

# 1. OVERVIEW

- The 2025-26 Budget includes \$118.3 billion investment over the four years to 2028-29, towards the State's essential infrastructure, with investment prioritised in schools, hospitals, housing and critical services like water and energy.
- Investment in infrastructure is expected to exceed \$30 billion in 2025-26 – \$84.4 million per day.
- The Essential Infrastructure Plan will prioritise investment in:
  - schools, with \$9.0 billion over four years to support the planning and delivery of new and upgraded schools
  - the health system, which will benefit from \$12.4 billion<sup>1</sup> over four years for health infrastructure to continue building a modern, resilient health system that meets both current needs and future demand
  - transport projects, which will receive \$55.6 billion over four years through 2028-29, including major investment in Sydney's metro projects and regional roads and rail fleet.
- The growing communities of Western Sydney are supported with \$5.5 billion roads package alongside \$3.6 billion over four years for Sydney Metro - Western Sydney Airport to support the opening of the Aerotropolis.
- Infrastructure supporting economic growth has been prioritised with:
  - \$844.3 million to procure new buses to support reliable services across New South Wales to connect new communities with jobs and services
  - investment of \$644.1 million in the integrated stormwater and recycled water scheme needed to deliver 850 hectares of industrial land in the Mamre Road Precinct and support the 22,200 Western Sydney jobs
  - \$336.1 million to continue the delivery of economic precincts in Parkes, Wagga Wagga, Moree and the Snowy Mountains to capitalise on the inherent strengths of these regions and drive job creation
  - \$115.5 million for a Logistics Precinct at Newcastle Port to support the delivery of the Renewable Energy Zones and creating jobs for Newcastle
  - \$100.0 million set aside for new screen infrastructure to support the growing creative economy.
- The Government is addressing housing supply by:
  - continuing reforms to the planning system
  - building homes near transport hubs
  - tackling regulatory barriers.
- The Essential Infrastructure Plan prioritises investment in rebuilding essential services and laying the foundation for economic growth.

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<sup>1</sup> Health Capital Expenditure includes capital expensing amounts. Further information is provided at footnote (c) of Table 1.3

## 1.1 Overview

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The 2025-26 Budget includes \$118.3 billion of investment over four years to drive economic growth, increase housing supply and support communities by rebuilding essential services.

The NSW Government recognises the critical role of housing in supporting economic growth, social stability and the wellbeing of NSW residents. Local, State, and Australian Governments are working together to respond to the national housing crisis. The targets prioritise more diverse and well-located homes, starting with areas that already have services nearby or where services will soon be delivered. Existing infrastructure capacity – such as transport and water servicing – has been independently reviewed by Infrastructure NSW to identify areas capable of supporting sustainable growth.

The Government is also tackling the housing crisis by reforming the planning system to remove barriers that slow down the construction of new homes. This will support different types of dwellings near existing services, with homes to suit a diverse range of lifestyles.

Reliable and affordable access to water and energy are cornerstones of the economy. The State's capital program includes substantial investment in water infrastructure and energy transformation. Water infrastructure underpins the Government's housing plans, with large investments needed to support the homes and industries growing communities will require.

Investment in schools and hospitals is expected to rise to record levels over the forward estimates. \$9 billion of investment in new and upgraded schools accompanied by \$12.4 billion in hospitals over four years will help address the historic neglect of these public services.

This Budget includes the largest investment in NSW courts infrastructure in a decade, totaling \$83.9 million. This signals a new approach for essential services that are under increasing pressure– delivering safer communities, stronger support for victim-survivors, and a modern justice system that puts people before process.

The 2025-26 Budget also includes record funding for TAFE NSW to support the delivery of high-quality education and training, and continued work to establish three Manufacturing Centres of Excellence across New South Wales.

Beyond 2025-26, the Government has committed consistent levels of capital funding over the forward estimates so that schools can be planned well in advance and delivered efficiently when they are needed to support a growing NSW population.

Charts 1.1 and 1.2 show health and education capital expenditure between 2016-17 and 2025-26. In line with the NSW Government's commitment to support rapidly growing communities, the Budget will continue to deliver upgrades and new schools in priority growth areas and precincts and invest in hospital upgrades and new health facilities.

