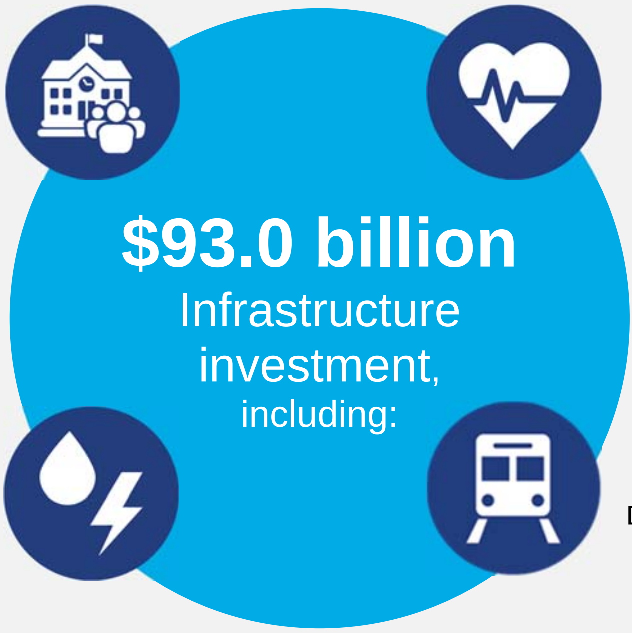
1. OVERVIEW

- The 2019-20 Budget provides for the largest infrastructure commitment ever undertaken by a state government to meet the needs of the people of New South Wales, now and into the future. It includes substantial funding for world-class hospitals and health care facilities, new and upgraded schools to support high-quality education, critical road and rail projects, and sporting and cultural infrastructure.

$7.3 billion[1]
Delivering
190 schools

$10.1 billion[2]
Delivering over
40 hospitals



$10.4 billion
Supporting water, energy and housing

$55.6 billion
Delivering over 3,500 road and rail projects

- The Government is continuing to make substantial infrastructure investments in regional New South Wales to support jobs and deliver outcomes in transport, health, education and other vital public services. This is further supported by the Government's commitment to spend 30 per cent of all Restart NSW funding in the regions and invest the $4.2 billion of proceeds from the sale of the State's share of Snowy Hydro in regional infrastructure projects.

- The $93.0 billion capital program over four years to 2022-23 delivers on the Government's 2019 election commitments and wider commitment to support and build the New South Wales communities of the future. This record program is enabled by strong and sustainable fiscal management as demonstrated by the Government's successful asset recycling program.

- The benefits of the Government's once in a generation infrastructure program are now being realised with significant projects completed including: Western Sydney Stadium, Newcastle Light Rail and North West Metro.

- The Government will also provide a further $2.2 billion over the four years to 2022-23 to support projects delivered by non-government bodies. This includes financial contributions to private-public partnerships and capital grants to local councils.

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1 $7.3 billion includes TAFE NSW as part of the Education cluster. Refer Chapter 2 for further information.
2 Health capital expenditure includes capital expensing amounts and leases following a change in accounting standards. Further information is provided at footnote d) of Table 1.3.

