

# HALF-YEARLY REVIEW 2025-26

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## Acknowledgement of Country

This Half-Yearly Review was prepared by NSW Treasury on the traditional lands of the Gadigal people of the Eora Nation.

NSW Treasury acknowledges that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

**Artwork: 'Regeneration' by Josie Rose 2020**

# **2025-26 Half-Yearly Review**

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## **NSW Budget**



Released by The Hon. Daniel Mookhey MLC, Treasurer



## **The 2025-26 Half-Yearly Review**

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The *Government Sector Finance Act 2018* requires the Treasurer to release a Half-Yearly Review by 31 December each year. The Half-Yearly Review should be presented in a consistent manner to the preceding Budget to allow for ease of comparison.

### **Best available information**

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Actual financial statements have been prepared based on financial information for the year ending 30 June 2025.

The estimates and associated assumptions made in calculating revenues, expenses, other economic flows, assets or liabilities outlined in the 2025-26 Half-Yearly Review are based on the best information available at the time and informed by professional judgement. The Half-Yearly Review includes Government policy decisions taken up to 5 December 2025.

Any estimates or assumptions made in calculating revenues, expenses, other economic flows, assets or liabilities are based on the latest information available at the time.

The Estimated Financial Statements have been prepared in accordance with Appendix A Statement of Significant Accounting Policies and Forecast Assumptions.

### **Notes when reading this report**

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The Budget year refers to 2025-26, while the forward estimates period refers to 2026-27, 2027-28 and 2028-29.

Figures in tables, charts and text have been rounded and any discrepancies between totals and sums of components reflect rounding. Percentage changes are based on unrounded estimates.



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# 1. OVERVIEW

## Half-Yearly Review highlights

- The 2025-26 Half-Yearly Review demonstrates continued improvement in the budget position while delivering significant commitments over the last few months, including:
  - the public ownership of the Northern Beaches Hospital
  - a permanent Toll Cap at \$60 per week from 1 July 2026
  - extension of the Preschool Reform Agreement to the end of 2027
  - additional investment to respond and recover from natural disasters.
- The operating position is expected to improve by \$0.6 billion over the forward estimates, relative to budget expectations. The Government remains on track to return to a budget surplus in 2027-28, now projected at \$1.3 billion.
- The Government maintains its fiscal strategy outlined in the 2025-26 Budget including stabilising the State's gross debt at around 20 per cent of gross state product (GSP). This helps keep interest expenses manageable and supports the State's operating position while the Government rebuilds essential services.
- Average annual expense growth was 2.8 per cent over the two years to 2024-25, the lowest rate of growth of any Australian government. Expense growth is projected to average 2.6 per cent over the budget and forward estimates, which remains well below the 6.5 per cent average annual expense growth between 2011-12 and 2022-23.
- The \$4.6 billion upward revision of revenue over the four years to 2028-29 is helping support essential services such as the public ownership of the Northern Beaches Hospital and cost-of-living relief through a permanent toll cap.
- The State's infrastructure program is projected to be \$28.2 billion in 2025-26, one of the largest years on record in New South Wales. The State's infrastructure program also continues to face significant cost escalation pressures, including upward revisions to the Sydney Metro program since the 2025-26 Budget.
- Since the Budget, projected gross debt has fallen by \$1.5 billion to \$177.2 billion by June 2026. Gross debt is projected to be \$11.0 billion lower than projected at the last Pre-election Budget Update, saving the State approximately \$500.0 million per annum in interest expenses.
- Economic growth in 2025-26 is expected to be slightly weaker than forecast at the Budget. The unemployment rate is now expected to peak in the June quarter 2026 at 4½ per cent, still a historically low level.

## 1.1 The NSW economic outlook

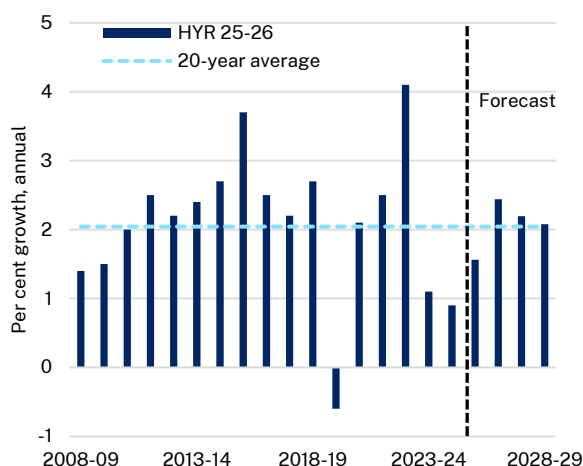
The economy is continuing to normalise following the disruptions of the COVID-19 pandemic. Domestic economic activity evolved broadly in line with expectations in the 2025-26 Budget, through to the June quarter 2025. Growth subsequently rose strongly in the first quarter of the 2025-26 financial year, as business investment rebounded from earlier weakness. This strong pick-up in investment, supported by improved business confidence, was underpinned by renewable energy and data centre projects.

The labour market remains tight, despite the trend unemployment rate rising to 4.3 per cent in October. Alongside weak productivity growth, there has been a renewed pick-up in inflation. With quarterly national trimmed mean inflation currently slightly above the top of the Reserve Bank of Australia’s (RBA) target band, the RBA Monetary Policy Board has signalled a more cautious approach to interest rates. Financial markets currently expect a tightening of interest rates in 2026.

Growth in real GSP in 2025-26 has been revised slightly lower to 1½ per cent (1¾ per cent at budget), reflecting the higher outlook for interest rates. Weaker economic growth is expected to see the unemployment rate peak at a slightly higher rate of around 4½ per cent (4¼ per cent at budget), which should see inflation gradually ease to the centre of the RBA’s target band.

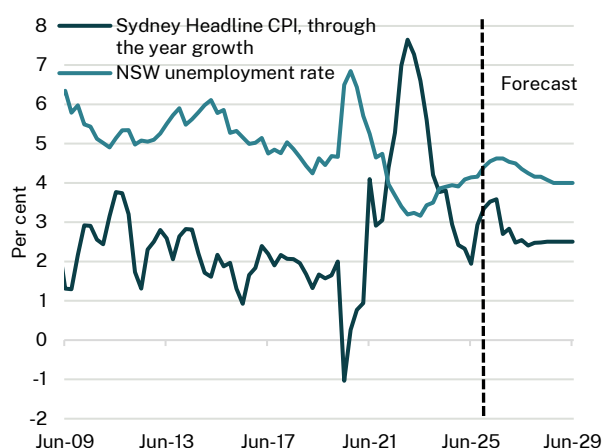
The main near-term risk is that inflation remains elevated for longer.

Chart 1.1: NSW real gross state product



Source: ABS and NSW Treasury

Chart 1.2: Sydney headline consumer price index (CPI) and NSW unemployment rate



Source: ABS and NSW Treasury

## 1.2 Revenue upgrades supported by near-term factors

Relative to the 2025-26 Budget, general government revenue is forecast to be \$4.6 billion higher over the four years to 2028-29.

Transfer duty revenue is projected to increase by \$2.4 billion over the four years to 2028-29 compared to the 2025-26 Budget, driven by stronger residential house prices.

Other dividends and distributions are projected to be \$1.5 billion higher over the four years to 2028-29 compared to the 2025-26 Budget, supported by strong near-term equity market performance. GST revenue has been revised up by \$707.0 million over the four years to 2028-29 compared to the 2025-26 Budget.

These upward revisions are partly offset by a \$347.0 million downward revision in Housing and Productivity Contribution revenue over the four years to 2028-29 compared to the 2025-26 Budget. The revision is primarily due to a forecasting methodological change.

Mineral royalties have also been revised down by \$301.0 million over the four years to 2028-29 driven by a stronger AUD/USD exchange rate.

The Australian Productivity Commission has commenced its review of the 2018 GST distribution reforms to assess whether the current system operates efficiently, effectively and as intended. New South Wales will continue to advocate for a distribution system that is fair for all Australians. The final report is due to the Australian Government in December 2026. For more information, see Section 3.3 Revenue outlook.

## 1.3 Sustainable expense management supporting essential services investment

Over the budget and forward estimates, expense growth is projected to average 2.6 per cent per year and remains well below the 6.5 per cent annual average expense growth between 2011-12 and 2022-23.

Expenses in 2024-25 grew by 1.8 per cent, which is 0.6 per cent lower than projected at the 2025-26 Budget. Expenses in 2025-26 are now projected to grow by 4.8 per cent.

The increase in 2025-26 year-on-year expense growth is driven by lower expenses in 2024-25, as well as agency service delivery pressures and increased costs for NSW Self Insurance Corporation insurance and compensation schemes in 2025-26.

### Box 1.1: Workers compensation reform

The Government is progressing a comprehensive workers compensation reform package to stabilise the scheme and improve outcomes for workers and employers. The *Workers Compensation Legislation Amendment Act 2025* received assent on 24 November 2025. From 2023-24, the state budget has recorded a cumulative worsening of over \$4.0 billion arising from the Treasury Managed Fund workers compensation scheme. Following the reforms, this growth has been reduced by \$943.0 million over four years to 2028-29. In addition, \$344.0 million has been invested in new preventative measures, including additional specialist work health and safety inspectors and to support improved return to work outcomes.

Key measures commencing from July 2026 include:

- a focus on prevention and clearer laws governing enforcement of workplace health and safety for psychological injury
- enhancing return to work outcomes through improved engagement between workers, employers, and insurers
- modernising psychological injury provisions with clearer thresholds and strengthened guidance on reasonable management actions
- legislative, regulatory, and operational changes designed to maintain a sustainable workers compensation scheme that can continue to deliver support for injured workers for generations to come.

These reforms form part of a multi-year program aimed at improving scheme sustainability and reducing long-term fiscal risk.

On 11 December 2025, the Government announced that an additional reform package would proceed in early 2026. This additional package will respond to key challenges to financial sustainability not addressed by the first tranche of reforms.

The Nominal Insurer scheme, which covers most private sector workers across New South Wales, does not form part of the consolidated financial reporting of the State. These reforms will also lead to a reduction in its liabilities, and reduce premium increases for employers needed to return the Nominal Insurer to a financially sustainable position.

## 1.4 Fiscal outlook and strategy update

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The 2023-24 Budget introduced two key fiscal principles to guide the State's fiscal strategy:

- returning to a sustainable operating position
- stabilising and then maintaining a sustainable debt position.

The Government continues to focus on strengthening the State's finances to ensure steady growth in service delivery can be maintained while addressing the State's fiscal challenges and managing uncertainty in the revenue outlook.

Over the forward estimates, the operating position is projected to slightly improve relative to the 2025-26 Budget. The Budget continues to project a return to a surplus in 2027-28, now at \$1.3 billion.

The Government continues to manage expense growth and pressures, focus on the delivery of budget improvement, savings and reprioritisation measures and monitor agency financial performance.

The State's revenue growth remains modest, with revenue projected to grow at 3.9 per cent between 2024-25 and 2028-29, well below the long-run historical average revenue growth of around 5.5 per cent.

Infrastructure Australia's *2025 Infrastructure Market Capacity Report* highlights rising demand for infrastructure investment in Australia while capacity constraints remain, with labour shortages posing the biggest challenge. These market capacity and cost escalation constraints are particularly pressing for New South Wales, with the State's infrastructure program projected to be \$111.5 billion over four years.

Since the 2025-26 Budget, the June 2026 projection for gross debt has improved by \$1.5 billion to \$177.2 billion (19.9 per cent of GSP). This is \$11.0 billion below the 2023 Pre-election Budget Update projection of \$188.2 billion and saves the State approximately \$500.0 million per annum in interest expenses.

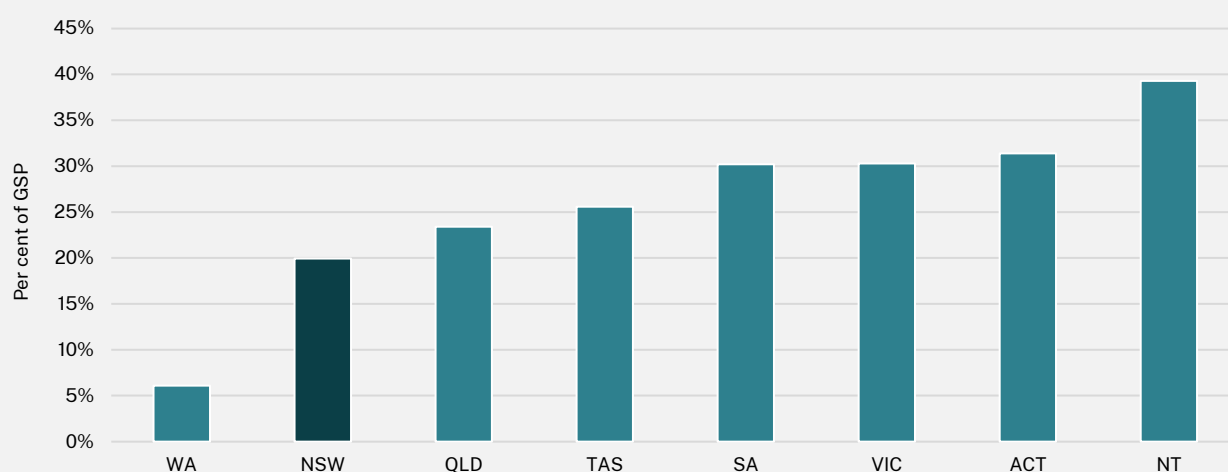
### Box 1.2: New South Wales maintains its credit ratings

In September 2025, both Moody's and Fitch maintained the State's triple-A credit rating with stable outlooks, citing the State's large, diverse economy and strong liquidity. Moody's noted the State's demonstrated fiscal discipline, highlighting that the Government's commitment to resetting the general government infrastructure program at around 2 per cent of GSP will help stabilise the State's gross debt burden. Fitch also noted that the Government is balancing the State's fiscal recovery with investment in infrastructure and services.

S&P Global (S&P) maintained the State's double-A plus rating in November 2025. S&P noted the State's strong financial management, wealthy and diversified economy and exceptional liquidity support the State's rating. However, they maintained the State's negative outlook, as fiscal pressures such as inflation and natural disasters could put pressure on the State's budgetary performance and financial management over the next two years.

Recent downgrades of credit ratings in other jurisdictions highlight the importance of the NSW Government's continued commitment to sound financial management. This includes the return to surplus by 2027-28, resetting the general government infrastructure program to around 2 per cent of GSP and maintaining gross debt around 20 per cent of GSP. See Chart 1.3 for gross debt to GSP projections for Australian states and territories.

Chart 1.3: Gross debt to GSP projections for Australian states and territories – June 2029



Source: NSW Treasury, 2025-26 Budget Papers for Victoria, Queensland, Western Australia, South Australia, Tasmania, Northern Territory and Australian Capital Territory



## 2. ECONOMIC OUTLOOK

### Key points

- Domestic demand in the remainder of 2024-25 evolved largely in line with expectations in the 2025-26 Budget, with the economy continuing to normalise following the disruption caused by the COVID-19 pandemic.
- Domestic demand has since picked up more quickly in the first quarter of 2025-26, led by a rebound in public and private investment.
- The labour market remains tight, and concerns about inflation have re-emerged. Financial markets currently expect the Reserve Bank of Australia (RBA) to tighten interest rates modestly in 2026.
- Economic growth in 2025-26 is expected to be slightly lower than forecast at budget, which will act as a moderating influence on inflation. The main near-term risk is that inflation remains elevated for longer.
- After 2025-26, growth is expected to continue across the forward estimates, broadly as expected at budget.

Table 2.1: *Economic performance and outlook<sup>(a)</sup>*

	2024-25 Outcome	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast
Real state final demand	1.2	2 (2¼)	2½ (2¼)	2½ (2¼)	2½
Real gross state product	0.9	1½ (1¾)	2½ (2¼)	2¼ (2)	2
Employment	1.6	¾ (1)	1¼	1¾ (1½)	1½ (1¼)
Unemployment rate <sup>(b)</sup>	4.1	4½ (4¼)	4¼	4	4
Sydney consumer price index	2.4	3¼ (3)	2¾ (2½)	2½	2½
Wage price index	3.2	3½	3	3	3
Nominal gross state product	4.1	3½ (3¼)	5¼ (5)	4¾ (5)	5 (5¼)
Population <sup>(c)(d)</sup>	1.3	1.1	1.0 (1.1)	1.0 (1.1)	1.0 (1.1)

(a) Forecasts are rounded to the nearest quarter point and are annual average per cent change, unless otherwise indicated. 2025-26 Budget forecasts in parenthesis where different. Forecasts completed prior to publication of the 2024-25 Annual State Accounts by the Australian Bureau of Statistics (ABS).

(b) June quarter, per cent.

(c) Per cent change through the year to 30 June and rounded to the nearest 0.1 percentage point. The assumptions for net overseas migration are consistent with assumptions in the 2025-26 Australian Government Budget.

(d) The 2024-25 population outcome is not yet published and remains a forecast.

Source: ABS and NSW Treasury

### 2.1 The NSW economy continues its recovery

#### Economic activity has evolved broadly as expected

At the time of the 2025-26 Budget, the NSW economy was returning to normal following the significant disruptions caused by the COVID-19 pandemic. With cost-of-living pressures beginning to ease, and inflation forecast to remain within the RBA's target band, financial markets and economists predicted the RBA would cut interest rates further over the remainder of 2025 and into early 2026. This was expected to support a continued strengthening of growth in the NSW economy, to around its long-run potential rate, led by the private sector.

The NSW economy evolved over the remainder of 2024-25 broadly as expected at budget. Although measured gross state product (GSP) growth was weaker in 2024-25, rising by 0.9 per cent (compared to budget forecasts of 1¾ per cent), developments in domestic demand were generally in line with budget expectations.

State final demand (SFD) rose on an annual average basis by 1.2 per cent in 2024-25 (budget forecasts of 1¼ per cent). This was a marginal improvement from SFD growth of 1.0 per cent in 2023-24. Despite some volatility on a quarterly basis, activity increased as the year progressed. Over the year to the June quarter 2025, SFD rose by 2.0 per cent. This improved growth reflected a strengthening in private demand, led by household consumption, as cost-of-living pressures ease (Chart 2.1).

Policy uncertainty generated by United States’ (US) tariff announcements, alongside earlier weakness in aggregate demand, appears to have weighed more on business investment in the first half of 2025 than was expected. NSW new business investment increased 1.5 per cent in 2024-25, compared to a budget forecast of 4¾ per cent.

The weaker outcomes in business investment were partially offset by stronger growth in household consumption. Signs of recovery in consumer spending reflect an easing of cost-of-living pressures, particularly with the RBA lowering interest rates on three occasions over the course of 2025. Positive wealth effects from higher dwelling prices are also playing a role. Over the five months to end November 2025, Sydney dwelling prices rose on average by 0.6 per cent per month.