Chart 1.1: Health capital expenditure 2016-17 to 2025-26

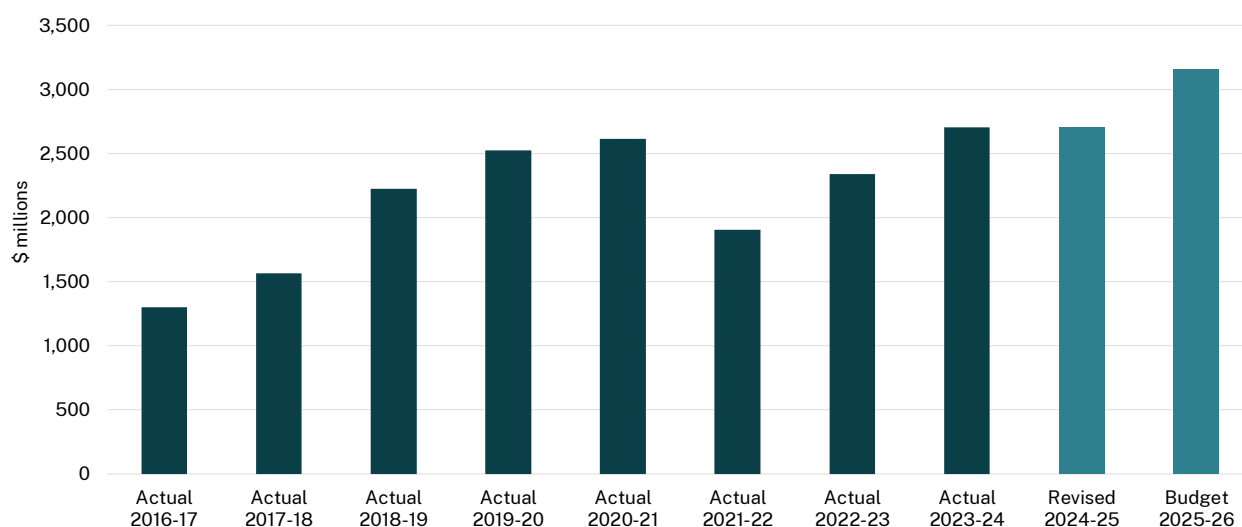


Chart 1.2: Education and skills capital expenditure 2016-17 to 2025-26

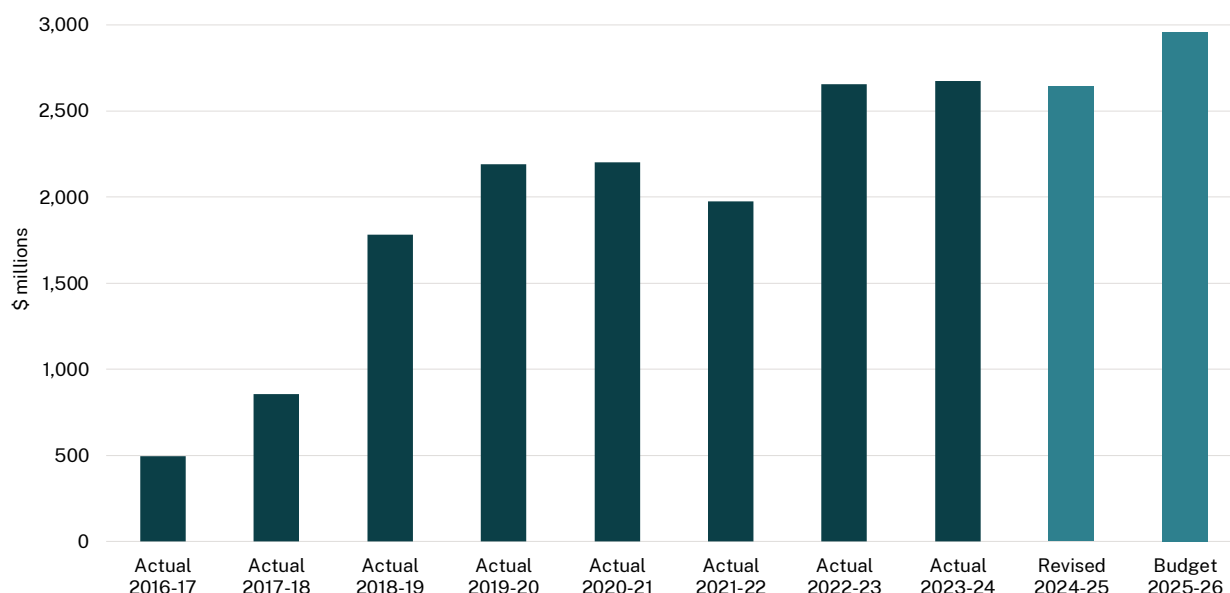
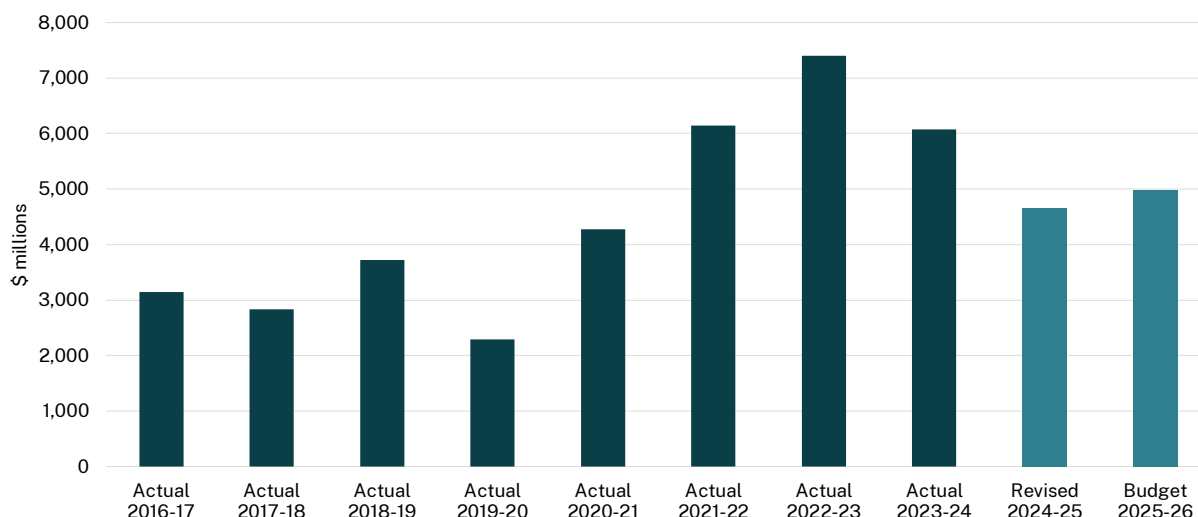


Chart 1.3 shows Sydney Metro capital expenditure between 2016-17 and 2025-26. Sydney Metro was established in July 2018. Prior Metro expenditure was part of broader transport investment. Expenditures reflect the progress and timing of works across the Metro projects, including completion of the North West (M1) line (opened in 2019), the new section of the M1 line from Chatswood to Sydenham (opened in August 2024) and the Southwest, West and Western Sydney Airport lines under construction.