1.1 Introducing the State's infrastructure statement

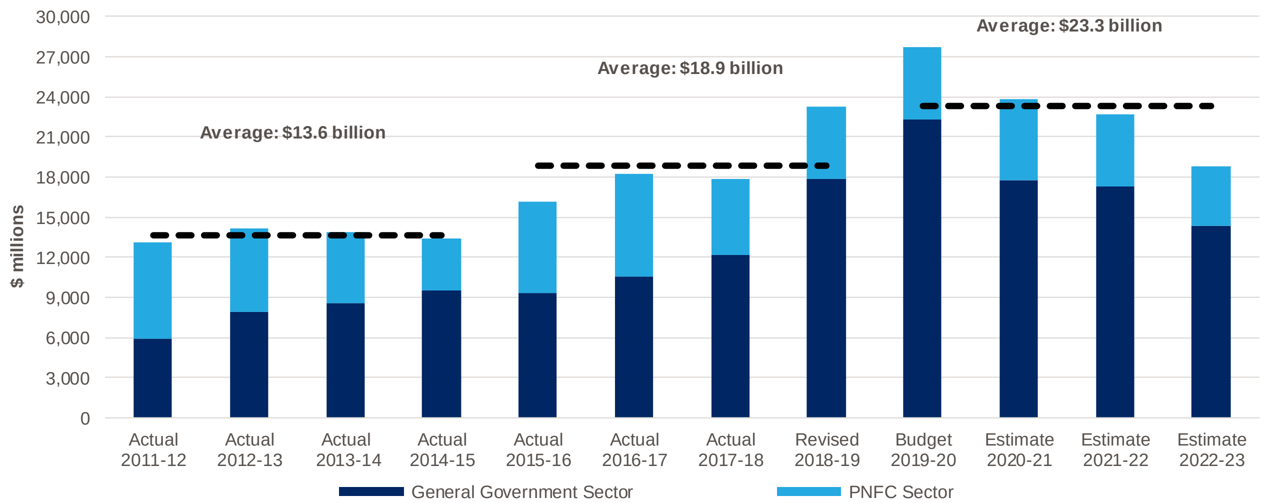
The 2019-20 Budget shows the Government is delivering on a record infrastructure commitment to make our communities great places to live, now and into the future. From local projects like improving parklands, world-class hospitals, schools and major road and transport projects that will transform New South Wales. The Budget's $93.0 billion infrastructure program is designed to make communities more liveable today, while building the New South Wales of tomorrow.

It also highlights the delivery of significant State infrastructure projects including: North West Metro (opened May 2019), Western Sydney Stadium (opened April 2019) and the WestConnex new M4 tunnel from Homebush to Haberfield (opening mid 2019). Refer to Chapter 2 for further details.

The Budget commits $93.0 billion over the four years to 2022-23 to the Government's infrastructure program. This program will continue to drive economic growth, create jobs, and provide high-quality services to residents across New South Wales. The Government's successful asset recycling strategy has enabled these record levels of capital spending, while maintaining the State's triple-A credit rating and negative net debt.

Chart 1.1 shows the growth in the State's capital program from 2011-12 to 2022-23 and its increase to an average of $23.3 billion per annum over the four years to 2022-23. The figure represents a 23.3 per cent increase over the four years to 2018-19 and a 71.3 per cent increase over the four years to 2014-15.

Chart 1.1: Infrastructure program from 2011-12 to 2022-23



The Government's infrastructure program features funding for a wide range of projects over the four years to 2022-23, including:[3,4]

- record investment of $10.1 billion[5] in health infrastructure funding for the planning and development of over 40 new and upgraded hospital builds, including the:
  - John Hunter Health and Innovation Precinct (estimated total cost (ETC) $780.0 million)
  - Children's Hospital at Westmead (ETC $619.0 million)
  - first of its kind comprehensive children's cancer centre and redevelopment of the Sydney Children's Hospital at Randwick (ETC $608.0 million).
- record investment of $7.3 billion in education infrastructure, including:
  - the planning or delivery of 190 new and upgraded schools
  - delivering on the Government's election commitment to significantly upgrade 32 schools and build 8 new schools ($917.4 million)
  - $79.6 million over the next four years to provide a new TAFE in the Western Sydney Construction Hub located close to the Western Sydney Airport.
- record investment of $55.6 billion in public transport and roads, including:
  - $6.4 billion in funding over the next four years to accelerate the delivery of the Sydney Metro West, commencing construction in 2020 (see Box 1.1)
  - over $2.0 billion in the next four years for the planning and preconstruction of the New South Wales and Commonwealth Government funded North South Metro Rail Link that will connect to the Western Sydney Airport, with construction expected to start in 2021 and with completion in 2026 in time for the opening of the airport
  - $268.0 million over four years as part of a $2.5 billion commitment to start the duplication of the full 31 kilometres of the Great Western Highway between Katoomba and Lithgow for a four-lane highway to improve safety and traffic flow, and reduce travel times
  - $322.0 million over four years as part of an additional $960.0 million commitment for various upgrades to the Princes Highway between Nowra and the Victorian border, to improve safety, journey times and freight efficiency
  - $500.0 million total commitment for the Fixing Country Bridges program to repair and replace poor quality timber bridges in rural and regional communities.
- $3.2 billion for criminal justice and emergency services infrastructure, so the government can better deliver the outcomes that our communities need, including:
  - $65.0 million from 2020-21 to 2022-23 to build new police stations in Bega, Goulburn, the Jindabyne area (including Jindabyne, Perisher and Thredbo) and major upgrades to police stations at Bourke and Bathurst.
- continuing significant investment across arts and culture, venues, energy, water utilities and other important infrastructure delivered by our cluster agencies where it is needed most to support the people of New South Wales.