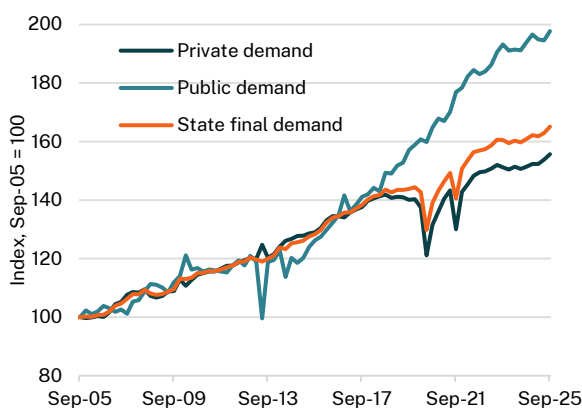
Higher dwelling prices have also contributed to an improvement in the viability of new housing developments. This, in turn, has supported dwelling construction, which increased more than expected over the course of 2024-25.

Net exports also added to growth in 2024-25, though its contribution to aggregate output was smaller than expected at the time of the Budget. Exports rose faster than expected, reflecting strength in goods exports, although this was partially offset by stronger growth in imports.

Domestic demand has since picked up in the first quarter of 2025-26. SFD rose by a strong 1.4 per cent in the September quarter, with broad based growth across both private and public demand. Over the year to the September quarter 2025, SFD rose by 2.6 per cent, its fastest pace of growth since the June quarter 2023.

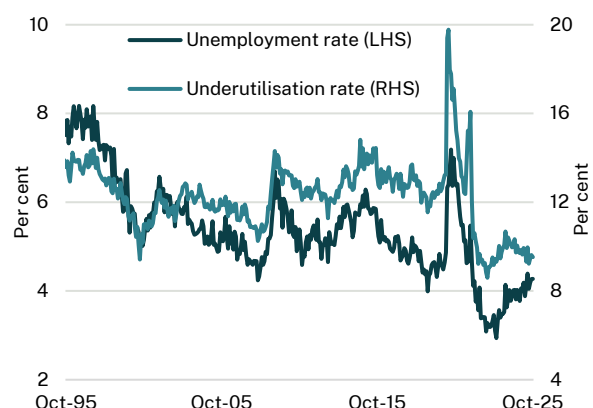
Investment was particularly strong in the September quarter, driven by the construction of data centres, electricity generation and transmission projects (including renewable energy projects) and State and local public corporations. To some extent the sharp increase in investment in the quarter represents catch-up from the weak outcomes recorded in the latter part of 2024-25. After the strong gain in the September quarter, the level of business investment is broadly in line with the expectations at budget.

Chart 2.1: NSW state final demand



Source: ABS and NSW Treasury

Chart 2.2: Unemployment rate and underutilisation rate



Source: ABS and NSW Treasury

## 2.2 The NSW economic outlook

### Growth is expected to strengthen to the economy's underlying potential pace

Weaker economic growth is expected to weigh on employment and the labour market over the remainder of 2025-26. This is expected to see the unemployment rate peak at around 4½ per cent, compared to 4¼ per cent at budget (Chart 2.3). It is expected that this will be associated with an increase in the underutilisation rate, with inflation gradually moving back towards the RBA's target band around the start of 2026-27 (Chart 2.4).

The economy is expected to rebound from slightly weaker growth in 2025-26 as the pickup in private sector activity gains momentum. By the end of the forward estimates, the economy is forecast to be growing at a level consistent with the sum of underlying population, productivity and participation growth, known as potential GSP. In aggregate, real GSP growth is forecast to average 2.1 per cent per annum over the four years to 2028-29, slightly above the 2.0 per cent forecast at budget.

Chart 2.3: NSW unemployment rate



Source: ABS and NSW Treasury

Chart 2.4: Sydney CPI



Source: ABS and NSW Treasury

### The outlook for the housing market has strengthened since budget

Sydney dwelling prices have been revised higher across the forward estimates. Recent strength in dwelling price growth is likely to be sustained over 2025-26.

The construction activity outlook has been upgraded over the forward estimates period. Planning reforms, interest rate cuts over the past year, and easing inflation in construction costs have supported increased semi-detached and apartment construction approvals since mid-2024. These conditions are expected to flow through to higher commencements and increased dwelling investment in the coming years.

### Higher inflation has prompted a re-assessment of the interest rate outlook

The combination of the recent pick-up in inflation and continued tightness in the labour market has seen some reassessment of the near-term outlook for inflation. Reflecting this, financial markets now expect the RBA to tighten interest rates modestly in 2026.

Inflation is forecast to remain stickier in the near term than was expected at budget. Sydney inflation is expected to lift to 3½ per cent through the year to the June quarter 2026, pushing annual average inflation for Sydney up to 3¼ per cent in 2025-26 (compared to the Budget forecast of 3.0 per cent). The RBA's preferred measure of inflation, the national trimmed mean inflation rate, is now expected to remain at or above 3.0 per cent until the September quarter 2026, at which point it is expected to return to around the centre of the target band.

The higher level of interest rates in the near term is likely to weigh on household consumer spending growth in 2025-26 compared to expectations at the time of the Budget.

Nonetheless, the combination of the interest rate cuts delivered by the RBA in 2025 and rising real wages have seen household finances improve markedly over recent quarters. This has been evident in a lift in the net household saving rate to 5.7 per cent in 2024-25. Supported by recent stronger growth in house prices, consumer sentiment has now reached its highest level since January 2022. These factors should see consumer spending gradually lift as the year progresses.

Elsewhere, business investment is expected to continue to recover now that policy uncertainty has returned to more normal levels. Concerns about US tariffs are no longer expected to weigh on growth over coming quarters, and firms have revised up their investment intentions. Strong growth in machinery and equipment investment is expected over the course of 2025-26.

The renewable energy transition will support an acceleration in engineering construction. The value of the pipeline of work yet to be done for private sector electricity projects (which include renewable energy) has risen, bolstered by recent commencements. Nevertheless, growth in new business investment has been revised down to 4 ¼ per cent in 2025-26, from 5 ½ per cent at budget. This reflects the impact from weaker investment at the end of 2024-25, as well as downward revisions to intellectual property products (primarily software development), in line with revisions reported in the annual State Accounts.

On balance, forecast annual average growth in aggregate GSP has been revised down from the 1¾ per cent expected at budget to 1½ per cent in 2025-26 (see Table 2.1). Annual average growth measures growth of the 2025-26 financial year relative to 2024-25. Growth in SFD, meanwhile, is expected to be maintained over the course of 2025-26, with SFD expected to be around 2½ per cent higher over the year to the June quarter 2026.

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## 2.3 Risks to the economic outlook

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### **Elevated inflation remains a key risk**

In the near term, the greatest risk to the NSW economy is that the recent pick-up in inflation remains persistent. This could be the result of several factors. Continued weakness in productivity growth would keep the demand for labour elevated in the near term and put further upward pressure on unit labour costs. Additionally, demand may grow more quickly than anticipated, creating pressure on the economy's supply capacity. Data released since the forecasts were finalised suggest that this risk has intensified.

Weak productivity growth could also exacerbate capacity constraints and cost pressures in the construction sector. Such risks are concerning at a time when there is a strong pipeline of activity in both the residential and non-residential construction sectors. Weak productivity growth could both slow the pace of dwelling completion and make some new projects less viable.

Dwelling price forecasts remain subject to significant uncertainty, in both directions. Recent momentum in price growth may persist for longer than anticipated or, conversely, higher than expected interest rates may weigh on dwelling prices.

Trade protection policies are not expected to impact activity in the forecasts. However, there is still a risk that the direct impacts on international trade are yet to play out and/or further announcements are made. More generally, ongoing geopolitical risks have the potential to add upside risks to inflation, due to disruptions to global supply chains, and downside risks on activity, through increased uncertainty.

## 3. FISCAL POSITION AND OUTLOOK

### 3.1 Fiscal strategy and outlook

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The 2025-26 Half-Yearly Review reaffirms the Government's commitment to restoring fiscal sustainability while providing essential services and infrastructure for the community. The State's budget is on track to return to surplus by 2027-28 as projected in the 2025-26 Budget. Gross debt is projected to stabilise at around 20 per cent of gross state product (GSP).

The State's operating position continues to improve. The deficit in 2025-26 is projected to narrow from \$3.4 billion as at the 2025-26 Budget to \$3.1 billion.

Expense growth was 1.8 per cent in 2024-25, which was 0.6 per cent lower than projected at the 2025-26 Budget. Expense growth is projected to average 2.6 per cent from 2024-25 to 2028-29 (see Chart 3.1). This remains well below the 6.5 per cent expense growth between 2011-12 and 2022-23. See Section 3.4 Recurrent expenditure outlook for further information.

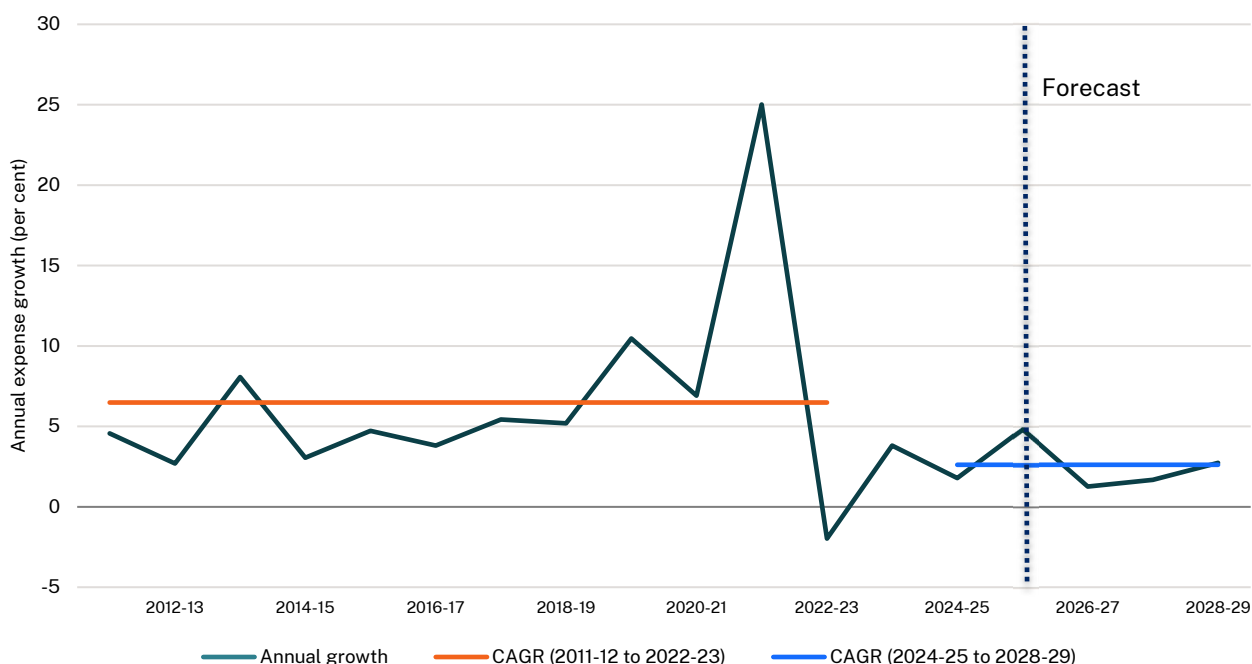
The State's infrastructure program is projected to be \$28.2 billion in 2025-26, one of the largest on record in NSW's history. Over the four years to 2028-29, the State's infrastructure program is projected to be \$111.5 billion. This reinforces the Government's aim to reset the infrastructure program to more sustainable levels of around 2 per cent of GSP to better align with market capacity, avoiding delivery delays and cost overruns while maintaining a steady pipeline of investment. See Section 3.5 Capital expenditure outlook for further information.

Gross debt is projected to be \$177.2 billion at June 2026, which is \$1.5 billion lower than projected at the 2025-26 Budget as stronger revenues and slower than expected capital spending reduces in year borrowing requirements. This is also \$11.0 billion lower than projected at the 2023 Pre-election Budget Update, saving the State approximately \$500.0 million per annum in interest expenses.

Gross debt to GSP is projected to be 19.2 per cent by June 2029, down from the 19.6 per cent projected at the 2025-26 Budget due to lower projected borrowing requirements and stronger GSP forecasts.

Since the 2025-26 Budget, the State's triple-A credit ratings have been maintained by Moody's and Fitch. S&P Global has maintained the State's double-A plus rating with a negative outlook (see Box 1.2).

Chart 3.1: Annual expense growth

Table 3.1: General government sector operating position and outlook reconciliation – 2025-26 Budget to 2025-26 Half-Yearly Review<sup>(a)</sup>

	2025-26 Budget \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Budget result – 2025-26 Budget</b>	<b>(3,427)</b>	<b>(1,148)</b>	<b>1,132</b>	<b>1,058</b>
<i>Changes from 2025-26 Budget to 2025-26 Half-Yearly Review</i>				
Revenue	1,713	1,476	953	484
Expenses	1,434	1,454	737	387
<b>Total budget result impact</b>	<b>280</b>	<b>22</b>	<b>216</b>	<b>97</b>
<b>Budget result – 2025-26 Half-Yearly Review</b>	<b>(3,147)</b>	<b>(1,126)</b>	<b>1,348</b>	<b>1,155</b>

(a) Positive amounts reflect a positive impact on the budget result e.g., an increase in revenue or a decrease in expenses.

## 3.2 Key risks to the fiscal outlook

Uncertainty around the State's fiscal outlook remains elevated. There is a variety of expense risks where the impact to the Budget is unknown or where events are yet to occur.

### Australian Government Funding Agreements, including Health and National Disability Insurance Scheme

The NSW Government is currently negotiating the next addendum of the National Health Reform Agreement (NHRA) and disability reforms, including jointly designing and funding new foundational supports, with the Australian Government. The NHRA is New South Wales's largest single source of tied Australian Government funding and the outcome of both of these negotiations are likely to have significant implications for grant revenue received from the Australian Government over the forward estimates. Additionally, there is uncertainty due to prolonged negotiations to reach an agreement that fully reflects funding principles endorsed at the National Cabinet in December 2023.

## **Equity market volatility and risk**

The State manages approximately \$64.0 billion (as at 30 June 2025) in funds through OneFund, with a proportion of the returns on these funds flowing through to the general government sector as revenue via distributions.

While better-than-anticipated market performance since the 2025-26 Budget has significantly lifted forecast returns in 2025-26, fund performance and distribution outcomes remain inherently volatile.

Global financial markets have been volatile in recent months due to various factors. This includes trade negotiations between China and the United States (US), varying investor sentiment regarding equity valuations, particularly for technology and artificial intelligence (AI) related stocks, and uncertainty surrounding US monetary policy.

Australian financial markets can be significantly influenced by offshore developments and a deterioration in global risk sentiment would weigh on Australian markets. This risk in Australian and offshore markets is mitigated within OneFund through defensive strategies to protect against significant downturns. See Section 3.6 Balance sheet for further information.

## **Natural disasters and associated Australian Government funding**

In recent years, multiple large-scale disasters have placed substantial pressure on the State's finances and capacity to fund essential services, a trend expected to continue as the impacts of climate change become more pronounced. This fiscal risk is further compounded by current uncertainty regarding the timing and quantum of Australian Government contributions to disaster expenditure in New South Wales.

## **Infrastructure market capacity constraints and cost escalation**

Infrastructure Australia's *2025 Market Capacity Report* (the Report) highlights that New South Wales is experiencing persistent capacity constraints in infrastructure delivery.

The Report highlights acute workforce shortages, where the demand for skilled labour far exceeds supply, with these workforce shortages projected to widen until 2027. The Report also highlights elevated costs for infrastructure materials, exacerbated by global supply chain pressures and limited domestic capacity.

These combined factors significantly increase the risk of overruns and delivery delays for the State's infrastructure program, and is resulting in planned infrastructure spending being pushed into later years. See Section 3.5 Capital expenditure outlook for further information, including impacts on the Sydney Metro program.

### 3.3 Revenue outlook

Since the 2025-26 Budget, total general government revenue is projected to be \$4.6 billion higher over the four years to 2028-29. The upward revision is driven by higher transfer duty, other dividends and distributions, sales of goods and services and GST revenue. These revisions are partly offset by lower mineral royalties and reduced Housing and Productivity Contribution (HaPC) revenue.

Table 3.2 provides a summary of revenue in the general government sector.

Table 3.2: General government sector revenue

	2024-25 Actual \$m	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 Forward Estimates \$m	2027-28 Forward Estimates \$m	2028-29 Forward Estimates \$m	% Average growth p.a. 2024-25 to 2028-29
<b>Revenue from transactions</b>							
Taxation	48,206	51,318	51,968	55,014	57,294	59,673	5.5
Grant revenue (including GST)	46,940	50,686	50,630	50,722	53,117	53,187	3.2
Sales of goods and services	10,379	11,086	11,148	11,549	11,687	12,207	4.1
Interest income	810	573	602	603	592	593	(7.5)
Dividends and income tax equivalents from other sectors	650	874	1,002	1,043	977	1,071	13.3
Other dividends and distributions	4,219	2,796	3,844	3,321	3,508	3,801	(2.6)
Royalties	3,215	3,253	3,150	3,246	3,220	3,202	(0.1)
Fines, regulatory fees and other revenues	3,591	3,569	3,524	4,018	3,790	3,885	2.0
<b>Total revenue</b>	<b>118,009</b>	<b>124,154</b>	<b>125,868</b>	<b>129,514</b>	<b>134,185</b>	<b>137,619</b>	<b>3.9</b>
Annual change	7.1%	5.2%	6.7%	2.9%	3.6%	2.6%	

#### Policy measures affecting revenue since the 2025-26 Budget

There are no new revenue measures since the 2025-26 Budget, but the Government has made expenditure and capital decisions that increase revenue by \$1.3 billion over the four years to 2028-29 largely driven by increased Australian Government payments.

Table 3.3: Revenue reconciliation – 2025-26 Budget to 2025-26 Half-Yearly Review

	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m	Four years to 2028-29 \$m
<b>Revenue - 2025-26 Budget</b>	<b>124,154</b>	<b>128,038</b>	<b>133,232</b>	<b>137,135</b>	<b>522,559</b>
<i>Policy changes since 2025-26 Budget</i>					
Revenue measures	...	...	...	...	...
Revenue related to expense and capital measures	107	379	382	389	<b>1,256</b>
<b>Total policy measures</b>	<b>107</b>	<b>379</b>	<b>382</b>	<b>389</b>	<b>1,256</b>
<i>Parameter changes since 2025-26 Budget</i>					
<b>Taxation</b>					
Transfer duty	721	868	515	291	<b>2,395</b>
Payroll tax	16	(29)	(28)	(96)	<b>(137)</b>
Land tax	32	66	116	34	<b>249</b>
Other taxes	(120)	(57)	(17)	(121)	<b>(316)</b>
<b>Grant revenue</b>					
GST revenue	243	87	185	192	<b>707</b>
Other general purpose grants	(1)	...	...	...	<b>(1)</b>
National Agreement payments	(35)	...	...	...	<b>(35)</b>
Federation Funding Agreement payments	31	(161)	(154)	(230)	<b>(514)</b>
Other grant revenue	(382)	(82)	(100)	(111)	<b>(675)</b>
<b>Sales of goods and services</b>	<b>50</b>	<b>332</b>	<b>186</b>	<b>228</b>	<b>796</b>
<b>Interest income</b>	<b>29</b>	<b>5</b>	<b>3</b>	<b>52</b>	<b>88</b>
<b>Dividends and income tax equivalents</b>	<b>128</b>	<b>124</b>	<b>(19)</b>	<b>(69)</b>	<b>165</b>
<b>Other dividends and distributions</b>	<b>1,047</b>	<b>145</b>	<b>154</b>	<b>178</b>	<b>1,524</b>
<b>Royalties</b>	<b>(103)</b>	<b>(51)</b>	<b>(77)</b>	<b>(70)</b>	<b>(301)</b>
<b>Fines, regulatory fees and other revenues</b>	<b>(50)</b>	<b>(150)</b>	<b>(193)</b>	<b>(181)</b>	<b>(575)</b>
<b>Total parameter changes and other variations</b>	<b>1,607</b>	<b>1,097</b>	<b>571</b>	<b>96</b>	<b>3,370</b>
<b>Total changes since 2025-26 Budget</b>	<b>1,713</b>	<b>1,476</b>	<b>953</b>	<b>484</b>	<b>4,626</b>
<b>Revenue - 2025-26 Half-Yearly Review</b>	<b>125,868</b>	<b>129,514</b>	<b>134,185</b>	<b>137,619</b>	<b>527,185</b>

## Taxation revenue

Taxation revenue has been revised up by \$2.3 billion over the four years to 2028-29 primarily due to higher transfer duty driven by stronger than expected residential property prices in the near term. This is partly offset by a softer outlook for motor vehicle stamp duty and payroll tax.