**Chart 1.3: Sydney Metro capital expenditure 2016-17 to 2025-26**

The Government recognises there are supply chain challenges impacting the delivery of infrastructure projects in New South Wales, including skills and material shortages and cost escalation. A \$1.2 billion investment to TAFE funding will accelerate the delivery of trades training, to help ease skills shortages.

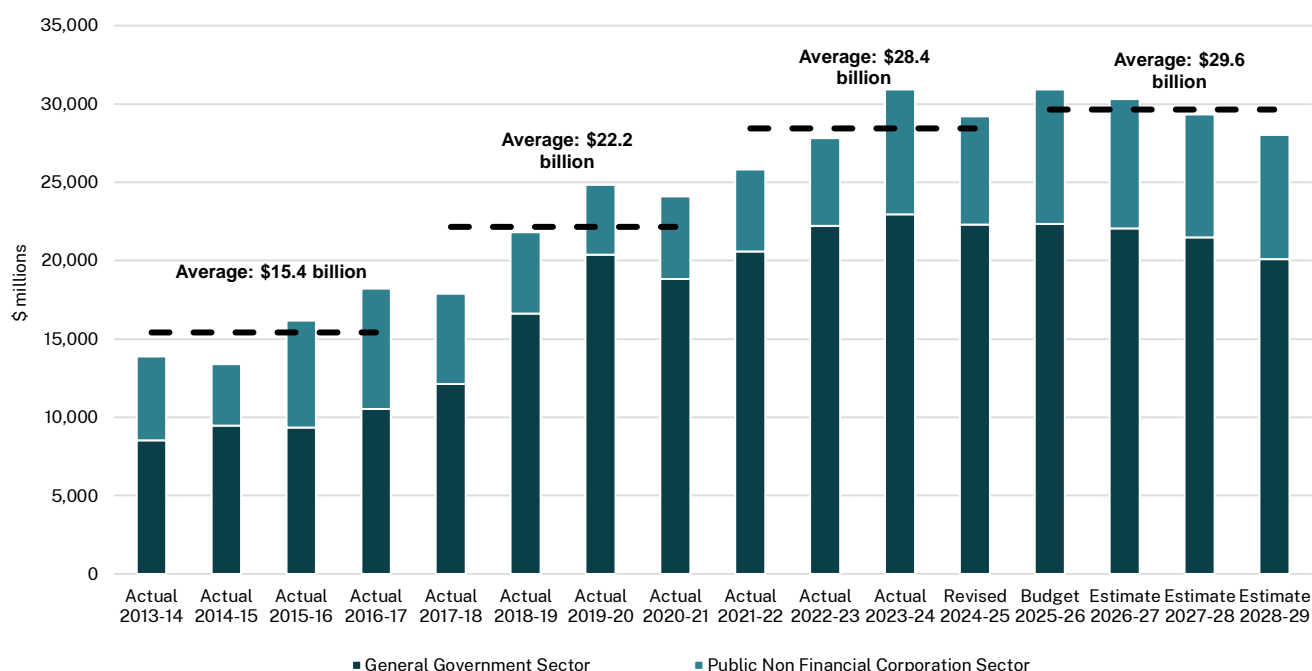
In addition to providing the foundational services that communities need, ongoing investment in infrastructure projects will support job creation, attract investment and boost economic activity. To bolster private investment in New South Wales, the Government is also creating a new Investment Delivery Authority to facilitate major projects delivered by the private sector and identify system-wide reforms that promote investment, competition and productivity.

## 1.2 The \$118.3 billion Essential Infrastructure Plan to build a better New South Wales

The 2025-26 Budget provides \$118.3 billion in capital expenditure over four years to 2028-29 for investment in public infrastructure to tackle the housing crisis, build essential infrastructure, deliver major projects more efficiently, and invest in water and power systems.

The average estimated infrastructure investment of \$29.6 billion per annum over four years is 4.2 per cent higher than the average four-year investment of \$ 28.4 billion across the four years 2021-22 to 2024-25. Chart 1.4 shows the projected growth in the State's capital program from 2013-14 to 2028-29.

Chart 1.4: Infrastructure program from 2013-14 to 2028-29



Significant projects continuing or commencing delivery as part of the 2025-26 Budget are detailed below.

- \$55.6 billion for transport infrastructure, including:
  - \$10.8 billion over four years for Sydney Metro West
  - \$3.8 billion over four years for Western Sydney Harbour Tunnel Upgrade
  - \$3.6 billion over four years for Sydney Metro-Western Sydney Airport
  - \$2.1 billion over four years for Zero Emissions Buses Program
  - \$1.2 billion over four years for Road Safety Investment
  - \$844.3 million over four years for New Buses to Cater for NSW Services
  - \$843.1 million over four years for Regional Rail Fleet
  - \$801.4 million over four years for Sydney Metro City and Southwest
  - \$741.7 million over four years for Pacific Highway Corridor - M1 to Raymond Terrace and Hexham Straight Widening
  - \$680.5 million over four years for Princes Highway Corridor Upgrade.
- \$12.4 billion over four years for health infrastructure to plan and deliver new and upgraded hospitals and health facilities (estimated total costs shown below), including:
  - \$2.0 billion for New Bankstown Hospital
  - \$1.0 billion for Nepean Hospital and Integrated Ambulatory Services Stage 1 and Stage 2
  - \$940.0 million for Royal Prince Alfred Hospital Redevelopment
  - \$835.0 million for John Hunter Health and Innovation Precinct
  - \$790.0 million for Rouse Hill Hospital (\$910.0 million including \$120.0 million announced by the Australian Government).