Chapter 2 of this *Infrastructure Statement* provides further details on infrastructure projects the Government is also delivering.

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3 The ETC of projects identified in this chapter may include prior year expenditure and expenditure beyond the budget and forward estimates.

4 Numbers represented in the text are on an eliminated Government Sector basis. These numbers may not agree with individual agency reporting which is done on a uneliminated basis.

5 Health capital expenditure includes capital expensing amounts and leases following a change in accounting standards. Further information is provided at footnote d) of Table 1.3.

Box 1.1: Sydney Metro West

Program: Sydney Metro West is a new underground metro railway line that will connect Greater Parramatta to Sydney CBD through Olympic Park and the Bays Precinct.

Service delivery objective: Sydney Metro West will double rail capacity and provide a faster, easier and more reliable journey between Sydney CBD and Greater Parramatta in around 20 minutes. The New South Wales Government has proposed stations at Westmead, Parramatta, Sydney Olympic Park, North Strathfield, Burwood North, Five Dock, The Bays and the Sydney CBD.

Implementation: Construction is expected to start in 2020.

Funding allocation: The Government has committed $6.4 billion over the next four years to this project.

For further information on this project see *https://www.sydneymetro.info/west/project-overview*

Delivering for regional New South Wales

The Government is committed to supporting the growth and prosperity of regional New South Wales through substantial infrastructure investment. The Government's strong fiscal management has ensured it can sustain its infrastructure investment in regional New South Wales while also providing significant drought relief to these same communities.

It also remains committed to investing 30 per cent of the Restart NSW Fund on regional infrastructure over the life of the fund. The Government is spending a further $4.2 billion from the Snowy Hydro Legacy Fund on regional infrastructure projects, as detailed in Box 2.10.

Significant regional projects include:

- the Regional Rail Fleet project: $2.8 billion ($1.3 billion included in the capital program) for the design, build, and ongoing maintenance of the new regional rail fleet. Along with the new purpose built maintenance facility in Dubbo, to create better, safer, more comfortable and reliable services for customers travelling long distances
- the Regional Digital Connectivity Program: $400.0 million over four years to provide mobile black spot towers and data centres to improve internet connectivity, speeds and reliability in regional areas
- major regional hospitals including: Tweed (ETC $582.1 million), Shellharbour (ETC $378.6 million[6]), Dubbo (ETC $241.3 million) and redevelopment of the Griffith Base Hospital (ETC $250.0 million).

This Budget also includes funding for construction of new and upgraded hospitals, schools, roads and railways across regional New South Wales, see section 2.3 for further details.

[6] This includes $128.0 million in funding from the Commonwealth for the redevelopment of Shellharbour Hospital under its Community Health and Hospitals Program.

1.2 Citizen and economic benefits of infrastructure

The Government's once in a generation infrastructure program continues to deliver lasting economic and social outcomes for New South Wales, fuelling economic growth and creating opportunities for current and future generations. These opportunities include supporting strong employment conditions (see Box 1.2).

Box 1.2: Infrastructure investment boosts economic growth and supports jobs

The New South Wales Government is delivering a well targeted infrastructure program that will not only enhance services to people in New South Wales but also boost economic growth.

In the short term, efficient infrastructure projects support economic activity and jobs, both directly in the construction phase and indirectly via the flow on effects to supporting industries.

Underpinned by the Government's record infrastructure program, public investment is expected to contribute ½ a percentage point per year to economic growth this year and over the next two years, around five times its historical average.

Over the long run, well targeted infrastructure investment increases the productivity of other factors of production such as labour, private capital and land. It also encourages business to increase their own investments and expand economic activity. Additionally, there may be ongoing benefits for the labour market once projects become operational, depending on the type of infrastructure assets involved.