Table 3.4: Taxation revenue

	2024-25 Actual \$m	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m	% Average growth p.a. 2024-25 to 2028-29
<b>Stamp duties</b>							
Transfer duty	12,224	13,355	14,076	14,894	15,015	15,560	6.2
Insurance	1,694	1,801	1,790	1,901	2,012	2,129	5.9
Motor vehicles	1,180	1,262	1,240	1,303	1,359	1,404	4.5
Other	(1)	0	(1)	0	0	0	...
	<b>15,097</b>	<b>16,418</b>	<b>17,105</b>	<b>18,098</b>	<b>18,386</b>	<b>19,093</b>	<b>6.0</b>
<b>Payroll tax</b>	<b>13,368</b>	<b>13,851</b>	<b>13,866</b>	<b>14,642</b>	<b>15,565</b>	<b>16,399</b>	<b>5.2</b>
<b>Taxes on land</b>							
Land tax	8,270	8,792	8,824	9,409	9,943	10,358	5.8
Property tax	14	13	13	12	10	9	(9.7)
	<b>8,284</b>	<b>8,804</b>	<b>8,837</b>	<b>9,421</b>	<b>9,953</b>	<b>10,367</b>	<b>5.8</b>
<b>Taxes on motor vehicle ownership and operation</b>							
Weight tax	3,270	3,486	3,486	3,680	3,884	4,084	5.7
Vehicle transfer fees	63	65	68	70	73	76	4.6
Road user charge	...	...	...	...	68	135	...
Other motor vehicle taxes	56	58	58	61	64	67	4.7
	<b>3,389</b>	<b>3,609</b>	<b>3,612</b>	<b>3,811</b>	<b>4,089</b>	<b>4,362</b>	<b>6.5</b>
<b>Gambling and betting taxes</b>							
Wagering	62	65	62	64	66	67	2.0
Point of consumption tax	300	283	283	295	309	323	1.9
Club gaming devices	1,032	1,060	1,090	1,113	1,145	1,175	3.3
Hotel gaming devices	1,473	1,552	1,567	1,677	1,800	1,929	7.0
Lotteries	567	577	577	601	618	635	2.9
Casino	224	165	165	175	174	183	(5.0)
Other gambling & betting	20	21	16	16	17	18	(3.2)
	<b>3,679</b>	<b>3,723</b>	<b>3,760</b>	<b>3,942</b>	<b>4,129</b>	<b>4,330</b>	<b>4.2</b>
<b>Other taxes and levies</b>							
Health insurance levy	210	267	242	273	286	298	9.2
Parking space levy	124	132	127	122	126	129	1.0
Emergency services levy contributions	1,318	1,396	1,396	1,494	1,504	1,380	1.2
Emergency services council contributions	221	236	236	239	219	223	0.2
Waste and environment levies	877	971	894	998	998	998	3.3
Government guarantee fee	373	403	377	430	470	525	8.9
Passenger services levy	104	99	99	100	100	72	(8.9)
Pollution control licences	16	18	29	18	18	18	3.6
Other taxes	1,147	1,390	1,388	1,426	1,451	1,481	6.6
	<b>4,390</b>	<b>4,913</b>	<b>4,787</b>	<b>5,100</b>	<b>5,171</b>	<b>5,123</b>	<b>3.9</b>
<b>Total taxation revenue</b>	<b>48,206</b>	<b>51,318</b>	<b>51,968</b>	<b>55,014</b>	<b>57,294</b>	<b>59,673</b>	<b>5.5</b>
Annual change	8.1%	6.5%	7.8%	5.9%	4.1%	4.2%	

## Transfer duty

Transfer duty revenue has been revised up by \$2.4 billion over the four years to 2028-29. This is primarily due to stronger than expected residential house prices. Duty from large commercial transactions has also been stronger than anticipated. The outlook for residential transaction volumes remains broadly unchanged.

## Motor vehicle stamp duty

Motor vehicle stamp duty has been revised down by \$192.0 million over the four years to 2028-29. This is primarily due to weaker new car sales and an improved outlook for the Australian dollar which has contributed to lower vehicle import price forecasts.

## Payroll tax

Payroll tax revenue remains largely unchanged in 2025-26 with higher than expected average hours worked offsetting weaker than expected employment growth as firms meet labour demand by utilising the existing workforce. Payroll tax has been revised down by \$136.9 million over the four years to 2028-29. This reflects a slightly weaker outlook for average compensation of employees driven by the shift towards part-time employment.

## Land tax

Land tax revenue has been revised up by \$248.6 million over the four years to 2028-29, reflecting stronger residential dwelling prices which have contributed to a stronger near-term outlook for unimproved land values.

## Taxes on motor vehicle ownership and operation

Higher than expected inflation since the 2025-26 Budget have increased revenue from taxes on motor vehicle ownership and operation by \$24.9 million over the four years to 2028-29. This is due to motor vehicle registration fees being indexed to the Sydney consumer price index.

As legislated in 2021, a road user charge will apply to eligible electric vehicles (EV) from 1 July 2027 or when EVs make up 30 per cent of all new vehicle sales, whichever comes first. Based on current EV uptake rates, the road user charge is expected to begin on 1 July 2027. Revised uptake rates have reduced road user charge revenue forecasts.

## Gambling and betting taxes

Gambling and betting taxes have been revised up by \$137.8 million over the four years to 2028-29, driven by stronger than expected gaming machine activity at clubs and hotels.

## Other taxes and levies

Health insurance levy has been revised down by \$36.0 million over the four years to 2028-29. This is primarily due to further refunds associated with a court decision in August 2024 relating to the claiming of exemptions. Revenue from the emergency services levy insurer contribution and the emergency services council contribution is forecast to increase by \$149.9 million over the four years to 2028-29. This is largely due increasing costs across the emergency services portfolio.

Government guarantee fee revenue has been revised down by \$152.2 million over the four years to 2028-29. This is primarily due to a revised outlook for capital expenditure for Sydney Water and Water NSW to reflect the capital allowances in the Independent Pricing and Regulatory Tribunal's (IPART) final price determination.

Waste and environment levies revenue has been revised down by \$76.4 million in 2025-26 to reflect lower than expected waste sent to landfill.

## Grant revenue

### GST revenue

GST revenue is projected to be \$707.0 million higher over the four years to 2028-29 compared to the 2025-26 Budget.

The National GST pool forecast has been revised up, underpinned by strong GST collections in the September 2025 quarter and upgraded forecasts to national household consumption and dwelling investment over the forward estimates. In addition, the share of taxable consumption has been tracking higher than 2025-26 Budget expectations, reflecting easing cost-of-living pressures and a corresponding rise in discretionary spending. These impacts have been partly offset by the implementation of recommendations from an independent external review of revenue forecasting methodologies and processes.

The NSW GST relativity forecast has also been revised up to reflect the stronger fiscal capacity of other states, driven by relatively stronger dwelling price growth compared to New South Wales.

#### **Box 3.1: 2026 Australian Productivity Commission Review into GST distribution reforms**

The Australian Productivity Commission (PC) has commenced its review of the 2018 GST distribution reforms, as mandated by the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of GST) Act 2018*. The review will assess whether the current system operates efficiently, effectively and as intended.

The 2018 reforms, which weakened the application of Horizontal Fiscal Equalisation via GST distributions such that states and territories (States) are equalised to the stronger of New South Wales or Victoria rather than the strongest state, has resulted in lower GST shares for all states except Western Australia. To ensure the States are no worse off, the Australian Government is providing a no worse off payment, however these have not yet been confirmed beyond 2029-30.

The PC has released an Issues Paper which highlights the following key areas of focus:

- how the new system has impacted State and Commonwealth fiscal positions
- what is a reasonable level of equalisation
- how to balance payments being reflective of state circumstance whilst also being predictable
- the perverse incentives the distribution system may have on implementing reform
- potential alternatives to the system.

New South Wales will continue to advocate for a distribution system that is fair, transparent and understandable for all Australians. Reforms should also provide greater predictability for states and territories to plan over four-year budgeting time horizons.

Submissions to the Review are due in early 2026, and the PC will release an interim report in August 2026. The final report is due to the Australian Government in December 2026.

## National Agreements

Revenue from National Agreements is estimated to be \$260.5 million higher than the 2025-26 Budget over the four years to 2028-29. This is driven by an expectation of increased funding for the Northern Beaches Hospital once it operates under public ownership and the National Skills Agreement to support more Vocational Education and Training students to successfully complete their studies through the Improved Completions initiative.

Since December 2023, states and territories have been engaged in ongoing negotiations with the Australian Government on the next addendum of the National Health Reform Agreement (NHRA). This is in tandem with a renewed National Disability Insurance Scheme (NDIS) agreement and the establishment of Foundational Supports, expected to commence on 1 July 2026.

The NHRA is the NSW Government's largest single source of tied Australian Government funding, and the outcome of these negotiations are likely to have significant implications for grant revenue over the forward estimates. Similarly, National Cabinet's agreement to increase the escalation of state NDIS contributions from 4 per cent to be aligned with actual scheme growth, capped at 8 per cent, presents a compounding fiscal risk with New South Wales expected to pay significantly more over 10 years from 2028-29.

Ongoing funding from the Australian Government across these areas is critical for sustainable and equitable public service delivery across NSW hospitals and in the disability support sector.

### **Federation Funding Agreement payments**

Revenue from Federation Funding Agreements is estimated to be \$6.2 million higher over the four years to 2028-29. This revision is comprised of:

- an additional \$339.6 million following the extension of the Preschool Reform Agreement which ensures Australian Government funding for preschool programs in New South Wales through to the end of 2027
- an increase of \$175.0 million in 2025-26 to reflect the timing and receipt of monies from the Australian Government for the existing National Energy Bill Relief program
- an additional \$75.5 million in Australian Government funding under the Disaster Recovery Funding Arrangements to restore and make safe state and local assets that were damaged by ex-Tropical Cyclone Alfred and the Hunter and Mid North Coast floods in 2025
- updates to Legal Aid Commission of New South Wales and the Department of Communities and Justice revenues as noted in footnote (f) on page 3-1 of 2025-26 Budget Paper No.4 *Agency Financial Statements*, with a largely net neutral budget result impact.

### **Other Australian Government payments**

Revenue from other Australian Government payments is estimated to be \$509.4 million lower over the four years to 2028-29. This is largely driven by the end of Transport for NSW's role as an intermediary for distributing Australian Government funding to community transport providers, under the Commonwealth Home Support Program. Going forward, the Australian Government will directly fund community transport providers.

## **Non-taxation revenue**

### **Sales of goods and services**

Sales of goods and services have been revised up by \$1.1 billion. The variance is primarily due to higher patient fee revenue from increased activity across NSW hospitals, including the Northern Beaches Hospital once it operates under public ownership.

Additionally, there has been an increase in NSW Self Insurance Corporation revenue due to changes in the accounting treatment of recoveries related to the Police Officer Support Scheme.

## Interest income

Interest income revenue has been revised up by \$88.1 million over the four years to 2028-29. This is primarily due to a higher than expected cash rate profile compared to the 2025-26 Budget and increases in cash held as a result of higher than anticipated underspends in 2025-26. This is partially offset by changes to the accounting treatment for some energy related programs, leading to the reprofiling of interest revenue.

## Dividends and income tax equivalents

Over the four years to 2028-29, dividends and income tax equivalents are forecast to be \$165.0 million higher. These variances are primarily driven by updated estimates of income tax equivalents and the reprofiling of dividend payments from the water entities, reflecting increased revenue certainty following IPART's Final Determinations. See section 3.7 Government businesses for further details.

## Other dividends and distributions

Over the four years to 2028-29, other dividends and distributions are forecast to be \$1.5 billion higher, with the majority of the uplift concentrated in 2025-26. This upgrade primarily reflects strong equity market performance in 2025-26.

## Fines, regulatory fees and other revenues (excluding royalties)

Fines, regulatory fees and other revenues have been revised down by \$527.7 million over the four years to 2028-29. This primarily reflects a \$347.0 million downward revision to HaPC revenue. Since its introduction in 2023-24, the HaPC forecasts have been continuously improved as new information became available. However, for the 2025-26 Half-Yearly Review the forecasts are now underpinned by a comprehensive revenue forecasting model. The updated approach leverages NSW Treasury dwelling commencement forecasts which are informed by the impact of planning reforms provided by the Department of Planning, Housing and Infrastructure. The impact of the methodological change is partly offset by an anticipated increase in dwelling commencements due to planning reforms, interest rate cuts over the past year and easing inflation in construction costs supporting increased semi-detached and apartment construction approvals since mid-2024.

## Mineral royalties

Mineral royalties have been revised down by \$301.0 million over the four years to 2028-29. This mainly reflects a stronger AUD/USD exchange rate, largely due to weakness in the US dollar following increased US policy uncertainty.

## 3.4 Recurrent expenditure outlook

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Over the budget and forward estimates, expense growth is projected to average 2.6 per cent per annum. This is marginally higher than the 2.4 per cent projected in the 2025-26 Budget but remains well below the 6.5 per cent average annual growth between 2011-12 and 2022-23.

The growth in expenses in 2025-26 compared to the 2025-26 Budget is driven by several factors, including:

- lower expenses in 2024-25, with some expenditure reprofiled into 2025-26 to align with the expected timing of project delivery
- increased costs for NSW Self Insurance Corporation insurance and compensation schemes in 2025-26, with workers compensation reforms projected to moderate growth in these costs over the forward estimates.

Employee expenses are \$2.9 billion higher over the budget and forward estimates than at the 2025-26 Budget. Key drivers include higher projected expenses for insurance and compensation schemes (excluding workers compensation reforms) and higher employee expenses associated with the future operation of the Northern Beaches Hospital under public ownership.

Table 3.5: General government sector expenses

	2024-25	2025-26	2025-26	2026-27	2027-28	2028-29	% Average growth p.a. 2024-25 to 2028-29
	Actual \$m	Budget \$m	Revised \$m	Forward Estimates \$m			
Employee	48,193	50,307	51,312	52,806	53,690	56,611	4.1
Superannuation	6,630	6,706	6,900	6,883	6,843	7,030	1.5
Depreciation and Amortisation	9,653	10,112	10,130	10,514	11,069	11,712	5.0
Interest	7,137	7,746	7,726	8,129	8,688	9,194	6.5
Other Operating Expense	27,713	27,776	28,280	26,882	28,170	27,798	0.1
Grants, Subsidies, and Other Transfers	23,752	24,934	24,665	25,426	24,378	24,120	0.4
<b>Total Expenses</b>	<b>123,078</b>	<b>127,581</b>	<b>129,015</b>	<b>130,640</b>	<b>132,837</b>	<b>136,465</b>	<b>2.6</b>
Annual change	1.8%	3.7%	4.8%	1.3%	1.7%	2.7%	n.a.

Table 3.6: Expense reconciliation since the 2025-26 Budget

	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Expenses – 2025-26 Budget</b>	<b>127,581</b>	<b>129,186</b>	<b>132,101</b>	<b>136,078</b>
Policy measures – new expenses <sup>(a)</sup>	600	2,326	1,697	1,175
Policy measures – savings and offsets <sup>(b)</sup>	(285)	(574)	(524)	(481)
Parameter and other budget variations	1,119	(298)	(436)	(307)
<b>Expenses – 2025-26 Half-Yearly Review</b>	<b>129,015</b>	<b>130,640</b>	<b>132,837</b>	<b>136,465</b>

(a) Captures the expense impact of new policies and offsets.

(b) Captures the expense impacts from savings to programs and initiatives since the 2025-26 Budget and offsets for new expense measures.

Over four years to 2028-29, expenses are projected to increase by \$4.0 billion compared to the 2025-26 Budget. Key new measures include:

- \$339.6 million over three years to 2027-28 for the extension of the Preschool Reform Agreement to the end of 2027, providing funding certainty while allowing for further work with the Australian Government and other jurisdictions on a long-term agreement. The expenses are fully offset by revenue from the Australian Government
- higher expenses associated with the future operation of the Northern Beaches Hospital under public ownership
- permanently continuing toll relief in the form of a \$60 per week cap from 1 July 2026 for Sydney's roads
- increased employee expenses relating to NSW Health industrial instruments, including an increase in night shift penalties for NSW Health nurses and midwives from 15 to 20 per cent, and salary increases resulting from award modernisation processes for a range of NSW Health staff
- an additional \$142.4 million over two years to 2026-27 to restore and make safe State and local assets damaged in 2025 during ex-Tropical Cyclone Alfred and the Hunter and Mid North Coast floods. See Box 3.2 for further information on additional funding provided to respond and recover from natural disasters

- a pay increase over three years to firefighters, with the Industrial Relations Commission expected to finalise its decision on enhanced conditions in early 2026
- \$99.8 million over three years to 2027-28 to support not-for-profit community preschools to extend their operating hours, open more days, and expand the age range of children they serve. This is fully offset from the Childcare and Economic Opportunity Fund.

The largest parameter and other budget variations over four years to 2028-29 include:

- higher projected expenses for NSW Self Insurance Corporation insurance and compensation schemes (\$628.3 million over four years to 2028-29, excluding the impact of workers compensation reforms). This is driven by a range of factors, including increases in psychological injury costs
- lower interest expenses due to a reduction in borrowing requirements (\$564.5 million over four years to 2028-29)
- lower defined benefit superannuation expenses due to a reduction in net liabilities from stronger than expected investment returns (\$296.1 million over four years to 2028-29)
- updates to Legal Aid Commission of New South Wales and the Department of Communities and Justice expenses as noted in footnote (f) on page 3-1 of 2025-26 Budget Paper No.4 *Agency Financial Statements*, with a largely net neutral budget result impact
- the reprofiling of expenses from 2024-25 across the budget and forward estimates, associated with changes in the expected timing of delivery for existing projects.