- \$11.0 billion for education and skills infrastructure, including:
  - \$9.0 billion over four years to support the planning and delivery of new and upgraded schools.

## **Tackling the housing crisis and reducing the cost of living**

The key to the Government's commitment to reducing the cost of living in the long term is tackling the housing crisis. Rent prices are a significant concern across all of Sydney.

Housing provides shelter, but it also underpins economic opportunity. Housing influences access to jobs, and a person's community. The NSW Government has taken steps to reform the planning system and is encouraging more homes to be built near existing infrastructure and services, including through the Transport Oriented Development Program and Low and Mid-Rise housing policy.

Other initiatives include:

- the Housing Delivery Authority, which has already progressed 53,500 potential homes for approval through a new streamlined state significant development pathway
- the NSW Government pattern book to provide fast-track approval of architect designed homes across the State.

The Government has initiated a number of projects that will provide additional housing.

- The redevelopment of the old Sydney Fish Market site at Blackwattle Bay is set to deliver more than 1,500 homes, commercial spaces, retail and cultural experiences.
- Central Barangaroo will be transformed to include residential, retail, hospitality and community uses together with a new entry to the Barangaroo metro station. These will be set amongst civic spaces and connections, generous public parks and outdoor performance areas.
- Panorama in the Wilton Growth Area will set a new benchmark for sustainability and be the first Landcom development to achieve a 6 Star Green Star Communities rating. The area will provide around 5,600 homes, of which 10 per cent will be affordable housing.
- Glenfield will be a new thriving, sustainable, walkable and connected community. Delivering more than 3,900 homes over the next 15 years, the housing will comprise a mix of detached houses, terraces, townhouses and apartments.

These initiatives are on top of the multi-billion-dollar investment in social housing announced in the 2024-25 Budget.

Landcom and Sydney Metro are working together on the long-term planning and development of government owned land surrounding the Metro stations in Sydney's North West. Places include Bella Vista, Cherrybrook, Kellyville and Epping which will all focus on creating diverse, well-designed places for current and future communities.

## Water infrastructure to support new homes

Water infrastructure underpins the Government's housing plans. Large investment in water infrastructure is needed to support growth in the State's population through the delivery of additional homes and employment precincts. Key projects currently underway include:

- Upper South Creek Advanced Water Recycling Centre (Stage 1) is nearing completion and will support the opening of Western Sydney International Airport in 2026 and enable 130,000 new dwellings by 2056
- The new \$756.9 million Prospect Pretreatment Plant. This project will enable the continued supply of safe, secure and reliable drinking water to a growing population in Greater Sydney particularly during events that impact the quality of raw water
- Investment of \$644.1 million in the integrated stormwater and recycled water scheme needed to deliver 850 hectares of industrial land in the Mamre Road Precinct and support 22,200 Western Sydney jobs alongside it.

## Energy infrastructure for a more reliable, affordable electricity in a growing state

The Government is committed to the energy transformation. Energy is both a constraint and a catalyst to improved productivity. Long wait times for grid connection, project risk and rising operating costs are slowing down investment and local industry growth. The Government is acting not only to build new power generation, but to build confidence in our energy future.

This Budget includes continued investment of \$2.1 billion over the next four years in the Transmission Acceleration Facility, primarily to support the five Renewable Energy Zones - Central-West Orana, New England, Hunter-Central Coast, Illawarra and South West. This continued investment builds on the \$1.1 billion invested to date on these mega-projects.

The 2025-26 Budget includes \$115.5 million for a Logistics Precinct at Newcastle Port which will support the delivery of the Renewable Energy Zones, including the Central-West Orana Renewable Energy Zone — delivering 7.15 gigawatts of capacity, enough to power 2.7 million homes and cut 10 million tonnes of emissions each year.

In 2024, the Government established the Energy Security Corporation which will co-invest with the private sector in renewable energy projects for the state to help build a more reliable energy system. The Energy Security Corporation is seeded with \$1.0 billion. The key priorities for investment include short-to long-duration storage projects that capture excess renewable energy, to maximise the use of electricity generated from solar and wind.

### 1.3 Delivery of essential school infrastructure, Sydney Metro, hospitals and roads

The Government is building essential infrastructure for communities to thrive, such as schools, a new metro railway, roads and hospitals to ensure more homes are closer to transport, schools, services and jobs.

The commitment to building better communities includes investment in Western Sydney which is the fastest-growing region in the country, as well as the regions.

This Budget includes \$12.4 billion of capital investment over the four years to 2028-29 in health infrastructure, which includes both hospitals and health facilities as well as several health programs. This includes the following new and upgraded hospital and health facilities:

- Additional funding of \$90.0 million for maternity and birthing services at Rouse Hill Hospital, with a further \$120.0 million also announced by the Australian Government. These two funding commitments increase the total investment for the project to \$910.0 million

- Additional funding of \$700.0 million to expand the New Bankstown Hospital development bringing total investment to \$2.0 billion – the largest ever investment in a new hospital in New South Wales
- \$492.0 million to develop a Statewide Pathology Hub on the Westmead Health campus.

**Table 1.1:** *Top 10 hospitals currently under planning and construction*

Project name	Year started	Latest Approved ETC \$m
Bankstown Hospital (New)	2020	2,000.0
Nepean Hospital and Integrated Ambulatory Services Stages 1 and 2	2017	1,031.0
Royal Prince Alfred Hospital Redevelopment	2020	940.0
Randwick Campus Reconfiguration and Expansion Stage 1	2017	869.8
John Hunter Health and Innovation Precinct	2019	835.0
Westmead Hospital Redevelopment Stage 1	2014	831.6
Rouse Hill Hospital <sup>(a)</sup>	2018	790.0
New Shellharbour Hospital (including car park) and Integrated Services	2017	781.9
Liverpool Health and Academic Precinct	2018	780.0
Tweed Hospital and Integrated Ambulatory Services Redevelopment	2016	723.3
The Children's Hospital at Westmead Stage 2 Redevelopment	2019	659.1
Sydney Children's Hospital, Randwick – Stage 1 Children's Comprehensive Cancer Centre	2020	658.0

(a) Excludes \$120.0 million announced by the Australian Government.

