MEMBER UPDATE

NSW BUDGET 2026–27

SNAPSHOT OF KEY MEASURES

NSW EXECUTIVE DIRECTOR'S MESSAGE

Foreword

What does the 2026–27 NSW Budget mean for Electrical and Communications Contractors:

The 2026–27 NSW Budget contains a range of cost of living, infrastructure, housing, health and training measures, but for NECA members the key question is whether it improves the operating environment for electrical and communications contractors across New South Wales.

NECA NSW's initial view is that the Budget reflects a difficult economic environment, with slower growth, persistent cost pressures and a government balancing short term relief with longer term fiscal repair. While there are measures that may support household confidence and some parts of the construction and infrastructure pipeline, the real test for our industry is whether the Budget reduces the cost and complexity of doing business, strengthens the pipeline of skilled labour, supports housing and infrastructure delivery, and creates a more sustainable commercial environment for the contractors expected to deliver the State's electrification, communications and construction agenda.

For electrical and communications contractors, the Budget needs to be judged not by headline announcements alone, but by whether it addresses the structural issues affecting business viability and project delivery. Those issues include labour shortages, apprenticeship costs, planning and approval delays, insurance and compliance burdens, rising input costs, payment risk and ongoing uncertainty across construction and energy markets.

The Budget confirms that NSW is still operating in a constrained economic environment. Growth is expected to remain soft and inflationary pressure continues to affect business costs. For NECA members, that means many of the commercial pressures facing contracting businesses are unlikely to ease quickly. Labour remains tight in key trades, input costs remain elevated, and many businesses continue to absorb increased compliance, wage and insurance costs while operating in a highly competitive tender environment.

Mark Stedfut

NSW Executive Director

Cost-of-living relief

The Budget includes a range of cost-of-living and operational relief measures.

These include a $100 reduction in private vehicle registration costs and a reduction in the weekly toll cap from $60 to $50 in 2026-27 to support regular toll users in the Sydney metropolitan area. Opal fares will also be held at 2025 prices for public transport users.

Skills and Training

The NSW Government has committed $116.7 billion in infrastructure spending over the forward estimates, including $30 billion in 2026-27. This pipeline is expected to support ongoing demand for skilled labour across construction and related industries.

The Budget also allocates $3.4 billion to the skills and TAFE sector, including $233 million to upgrade TAFE campuses.

Housing

The Government has committed $32 million over four years to support Modern Methods of Construction (MMC), with a focus on prefabrication and modular housing. Funding has also been provided to improve building approval processes through digital enhancements.

Energy

The energy portfolio in the 2026–27 NSW Budget is focused on delivery rather than major new policy reform. The headline item is $224.8 million for the Southwest Renewable Energy Zone, which the Government says will fund transmission and connection infrastructure to unlock new wind, solar and battery projects and support the replacement of ageing coal generation. In practical terms, the Budget continues the Minns Government's existing energy roadmap, with the emphasis on getting generation, storage and grid infrastructure built rather than unveiling a large new standalone energy package.

A second major element is household electrification and bill relief. The Budget highlights the $557 million Home Energy Saver program, including concessional finance and interest discounts to support solar, batteries and other home energy upgrades. Alongside this, there is continued funding for broader social energy programs and EV related initiatives. The Government is clearly trying to present the energy portfolio not just as a climate agenda, but as a cost of living and consumer energy affordability agenda, with electrification framed as a way to lower bills over time.

The broader significance for NECA is that the portfolio remains heavily geared towards electrification infrastructure, storage and grid modernisation. In addition to the core energy measures, the Budget also includes substantial funding through the transport portfolio for electric bus depots and charging infrastructure, which is closely connected to the State's wider electrification agenda. Taken together, the energy portfolio is essentially about keeping the transition moving through Renewable Energy Zones, household energy upgrades, storage and electrified transport, rather than announcing a dramatic new reform package.

Health

The Government has committed an additional $10.3 billion in health funding over the forward estimates. This will support $11.9 billion in health infrastructure investment over the same period, including funding for 32 new and upgraded hospitals.

Economic and Fiscal Overview

A deficit of $2.3 billion is projected for 2026-27, with a $1.1 billion surplus projected in 2027-28.

Gross debt is expected to be $178.5 billion by June 2026.

Summary

The Budget also contains several broader measures that may affect electrical and communications contractors, subcontractors and the wider construction supply chain. One of the most relevant is the Government's continued focus on housing delivery, planning reform and modern construction methods. Measures aimed at speeding up approvals, supporting prefabrication and improving project delivery settings could help strengthen the building pipeline and create additional work opportunities across residential, social housing, education and health projects. For NECA members, the practical significance is that electrical contractors will need to be properly integrated into these new delivery models, particularly where modular construction, off site manufacturing and standardised building systems change the way services are designed, coordinated and installed.

The Budget also reinforces the Government's ongoing investment in building quality, compliance and regulatory oversight, including continued support for the Building Commission and broader efforts to reduce defects and improve confidence in the construction sector.

For reputable contractors, stronger enforcement and better quality control should support higher standards across the market. However, NECA will continue to watch closely to ensure any additional compliance or reporting obligations are proportionate and do not simply add cost and administrative burden to small and medium subcontracting businesses without improving outcomes on site.

Finally, the broader fiscal and economic environment remains important for members.

With the State still managing deficits, elevated debt and a softer growth outlook, government spending is likely to remain tightly focused on projects and reforms that can demonstrate clear productivity, housing or infrastructure outcomes.

For electrical contractors and subcontractors, that means the policy environment will continue to reward businesses that can deliver efficiently, manage risk and align with the Government's priorities in housing, skills, infrastructure and construction productivity. It also means there is still a strong case for continued advocacy on the issues the Budget does not solve, including security of payment, unfair contract risk, workforce shortages, rising compliance costs and the commercial pressures facing subcontractors across the sector.

With the NSW elections due in early 2027 we will focus on getting commitment to the policies that we all need to strengthen, grow, and protect out industry moving forward.

Additional Resources

For further information, contact your NECA Representative. To download the full Budget papers, visit: https://www.nsw.gov.au/business-and-economy/nsw-budget

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