### **Box 3.2: Disaster recovery**

Natural disasters are a significant and growing risk to the State's budget. The Government has approved additional disaster-related expenditure since the 2025-26 Budget, including \$142.4 million over the four years to 2028-29 to restore and make safe State and local assets damaged in 2025 during ex-Tropical Cyclone Alfred and the Hunter and Mid North Coast floods, jointly funded by the Australian Government under the Disaster Recovery Funding Arrangements.

As outlined in the 2025-26 Budget, disaster-related expenditure has grown substantially in recent years. Since 2019-20, the NSW and Australian Governments have spent an average of \$1.6 billion per annum on NSW disaster relief and recovery – an increase of over 1,000 per cent compared with the average annual expenditure in the preceding six years. This growth reflects the rising frequency and severity of extreme weather events across the State.

Uncertainty around the timing and amount of Australian Government funding contributions to NSW disaster expenditure also creates risks for fiscal planning. The NSW Government will continue to work constructively with the Australian Government to ensure the effective administration of funding arrangements and to mitigate volatility in the State's budget.

## **3.5 Capital expenditure outlook**

An ambitious program of works coupled with market capacity constraints has placed significant pressure on project costs and impacted delivery timelines. These impacts have resulted in revised capital expenditure projections. This is consistent with observations from Infrastructure Australia's *2025 Infrastructure Market Capacity Report* which highlights rising demand for infrastructure investment and constraints in labour and supplies.

Over the four years to 2028-29, the State's capital expenditure is forecast to be \$111.5 billion, with investment focused on public infrastructure that:

- addresses the housing crisis
- supports economic growth and social security
- supports the delivery of essential services to our community
- connects communities between their homes, work, services, family and social activities enhancing quality of life
- invests in securing our vital water and power systems.

The NSW Government is committed to reducing the cost of living, including by addressing the housing crisis. Housing provides shelter and influences people's access to jobs, services, safety and community. The NSW Government has taken steps to reform the planning system, paving the way for more homes to be built near existing infrastructure and services, including through the Transport Oriented Development Program and Low and Mid-Rise housing policy.

Delivering these homes relies on investments in enabling infrastructure. Water infrastructure underpins the NSW Government's housing plans with large investments made through the State's water businesses to support population growth, new homes and emerging employment precincts.

Energy is both a constraint and a catalyst for improved productivity. Long wait times for grid connection, project risk and rising operating costs are slowing down investment and local industry growth. The NSW Government is acting to build new power generation and embed confidence in the State's energy future.

*Table 3.7: General government capital investment reconciliation – 2025-26 Budget to 2025-26 Half-Yearly Review*

	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Capital – 2025-26 Budget</b>	<b>22,343</b>	<b>22,043</b>	<b>21,480</b>	<b>20,111</b>
Variations since 2025-26 Budget	(1,794)	(1,464)	(893)	332
<b>Capital – 2025-26 Half-Yearly Review<sup>(a)</sup></b>	<b>20,549</b>	<b>20,579</b>	<b>20,587</b>	<b>20,443</b>

(a) Includes reprofiling of capital expenditure across years to align with revised project delivery schedules. This also includes an allowance for the established tendency for capital expenditure to slip each year due to multiple factors including market capacity constraints and supply chain disruptions.

### **Box 3.3: New Sydney Fish Market**

Construction of the Sydney Fish Market building reached practical completion in November 2025, with the facility now being fitted out ahead of opening to the public on 19 January 2026. The project has supported more than 700 construction jobs and is expected to sustain around 700 ongoing roles once operational. In addition, approximately \$670 million in contracts were awarded to Australian businesses.

The new structure stands on 481 marine piles, incorporates 6,000 tonnes of steel reinforcement, and over 400 roof cassettes and 594 glulam timber beams which were delivered by barge from Glebe Island. It sets a new benchmark for sustainability with over 5,650 truck movements removed from local roads.

The development also delivers over 6,000 square metres of accessible public domain. Creative installations at the site reflect on the area's industrial past and share the stories of the Saltwater clans of the Sydney region who have been the traditional custodians of Blackwattle Bay for thousands of years.

The NSW Government is investing in transport links to better connect communities with jobs and recreation across Sydney. The Sydney Metro network is a centrepiece of this investment, providing fast and frequent services that support housing, employment and productivity.

**Box 3.4: The State's progress on Sydney Metro investments**

The growing Sydney Metro network is transforming how people move around Greater Sydney. The network now connects fast-growing communities across the North West and CBD, from Tallawong to Chatswood, with new lines under construction from the CBD to Bankstown (due to open in 2026), CBD to Parramatta (expected opening date of 2032) and St Marys to Western Sydney International Airport.

These projects are aligned with the NSW Government's broader objectives to increase housing supply in areas with convenient transport access, improve connectivity to employment centres and alleviate congestion. By focusing on integrating housing and transport infrastructure, the NSW Government aims to make it easier for residents to access jobs and essential services while reducing travel times and traffic on city roads.

However, these benefits are being delivered in a constrained market. New South Wales is experiencing market capacity constraints that are impacting delivery of the State's infrastructure program. Megaprojects require complex engineering and a highly skilled workforce and delivering three new metro projects simultaneously is placing pressure on labour and input costs across the construction sector, as well as project timeframes and budgets.

The NSW Government's priority for now is to complete the existing Sydney Metro program and projects already in the pipeline. Focusing on delivery of the current program will help manage market capacity and cost risks, while ensuring Sydney Metro continues to support growth, housing and productivity.

### 3.6 Balance sheet

Gross debt at June 2026 is projected to be \$177.2 billion, which is \$11.0 billion below the \$188.2 billion previously projected at the 2023 Pre-election Budget Update. Lower debt is helping the State save approximately \$500.0 million in interest expenses per year.

Gross debt is projected to average 19.7 per cent of gross state product (GSP) between June 2026 and June 2029, lower than the 2025-26 Budget projections and in line with the Government's aim to stabilise gross debt at around 20 per cent of GSP. This improvement is due to better than expected revenue forecasts and slower than expected spending across the State's infrastructure program as market capacity constraints impact delivery schedules.

Total interest expenses have reduced by \$941.1 million over the four years to 2028-29 when compared to the 2025-26 Budget projections, reflecting the reduction in gross debt as the State's cost of borrowings remains largely unchanged since the 2025-26 Budget.

Net cash flows from operating activities are projected to be \$5.6 billion in 2025-26, a \$1.8 billion deterioration since the 2025-26 Budget as agency expense pressures weigh on the cash operating position.

Net debt at June 2029 is projected to be \$128.3 billion, a \$5.5 billion improvement since budget due to reduced borrowing requirements across the forward estimates and better than expected returns from the State's investment funds (see Box 3.5).

Net worth continues to grow from \$370.5 billion at June 2026 to \$386.8 billion at June 2029, with the June 2029 projecting a \$10.0 billion improvement since the 2025-26 Budget. This is due to better than expected returns from the State investment funds and increases in equity investments in other public sector entities, including NSW Land and Housing Corporation, Transport Asset Manager of NSW and Sydney Opera House Trust.

Table 3.8: Gross debt reconciliation

	June 2026 \$m	June 2027 \$m	June 2028 \$m	June 2029 \$m
Gross debt – 2025-26 Budget	178,755	188,339	193,609	199,679
Variations in gross debt	(1,543)	(2,201)	(1,429)	(2,085)
<b>Gross debt – 2025-26 Half-Yearly Review</b>	<b>177,212</b>	<b>186,139</b>	<b>192,180</b>	<b>197,595</b>
<i>Per cent of GSP</i>	19.9	19.9	19.6	19.2
<b>Net debt – 2025-26 Half-Yearly Review</b>	<b>116,015</b>	<b>122,600</b>	<b>125,955</b>	<b>128,283</b>
<i>Per cent of GSP</i>	13.1	13.1	12.8	12.5

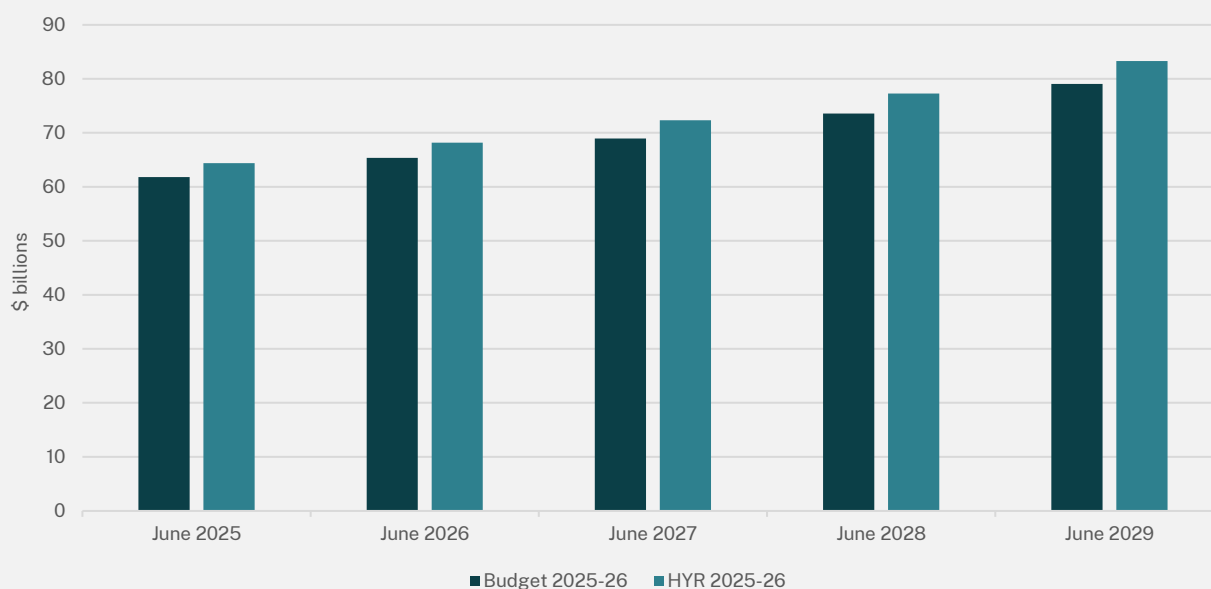
**Box 3.5: OneFund continues to deliver for the State**

As at 30 June 2025, there were approximately \$64.0 billion in State funds under management through OneFund, around \$2.0 billion higher than forecast at the 2025-26 Budget. Equity markets have continued their strong performance into 2025-26. This performance has resulted in an upward revision to investment returns forecasts for 2025-26, flowing through to more modest improvements in future years.

However, as seen in November 2025, the potential for market volatility to re-emerge and negatively impact returns remains. OneFund has been in place for a little over a year, and has returned 13.1 per cent since it was established (31 August 2024). It represents a more efficient way of managing the State's investment funds, by enabling an investment strategy that better aligns with the State's long-term investment horizon and taking advantage of the benefits of pooling the underlying funds' cashflows.

While equity market risk is the main driver of returns in OneFund, OneFund's actual investment allocation and use of various defensive tools means the fund is less susceptible to equity market volatility than if it were invested in equities alone.

Chart 3.2: OneFund balance



### 3.7 Government businesses

The NSW Government owns several commercial public sector entities managed by NSW Treasury under the Commercial Policy Framework. This framework includes a suite of Treasury Policies that apply to government businesses. It ensures these government businesses operate with commercial practices similar to the private sector, maintain accountability to government ministers and deliver both financial and non-financial outcomes for the people of New South Wales.

#### Dividends and tax equivalent payments

Dividends received by the general government sector from the public non-financial corporations (PNFC) and public financial corporations (PFC) are based on the operating performance and credit worthiness of those businesses. To ensure competitive neutrality with the private sector counterparts, some of these corporations make tax equivalent payments. With respect to the cost of the debt, these corporations pay debt neutrality charges (government guarantee fees).

In 2025-26, the dividend and tax equivalent payments are projected at \$1.0 billion, which is \$131.8 million higher than the forecast in the Budget.

The Independent Pricing and Regulatory Tribunal (IPART) released its Final Determinations in September 2025, which set the maximum prices that Sydney Water and WaterNSW can charge their customers over the next regulatory period. Following this, the risk adjusted estimates that were included in the 2025-26 Budget have been updated. Dividend profiles have also been revised to reflect the increased revenue certainty provided by the confirmed price paths for these businesses. These updates to the water State Owned Corporation's forecasts are the key driver of the movements in the total dividend and tax equivalent payments from the PNFC and PFC sectors.

Table 3.9 below shows the dividend and tax equivalent payments of the PNFC and PFC sectors from 2025-26 to 2028-29.

Table 3.9: *Dividend and tax equivalent payments from the PNFC and PFC sectors*

	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Public non-financial corporations</b>					
Essential Energy	-	-	-	-	-
Forestry Corporation of NSW	-	-	-	-	-
Hunter Water Corporation	48	67	76	86	93
Landcom <sup>(a)</sup>	9	5	42	30	31
Port Authority of NSW	39	41	35	39	41
Sydney Water Corporation	552	607	558	465	522
WaterNSW	40	42	67	75	88
<b>Public financial corporations</b>					
NSW Treasury Corporation	235	240	265	282	297
<b>Total Dividend and Tax Equivalent Payments in Revenue from Transactions section</b>	<b>874<sup>(b)</sup></b>	<b>1,002</b>	<b>1,043</b>	<b>977</b>	<b>1,071</b>
<b>Public non-financial corporations</b>					
Landcom	14	18	69	50	51
<b>Total Dividends in Other Economic Flows section<sup>(c)</sup></b>	<b>14</b>	<b>18</b>	<b>69</b>	<b>50</b>	<b>51</b>
<b>TOTAL DIVIDEND AND TAX EQUIVALENT PAYMENTS</b>	<b>888</b>	<b>1,019</b>	<b>1,112</b>	<b>1,026</b>	<b>1,122</b>

(a) Landcom's returns classified under the 'Revenue from Transactions' section in the General Government Operating Statement relate to tax equivalent payments.

(b) The 2025-26 Budget included a \$289.0 million IPART Determination risk adjustment across the budget and forward estimates to reflect the reductions in tax equivalents for Sydney Water and WaterNSW, including a \$50.0 million adjustment in 2025-26.

(c) Dividends paid by Landcom across the four years to 2028-29 are classified as income within the 'Other Economic Flows' section of the General Government Operating Statement, rather than the 'Revenue from Transactions' section.

## **Capital expenditure**

In 2025-26, the capital expenditure within the PNFC sector is projected to be \$7.7 billion, which is \$865.4 million lower than the 2025-26 Budget. Over the budget and forward estimates period the total capital expenditure in the PNFC sector is projected to be \$29.6 billion. This is lower than the 2025-26 Budget. This reduction is primarily due to the reprioritisation of capital expenditure by Sydney Water and WaterNSW to reflect IPART's Final Determinations.



# A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND FORECAST ASSUMPTIONS

## A.1 Scope of the Estimated Financial Statements for the General Government Sector

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This Statement of Significant Accounting Policies and Forecast Assumptions applies to the Half-Yearly Review of the estimated financial statements for the general government sector (GGS).

The GGS comprises government agencies controlled by the State that:

- undertake regulatory functions
- redistribute income and wealth
- provide or distribute goods and services on a non-market basis to individuals and the community and/or provide other services to general government agencies.

The scope of the GGS is determined in accordance with the principles and rules contained in the Australian Bureau of Statistics *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* (Cat. No. 5514) (ABS-GFS Manual).

The Estimated Financial Statements of the GGS (GGS Estimated Financial Statements) presented in Appendix B Uniform Financial Reporting include the:

- GGS operating statement (Table B.1)
- GGS balance sheet (Table B.2)
- GGS cash flow statement (Table B.3).

The 2025-26 Budget information included in the GGS Estimated Financial Statements reflects the original budget tabled in Parliament on 24 June 2025. The revised budget estimates relate to the current year ending 30 June 2026, and estimates for the three forward years ending 30 June 2027, 2028 and 2029.

### **Basis of preparation**

The GGS Estimated Financial Statements are prepared and presented consistently with the principles adopted in the 2025-26 Budget and based on the assumptions outlined below.

The GGS Estimated Financial Statements are prepared using the accrual basis of accounting. This basis recognises the effect of transactions and events when they are forecast to occur.

The GGS Estimated Financial Statements have been prepared to reflect existing operations, the impact of new policy decisions taken by the NSW Government, where their financial effect can be reliably estimated, as well as known Australian Government funding revisions and known circumstances that may have a material effect on the Half-Yearly Review.

The revised GGS estimates for the 2025-26 financial year are based on updated year-end projections provided by agencies. The estimates and associated assumptions made in calculating revenues, expenses, other economic flows, assets or liabilities outlined in the 2025-26 Half-Yearly Review are based on the best information available at the time and informed by professional judgement. The Half-Yearly Review includes Government policy decisions taken up to 5 December 2025.

In keeping with these principles, where the impact of a policy decision or a planned event cannot be reliably measured, the impact is not reflected within the GGS Estimated Financial Statements (for example, due to uncertainties regarding the timing and amount of future cash flows).

Additionally, they do not include the impact of major asset transactions until they are finalised. The estimated financial impact of these future planned discontinuing operations or restructuring transactions are not recognised due to their commercial in confidence nature.

In the GGS Estimated Financial Statements, any estimates or assumptions made in measuring revenue, expenses, other economic flows, assets or liabilities are based on:

- the latest information available at the time
- professional judgements derived from experience
- other factors considered to be reasonable under the circumstances.

Actual results may differ from such estimates. Key assumptions are detailed below, under the headings: Material economic and other assumptions and Summary of other key assumptions.

## **Accounting policies**

Australian Accounting Standards (AAS) do not include requirements for, or provide guidance on, the preparation and presentation of prospective financial statements, such as that included in the GGS Estimated Financial Statements. However, recognition and measurement principles within AAS have been applied in the presentation of the GGS Estimated Financial Statements to the maximum extent possible.

The GGS Estimated Financial Statements follow the presentation and principles in the 2025-26 Budget. The revised estimates have been prepared in accordance with the accounting policies expected to be used in the preparation of the Total State Sector Accounts for 2025-26.

Except for the matters set out below under: Changes in accounting policies, the accounting policies applied in preparing the GGS Estimated Financial Statements are not materially different from those applied in the audited *2024-25 Total State Sector Accounts*, released on 28 November 2025.

Note 1 Statement of Significant Accounting Policies of the *2024-25 Total State Sector Accounts* includes information on the principles of consolidation, significant accounting judgements and estimates, and the recognition and measurement policies for revenue, expenses, other comprehensive income, assets and liabilities.

## **Changes in accounting policies**

Changes in AAS are considered when preparing the GGS Estimated Financial Statements.

The accounting policies applied in the 2025-26 Budget are consistent with those of the previous 2024-25 Budget and the *2024-25 Total State Sector Accounts*.

There are no significant changes to AAS or accounting policies adopted in 2025-26 that materially impact the GGS Estimated Financial Statements.

## New accounting standards issued but not effective

In December 2022, the Australian Accounting Standards Board (AASB) issued AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* (AASB 2022-9). AASB 2022-9 has the effect of applying the general AASB accounting standard on insurance contracts (AASB 17 *Insurance Contracts*) to public sector entities. As a result, AASB 17 is effective for public sector entities from 1 July 2026, with earlier application permitted. NSW Treasury are currently assessing the impact of this standard on the GGS Estimated Financial Statements. At this stage nothing has come to our attention to indicate that the impact will be material.

