be registered on the NSW Assurance Portal. Once a project is registered, it will undergo risk profiling to determine appropriate levels of assurance and reporting.

ICT Assurance

ICT Assurance is an independent risk-based process, developed to improve ICT investment outcomes and deliver better value for the State's capital and recurrent ICT spending. The Department of Customer Service is the Gateway Co-ordination Agency responsible for ICT Assurance and uses the ICT Assurance Framework (IAF) to deliver its objectives. Compliance with the IAF is mandatory and is monitored through a centralised and standardised project monitoring and reporting framework.

Recurrent or capital ICT proposals greater than \$5.0 million, or other nominated projects below the threshold, must register with ICT Assurance. Projects are tiered based on risk and value. Those considered high-risk will receive more assurance and reporting support.

Asset Management Assurance

A key component of the Government's new *Asset Management Policy for the Public Sector* is the Asset Management Assurance function, designed to provide Government and NSW communities confidence that:

- the state's asset portfolio is effective in supporting current and future service provision for NSW communities, and
- spending through each stage of the asset lifecycle remains sustainable to meet future service demand.

Infrastructure NSW independently undertakes the Asset Management Assurance function and has developed a robust set of standards to build and sustain a level of asset management capability by government agencies, in line with leading practice. This includes the independent performance review of the NSW Government asset portfolio on a sector-by-sector basis to strengthen evidence-based decision making.

Infrastructure NSW corresponded with asset management leaders and organisations across the globe in developing its approach to Asset Management Assurance. The feedback indicated that New South Wales is on its way to becoming a leading jurisdiction in asset management, driving improved skills for asset management teams and enhanced performance of the State's asset base.