This Budget includes a record \$9.0 billion school infrastructure investment pipeline over four years. The program ensures schools are well-maintained with fit-for-purpose facilities and modern teaching technology so that teachers and students have the resources to achieve strong educational outcomes. This includes the following new schools and upgrades:

- Asquith high schools Upgrade
- Bayside High School (provisional name) Upgrade
- Emerald Hills new primary school, including a new preschool
- Ermington West Public School Upgrade
- Excelsior Public School Upgrade
- Grantham Farm new primary school, including a new preschool
- Heathcote High School new multi-purpose hall
- Newington Public School Upgrade
- Northern Beaches Secondary College Freshwater Campus upgrade
- Rydalmere East Public School Upgrade
- Rydalmere Public School Upgrade
- Thornton Public School Upgrade
- West Dapto new primary school, including a new preschool
- Willyama High School Rebuild
- Wilton new high school.

Further investment will expand high potential and gifted student education opportunities at more public schools across the State. This program is already delivering specialist school facilities at six metropolitan and seven regional NSW schools.



In line with the NSW Government's commitment to support rapidly growing communities, the 2025-26 Budget will continue to deliver new and upgraded schools in priority growth areas and precincts. These investments will provide urgently needed school enrolment capacity and ensure more students have access to world-class public education close to home.

The NSW Government is supported by rigorous and independent advice from the Infrastructure Coordinator-General. The Infrastructure Coordinator-General coordinates the government priorities of housing, energy infrastructure and jobs with a focus on Western Sydney around the Aerotropolis.

#### **Box 1.1: Sydney Metro driving greater economic productivity**

The Sydney Metro is Australia's biggest public transport project. With a Tallawong to Sydenham journey time of 59 minutes, the Sydney Metro is helping people get across Sydney quickly and easily and bringing workers home to their families faster. It is Australia's most technologically advanced railway. Metro trains are now running from Sydney's booming North West region, under Sydney Harbour, and through the underground stations in the Sydney CBD to Sydenham.

The Sydney Metro is essential to support increased housing supply and new employment and liveability opportunities, including serving as a transport spine for Greater Western Sydney. Sydney Metro-Western Sydney Airport provides a direct connection for the new Western Sydney International Airport and is being jointly funded by the Australian and NSW Governments.

Sydney's new metro lines include the operational Northwest line and City line (now the M1 Northwest and Bankstown Line), from Tallawong to Sydenham and three lines under construction:

- Southwest line (which will become part of the M1 Northwest & Bankstown Line connecting Sydenham to Bankstown)
- Sydney Metro West
- Sydney Metro – Western Sydney Airport.

Construction of the Sydney Metro lines is expected to create more than 160,000 direct or indirect jobs.

In August 2024, the NSW Government opened eight stations that are part of the City line, connecting Chatswood to Sydenham under Sydney Harbour and through the Sydney CBD. An extension of Metro services to include 10 more stations on the conversion of the Sydney Trains T3 Bankstown line between Sydenham and Bankstown is currently under construction. Progress is being made on station upgrades and the testing and commissioning of the new line. All stations along the line will be fully accessible, with lifts and level access between platforms and trains. This conversion will address one of Sydney's biggest rail bottlenecks, providing more reliable journeys for customers across Sydney.

The Sydney Metro, with infrastructure upgrades across the existing transport network, will increase the capacity of train services across Sydney from 120 services an hour to 200 services an hour. The existing Sydney Metro network carries on average 240,000 Metro trips per weekday. Metro services run every four minutes during peak times with 99 per cent of services running on time.

## Infrastructure for Western Sydney

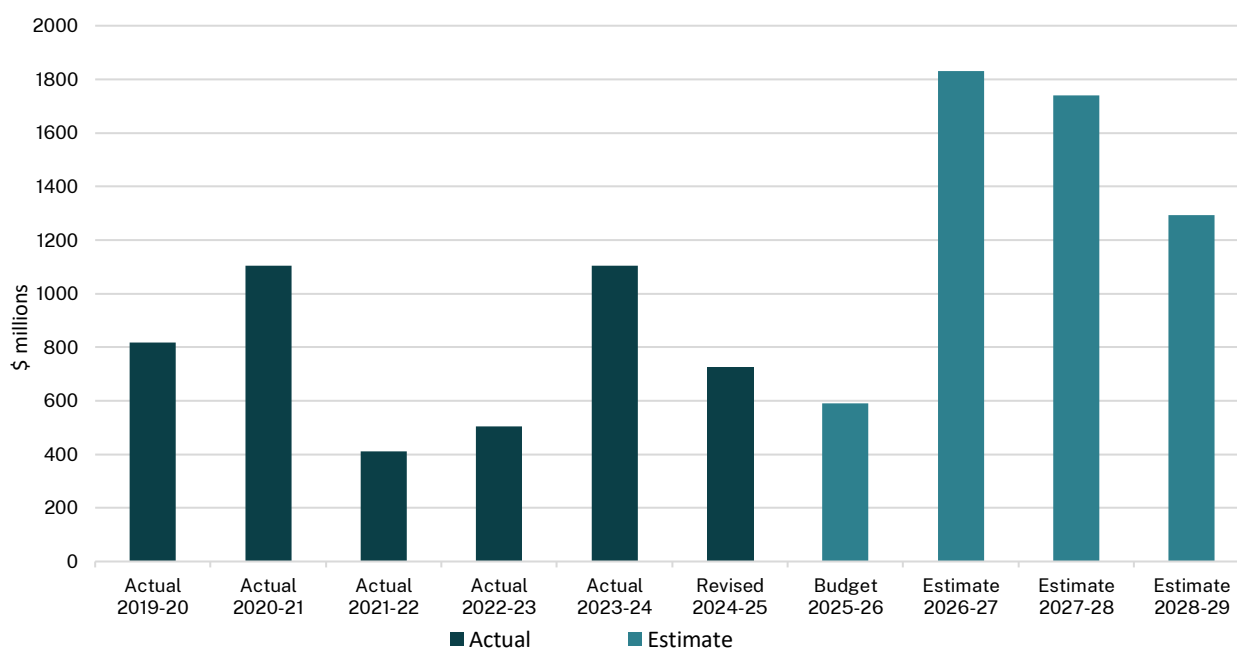
The NSW Government is building a stronger and prosperous Western Sydney by expanding access to new jobs around the new Western Sydney Airport.