There are no other standards or interpretations that are issued and not yet effective, or that have been adopted early, that are expected to have a material impact on the GGS Estimated Financial Statements.

## Definitions

Key technical terms and key fiscal aggregates used in this report are defined in Note 37 of the *2024-25 Total State Sector Accounts* and in the Glossary to the *2025-26 Budget How to Read the Budget Papers*.

## Presentation of the GGS Estimated Financial Statements

The GGS Estimated Financial Statements follow the presentation requirements for GGS reporting contained in AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

AASB 1049 harmonises Generally Accepted Accounting Principles (GAAP) with Government Financial Statistics (GFS) principles in accordance with the GFS framework adopted by the Australian Bureau of Statistics (ABS).

The net operating balance (that is, the budget result) presented in accordance with AASB 1049 is the net result of harmonised GFS-GAAP transactions for the GGS.

AASB 1049 requirements include the following:

- The statement of comprehensive income (referred to as the operating statement) classifies income and expenses as either transactions or other economic flows to be consistent with GFS principles, applied from a GAAP perspective
- In the operating statement:
  - the net operating balance is the net result of revenue and expenses from transactions. Transactions are the result of mutually agreed interactions between parties. It excludes other economic flows, which represent changes in the volume or value of assets or liabilities that do not arise from transactions with other entities (and which are often outside the control of government)
  - the operating result includes the net operating balance and certain other economic flows. It is the same under both the harmonised GFS-GAAP and pure GAAP presentations.

The GGS Estimated Financial Statements adopt the recognition, measurement and disclosure requirements of GAAP consistent with the following principles in AASB 1049:

- where options exist in GAAP, the GGS Estimated Financial Statements adopt the option that is aligned with GFS, to minimise differences between GAAP and GFS and/or
- where only one approach is allowed in GAAP and there is conflict between GAAP and GFS, GAAP prevails.

Due to the prospective nature of the GGS Estimated Financial Statements, detailed notes to the GGS Estimated Financial Statements are not required to be included. This is consistent with section 4.2 (4) of the *Government Sector Finance Act 2018* that does not require the budget papers to be presented to include notes within the meaning of Australian Accounting Standards.

Each year ends on 30 June. All monetary amounts are presented in Australian dollars and rounded to the nearest million dollars (\$m).

Use of a zero ("0") represents amounts rounded to zero. Use of three dots ("...") represents nil amounts.

Tables may not add in all instances due to rounding.

## Presentation changes

There have been no significant presentation changes since the release of the 2025-26 Budget Papers. The presentation of information in the financial estimates remains consistent with GAAP and GFS presentation requirements.

## Material economic and other assumptions

The GGS Estimated Financial Statements included in the Half-Yearly Review have been prepared using the material economic and other assumptions as set out below.

Table A.1: Key economic performance assumptions<sup>(a)</sup>

	2024-25 Outcomes	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast
New South Wales population (persons) <sup>(b)</sup>	8,600,000	8,697,000	8,786,000	8,874,000	8,962,000
Nominal gross state product (\$million) <sup>(c)</sup>	855,400	888,700	936,100	980,700	1,028,800
Real gross state product (per cent)	0.9	1½	2½	2¼	2
Real state final demand (per cent)	1.2	2	2½	2½	2½
Employment (per cent)	1.6	¾	1¼	1¾	1½
Unemployment rate (per cent) <sup>(d)</sup>	4.1	4½	4¼	4	4
Sydney consumer price index (per cent)	2.4	¾	¾	2½	2½
Sydney consumer price index excluding tobacco excise effect (per cent)	2.3	¾	2½	2½	2½
Wage price index (per cent) <sup>(e)</sup>	3.2	¾	3	3	3
Nominal gross state product (per cent)	4.1	¾	5¼	4¾	5

(a) Forecasts are rounded to the nearest quarter point and are annual average per cent change, unless otherwise indicated. Forecasts completed prior to publication of the 2024-25 Annual State Accounts by the Australian Bureau of Statistics (ABS).

(b) Rounded to the nearest thousand and are as at 30 June each year.

(c) Rounded to the nearest hundred million dollars.

(d) As at June quarter.

(e) Weighted public and private sector wages.

Source: ABS and NSW Treasury

## **Summary of other key assumptions**

The following section outlines the other key assumptions used in the preparation of the GGS Estimated Financial Statements. The summary takes into account materiality in relation to the GGS's overall financial position and sensitivity to changes in key economic assumptions.

Notwithstanding these key assumptions, agency finance officers apply appropriate professional judgement in determining estimated financial information.

### **Revenue from transactions**

#### ***Taxation revenue***

Taxation revenue is forecast by assessing economic and other factors that influence the various taxation bases. Payroll tax, for example, involves an assessment of the outlook for employment and wages, and builds upon NSW Treasury's own forecasts of the relevant macroeconomic indicators. Forecasts of government debt guarantee fees take into account an assessment of the level of debt of public non-financial corporations (PNFCs) and their credit rating differential compared with the State as a whole. The forecasts of taxation revenue also involve the analysis of historical information and relationships (using econometric and other statistical methods), and consultation with relevant government agencies.

#### ***Grant revenue***

Forecast grants from the Australian Government are based on the latest available information from the Australian Government and projections of timing of payments at the time of preparation of the Half-Yearly Review. This takes into account the conditions, payment timetable, escalation factors relevant to each type of grant and, where relevant, estimated progress against grant obligations.

Goods and Services Tax (GST) grants are forecast based on estimates of the national GST pool by NSW Treasury. For 2025-26, the GST forecast is based on the assessed relativity for New South Wales in 2025-26 and the Australian Government's population projections. The assessed relativity is based on the three-year average of actual data (2021-22, 2022-23 and 2023-24) as published by the Commonwealth Grants Commission.

Beyond 2025-26, the State's share of GST is based on NSW Treasury's forecast relativities, national GST pool estimates, and the Australian Government's state population projections. NSW Treasury's forecast per capita annual relativities are based on its forecasts of the projected fiscal capacity of New South Wales compared with other states and territories.

#### ***Sale of goods and services***

Revenue from the sale of goods and services is forecast taking into account factors including:

- estimates of changes in demand for services provided
- expected unit price variations based on proposed fee increases imposed by general government agencies and/or indexation.

#### ***Dividend and income tax equivalents from other sectors***

Dividend and income tax equivalent revenue from other sectors are estimated by PNFC and public financial corporations (PFC) sectors. These forecasts are based on expected profitability and the agreed dividend policy at the time of the Half-Yearly Review.

### **Other dividends and distributions**

Other dividends include estimates of dividends to be received from investments in entities other than the PNFC and PFC sectors, with the revenue recognised when the right to receive payment is expected to be established. Estimates are based on advice from external parties.

Distributions are mainly from managed fund investments administered by New South Wales Treasury Corporation (TCorp), with the revenue recognised when the right to receive payment is expected to be established based on advice from TCorp. It excludes estimated fair value movements in the unit price of the investments, which are recognised as 'other economic flows – included in the operating result'.

### **Fines, regulatory fees and other revenues**

Fines, regulatory fees and other revenues include estimates of fines issued by the courts, estimated traffic infringement fines, estimated revenue from enforcement orders, and regulatory fees and contributions. It also includes estimated royalty revenue based on assessments of coal volumes and prices, and the AUS/US dollar exchange rate. Other revenue forecasts are adjusted for indexation where appropriate.

### **Expenses from transactions**

To improve the accuracy of Half-Yearly Review estimates, consistent with longstanding practice and reflecting historic trends, the GGS Estimated Financial Statements include adjustments that:

- account for parameter and technical adjustments expected to be required to maintain service provision on a 'no policy change' basis consistent with the policy set out in TPG21-11 NSW Treasury Policy and Guidelines: *Parameter and Technical Adjustments and New Policy Proposals (Measures)*, reflecting the historic conservative bias in aggregate spending estimates
- account for expenses expected to be carried forward into future years reflecting changes in timing of delivery of government activity, consistent with the policy set out in TPG22-05 NSW Treasury Policy and Guidelines: *Carry Forwards Policy*
- reflect Government decisions not yet included in agency estimates, for example due to timing, or because they are commercial in confidence or subject to further requirements.

### **Employee expenses**

Employee expenses are forecast based on expected staffing profiles, salaries, conditions, workers compensation insurance and on-costs. Where an industrial instrument is due for renewal, such as an expired award, the budget includes the financial impact of the Government's approved bargaining parameters.

Factors that can impact the employee expense estimates are:

- new initiatives
- productivity enhancing reforms
- workers compensation valuations
- final approved wage agreements
- determinations by the Industrial Relations Commission, Industrial Relations Court or Fair Work Commission
- future wage policies
- other policy or parameter changes.

**Superannuation expense (and liabilities)**

Superannuation expense comprises:

- defined contribution plans, the forecast accrued contributions for the period
- defined benefit plans, the forecast service cost and the net interest expense. This excludes the re-measurements (i.e., actuarial gains and losses and return on plan assets in excess of the long-term Australian Government Securities (AGS) rate) which are classified as 'other economic flows – other comprehensive income'.

Superannuation expenses for defined contribution plans are based on assumptions regarding future salaries and contribution rates.

Superannuation expenses for defined benefit plans are estimated based on actuarial advice, applying the long-term AGS yield as at 30 June in the prior year to the opening value of net liabilities (gross superannuation liabilities less assets), less benefit payments at the mid-point of the contribution year, plus any accruing liability for the year.

Forecasts of defined benefit superannuation liabilities are based on actuarial estimates of cash flows for the various defined benefit superannuation schemes, discounted using a nominal long-term AGS yield as at 30 June. Gross liability estimates are based on a number of demographic and financial assumptions.

The table below sets out the major financial assumptions used to estimate the superannuation expense and liability in respect of defined benefit superannuation for the Half-Yearly Review and forward estimates period.

*Table A.2: Superannuation assumptions – pooled fund / state superannuation schemes*

	2025-26 Forecast %	2026-27 Forecast %	2027-28 Forecast %	2028-29 Forecast %
Liability discount rate <sup>(a)</sup>	4.0	3.8	3.8	3.8
Expected return on investments <sup>(b)</sup>	8.5/7.9	7.0/6.2	7.0/6.2	7.0/6.2
Expected salary increases <sup>(c)</sup>	3.7	3.8	3.6	3.5
Expected rate of CPI	2.8	2.5	2.5	2.5

(a) The liability discount rate is at 30 June for each financial year.

(b) The expected long-term return on investments is 7.0 per cent on assets backing pension liabilities and 6.2 per cent on assets backing non-pension liabilities. The expected long-term investment return is 5.4 per cent (after fees and charges) for Cbus (which has replaced EISS as the trustee of the fund related to former employees of the electricity industry) and 6.5 per cent for the Parliamentary Contributory Superannuation Fund.

(c) Note that this input includes promotions and other factors, in addition to the expected increase in base salary.

**Depreciation and amortisation**

Property, plant and equipment are depreciated (net of residual value) over their respective useful lives. Right-of-use assets are generally depreciated over their respective lease term. Depreciation is generally allocated on a straight-line basis.

Depreciation is forecast on:

- the basis of known asset valuations, plus the impact of expected future revaluations, when it can be reliably estimated
- the expected economic life of assets
- assumed new asset investment
- asset sale programs.

The depreciation expense assumes that there will be no change in depreciation rates over the forecast period. The depreciation expense may also be impacted by future changes in useful lives, residual value, or revaluations.

Certain heritage assets, including original artworks, collections and heritage buildings, may not have limited useful lives because appropriate custodial and preservation policies are adopted. Such assets are not subject to depreciation. Land is not a depreciable asset.

Intangible assets with finite lives are amortised using the straight-line method. Intangible assets with indefinite lives are not amortised but tested for impairment annually.

### ***Interest expense***

The forecasts for the interest expense are based on:

- payments required on outstanding borrowings (e.g. debt facilities with NSW TCorp and lease liabilities), other long-term financial liabilities and provisions
- expected payments on any new borrowings (including any refinancing of existing borrowings) required to finance general government activities based on forward contracts for TCorp bonds
- the unwinding of discounts on non-employee provisions.

### ***Other operating expenses***

Other operating expenses mainly represent the day-to-day running costs incurred in the normal operations of agencies and include the cost of supplies and services.

### ***Grants, subsidies and other transfers expenses***

Grants, subsidies and other transfers expenses generally comprise cash contributions to local government authorities, non-government organisations, and the PNFC and PFC sectors.

The forecast grant payments are determined by taking into account current and past policy decisions, the forecast payment schedules and escalation factors relevant to each type of grant.

### ***Other economic flows***

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions (and which are often outside the control of government).

### ***Revaluations***

The budget and forward estimates include the impact of any revaluations of property, plant and equipment since the 2025-26 Budget, but do not generally include the estimated impact of future revaluations of property, plant and equipment.

### ***Superannuation actuarial gains / losses***

The forecast actuarial gains or losses on defined benefit superannuation are based on the revised estimates of the margin of forecast fund earnings in excess of the expected discount rate.

### ***Net gain / (loss) on equity investments in other sectors***

The net gain/(loss) on equity investments in other sectors is based on estimates of the PNFC and PFC sectors' forward comprehensive results adjusted for transactions with owners. The underlying management estimates of future comprehensive results are based on current Statements of Intent. Future distributions to equity holders are based on Treasury's Commercial Policy Framework and are approved by the Responsible Minister of the government business.

## **Net acquisition of non-financial assets**

This represents purchases (or acquisitions) less sales (or disposals) of non-financial assets less depreciation, plus changes in inventory and other movements in non-financial assets.

Purchases and sales of non-financial assets generally include accrued expenses and payables for capital items. Other movements in non-financial assets include non-cash capital grant revenue/expense such as assets contributed by developers.

## **Assets**

### ***Property, plant and equipment***

The estimates of property, plant and equipment over the forecast period are at fair value and take into account planned acquisitions, disposals and the impact of depreciation. New investments in assets are valued at the forecast purchase price and, where appropriate, recognised progressively over the estimated construction period.

Right-of-use assets are based on the State's best estimate of the timing of renewals of lease arrangements and the impact of depreciation. Service concession assets are measured at estimated current replacement cost.

To improve the accuracy of budget estimates, consistent with longstanding practice and reflecting historic trends, the Budget and Half-Yearly Review includes adjustments to:

- account for capital expenses expected to be carried forward into future years reflecting changes in timing of delivery of government activity, consistent with the policy set out in TPG22-05 NSW Treasury Policy and Guidelines: *Carry Forwards Policy*
- reflect government decisions on capital expenditure that are not yet included in agency estimates, for example due to timing, or because they are commercial in confidence or subject to further requirements.

## **Liabilities**

### ***Borrowings***

Estimates for borrowings are based on current debt levels (including lease liabilities), amortisation of any premiums or discounts, and the cash flows expected to be required to fund future government activities.

### ***Employee provisions***

Employee provisions are forecast based on estimated future cash outflows to settle employees' entitlements, such as unused long service leave, and annual leave and paid parental leave.

### ***Superannuation provisions***

Refer to section Superannuation expense (and liabilities) (above) for information on assumptions that also impact the measurement of the superannuation provisions.

### ***Other provisions***

Other provisions include the State's obligations for several insurance schemes. To estimate future claims liabilities, actuarial assumptions have been applied for future claims to be incurred, claim payments, inflation and liability discount rates. Actual liabilities may differ from estimates.



## B. UNIFORM FINANCIAL REPORTING

### B.1 Uniform Presentation Framework tables

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The NSW Government's 2025-26 Half-Yearly Review presents revised fiscal estimates for the current Budget year and the three following years for the NSW general government sector (GGS), public non-financial corporation (PNFC) sector and non-financial public sector (NFPS). These revised estimates consider updated fiscal and economic developments and new decisions since the Budget.

The Uniform Presentation Framework (UPF) tables have been prepared consistent with the 2025-26 Budget, in accordance with Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. This standard adopts a harmonised GFS-AAS reporting basis. The main differences in reporting on an AASB 1049 basis compared with a GFS basis are outlined on pages A1-1 to A1-5 of 2025-26 Budget Paper No.1 *Budget Statement*.

The objective of the UPF is to facilitate a better understanding of an individual government's financial results and projections through the provision of a common 'core' of financial information. As part of the Framework, each jurisdiction publishes a mid-year report, that is a half-yearly review of the budget, by the end of February each year.

The UPF financial aggregates:

- allow consistent comparisons between the financial position of Australian governments
- facilitate time series comparisons since they are relatively unaffected by changes in public sector administrative structures
- permit an assessment of how public sector transactions affect the economy by providing data classified by economic type.

