

NSW Budget 2025-26



Oliver Judd
CEO, NECA

Foreword

The 2025–26 NSW Budget positions itself as a strategic pivot toward long-term economic resilience and service delivery reform. Framed as the third phase in the Minns Government’s fiscal agenda, it builds upon prior stabilisation efforts by accelerating investment in critical infrastructure, housing, education, and public health. The Government emphasises a coordinated approach, linking housing, transport, energy, and workforce development to support a growing population and a changing economy.

This Budget also reflects a shift in political and geographic priorities. Western Sydney and regional centres are clear beneficiaries, with targeted funding for schools, hospitals, and roads. The fiscal strategy remains conservative, with a projected return to surplus by 2027–28, despite ongoing pressures from natural disasters and a significant reduction in GST revenue.

For NECA members and subcontractors, the Budget’s emphasis on infrastructure and energy transition presents tangible opportunities. The continued rollout of Renewable Energy Zones, upgrades to public facilities, and investment in vocational training signal increased demand for skilled electrical and communications contractors. However, realising these opportunities will depend on transparent procurement processes, fair subcontracting arrangements, and sustained support for industry-led training providers.

More Information

If you have any questions relating to how the budget impacts you and your business, please contact us at memberservices@neca.asn.au.

NECA welcomes suggestions and feedback as it continues to advocate on issues that affect and shape the electrotechnology sector in Australia.

Economic Growth & Innovation

- New Investment Delivery Authority to fast-track \$1B+ private projects
- \$79.2 m Innovation Blueprint for advanced manufacturing and startups
- Treasurer Mookhey warned that global instability (Israel Iran tensions, natural disasters) could derail the surplus trajectory
- The AA+ credit rating remains on negative watch, reflecting concerns over wage growth, disaster spend, workers' compensation, and ambitious infrastructure ambitions

Budget Outlook

- 2025–26 deficit: \$3.4 billion; projected \$1.1 billion surpluses in both 2027–28 and 2028–29
- Expense growth forecast at 2.4% annually, driven by wages, population growth, and natural disasters
- Employee expenses projected to grow 3.7% per year, adding \$1B in recurring costs
- Workers' compensation and insurance expenses account for 40% of cost increases
- Gross debt forecast to reach \$178.8 billion by June 2026; capital investment at 2.5% of GSP—double the long-term average
- NSW retains the second-strongest balance sheet among states, but S&P maintains a negative credit outlook
- GST revenue expected to recover slightly, but the distribution formula remains volatile

Skills & Workforce

- \$3.4 b investment in TAFE
- 23,000 new construction workers trained
- 4,800 upskilled tradies to be site-ready
- \$78 m to convert casual TAFE teachers to permanent roles
- Public sector wages are set to rise 3.7% p.a., potentially increasing the payroll by \$2 b over four years after wage cap removal.
- Natural disaster costs add nearly \$1 b, and workers' compensation issues contribute a \$2.6 b liability, with forecasts pointing to significantly higher premiums for businesses.

Housing & Construction

- \$1 b government-backed guarantee for housing developers to cover unsold stock, aiming to fast-track 15,000 new homes over five years
- 50% land tax discount for build-to-rent developments made permanent
- 70,000 dwellings under construction; 240,000 forecast by 2029

Energy & Transition

- Infrastructure spending remains strong: \$30 b pipeline including
 - \$12.4 b in health
 - \$5.6 b in schools over the next decade
 - \$2.1 b for Renewable Energy Zones
 - \$115.5 m logistics hub at Port of Newcastle to support clean energy supply chains
- NSW emissions down 20% since 2019–20; tracking to 2030 goals

Infrastructure & Transport

- \$12.4 b in health infrastructure including Western Sydney hospitals
- \$5.5 b for road upgrades in Western Sydney and regional NSW
- \$522.2 m to improve bus networks and public transport

Policy Implications for NECA

- Continued cost pressures mean fiscal restraint could hit training budgets, infrastructure rollouts, and regulatory environments.
- The huge uplift in infrastructure and housing creates opportunities, but execution delays or premium hikes may affect member outcomes.
- NECA's advocacy on workers' comp reform, fair training access, and streamlined project delivery remains critical in navigating budget pressures.