Western Sydney is the fastest-growing region in the country, with a population expected to grow from two million to three million people over the next two decades.

The 2025-26 Budget will support the growth in Western Sydney through investments including:

- \$10.8 billion over four years for the Sydney Metro West – connecting Greater Parramatta with the Sydney CBD
- \$5.5 billion for roads in Western Sydney for four years
- \$3.9 billion over four years to maintain, upgrade and build new schools across Western Sydney
- \$3.6 billion over four years for Sydney Metro - Western Sydney Airport
- \$3.4 billion over four years for new and upgraded hospitals.

**Chart 1.5:** *Capital expenditure on Western Sydney roads, including Aerotropolis capital expenditure 2019-20 to 2028-29*



**Box 1.2: Delivering major road upgrade and transport linkages for the Western Sydney Aerotropolis**

The 2025-26 Budget will deliver significant investment to connect Western Sydney to the world, with \$2.7 billion over four years for major roads upgrades and transport linkages to leverage delivery of the new International Airport and Bradfield City Centre.

The Western Sydney International Airport, Sydney's first 24-hour airport is expected to open in late 2026.

The Western Sydney Aerotropolis is set to become a thriving economic centre, creating new jobs and opportunities for the people of Western Sydney. Located around the new Western Sydney International Airport at Badgerys Creek, the Aerotropolis will host advanced manufacturing, technology, research, training and education, freight and logistics, agribusiness, and mixed-use development. At its heart will be Australia's newest city — Bradfield City Centre.

Connecting Western Sydney International Airport to communities is a key priority of this Budget.

New and ongoing projects in this Budget includes:

- \$500.0 million to upgrade Fifteenth Avenue. This was announced in January 2025 to create a critical transit corridor from Liverpool to the new Western Sydney International Airport. This takes total Federal-State funding for Fifteenth Avenue to \$1.0 billion.
- \$500.0 million for the widening and upgrade of Mamre Road between Erskine Park and Kemps Creek, a key freight route and zone for commercial development. This takes total Federal-State funding of Mamre Road to \$1.0 billion.
- \$400.0 million to upgrade Elizabeth Drive which will link people directly to the new airport and connect major arteries of Mamre and Northern Roads. This takes the total funding for Elizabeth Drive to \$800.0 million in partnership with the Australian Government.
- \$30.0 million for Wayfinding to improve signage and ease of access to, from and within the Western Sydney Airport precinct.

This Government is also investing \$15.4 million for a new Badgerys Creek fire station which is the first step to ensuring the airport and neighbouring industrial and commercial centres have essential safety services.

**Box 1.3: More than \$3.4 billion over four years to deliver vital health services for the growing population in Western Sydney**

The NSW Government is continuing to invest in health infrastructure to ensure communities across the State have access to high-quality healthcare closer to where they live. This Budget will provide funding to deliver much-needed new and upgraded contemporary healthcare facilities for the growing North West and South West Sydney communities.

The 2025-26 Budget continues to invest in building the hospitals and health infrastructure Western Sydney needs to support a growing population. This Budget includes \$1.3 billion of additional funding to support the delivery of health facilities across Western Sydney including

- an additional \$700.0 million for the New Bankstown Hospital to effectively integrate hospital inpatient services on the one site in the centre of Bankstown. This increases the total investment in the New Bankstown Hospital to \$2.0 billion.
- \$492.0 million to develop a Statewide Pathology Hub on the Westmead campus that will support the delivery of local and statewide clinical pathology, public health, medical research, and essential specialised support services.
- additional State funding of \$90.0 million to provide the full range of maternity and birthing services as part of the new Rouse Hill Hospital, with a further \$120.0 million also announced by the Australian Government. These two funding commitments increase the total investment for the new hospital project to \$910.0 million.
- \$40.1 million to fit out level 13 of the new Paediatric Services Building at Westmead in partnership with the Sydney Children's Hospitals Foundation. This will house the Kookaburra Centre and offer a multidisciplinary model of care specifically designed to cater for young patients with chronic, complex and rare health conditions. This increases the estimated total cost of the redevelopment of The Children's Hospital at Westmead (Stage 2) to \$659.1 million.

Other projects in the Western Sydney region include upgrades at Nepean, Canterbury, Fairfield, Blacktown and Mount Druitt hospitals.

More details of this investment can be found in the *Our plan for Western Sydney Budget* publication.