Table B.1: General government sector operating statement

	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Revenue from Transactions</b>					
Taxation	51,318	51,968	55,014	57,294	59,673
Grants	50,686	50,630	50,722	53,117	53,187
Sale of Goods and Services	11,086	11,148	11,549	11,687	12,207
Interest	573	602	603	592	593
Dividend and Income Tax Equivalents from Other Sectors	874	1,002	1,043	977	1,071
Other Dividends and Distributions	2,796	3,844	3,321	3,508	3,801
Fines, Regulatory Fees and Other	6,822	6,674	7,264	7,010	7,087
<b>Total Revenue from Transactions</b>	<b>124,154</b>	<b>125,868</b>	<b>129,514</b>	<b>134,185</b>	<b>137,619</b>
<b>Expenses from Transactions</b>					
Employee	50,307	51,312	52,806	53,690	56,611
Superannuation					
Superannuation Interest Cost	1,601	1,549	1,449	1,375	1,316
Other Superannuation	5,105	5,352	5,435	5,468	5,714
Depreciation and Amortisation	10,112	10,130	10,514	11,069	11,712
Interest	7,746	7,726	8,129	8,688	9,194
Other Operating Expense	27,776	28,280	26,882	28,170	27,798
Grants, Subsidies and Other Transfers	24,934	24,665	25,426	24,378	24,120
<b>Total Expenses from Transactions</b>	<b>127,581</b>	<b>129,015</b>	<b>130,640</b>	<b>132,837</b>	<b>136,465</b>
<b>Budget Result - Surplus/(Deficit) [Net Operating Balance]</b>	<b>(3,427)</b>	<b>(3,147)</b>	<b>(1,126)</b>	<b>1,348</b>	<b>1,155</b>

Table B.1: General government sector operating statement (cont)

	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Other Economic Flows - Included in the Operating Result</b>					
Gain/(Loss) from Liabilities	(360)	(156)	(195)	(1)	(0)
Other Net Gains/(Losses)	1,174	386	1,361	1,327	1,568
Share of Earnings/(Losses) from Associates and Joint Ventures	(8)	(8)	(190)	(129)	(252)
Dividends from Asset Sale Proceeds	14	18	69	50	51
Deferred Income Tax from Other Sectors	84	63	78	100	137
Other	(40)	(85)	(40)	(40)	(41)
<b>Other Economic Flows - included in Operating Result</b>	<b>865</b>	<b>217</b>	<b>1,083</b>	<b>1,307</b>	<b>1,463</b>
<b>Operating Result</b>	<b>(2,562)</b>	<b>(2,930)</b>	<b>(44)</b>	<b>2,655</b>	<b>2,617</b>
<b>Other Economic Flows - Other Comprehensive Income</b>					
<b>Items that will not be Reclassified to Operating Result</b>	<b>(2,612)</b>	<b>1,915</b>	<b>91</b>	<b>5,073</b>	<b>5,889</b>
Revaluations	1,977	2,068	1,882	1,980	1,905
Remeasurements of Post-Employment Benefits	(1,912)	700	(388)	915	890
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	(2,790)	(888)	(1,489)	2,092	3,009
Deferred Tax Direct to Equity	63	66	61	59	59
Other	49	(30)	25	26	26
<b>Items that may be Reclassified Subsequently to Operating Result</b>	<b>...</b>	<b>(0)</b>	<b>...</b>	<b>...</b>	<b>...</b>
Net Gain/(Loss) on Financial Instruments at Fair Value	...	(0)	...	...	...
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>(2,612)</b>	<b>1,915</b>	<b>91</b>	<b>5,073</b>	<b>5,889</b>
<b>Comprehensive Result - Total Change in Net Worth</b>	<b>(5,174)</b>	<b>(1,015)</b>	<b>48</b>	<b>7,728</b>	<b>8,507</b>
<b>Key Fiscal Aggregates</b>					
<b>Comprehensive Result - Total Change in Net Worth</b>	<b>(5,174)</b>	<b>(1,015)</b>	<b>48</b>	<b>7,728</b>	<b>8,507</b>
Less: Net Other Economic Flows	1,747	(2,132)	(1,174)	(6,380)	(7,352)
<b>Equals: Budget Result - Net Operating Balance</b>	<b>(3,427)</b>	<b>(3,147)</b>	<b>(1,126)</b>	<b>1,348</b>	<b>1,155</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>					
Purchases of Non-Financial Assets <sup>(a)</sup>	21,531	19,652	19,672	19,711	19,663
Less: Sales of Non-Financial Assets	(1,119)	(962)	(857)	(1,343)	(2,175)
Less: Depreciation	(10,112)	(10,130)	(10,514)	(11,069)	(11,712)
Plus: Change in Inventories	(739)	(707)	162	94	(422)
Plus: Other Movements in Non-Financial Assets					
Assets Acquired Using Leases <sup>(a)</sup>	703	763	791	856	779
Assets Acquired Using Service Concession Arrangement Under Finance Liability Model <sup>(a)</sup>	109	135	117	20	...
Grant of Right to the Operator Model	2,060	1,940	1,290	684	132
Other	(295)	(406)	(1,448)	(699)	(751)
<b>Equals: Total Net Acquisition of Non-Financial Assets</b>	<b>12,139</b>	<b>10,283</b>	<b>9,212</b>	<b>8,255</b>	<b>5,515</b>
<b>Equals: Net Lending/(Borrowing) [Fiscal Balance]</b>	<b>(15,566)</b>	<b>(13,431)</b>	<b>(10,338)</b>	<b>(6,907)</b>	<b>(4,360)</b>
<b>Other Fiscal Aggregates</b>					
Capital Expenditure <sup>(a)</sup>	22,343	20,549	20,579	20,587	20,443

(a) Capital expenditure comprises purchases of non-financial assets plus assets acquired using leases and assets acquired using Service Concession Arrangements under the Financial Liability Model.

Table B.2: General government sector balance sheet

	June 2026 Budget \$m	June 2026 Revised \$m	June 2027 \$m	June 2028 Forward Estimates \$m	June 2029 \$m
<b>Assets</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	825	992	1,051	921	748
Receivables	15,055	14,909	14,583	14,104	13,988
Investments, Loans and Placements at Fair Value	54,648	56,959	58,424	60,703	63,979
Investments, Loans and Placements at Amortised Cost	1,683	2,078	2,587	2,693	2,734
Advances Paid	1,324	1,168	1,476	1,908	1,850
Current Tax Receivable	10	46	74	81	84
Deferred Tax Assets	4,290	4,615	4,752	4,912	5,109
Equity Investments					
Investments in Other Public Sector Entities	148,157	156,617	155,434	157,531	160,579
Investments in Associates and Joint Ventures	10,290	9,784	9,593	9,554	9,329
Other Equity Investments	15	20	35	35	35
<b>Total Financial Assets</b>	<b>236,297</b>	<b>247,187</b>	<b>248,010</b>	<b>252,442</b>	<b>258,436</b>
<b>Non-Financial Assets</b>					
Contract Assets	63	46	47	47	48
Inventories	848	785	919	1,026	605
Forestry Stock and Other Biological Assets	17	21	21	21	21
Assets Classified as Held for Sale	863	730	213	274	424
Property, Plant and Equipment					
Land and Buildings	150,776	152,135	156,173	160,120	162,762
Plant and Equipment	15,377	16,020	15,848	15,351	14,498
Infrastructure Systems	247,081	243,219	249,994	256,541	263,100
Right-of-Use Assets	6,375	6,536	6,644	6,658	6,671
Intangibles	5,936	5,693	5,738	5,451	4,978
Other Non-Financial Assets	1,563	1,411	1,344	1,341	1,332
<b>Total Non-Financial Assets</b>	<b>428,898</b>	<b>426,596</b>	<b>436,941</b>	<b>446,832</b>	<b>454,440</b>
<b>Total Assets</b>	<b>665,195</b>	<b>673,782</b>	<b>684,950</b>	<b>699,274</b>	<b>712,876</b>
<b>Liabilities</b>					
Deposits Held	344	352	2,733	2,792	2,841
Payables	9,474	10,103	10,166	9,999	10,199
Contract Liabilities	747	930	924	917	909
Borrowings and Derivatives at Fair Value	8	12	12	12	12
Borrowings at Amortised Cost	178,180	176,469	183,048	189,074	194,478
Advances Received	223	378	345	301	263
Employee Benefit Liabilities	34,113	34,725	36,520	37,869	39,162
Superannuation Provision <sup>(a)</sup>	39,598	36,902	36,902	35,416	33,790
Current Tax Payable	42	52	41	55	41
Deferred Tax Liabilities	27	15	15	16	16
Other Provisions	18,183	18,381	18,380	18,755	19,494
Other Liabilities	26,773	24,925	25,279	25,755	24,851
<b>Total Liabilities</b>	<b>307,712</b>	<b>303,244</b>	<b>314,365</b>	<b>320,961</b>	<b>326,056</b>
<b>Net Assets</b>	<b>357,482</b>	<b>370,538</b>	<b>370,585</b>	<b>378,313</b>	<b>386,819</b>
<b>Net Worth</b>					
Accumulated Funds	61,746	65,921	67,211	72,256	77,226
Reserves	295,736	304,617	303,374	306,057	309,593
<b>Total Net Worth</b>	<b>357,482</b>	<b>370,538</b>	<b>370,585</b>	<b>378,313</b>	<b>386,819</b>
<b>Other Fiscal Aggregates</b>					
<b>Net Debt<sup>(b)</sup></b>	<b>120,275</b>	<b>116,015</b>	<b>122,600</b>	<b>125,955</b>	<b>128,283</b>
<b>Net Financial Liabilities<sup>(c)</sup></b>	<b>219,572</b>	<b>212,675</b>	<b>221,789</b>	<b>226,050</b>	<b>228,200</b>
<b>Net Financial Worth<sup>(d)</sup></b>	<b>(71,416)</b>	<b>(56,058)</b>	<b>(66,355)</b>	<b>(68,519)</b>	<b>(67,621)</b>

(a) The superannuation provision is reported net of prepaid superannuation contribution assets.

(b) Net debt comprises the sum of deposits held, borrowings and advances received, minus the sum of cash and cash equivalents, investments, loans and placements and advances paid.

(c) Net financial liabilities equal total liabilities less financial assets excluding equity investments in other public sector entities.

(d) Net financial worth equals total financial assets minus total financial liabilities.

Table B.3: General government sector cash flow statement

	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Cash Receipts from Operating Activities</b>					
Taxation	51,339	51,856	55,026	57,299	59,666
Sales of Goods and Services	11,589	11,021	11,982	12,216	12,727
Grants	51,432	51,535	50,559	53,462	52,859
Interest	480	528	473	439	424
Dividends and Income Tax Equivalents from Other Sectors	725	718	1,103	1,124	1,044
Other	9,719	11,225	10,161	9,990	9,565
<b>Total Cash Receipts from Operating Activities</b>	<b>125,284</b>	<b>126,882</b>	<b>129,303</b>	<b>134,530</b>	<b>136,285</b>
<b>Cash Payments from Operating Activities</b>					
Employee Related	(48,728)	(49,336)	(51,590)	(52,807)	(55,890)
Superannuation	(6,851)	(7,100)	(7,272)	(7,413)	(7,766)
Payments for Goods and Services	(27,190)	(28,205)	(26,430)	(27,390)	(26,572)
Grants and Subsidies	(24,129)	(23,778)	(23,453)	(23,255)	(22,929)
Interest	(5,389)	(5,579)	(5,857)	(6,740)	(6,891)
Other	(5,614)	(7,305)	(5,264)	(4,867)	(4,570)
<b>Total Cash Payments from Operating Activities</b>	<b>(117,900)</b>	<b>(121,302)</b>	<b>(119,865)</b>	<b>(122,471)</b>	<b>(124,618)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>7,384</b>	<b>5,580</b>	<b>9,437</b>	<b>12,059</b>	<b>11,667</b>
<b>Cash Flows from Investments in Non-Financial Assets</b>					
Proceeds from Sale of Non-Financial Assets	1,336	1,251	856	1,396	2,321
Purchases	(21,609)	(19,885)	(19,525)	(19,729)	(19,612)
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(20,273)</b>	<b>(18,634)</b>	<b>(18,669)</b>	<b>(18,333)</b>	<b>(17,291)</b>
<b>Cash Flows from Investments in Financial Assets for Policy Purposes</b>					
Receipts	849	925	417	324	538
Payments	(634)	(608)	(729)	(524)	(186)
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>	<b>215</b>	<b>317</b>	<b>(312)</b>	<b>(200)</b>	<b>352</b>
<b>Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>					
Proceeds from Sale of Investments	3,750	5,705	6,742	6,128	5,670
Purchase of Investments	(2,030)	(2,992)	(3,900)	(3,921)	(4,170)
<b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>	<b>1,719</b>	<b>2,713</b>	<b>2,841</b>	<b>2,207</b>	<b>1,500</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(18,339)</b>	<b>(15,604)</b>	<b>(16,140)</b>	<b>(16,326)</b>	<b>(15,439)</b>
<b>Cash Flows from Financing Activities</b>					
Advances (Net)	(348)	(66)	(70)	(69)	(45)
Proceeds from Borrowings	13,704	14,440	6,082	5,341	4,848
Repayments of Borrowings	(2,472)	(5,012)	(1,633)	(1,196)	(1,252)
Deposits (Net)	...	1	...	60	49
Other (Net)	(0)	0	(0)	(0)	(0)
<b>Net Cash Flows from Financing Activities</b>	<b>10,884</b>	<b>9,362</b>	<b>4,378</b>	<b>4,136</b>	<b>3,601</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(71)</b>	<b>(661)</b>	<b>(2,325)</b>	<b>(131)</b>	<b>(171)</b>
<b>Cash Acquired on Assumption of Directly Related Liabilities</b>	<b>0</b>	<b>0</b>	<b>2,384</b>	<b>0</b>	<b>0</b>
<b>Derivation of Cash Result</b>					
Net Cash Flows from Operating Activities	7,384	5,580	9,437	12,059	11,667
Net Cash Flows from Investments in Non-Financial Assets	(20,273)	(18,634)	(18,669)	(18,333)	(17,291)
<b>Cash Surplus/(Deficit)</b>	<b>(12,889)</b>	<b>(13,054)</b>	<b>(9,232)</b>	<b>(6,274)</b>	<b>(5,624)</b>

Table B.4: Public non-financial corporation sector operating statement

	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 Forward Estimates \$m	2027-28 Forward Estimates \$m	2028-29 Forward Estimates \$m
<b>Revenue from Transactions</b>					
Grants	5,699	5,795	5,549	5,552	5,701
Sale of Goods and Services	9,974	9,717	10,375	10,931	11,427
Interest	111	122	91	78	77
Other Dividends and Distributions	39	33	44	45	46
Fines, Regulatory Fees and Other	899	859	1,271	1,313	1,530
<b>Total Revenue from Transactions</b>	<b>16,722</b>	<b>16,526</b>	<b>17,330</b>	<b>17,919</b>	<b>18,781</b>
<b>Expenses from Transactions</b>					
Employee	3,173	3,163	3,163	3,319	3,390
Personnel Services Expense	339	336	346	358	371
Superannuation					
Superannuation Interest Cost	44	41	34	31	28
Other Superannuation	352	414	403	411	421
Depreciation and Amortisation	4,348	4,298	4,452	4,554	4,642
Interest	1,806	1,791	1,963	2,091	2,223
Income Tax Expense	98	151	335	381	459
Other Operating Expense	6,977	6,900	7,092	7,138	7,121
Grants, Subsidies and Other Transfers	66	73	73	74	72
<b>Total Expenses from Transactions</b>	<b>17,203</b>	<b>17,166</b>	<b>17,861</b>	<b>18,359</b>	<b>18,726</b>
<b>Net Operating Balance - Surplus/(Deficit) After Tax</b>	<b>(482)</b>	<b>(640)</b>	<b>(530)</b>	<b>(440)</b>	<b>55</b>

Table B.4: Public non-financial corporation sector operating statement (cont)

	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Other Economic Flows - Included in the Operating Result</b>					
Gain/(Loss) from Liabilities	0	(4)	...	...	...
Other Net Gains/(Losses)	(39)	(186)	(78)	(45)	(41)
Deferred Income Tax from Other Sectors	(84)	(63)	(78)	(100)	(137)
Other	(5)	(5)	(4)	(4)	(4)
<b>Other Economic Flows - included in Operating Result</b>	<b>(127)</b>	<b>(258)</b>	<b>(160)</b>	<b>(149)</b>	<b>(182)</b>
<b>Operating Result</b>	<b>(609)</b>	<b>(898)</b>	<b>(691)</b>	<b>(589)</b>	<b>(127)</b>
<b>Other Economic Flows - Other Comprehensive Income</b>					
<b>Items that will not be Reclassified to Operating Result</b>					
Revaluations	1,971	2,635	2,321	2,390	2,782
Remeasurements of Post-Employment Benefits	2,160	2,488	2,379	2,388	2,791
Deferred Tax Direct to Equity	(126)	196	2	61	51
Other	(63)	(66)	(61)	(59)	(59)
Other	(0)	16	0	0	...
<b>Items that may be Reclassified Subsequently to Operating Result</b>					
Net Gain/(Loss) on Financial Instruments at Fair Value	...	(0)	...	...	...
Net Gain/(Loss) on Financial Instruments at Fair Value	...	(0)	...	...	...
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>1,971</b>	<b>2,635</b>	<b>2,321</b>	<b>2,390</b>	<b>2,782</b>
<b>Comprehensive Result - Before Transactions with Owners in their capacity as Owners</b>					
<b>Comprehensive Result - Before Transactions with Owners in their capacity as Owners</b>	<b>1,362</b>	<b>1,737</b>	<b>1,631</b>	<b>1,800</b>	<b>2,655</b>
Dividends Distributed	(554)	(629)	(512)	(364)	(366)
Net Equity Injections	1,087	1,066	306	5	39
<b>Total Change in Net Worth</b>	<b>1,895</b>	<b>2,175</b>	<b>1,424</b>	<b>1,441</b>	<b>2,328</b>
<b>Key Fiscal Aggregates</b>					
<b>Comprehensive Result - Before Transactions with Owners in their capacity as Owners</b>					
<b>Comprehensive Result - Before Transactions with Owners in their capacity as Owners</b>	<b>1,362</b>	<b>1,737</b>	<b>1,631</b>	<b>1,800</b>	<b>2,655</b>
Less: Net Other Economic Flows	(1,844)	(2,377)	(2,161)	(2,240)	(2,600)
<b>Equals: Budget Result - Net Operating Balance</b>	<b>(482)</b>	<b>(640)</b>	<b>(530)</b>	<b>(440)</b>	<b>55</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>					
Purchases of Non-Financial Assets <sup>(a)</sup>	8,479	7,608	7,872	7,002	6,700
Less: Sales of Non-Financial Assets	(215)	(354)	(772)	(690)	(451)
Less: Depreciation	(4,348)	(4,298)	(4,452)	(4,554)	(4,642)
Plus: Change in Inventories	116	397	(82)	155	(53)
<b>Plus: Other Movements in Non-Financial Assets</b>					
Assets Acquired Using Leases <sup>(a)</sup>	63	69	81	84	61
Assets Acquired Using Service Concession Arrangement Under Finance Liability Model <sup>(a)</sup>	21	20	21	21	22
Grant of Right to the Operator Model	...	...	...	...	...
Other	426	418	428	424	431
<b>Equals: Total Net Acquisition of Non-Financial Assets</b>	<b>4,542</b>	<b>3,861</b>	<b>3,096</b>	<b>2,441</b>	<b>2,068</b>
<b>Equals: Net Lending/(Borrowing) [Fiscal Balance]</b>	<b>(5,023)</b>	<b>(4,501)</b>	<b>(3,627)</b>	<b>(2,881)</b>	<b>(2,013)</b>
<b>Other Fiscal Aggregates</b>					
Capital Expenditure <sup>(a)</sup>	8,563	7,697	7,973	7,107	6,783
Dividends Accrued <sup>(b)</sup>	554	629	512	364	366

(a) Capital expenditure comprises purchases of non-financial assets plus assets acquired using leases and assets acquired using Service Concession Arrangements under the Financial Liability Model.

(b) Net borrowing for the PNFC sector excludes the impact of dividends accrued and so may not fully reflect the sector's call on the financial markets.