Some of the key projects providing economic benefits for New South Wales include:

- Western Sydney Aerotropolis which will become an economic hub through the concentration of key industries, residences, job opportunities and transportation, and is expected to create 200,000 new jobs
- North West Metro (opened May 2019) which has employed over 22,000 workers and will reduce the number of car trips on Sydney roads by 14 million a year
- Sydney Metro City and Southwest which will employ over 6,000 workers during the construction period and over 44,000 additional jobs in the project corridor by 2036
- Western Sydney Stadium (opened April 2019) has employed 1,200 workers during construction and will support up to 900 ongoing operational jobs.

The Government's investment in infrastructure is supporting economic activity and employment and will help the New South Wales economy achieve greater productive capacity, over the longer term.

Further, the Centre for International Economics has estimated that by 2056, the recommendations in the 2018 State Infrastructure Strategy will increase Gross State Product by $45 billion.[7]

[7] Centre for International Economics, *Impact of the State Infrastructure Strategy 2018,* Centre for International Economics, 2018.

A rigorous planning and assessment process will allow the Government to better meet the needs of a growing and ageing population. For example, Infrastructure NSW estimates:

- enrolments in government and non-government schools will increase by about 25 per cent over the next 20 years, with more than 80 per cent of that growth occurring in Sydney[8]
- the demand for health care will grow by over 50 per cent in the next 20 years, compared with population growth of 28 per cent.[8]

Infrastructure investment creates social benefits by improving the quality and efficiency of government services and enhancing social connections. For example:

- world-class hospitals protect and improve the wellbeing of the community by enabling doctors and nurses to provide high-quality health care
- modern schools and training facilities ensure all students receive a quality education or training to equip them for the future
- social housing and mental health infrastructure support those in need, including protecting the vulnerable and creating opportunities to improve their lives
- cultural and sporting infrastructure strengthens community engagement and cohesion by enhancing interconnectivity and shared values. Cultural infrastructure also attracts tourism, boosting the visitor economy
- reducing road congestion shortens travel times, increases productivity, reduces pollution and improves overall quality of life
- digital enhancements improve internet connectivity, speeds and reliability, which leads to gains in productivity and social inclusion across our communities, especially in remote and regional areas.

The Government is responding to these challenges through its record capital program which will improve essential services and meet the needs of the community now and into the future (see Box 1.2).

1.3 Our fiscal management

The Government's record infrastructure program is made possible because of strong and sustainable fiscal management. This has enabled the acceleration of critical projects while maintaining the State's triple-A credit rating. This includes:

- continuing management of recurrent expenditure, consistent with the *Fiscal Responsibility Act 2012*
- active management of the State's balance sheet, including reinvesting the proceeds of asset recycling into productive infrastructure via the New South Wales Infrastructure Future Fund (NIFF), allowing the Government to generate additional returns for taxpayers
- whole-of-government prioritisation of capital projects, based on a rigorous project assessment process, to enable a more strategic approach to capital allocation.

[8] Infrastructure NSW, State Infrastructure Strategy 2018-2038, Sydney, 2018.

The Government uses a strong capital investment framework to underpin investment decisions. This framework has been designed to ensure the Government invests in critical infrastructure projects that provide the greatest economic benefit for the most efficient cost.

The framework integrates planning, project selection, funding and delivery. Chapter 4 of this *Infrastructure Statement* provides further information on the investment framework.

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

Asset recycling strategy

The Government's successful asset recycling strategy is enabling the delivery of its record infrastructure program and contributing to the Government's commitment to maintaining the State's triple-A credit rating. Asset recycling proceeds have been invested in special purpose funds such as the NIFF and the NSW Generations Fund (Refer to section 8.3 of Budget Paper 1), strengthening the State's net debt position and boosting budget reserves.

Asset recycling has unlocked additional funding for infrastructure projects and enabled the accelerated delivery of critical projects. Examples include the Sydney Metro City and Southwest, the More Trains, More Services program, Regional Road Freight Corridor and the Parramatta Light Rail.