## Delivering for regional communities

The 2025-26 Budget delivers infrastructure in regional and rural New South Wales. Important projects being delivered for regional communities include:

- Over the next four years, over \$3.5 billion will be invested in health capital works throughout rural and regional communities across New South Wales
- Over \$1.1 billion will be allocated in 2025-26 towards rural and regional health capital works projects (over 19 per cent increase on last year)
- \$372.6 million (\$741.7 million over four years) to continue construction of the M1 to Raymond Terrace extension and Hexham Straight widening projects (NSW and Australian Government funded)
- \$317.2 million (\$548.5 million over four years) to continue construction of the Coffs Harbour bypass (NSW and Australian Government funded)
- \$179.5 million (\$294.9 million over four years) to continue construction of the Singleton Bypass – New England Highway Corridor (NSW and Australian Government funded)
- \$57.3 million (\$600.5 million over four years) to continue Princes Highway projects including construction of Jervis Bay Road intersection upgrade and Jervis Bay Road to Hawken Road upgrade and the Milton Ulladulla bypass (NSW and Australian Government funded)
- This budget also includes \$2.3 billion recurrent expenses over four years from 2025-26 to 2028-29, including Australian Government co-contributions, for restoration works to repair local and State roads damaged in major flood events, including in the Northern Rivers.

For more detailed information on the Government's investment in regional areas, see the *Our plan for Regional New South Wales* budget publication.

## 1.4 Four-year capital program

The average estimated infrastructure investment of \$29.6 billion per annum over four years is 4.2 per cent higher than the average four-year investment of \$28.4 billion across the four years 2021-22 to 2024-25.

Table 1.2: Capital expenditure reconciliation

	2024-25 Revised \$m	2025-26 Budget \$m	2026-27 Forward Estimates \$m	2027-28 Forward Estimates \$m	2028-29 Forward Estimates \$m
<b>Capital – 2024-25 Half-Yearly Review</b>	30,350	30,917	29,443	27,576	n.a.
Variations since 2024-25 Half-Yearly Review	(1,704)	(101)	910	1760	n.a.
<b>Capital – 2025-26 Budget</b>	<b>28,646</b>	<b>30,816</b>	<b>30,353</b>	<b>29,336</b>	<b>27,829</b>

**Table 1.3: Non-financial public sector capital spending by Agency group<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	Four-year total	
	Budget	Forward Estimates				
	\$m	\$m	\$m	\$m	\$m	%
Transport <sup>(b)</sup>	14,359	14,008	14,494	12,700	55,561	47.0
Health <sup>(c)</sup>	3,154	3,525	2,968	2,221	11,868	10.0
Education	2,958	2,666	2,735	2,683	11,043	9.3
Planning, Housing and Infrastructure	1,158	698	685	498	3,039	2.6
Communities and Justice	2,009	1,974	1,648	1,515	7,146	6.0
Climate Change, Energy, the Environment and Water	1,659	1,812	405	287	4,162	3.5
Customer Service	375	283	165	95	918	0.8
Creative Industries, Tourism, Hospitality and Sport	404	169	59	69	701	0.6
Treasury	62	102	42	22	229	0.2
Primary Industries and Regional Development	80	61	39	34	214	0.2
Water Entities (State-owned Corporations) <sup>(d,e)</sup>	4,280	4,671	4,542	4,772	18,264	15.4
Other <sup>(f)</sup>	318	383	1,554	2,934	5,189	4.4
<b>Total</b>	<b>30,816</b>	<b>30,353</b>	<b>29,336</b>	<b>27,829</b>	<b>118,333</b>	<b>100.0</b>

(a) Numbers represented in the table are on an eliminated portfolio basis. This table does not align 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 \$12.4 billion over the four years to 2028-29, which includes capital expensing. Table 1.3 does not include \$141.0 million in 2025-26, \$117.1 million in 2026-27, \$117.1 million in 2027-28 and \$117.1 million in 2028-29 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) Comprised of WaterNSW, Sydney Water Corporation and Hunter Water Corporation.

(e) The capital expenditure profiles for WaterNSW and Sydney Water are based on their respective pricing proposals submitted to IPART in September 2024. These profiles will be reviewed following IPART's final price determinations.

(f) Comprised Premier, Cabinet, Integrity agencies, The Legislature, energy and property PNFC agencies. 2025-26 budgets are set out in Chapter 5. Also includes provisions and slippage forecasts not allocated to an agency.