Table B.5: Public non-financial corporation sector balance sheet

	June 2026 Budget \$m	June 2026 Revised \$m	June 2027 \$m	June 2028 Forward Estimates \$m	June 2029 \$m
<b>Assets</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,814	2,525	1,695	1,019	786
Receivables	1,702	1,640	1,788	1,896	2,023
Investments, Loans and Placements at Fair Value	593	639	683	728	774
Investments, Loans and Placements at Amortised Cost	753	757	658	663	696
Advances Paid	17	52	2	2	2
Current Tax Receivable	64	37	26	40	26
Deferred Tax Assets	31	20	21	21	21
<b>Total Financial Assets</b>	<b>4,973</b>	<b>5,670</b>	<b>4,873</b>	<b>4,369</b>	<b>4,327</b>
<b>Non-Financial Assets</b>					
Contract Assets	3	85	51	40	3
Inventories	1,116	1,377	1,295	1,450	1,396
Forestry Stock and Other Biological Assets	814	814	814	814	814
Assets Classified as Held for Sale	17	22	16	11	11
Investment Properties	722	721	869	1,051	1,140
Property, Plant and Equipment					
Land and Buildings	100,904	102,471	104,311	105,988	107,652
Plant and Equipment	7,457	6,962	7,521	7,785	7,813
Infrastructure Systems	77,312	78,775	81,845	84,735	87,972
Right-of-Use Assets	3,877	3,866	3,657	3,451	3,224
Intangibles	1,320	1,162	1,338	1,475	1,610
Other Non-Financial Assets	624	726	696	332	256
<b>Total Non-Financial Assets</b>	<b>194,164</b>	<b>196,980</b>	<b>202,412</b>	<b>207,132</b>	<b>211,892</b>
<b>Total Assets</b>	<b>199,137</b>	<b>202,650</b>	<b>207,285</b>	<b>211,500</b>	<b>216,219</b>
<b>Liabilities</b>					
Deposits Held	35	37	37	37	37
Payables	3,161	2,877	2,876	2,928	3,017
Contract Liabilities	185	155	212	170	155
Borrowings and Derivatives at Fair Value	2	2	2	2	2
Borrowings at Amortised Cost	42,221	41,688	44,986	47,768	49,985
Advanced Received	250	250	232	215	199
Employee Benefit Liabilities	1,381	1,508	1,511	1,531	1,553
Superannuation Provision <sup>(a)</sup>	1,137	872	846	749	657
Current Tax Payable	12	12	39	44	47
Deferred Tax Liabilities	4,295	4,620	4,757	4,917	5,114
Other Provisions	838	915	787	643	655
Other Liabilities	239	479	342	396	370
<b>Total Liabilities</b>	<b>53,756</b>	<b>53,416</b>	<b>56,626</b>	<b>59,401</b>	<b>61,792</b>
<b>Net Assets</b>	<b>145,381</b>	<b>149,234</b>	<b>150,659</b>	<b>152,100</b>	<b>154,427</b>
<b>Net Worth</b>					
Accumulated Funds	52,406	53,394	52,878	52,320	52,131
Reserves	92,976	95,840	97,781	99,779	102,296
<b>Total Net Worth</b>	<b>145,381</b>	<b>149,234</b>	<b>150,659</b>	<b>152,100</b>	<b>154,427</b>
<b>Other Fiscal Aggregates</b>					
<b>Net Debt<sup>(b)</sup></b>	<b>39,331</b>	<b>38,005</b>	<b>42,219</b>	<b>45,611</b>	<b>47,966</b>
<b>Net Financial Liabilities<sup>(c)</sup></b>	<b>48,782</b>	<b>47,746</b>	<b>51,753</b>	<b>55,032</b>	<b>57,464</b>
<b>Net Financial Worth<sup>(d)</sup></b>	<b>(48,782)</b>	<b>(47,746)</b>	<b>(51,753)</b>	<b>(55,032)</b>	<b>(57,464)</b>

(a) The superannuation provision is reported net of prepaid superannuation contribution assets.

(b) Net debt comprises the sum of deposits held, borrowings and advances received, minus the sum of cash and cash equivalents, investments, loans and placements and advances paid.

(c) Net financial liabilities equal total liabilities less financial assets excluding equity investments in other public sector entities.

(d) Net financial worth equals total financial assets minus total financial liabilities.

Table B.6: Public non-financial corporation sector cash flow statement

	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Cash Receipts from Operating Activities</b>					
Sales of Goods and Services	10,028	10,046	10,754	11,387	11,878
Grants	5,687	5,786	5,546	5,549	5,697
Interest	81	92	59	46	45
Other	1,756	1,437	1,950	1,999	2,246
<b>Total Cash Receipts from Operating Activities</b>	<b>17,551</b>	<b>17,360</b>	<b>18,309</b>	<b>18,980</b>	<b>19,867</b>
<b>Cash Payments from Operating Activities</b>					
Employee Related	(3,374)	(3,489)	(3,378)	(3,510)	(3,585)
Personnel Services	(339)	(336)	(346)	(358)	(371)
Superannuation	(418)	(411)	(459)	(477)	(489)
Payments for Goods and Services	(7,085)	(6,943)	(7,214)	(7,452)	(7,252)
Grants and Subsidies	(66)	(73)	(73)	(74)	(72)
Interest	(1,617)	(1,519)	(1,706)	(1,866)	(2,016)
Distributions Paid	(147)	(138)	(299)	(389)	(441)
Other	(1,297)	(1,370)	(1,218)	(1,156)	(1,242)
<b>Total Cash Payments from Operating Activities</b>	<b>(14,343)</b>	<b>(14,279)</b>	<b>(14,693)</b>	<b>(15,284)</b>	<b>(15,467)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>3,208</b>	<b>3,082</b>	<b>3,616</b>	<b>3,697</b>	<b>4,400</b>
<b>Cash Flows from Investments in Non-Financial Assets</b>					
Proceeds from Sale of Non-Financial Assets	215	357	772	690	451
Purchases	(8,310)	(7,688)	(7,897)	(7,029)	(6,640)
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(8,096)</b>	<b>(7,332)</b>	<b>(7,126)</b>	<b>(6,340)</b>	<b>(6,189)</b>
<b>Cash Flows from Investments in Financial Assets for Policy Purposes</b>					
Receipts	30	14	50	0	...
Payments	...	(14)	0	...	...
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>	<b>30</b>	<b>(0)</b>	<b>50</b>	<b>0</b>	<b>0</b>
<b>Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>					
Proceeds from Sale of Investments	49	55	73	28	10
Purchase of Investments	...	...	...	...	(10)
<b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>	<b>49</b>	<b>55</b>	<b>73</b>	<b>28</b>	<b>(0)</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(8,016)</b>	<b>(7,277)</b>	<b>(7,003)</b>	<b>(6,312)</b>	<b>(6,189)</b>
<b>Cash Flows from Financing Activities</b>					
Advances (Net)	245	224	215	(31)	(29)
Proceeds from Borrowings	4,436	3,905	3,857	3,301	2,831
Repayments of Borrowings	(1,243)	(1,409)	(887)	(819)	(881)
Dividends Paid	(378)	(378)	(629)	(512)	(364)
Deposits (Net)	...	(0)	...	...	...
Other (Net)	(1)	(5)	(0)	(0)	(0)
<b>Net Cash Flows from Financing Activities</b>	<b>3,059</b>	<b>2,336</b>	<b>2,557</b>	<b>1,939</b>	<b>1,557</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(1,749)</b>	<b>(1,859)</b>	<b>(830)</b>	<b>(677)</b>	<b>(232)</b>
<b>Derivation of Cash Result</b>					
Net Cash Flows from Operating Activities	3,208	3,082	3,616	3,697	4,400
Net Cash Flows from Investments in Non-Financial Assets	(8,096)	(7,332)	(7,126)	(6,340)	(6,189)
Dividends Paid	(378)	(378)	(629)	(512)	(364)
<b>Cash Surplus/(Deficit)</b>	<b>(5,266)</b>	<b>(4,628)</b>	<b>(4,138)</b>	<b>(3,155)</b>	<b>(2,153)</b>

Table B.7: Non-financial public sector operating statement

	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Revenue from Transactions</b>					
Taxation	50,645	51,320	54,311	56,546	58,865
Grants	50,614	50,588	50,669	53,047	53,115
Sale of Goods and Services	17,926	17,956	19,016	19,803	21,058
Interest	567	606	606	598	601
Dividend and Income Tax Equivalents from Other Sectors	235	240	264	282	296
Other Dividends and Distributions	2,835	3,877	3,365	3,553	3,847
Fines, Regulatory Fees and Other	7,673	7,473	8,477	8,269	8,562
<b>Total Revenue from Transactions</b>	<b>130,495</b>	<b>132,060</b>	<b>136,708</b>	<b>142,098</b>	<b>146,344</b>
<b>Expenses from Transactions</b>					
Employee	53,463	54,454	55,972	57,011	60,002
Superannuation					
Superannuation Interest Cost	1,645	1,590	1,482	1,406	1,344
Other Superannuation	5,456	5,765	5,836	5,878	6,134
Depreciation and Amortisation	14,438	14,404	14,941	15,603	16,334
Interest	9,435	9,398	10,004	10,708	11,348
Other Operating Expense	31,332	32,007	30,747	32,112	31,928
Grants, Subsidies and Other Transfers	19,181	18,833	19,872	18,845	18,433
<b>Total Expenses from Transactions</b>	<b>134,950</b>	<b>136,453</b>	<b>138,854</b>	<b>141,563</b>	<b>145,521</b>
<b>Net Operating Balance - Surplus/(Deficit) After Tax</b>	<b>(4,455)</b>	<b>(4,393)</b>	<b>(2,146)</b>	<b>536</b>	<b>823</b>

Table B.7: Non-financial public sector operating statement (cont)

	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 Forward Estimates \$m	2027-28 Forward Estimates \$m	2028-29 Forward Estimates \$m
<b>Other Economic Flows - Included in the Operating Result</b>					
Gain/(Loss) from Liabilities	(360)	(160)	(195)	(1)	(0)
Other Net Gains/(Losses)	1,136	199	1,283	1,282	1,527
Share of Earnings/(Losses) from Associates and Joint Ventures	(8)	(8)	(190)	(129)	(252)
Other	(45)	(90)	(44)	(44)	(45)
<b>Other Economic Flows - included in Operating Result</b>	<b>723</b>	<b>(58)</b>	<b>854</b>	<b>1,108</b>	<b>1,230</b>
<b>Operating Result</b>	<b>(3,732)</b>	<b>(4,452)</b>	<b>(1,293)</b>	<b>1,644</b>	<b>2,053</b>
<b>Other Economic Flows - Other Comprehensive Income</b>					
<b>Items that will not be Reclassified to Operating Result</b>					
Revaluations	4,137	4,556	4,261	4,368	4,696
Remeasurements of Post-Employment Benefits	(2,038)	896	(386)	977	940
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	(3,596)	(2,001)	(2,561)	714	792
Other	53	(14)	26	26	26
<b>Items that may be Reclassified Subsequently to Operating Result</b>					
Net Gain/(Loss) on Financial Instruments at Fair Value	0	(0)	...	...	...
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>(1,443)</b>	<b>3,436</b>	<b>1,340</b>	<b>6,084</b>	<b>6,454</b>
<b>Total Change in Net Worth</b>	<b>(5,174)</b>	<b>(1,015)</b>	<b>48</b>	<b>7,728</b>	<b>8,507</b>
<b>Key Fiscal Aggregates</b>					
<b>Total Change in Net Worth</b>	<b>(5,174)</b>	<b>(1,015)</b>	<b>48</b>	<b>7,728</b>	<b>8,507</b>
Less: Net Other Economic Flows	719	(3,378)	(2,194)	(7,192)	(7,684)
<b>Equals: Budget Result - Net Operating Balance</b>	<b>(4,455)</b>	<b>(4,393)</b>	<b>(2,146)</b>	<b>536</b>	<b>823</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>					
Purchases of Non-Financial Assets <sup>(a)</sup>	29,920	27,183	27,558	26,719	26,195
Less: Sales of Non-Financial Assets	(1,236)	(1,158)	(1,628)	(2,033)	(2,448)
Less: Depreciation	(14,438)	(14,404)	(14,941)	(15,603)	(16,334)
Plus: Change in Inventories	(623)	(394)	74	249	(476)
Plus: Other Movements in Non-Financial Assets					
Assets Acquired Using Leases <sup>(a)</sup>	766	832	871	940	840
Assets Acquired Using Service Concession Arrangement Under Finance Liability Model <sup>(a)</sup>	130	155	138	42	22
Grant of Right to the Operator Model	2,060	1,940	1,290	684	132
Other	106	7	(1,054)	(305)	(349)
<b>Equals: Total Net Acquisition of Non-Financial Assets</b>	<b>16,686</b>	<b>14,161</b>	<b>12,308</b>	<b>10,693</b>	<b>7,582</b>
<b>Equals: Net Lending/(Borrowing) [Fiscal Balance]<sup>(b)</sup></b>	<b>(21,141)</b>	<b>(18,554)</b>	<b>(14,454)</b>	<b>(10,158)</b>	<b>(6,759)</b>
<b>Other Fiscal Aggregates</b>					
Capital Expenditure <sup>(a)</sup>	30,816	28,170	28,566	27,701	27,057

(a) Net borrowing for the NFPS sector excludes the impact of dividends accrued and so may not fully reflect the sector's call on the financial markets.

(b) Capital expenditure comprises purchases of non-financial assets plus assets acquired using leases and assets acquired using Service Concession Arrangements under the Finance Liability Model.

Table B.8: Non-financial public sector balance sheet

	June 2026 Budget \$m	June 2026 Revised \$m	June 2027 \$m	June 2028 Forward Estimates \$m	June 2029 \$m
<b>Assets</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	2,648	3,464	2,633	1,768	1,263
Receivables	15,474	15,234	15,142	14,878	14,833
Investments, Loans and Placements at Fair Value	55,241	57,598	59,104	61,430	64,753
Investments, Loans and Placements at Amortised Cost	2,437	2,776	3,185	3,302	3,381
Advances Paid	1,091	969	1,304	1,754	1,711
Current Tax Receivable	19	19	20	21	23
Equity Investments					
Investments in Other Public Sector Entities	2,844	7,445	4,883	5,597	6,389
Investments in Associates and Joint Ventures	10,290	9,784	9,593	9,554	9,329
Other Equity Investments	15	20	35	35	35
<b>Total Financial Assets</b>	<b>90,059</b>	<b>97,308</b>	<b>95,899</b>	<b>98,338</b>	<b>101,717</b>
<b>Non-Financial Assets</b>					
Contract Assets	65	58	49	50	51
Inventories	1,174	2,199	2,304	2,566	2,092
Forestry Stock and Other Biological Assets	831	835	835	835	835
Assets Classified as Held for Sale	880	752	229	285	435
Investment Properties	722	721	869	1,051	1,140
Property, Plant and Equipment					
Land and Buildings	251,680	254,606	260,484	266,108	270,414
Plant and Equipment	22,834	22,982	23,369	23,136	22,312
Infrastructure Systems	325,119	322,013	331,788	341,206	350,985
Right-of-Use Assets	10,135	10,283	10,207	10,035	9,841
Intangibles	7,256	6,855	7,076	6,927	6,588
Other Liabilities	2,178	2,123	2,027	1,659	1,574
<b>Total Non-Financial Assets</b>	<b>622,872</b>	<b>623,428</b>	<b>639,236</b>	<b>653,857</b>	<b>666,265</b>
<b>Total Assets</b>	<b>712,931</b>	<b>720,736</b>	<b>735,135</b>	<b>752,196</b>	<b>767,982</b>
<b>Liabilities</b>					
Deposits Held	379	389	2,770	2,830	2,879
Payables	11,877	12,245	12,276	12,120	12,361
Contract Liabilities	930	1,083	1,134	1,085	1,062
Borrowings and Derivatives at Fair Value	10	14	14	14	14
Borrowings at Amortised Cost	220,365	218,059	227,997	236,816	244,446
Advanced Received	223	378	345	301	263
Employee Benefits Liabilities	35,481	36,219	38,017	39,387	40,702
Superannuation Provision <sup>(a)</sup>	40,735	37,774	37,747	36,164	34,447
Other Provisions	18,465	18,666	18,653	19,032	19,781
Other Liabilities	26,983	25,370	25,597	26,133	25,209
<b>Total Liabilities</b>	<b>355,449</b>	<b>350,199</b>	<b>364,550</b>	<b>373,883</b>	<b>381,162</b>
<b>Net Assets</b>	<b>357,482</b>	<b>370,538</b>	<b>370,585</b>	<b>378,313</b>	<b>386,819</b>
<b>Net Worth</b>					
Accumulated Funds	103,756	108,407	108,828	113,253	117,746
Reserves	253,726	262,131	261,757	265,060	269,073
<b>Total Net Worth</b>	<b>357,482</b>	<b>370,538</b>	<b>370,585</b>	<b>378,313</b>	<b>386,819</b>
<b>Other Fiscal Aggregates</b>					
<b>Net Debt<sup>(b)</sup></b>	<b>159,560</b>	<b>154,033</b>	<b>164,901</b>	<b>171,709</b>	<b>176,494</b>
<b>Net Financial Liabilities<sup>(c)</sup></b>	<b>268,234</b>	<b>260,335</b>	<b>273,534</b>	<b>281,142</b>	<b>285,834</b>
<b>Net Financial Worth<sup>(d)</sup></b>	<b>(265,390)</b>	<b>(252,891)</b>	<b>(268,651)</b>	<b>(275,545)</b>	<b>(279,446)</b>

(a) The superannuation provision is reported net of prepaid superannuation contribution assets.

(b) Net debt comprises the sum of deposits held, borrowings and advances received, minus the sum of cash and cash equivalents, investments, loans and placements and advances paid.

(c) Net financial liabilities equal total liabilities less financial assets excluding equity investments in other public sector entities.

(d) Net financial worth equals total financial assets minus total liabilities.

Table B.9: Non-financial public sector cash flow statement

	2025-26 Budget \$m	2025-26 Revised \$m	2026-27 \$m	2027-28 Forward Estimates \$m	2028-29 \$m
<b>Cash Receipts from Operating Activities</b>					
Taxation	50,699	51,202	54,353	56,590	58,906
Sales of Goods and Services	18,559	18,001	19,863	20,850	21,976
Grants	51,349	51,487	50,499	53,389	52,783
Interest	459	517	458	428	413
Dividends and Income Tax Equivalents	213	217	244	273	289
Other	11,465	12,564	12,098	11,977	11,799
<b>Total Cash Receipts from Operating Activities</b>	<b>132,743</b>	<b>133,988</b>	<b>137,516</b>	<b>143,505</b>	<b>146,167</b>
<b>Cash Payments from Operating Activities</b>					
Employee Related	(51,884)	(52,574)	(54,763)	(56,106)	(59,258)
Superannuation	(7,269)	(7,511)	(7,731)	(7,891)	(8,255)
Payments for Goods and Services	(31,129)	(32,104)	(30,682)	(31,924)	(31,043)
Grants and Subsidies	(18,376)	(17,971)	(17,899)	(17,722)	(17,241)
Interest	(6,904)	(6,995)	(7,490)	(8,549)	(8,851)
Other	(6,938)	(8,569)	(6,503)	(6,073)	(5,856)
<b>Total Cash Payments from Operating Activities</b>	<b>(122,499)</b>	<b>(125,724)</b>	<b>(125,069)</b>	<b>(128,264)</b>	<b>(130,503)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>10,243</b>	<b>8,264</b>	<b>12,447</b>	<b>15,241</b>	<b>15,664</b>
<b>Cash Flows from Investments in Non-Financial Assets</b>					
Proceeds from Sale of Non-Financial Assets	1,455	1,447	1,629	2,086	2,594
Purchases	(29,831)	(27,433)	(27,438)	(26,765)	(26,083)
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(28,376)</b>	<b>(25,986)</b>	<b>(25,809)</b>	<b>(24,679)</b>	<b>(23,490)</b>
<b>Cash Flows from Investments in Financial Assets for Policy Purposes</b>					
Receipts	153	71	310	240	458
Payments	(358)	(282)	(481)	(524)	(186)
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>	<b>(205)</b>	<b>(211)</b>	<b>(172)</b>	<b>(284)</b>	<b>273</b>
<b>Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>					
Proceeds from Sale of Investments	3,792	5,751	6,806	6,147	5,670
Purchase of Investments	(2,030)	(2,992)	(3,900)	(3,921)	(4,180)
<b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>	<b>1,761</b>	<b>2,760</b>	<b>2,906</b>	<b>2,226</b>	<b>1,490</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(26,819)</b>	<b>(23,437)</b>	<b>(23,075)</b>	<b>(22,737)</b>	<b>(21,727)</b>
<b>Cash Flows from Financing Activities</b>					
Advances (Net)	334	669	(14)	(66)	(45)
Proceeds from Borrowings	17,509	17,530	9,883	8,639	7,679
Repayments of Borrowings	(3,077)	(5,599)	(2,456)	(2,003)	(2,123)
Deposits (Net)	...	0	...	60	49
Other (Net)	(0)	0	(0)	(0)	(0)
<b>Net Cash Flows from Financing Activities</b>	<b>14,765</b>	<b>12,600</b>	<b>7,413</b>	<b>6,630</b>	<b>5,560</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(1,811)</b>	<b>(2,573)</b>	<b>(3,215)</b>	<b>(867)</b>	<b>(503)</b>
<b>Cash Acquired on Assumption of Directly Related Liabilities</b>	<b>0</b>	<b>0</b>	<b>2,384</b>	<b>0</b>	<b>0</b>
<b>Derivation of Cash Result</b>					
Net Cash Flows from Operating Activities	10,243	8,264	12,447	15,241	15,664
Net Cash Flows from Investments in Non-Financial Assets	(28,376)	(25,986)	(25,809)	(24,679)	(23,490)
<b>Cash Surplus/(Deficit)</b>	<b>(18,132)</b>	<b>(17,722)</b>	<b>(13,362)</b>	<b>(9,438)</b>	<b>(7,826)</b>



## C. VARIATIONS ON REVISED 2025-26 BUDGET

### C.1 Revised 2025-26 Budget

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The revised budget result for 2025-26 is a deficit of \$3.1 billion, an improvement of \$279.9 million compared to the projected deficit of \$3.4 billion at the time of the 2025-26 Budget.