The Government received a further $9.3 billion in asset recycling proceeds in 2018-19 from the sale of 51 per cent of Sydney Motorway Corporation. These proceeds will support infrastructure delivery across New South Wales, including the acceleration and delivery of the final stage of WestConnex.

Box 1.3: WestConnex transaction wins award

The WestConnex transaction was recognised as one of the most unique and complex Merger and Acquisition transactions in Australia's history and named Australia's best infrastructure project for 2019 at Infrastructure Partnerships Australia's National Infrastructure Awards.

The WestConnex transaction generated $9.3 billion for New South Wales taxpayers that will be used to support the M4-M5 Link, the final stage of WestConnex, and wider infrastructure for the people of New South Wales. The sale of 51 per cent of Sydney Motorway Corporation, the company delivering WestConnex, attracted widespread interest from domestic and global investors.

The balance of Restart NSW is expected to total $33.3 billion as at 30 June 2019, of which $25.1 billion relates to proceeds from the Government's successful asset recycling program. These proceeds have been supplemented by interest earnings in Restart NSW and the Commonwealth Government's Asset Recycling Initiative payments (see table 3.4).

A further $4.2 billion was received on 30 June 2018 from the sale of the State's share of Snowy Hydro. These proceeds will be reinvested into regional infrastructure across New South Wales through the Snowy Hydro Legacy Fund, as detailed in Box 2.10.

1.4 Four-year capital program

The Government's capital spending program is forecast to be $93.0 billion over four years to 2022-23. Table 1.1 provides a reconciliation of capital expenditure between the 2018-19 and 2019-20 budgets. Movements in the profile of capital expenditure across years for individual projects are captured at an aggregate level in parameter and other variations.

Parameter and other budget variations are the result of changes to the cost and timing of service delivery that are largely outside government control. These include changes to economic conditions, variations to Commonwealth Government grants, accounting and technical adjustments (including accounting standard changes), and changes to project delivery schedules.

The 2018-19 parameter and technical adjustments predominately relates to the delivery of WestConnex, which is no longer accounted for as part of the Government's capital program due to the project's partial sale in August 2018.

Table 1.1: Capital expenditure reconciliation

	2018-19	2019-20	2020-21	2021-22	2022-23
	$m	$m	$m	$m	$m
Capital - 2018-19 Budget	24,471	22,547	21,042	19,147	n.a.
Policy measures					
New capital works[(a)]	777	1,330	655	317	n.a.
Parameter and other variations	(1,281)	342	331	(140)	n.a.
Capital - 2019 Pre-election Budget Update	23,967	24,219	22,028	19,324	n.a.
Policy measures					
New capital works[(a)]	19	898	1,287	2,711	2,388
Parameter and other variations	(786)	2,622	534	635	n.a.
Capital - 2019-20 Budget	**23,199**	**27,739**	**23,849**	**22,671**	**18,775**

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

Table 1.1 shows that the 2019-20 capital expenditure compared to 2018-19 has increased from $23.2 billion to $27.7 billion. Key drivers of this increase include new spending initiatives resulting from election commitments, the acceleration of projects from forward years in Transport, the reprofiling of projects from 2018-19 to 2019-20 and the impact of new accounting standards on capitalising operating leases.

Impact of changes to accounting standards

AASB 16 Leases is a new accounting standard that requires leases (including operating leases) to be reported on the balance sheet as a lease asset with an offsetting lease liability. The new standards come into effect for the 2019-20 budget year. Adjustments associated with the introduction of the new standards are forecast to increase reported capital expenditure by $1.6 billion (for the period 2019-20 to 2022-23) as set out in Table 1.3.

Table 1.2: Impact of leases under new accounting standards

	2019-20	2020-21	2021-22	2022-23	Four year total
	$m	$m	$m	$m	$m
Impact of leases - 2018-19 Budget	**414**	**350**	**409**	**384**	**1,557**

Breakdown of the capital program

The breakdown of capital expenditure by cluster is shown in Table 1.3. Chapter 5 (general government agencies) and Chapter 6 (public non-financial corporations), set out the detailed programs of the individual agencies.

More than half the four-year capital program reflects record levels of investment in productive road and rail infrastructure. The table also highlights the record infrastructure spend in Health[(d)] and Education over the four years to 2022-23.