## 1.5 Australian Government contributions to the State capital program

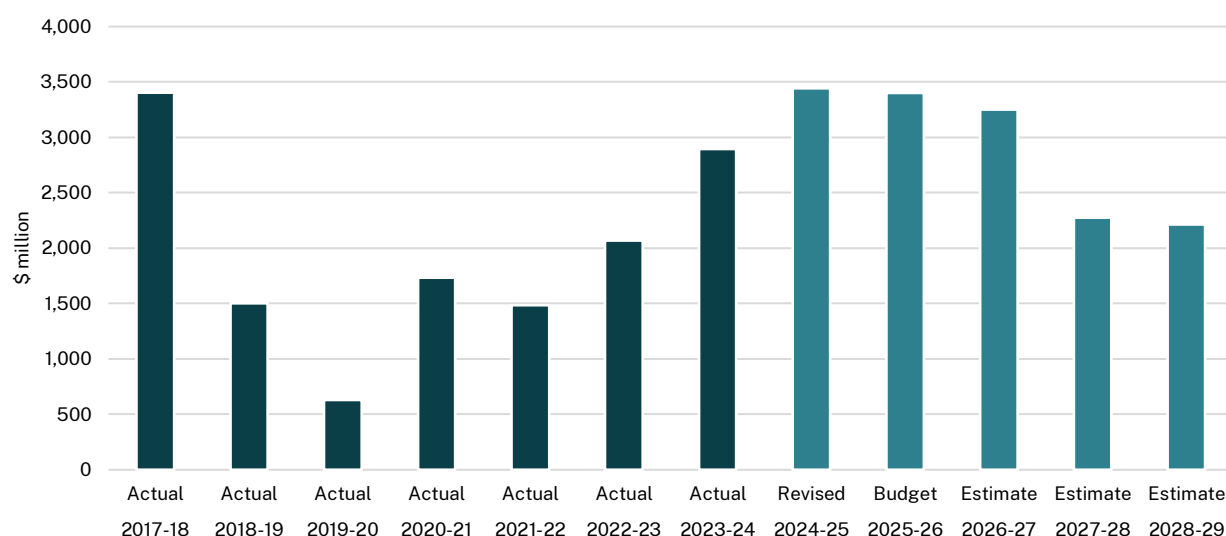
### Australian Government funding

The Australian Government co-funds selected infrastructure projects across New South Wales and is forecast to contribute \$11.1 billion to New South Wales' infrastructure program over the four years to 2028-29.

Key project funding details include:

- \$500.0 million to upgrade Fifteenth Avenue in Western Sydney, connecting Western Sydney International Airport, the Aerotropolis, Bradfield City Centre and Liverpool. This will enable faster and easier travel and improve liveability for people living in Liverpool and nearby areas
- \$250.0 million for Mona Vale Road upgrade
- \$115.0 million to upgrade Terrigal Drive
- \$110.0 million to progress the next stage of upgrades to Henry Lawson Drive
- \$100.0 million to deliver a Westbound Overpass on the New England Highway at Maitland Station.

**Chart 1.6:** Australian Government contribution to the State capital program, 2017-18 to 2028-29



## 1.6 Existing assets and maintenance program

### Existing assets

Government infrastructure includes the roads, bridges, energy networks, schools, hospitals, water and emergency services, wharves and boating facilities that modern communities in cities and towns across New South Wales need to function. Infrastructure also covers parks, community facilities, local footpaths, stormwater drainage and traffic management.

The Government's asset base plays a critical role in the provision of high-quality services. Asset management by agencies is the cornerstone of a sustainable infrastructure portfolio. It enhances the reliability, efficiency, resilience and longevity of critical infrastructure, equipment and systems necessary for services provided to the community.

The Government continues to support and maintain the existing asset base to ensure critical infrastructure is reliable, safe and efficient for the people of New South Wales. This includes:

- \$58.9 million over four years for essential infrastructure upgrades to the historic Pyrmont Bridge
- \$34.5 million for upgrades to the Downing Centre and John Maddison Tower.

Table 1.4 shows how the State's asset base will grow from the Government's infrastructure investment.

**Table 1.4:** State owned physical assets: value by sector<sup>(a)(b)</sup>

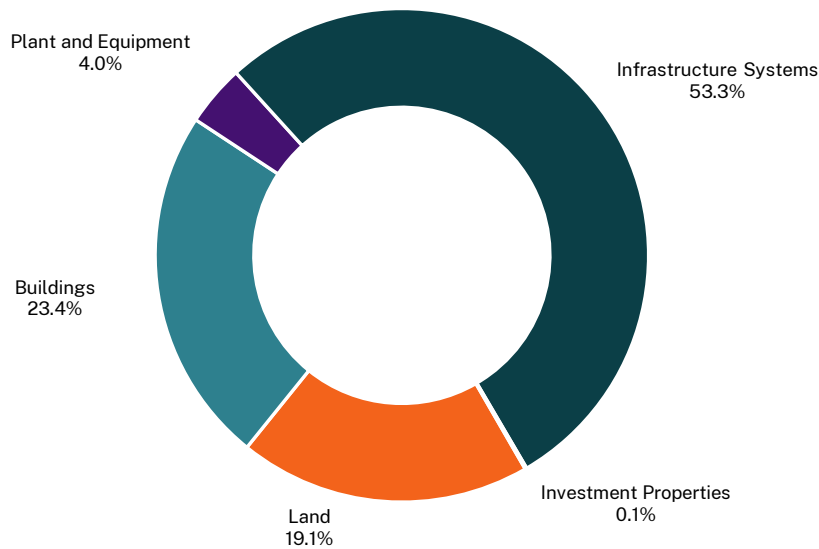
	2022	2023	2024	2025	2026
As at 30 June	Actual	Actual	Actual	Revised	Budget
	\$m	\$m	\$m	\$m	\$m
General Government Sector	301,420	349,717	378,870	399,072	413,234
Public Non-Financial Corporations	134,465	138,836	174,373	179,014	186,395
<b>Total<sup>(c)</sup></b>	<b>435,885</b>	<b>488,600</b>	<b>553,765</b>	<b>578,827</b>	<b>600,354</b>

(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.

Chart 1.7: State owned physical assets: value by type, as at 30 June 2024



Infrastructure systems are assets that comprise public facilities and 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 physical assets to support the delivery of high-quality services. Ongoing investment in maintenance is vital to ensure the State's asset base can provide the services people need.

Table 1.5 shows the forecast maintenance expenditure estimates for the general government and public non-financial corporations sectors across the four years to 2028-29.

Table 1.5: Maintenance expenses<sup>(a)</sup>

	2024-25		2025-26	2026-27	2027-28	2028-29
	Budget	Actual	Budget	Forward estimates		
	\$m	\$m	\$m	\$m	\$m	\$m
General Government Sector	2,526	2,631	2,886	2,948	2,998	3,111
Public Non-Financial Corporation Sector	2,894	2,835	3,011	3,021	3,012	2,996
<b>Total</b>	<b>5,405</b>	<b>5,468</b>	<b>5,916</b>	<b>5,983</b>	<b>6,023</b>	<b>6,115</b>

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