Total revenue in 2025-26 is estimated to be \$125.9 billion, which is \$1.7 billion higher than the Budget estimate of \$124.1 billion.

Total expenses in 2025-26 are estimated to be \$129.0 billion, which is \$1.4 billion higher than the Budget estimate of \$127.6 billion.

### C.2 Operating statement

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Total revenue in 2025-26 is estimated to be \$1.7 billion higher than projected in the 2025-26 Budget. Key increases to estimated revenue in 2025-26 include:

- dividends and distributions are estimated to increase by \$1.0 billion, mainly due to stronger-than-expected financial market performance leading to higher distributions in the State's investment funds
- taxation revenue is estimated to increase by \$649.7 million, mainly due to higher transfer duty resulting from stronger-than-expected residential property prices.

These increases are partially offset by:

- fines, regulatory fees and other revenues are estimated to decrease by \$148.2 million, primarily due to lower mineral royalties. The reduction reflects the impact of a stronger Australian dollar against the US dollar, which diminished the value of royalties on commodities priced in US dollars.
- Total expenses in 2025-26 are estimated to be \$1.4 billion higher than projected in the 2025-26 Budget. Key increases to estimated expenses in 2025-26 are primarily due to:
- employee expenses are estimated to increase by \$1.0 billion, due to a range of factors, including higher workers compensation expenses reflecting latest actuarial estimates
- other operating expenses are estimated to increase by \$503.9 million, reflecting pressures on government programs, including prisons and homelessness services
- an additional \$194.3 million in superannuation expenses (comprising superannuation interest cost and other superannuation expenses).

These increases are partially offset by:

- \$269.1 million fall in grants and subsidies expenses across the general government sector.

### **C.3 Balance sheet**

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Net debt is estimated to be \$116.0 billion at June 2026, an improvement of \$4.3 billion compared to the Budget estimate. This is primarily due to a \$2.3 billion improvement in investments, loans and placements at fair value, a \$395.2 million improvement in investments, loans and placements at amortised cost, and a \$1.7 billion reduction in borrowings at amortised cost.

The State's net worth is estimated to increase to \$370.5 billion at June 2026. This represents an increase of \$13.1 billion since the Budget, primarily due to a \$10.9 billion increase in financial assets and a \$4.5 billion decrease in liabilities which is partially offset with a \$2.3 billion decrease in non-financial assets.

### **C.4 Cash flow statement**

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The State's revised cash deficit for 2025-26 is \$13.1 billion, a \$165.0 million deterioration in the projected cash deficit since the time of the Budget. The deterioration in the deficit is due to the \$1.8 billion reduction in net cash inflows from operating activities, offset by a \$1.6 billion reduction in the net cash outflows from investments in non-financial assets.

Table C.1: General government sector operating statement

	2024-25	2025-26		Variance \$m	Variance %
	Actual \$m	Budget \$m	Revised \$m		
<b>Revenue from Transactions</b>					
Taxation	48,206	51,318	51,968	650	1.3
Grants	46,940	50,686	50,630	(55)	(0.1)
Sale of Goods and Services	10,379	11,086	11,148	63	0.6
Interest	810	573	602	29	5.1
Dividend and Income Tax Equivalents from Other Sectors	650	874	1,002	128	14.7
Other Dividends and Distributions	4,219	2,796	3,844	1,047	37.5
Fines, Regulatory Fees and Other	6,806	6,822	6,674	(148)	(2.2)
<b>Total Revenue from Transactions</b>	<b>118,009</b>	<b>124,154</b>	<b>125,868</b>	<b>1,713</b>	<b>1.4</b>
<b>Expenses from Transactions</b>					
Employee	48,193	50,307	51,312	1,004	2.0
Superannuation					
Superannuation Interest Cost	1,623	1,601	1,549	(52)	(3.3)
Other Superannuation	5,007	5,105	5,352	247	4.8
Depreciation and Amortisation	9,653	10,112	10,130	19	0.2
Interest	7,137	7,746	7,726	(20)	(0.3)
Other Operating Expenses	27,713	27,776	28,280	504	1.8
Grants, Subsidies and Other Transfers	23,752	24,934	24,665	(269)	(1.1)
<b>Total Expenses from Transactions</b>	<b>123,078</b>	<b>127,581</b>	<b>129,015</b>	<b>1,434</b>	<b>1.1</b>
<b>Budget Result - Surplus/(Deficit)</b>					
<b>[Net Operating Balance]</b>	<b>(5,069)</b>	<b>(3,427)</b>	<b>(3,147)</b>	<b>280</b>	<b>(8.2)</b>

Table C.1: General government sector operating statement (cont)

	2024-25 Actual \$m	2025-26 Budget \$m	2025-26 Revised \$m	Variance \$m	Variance %
<b>Other Economic Flows - Included in the Operating Result</b>					
Gain/(Loss) from Liabilities	(484)	(360)	(156)	203	(56.5)
Other Net Gains/(Losses)	1,568	1,174	386	(789)	(67.2)
Share of Earnings/Losses from Associates and Joint Ventures	(246)	(8)	(8)	0	(0.8)
Dividends from Asset Sale Proceeds	40	14	18	4	25.9
Deferred Income Tax from Other Sectors	85	84	63	(21)	(25.2)
Other	(337)	(41)	(85)	(44)	107.3
<b>Other Economic Flows - included in Operating Result</b>	<b>627</b>	<b>865</b>	<b>217</b>	<b>(648)</b>	<b>(74.9)</b>
<b>Operating Result</b>	<b>(4,442)</b>	<b>(2,562)</b>	<b>(2,930)</b>	<b>(368)</b>	<b>14.4</b>
<b>Other Economic Flows - Other Comprehensive Income</b>					
<b>Items that will not be Reclassified to Operating Result</b>	<b>8,840</b>	<b>(2,612)</b>	<b>1,915</b>	<b>4,527</b>	<b>(358)</b>
Revaluations	6,967	1,977	2,068	91	4.6
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result	(335)	...	...	...	...
Remeasurements of Post-Employment Benefits	296	(1,912)	700	2,612	(136.6)
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	1,628	(2,790)	(888)	1,901	(68.2)
Deferred Tax direct to Equity	375	63	66	3	4.0
Other	(92)	49	(30)	(80)	(161.4)
<b>Items that may be Reclassified Subsequently to Operating Result</b>	<b>0</b>	<b>...</b>	<b>(0)</b>	<b>(0)</b>	<b>...</b>
Net Gain/(Loss) on Financial Instruments at Fair Value	0	...	(0)	(0)	...
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>8,840</b>	<b>(2,612)</b>	<b>1,915</b>	<b>4,527</b>	<b>(173.3)</b>
<b>Comprehensive Result - Total Change in Net Worth</b>	<b>4,398</b>	<b>(5,174)</b>	<b>(1,015)</b>	<b>4,159</b>	<b>(80.4)</b>
<b>Key Fiscal Aggregates</b>					
<b>Comprehensive Result - Total Change in Net Worth</b>	<b>4,398</b>	<b>(5,174)</b>	<b>(1,015)</b>	<b>4,159</b>	<b>(80.4)</b>
Less: Net Other Economic Flows	(9,466)	1,747	(2,132)	(3,879)	(222.0)
<b>Equals: Budget Result - Net Operating Balance</b>	<b>(5,069)</b>	<b>(3,427)</b>	<b>(3,147)</b>	<b>280</b>	<b>(8.2)</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>					
Purchases of Non-Financial Assets	20,103	21,531	19,652	(1,880)	(8.7)
Less: Sales of Non-Financial Assets	(417)	(1,119)	(962)	156	(14.0)
Less: Depreciation	(9,653)	(10,112)	(10,130)	(19)	0.2
Plus: Change in Inventories	240	(739)	(707)	32	(4.3)
<b>Plus: Other Movements in Non-Financial Assets</b>					
Assets Acquired Using Leases	815	703	763	59	8.5
Assets Acquired Using Service Concession Arrangement Under					
Finance Liability Model	706	109	135	26	24.0
Grant of Right to the Operator Model	1,772	2,060	1,940	(120)	(5.8)
Other	(639)	(295)	(406)	(111)	37.7
<b>Equals: Total Net Acquisition of Non-Financial Assets</b>	<b>12,926</b>	<b>12,139</b>	<b>10,283</b>	<b>(1,856)</b>	<b>(15.3)</b>
<b>Equals: Net Lending/(Borrowing) [Fiscal Balance]</b>	<b>(17,994)</b>	<b>(15,566)</b>	<b>(13,431)</b>	<b>2,136</b>	<b>(13.7)</b>
<b>Other Fiscal Aggregates</b>					
Capital Expenditure <sup>(a)</sup>	21,623	22,343	20,549	(1,794)	(8.0)

(a) Capital expenditure comprises purchases of non-financial assets, plus assets acquired using leases and assets acquired using service concession arrangements under the financial liability model.

Table C.2: General government sector balance sheet

	2024-25	2025-26		Variance \$m	Variance %
	Actual \$m	Budget \$m	Revised \$m		
<b>Assets</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,653	825	992	167	20.2
Receivables	14,467	15,055	14,909	(146)	(1.0)
Investments, Loans and Placements at Fair Value	55,178	54,648	56,959	2,311	4.2
Investments, Loans and Placements at Amortised Cost	3,025	1,683	2,078	395	23.5
Advances Paid	940	1,324	1,168	(157)	(11.8)
Tax Equivalents Receivable	33	10	46	36	362.1
Deferred Tax Equivalent	4,487	4,290	4,615	324	7.6
Equity Investments					
Investments in Other Public Sector Entities	156,439	148,157	156,617	8,461	5.7
Investments in Associates and Joint Ventures	9,791	10,290	9,784	(506)	(4.9)
Other Equity Investments	20	15	20	4	28.6
<b>Total Financial Assets</b>	<b>246,033</b>	<b>236,297</b>	<b>247,187</b>	<b>10,890</b>	<b>4.6</b>
<b>Non- Financial Assets</b>					
Contract Assets	81	63	46	(17)	(26.5)
Inventories	1,493	848	785	(63)	(7.4)
Forestry Stock and Other Biological Assets	21	17	21	4	20.8
Assets Classified as Held for Sale	409	863	730	(132)	(15.3)
Property, Plant and Equipment					
Land and Buildings	147,987	150,776	152,135	1,359	0.9
Plant and Equipment	16,171	15,377	16,020	642	4.2
Infrastructure Systems	234,915	247,081	243,219	(3,862)	(1.6)
Right-of-Use Assets	6,524	6,375	6,536	162	2.5
Intangibles	5,448	5,936	5,693	(243)	(4.1)
Other Non-Financial Assets	1,510	1,563	1,411	(153)	(9.8)
<b>Total Non- Financial Assets</b>	<b>414,558</b>	<b>428,898</b>	<b>426,596</b>	<b>(2,302)</b>	<b>(0.5)</b>
<b>Total Assets</b>	<b>660,591</b>	<b>665,195</b>	<b>673,782</b>	<b>8,587</b>	<b>1.3</b>
<b>Liabilities</b>					
Deposits Held	351	344	352	8	2.3
Payables	10,224	9,474	10,103	629	6.6
Contract Liabilities	970	747	930	182	24.4
Borrowings and Derivatives at Fair Value	14	8	12	4	49.9
Borrowings at Amortised Cost	165,223	178,180	176,469	(1,710)	(1.0)
Advances Received	402	223	378	155	69.2
Employee Benefit Liabilities	32,310	34,113	34,725	612	1.8
Superannuation Provision <sup>(a)</sup>	37,801	39,598	36,902	(2,696)	(6.8)
Current Tax Payable	46	42	52	9	22.2
Deferred Tax Liabilities	17	27	15	(12)	(43.3)
Other Provisions	19,111	18,183	18,381	198	1.1
Other Liabilities	22,568	26,773	24,925	(1,848)	(6.9)
<b>Total Liabilities</b>	<b>289,038</b>	<b>307,712</b>	<b>303,244</b>	<b>(4,468)</b>	<b>(1.5)</b>
<b>Net Assets</b>	<b>371,553</b>	<b>357,482</b>	<b>370,538</b>	<b>13,056</b>	<b>3.7</b>

Table C.2: General government sector balance sheet (cont)

	2024-25	2025-26		Variance \$m	Variance %
	Actual \$m	Budget \$m	Revised \$m		
<b>Net Worth</b>					
Accumulated Funds	66,637	61,746	65,921	4,175	6.8
Reserves	304,916	295,736	304,617	8,880	3.0
<b>Total Net Worth</b>	<b>371,553</b>	<b>357,482</b>	<b>370,538</b>	<b>13,056</b>	<b>3.7</b>
<b>Other Fiscal Aggregates</b>					
<b>Net Debt<sup>(b)</sup></b>	<b>105,194</b>	<b>120,275</b>	<b>116,015</b>	<b>(4,260)</b>	<b>(3.5)</b>
<b>Net Financial Liabilities<sup>(c)</sup></b>	<b>199,444</b>	<b>219,572</b>	<b>212,675</b>	<b>(6,897)</b>	<b>(3.1)</b>
<b>Net Financial Worth<sup>(d)</sup></b>	<b>(43,005)</b>	<b>(71,416)</b>	<b>(56,058)</b>	<b>15,358</b>	<b>(21.5)</b>

(a) The superannuation provision is reported net of the fair value of fund assets.

(b) Net debt comprises the sum of deposits held, borrowings and advances received, minus the sum of cash and cash equivalents, investments, loans and placements and advances paid.

(c) Net financial liabilities equal total liabilities less financial assets excluding equity investments in other public sector entities.

(d) Net financial worth equals total financial assets minus total financial liabilities.

Table C.3: General government sector cash flow statement

	2024-25 Actual \$m	2025-26 Budget \$m	2025-26 Revised \$m	Variance \$m	Variance %
<b>Cash Receipts from Operating Activities</b>					
Taxation	46,979	51,339	51,856	517	1.0
Sales of Goods and Services	10,864	11,589	11,021	(569)	(4.9)
Grants	46,824	51,432	51,535	103	0.2
Interest	702	480	528	48	9.9
Dividends and Income Tax Equivalents from other sectors	560	725	718	(7)	(0.9)
Other	12,894	9,719	11,225	1,506	15.5
<b>Total Cash Receipts from Operating Activities</b>	<b>118,822</b>	<b>125,284</b>	<b>126,882</b>	<b>1,598</b>	<b>1.3</b>
<b>Cash Payments from Operating Activities</b>					
Employee Related	(44,977)	(48,728)	(49,336)	(608)	1.2
Superannuation	(6,667)	(6,851)	(7,100)	(249)	3.6
Payments for Goods and Services	(27,327)	(27,190)	(28,205)	(1,015)	3.7
Grants and Subsidies Paid	(22,787)	(24,129)	(23,778)	351	(1.5)
Interest	(5,241)	(5,389)	(5,579)	(190)	3.5
Other	(7,477)	(5,614)	(7,305)	(1,691)	30.1
<b>Total Cash Payments from Operating Activities</b>	<b>(114,477)</b>	<b>(117,900)</b>	<b>(121,302)</b>	<b>(3,402)</b>	<b>2.9</b>
<b>Net Cash Flows from Operating Activities</b>	<b>4,345</b>	<b>7,384</b>	<b>5,580</b>	<b>(1,804)</b>	<b>(24.4)</b>
<b>Cash Flows from Investments in Non-Financial Assets</b>					
Proceeds from Sales of Non-Financial Assets	800	1,336	1,251	(86)	(6.4)
Purchases	(20,260)	(21,609)	(19,885)	1,724	(8.0)
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(19,460)</b>	<b>(20,273)</b>	<b>(18,634)</b>	<b>1,639</b>	<b>(8.1)</b>
<b>Cash Flows from Investments in Financial Assets for Policy Purposes</b>					
Receipts	155	849	925	76	9.0
Payments	(220)	(634)	(608)	26	(4.1)
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>	<b>(65)</b>	<b>215</b>	<b>317</b>	<b>102</b>	<b>47.4</b>
<b>Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>					
Proceeds from Sale of Investments	3,428	3,750	5,705	1,956	52.2
Purchase of Investments	(2,636)	(2,030)	(2,992)	(961)	47.4
<b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>	<b>792</b>	<b>1,719</b>	<b>2,713</b>	<b>994</b>	<b>57.8</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(18,732)</b>	<b>(18,339)</b>	<b>(15,604)</b>	<b>2,735</b>	<b>(14.9)</b>
<b>Cash Flows from Financing Activities</b>					
Advances (Net)	(58)	(348)	(66)	282	(81.0)
Proceeds from Borrowings	10,381	13,704	14,440	736	5.4
Repayments of Borrowings	(1,176)	(2,472)	(5,012)	(2,540)	102.8
Deposits (Net)	7	...	1	1	...
Other (Net)	(0)	(0)	0	0	...
<b>Net Cash Flows from Financing Activities</b>	<b>9,154</b>	<b>10,884</b>	<b>9,362</b>	<b>(1,522)</b>	<b>(14.0)</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(5,233)</b>	<b>(71)</b>	<b>(661)</b>	<b>(590)</b>	<b>832.5</b>
<b>Derivation of Cash Result</b>					
Net Cash Flows from Operating Activities	4,345	7,384	5,580	(1,804)	(24.4)
Net Cash Flows from Investments in Non-Financial Assets	(19,460)	(20,273)	(18,634)	1,639	(8.1)
<b>Cash Surplus/(Deficit)</b>	<b>(15,115)</b>	<b>(12,889)</b>	<b>(13,054)</b>	<b>(165)</b>	<b>1.3</b>

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52 Martin Place  
Sydney NSW 2000

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GPO Box 5469  
Sydney NSW 2001