Table 1.3: State capital spending by cluster[(a)(b)]

	2019-20 Budget	2020-21	2021-22 Forward Estimates	2022-23	Four year total	
	$m	$m	$m	$m	$m	%
Transport[(c)]	16,597	13,245	14,108	11,618	55,568	59.7
Health [(d)]	2,727	2,652	2,003	1,590	8,972	9.6
Education	2,366	2,182	1,676	1,040	7,265	7.8
Stronger Communities	1,262	1,173	400	411	3,247	3.5
Premier's cluster	826	805	452	330	2,414	2.6
Planning, Industry and Environment	787	536	495	371	2,190	2.4
Customer Service	335	190	86	78	689	0.7
Other PNFCs[(c)]	2,341	2,536	2,709	2,788	10,374	11.2
Other	497	530	741	548	2,316	2.5
Total[(e)]	**27,739**	**23,849**	**22,671**	**18,775**	**93,034**	**100**

(a) Clusters are reported where appropriate to align with new Machinery of Government changes announced in April 2019 which take effect from 1 July 2019. For information on clusters, refer Chapter 2.
(b) Numbers represented in the table are on an eliminated Government Sector basis. This table does not agree with individual agencies reporting which is done on an uneliminated basis.
(c) Other Public Non-Financial Corporations (PNFCs) exclude Transport agencies which are reported as part of the Transport cluster, and mainly comprise energy, water and property agencies. 2019-20 budgets are set out in Chapter 6. Key expenditure in the year include social housing $364.5 million, water bulk system upgrades $231.8 million and growth and renewal of the metropolitan water supply system $859.7 million.
(d) Health spending on capital is forecast to total $10.1 billion over the four years to 2022-23. Table 1.3 does not include $148.3 million in 2019-20, $145.7 million in 2020-21, $138.2 million in 2021-22, and $104.2 million in 2022-23 for minor capital spending for the construction of health capital projects which fall below a capitalisation threshold and is not reported as capital expenditure. Additionally, assets leased by Health from other clusters are eliminated in the above table.
(e) Spending excludes capital expenditure by public financial corporations.

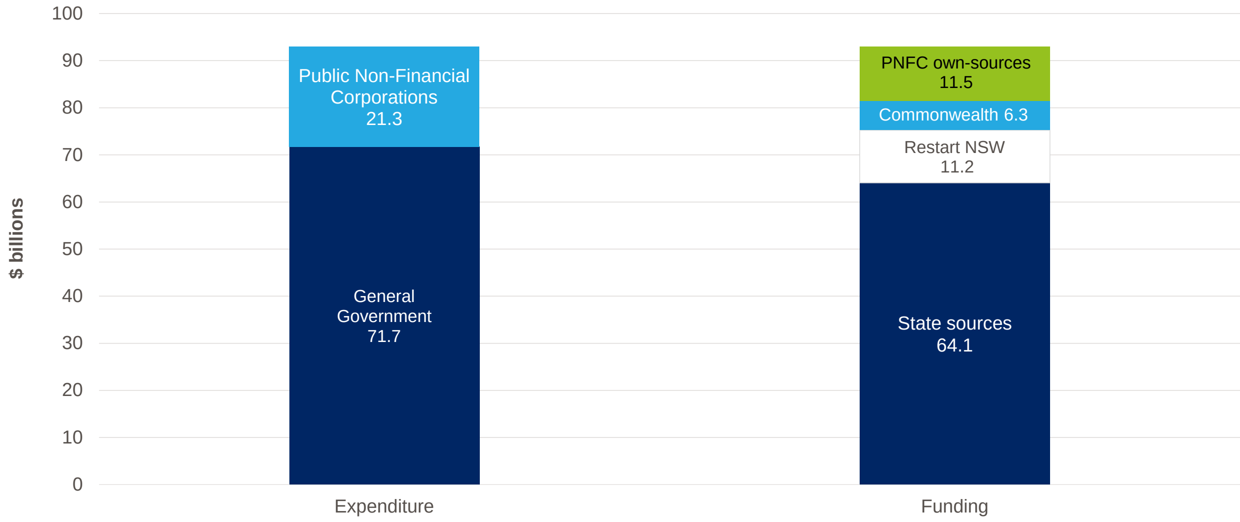
1.5 Funding the delivery of infrastructure

The State's capital program of $93.0 billion over four years to 2022-23 is funded from:

- state sources, comprising:
  - taxation, other own-source State revenues and borrowings ($64.1 billion)
  - Restart NSW (including the Rebuilding NSW plan), via sources such as asset recycling proceeds, windfall tax revenues and the issuing of Waratah Bonds ($11.2 billion)[9]
- Public non-financial corporations (PNFC) own-source funding (including from equity, retained earnings and borrowings) ($11.5 billion)
- Commonwealth Government grants ($6.3 billion).

[9] A total of $33.1 billion is committed and reserved within Restart NSW (see Chart 3.1), with $11.2 billion committed and reserved over the four years to 2022-23. Additional expenditure is forecast outside the budget and forward estimates.

Chart 1.2: Summary of capital expenditure and funding sources - 2019-20 to 2022-23



As shown in Chart 1.2, the capital program is comprised of $71.7 billion from the general government sector and $21.3 billion from the PNFC sector.

State sources is expected to be the largest funding source for capital expenditure, totalling $64.1 billion over the four years to 2022-23.

Commonwealth Government funding comprises infrastructure grants for specific projects and accounts for $6.3 billion, or 6.7 per cent, of the capital program. PNFC own-source funding is $11.5 billion, or 12.4 per cent of the capital program.

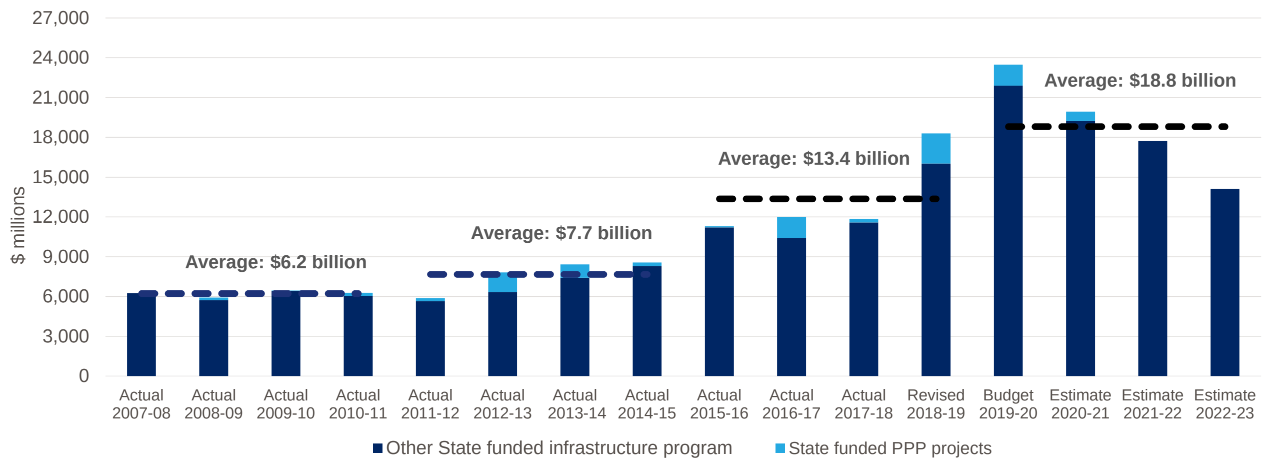
State funding

The State funded program is $75.2 billion over the four years to 2022-23 and includes State sources and Restart NSW. Chart 1.3 shows the changes in the State funded capital investment program since 2007-08. The program increases to an average of $18.8 billion per annum over the four years to 2022-23, 40.7 per cent higher than the four years to 2018-19, 145.3 per cent higher than the four years to 2014-15 and 202.3 per cent higher than the four years to 2010-11.

State funded capital expenditure is expected to reach $23.5 billion in 2019-20, driven by record investment in Health and Education and spending on public transport and roads projects, including Sydney Metro City and Southwest, CBD and South East Light Rail, Parramatta Light Rail Stage 1 and the final stage of the WestConnex project (the M4-M5 link tunnel and Rozelle Interchange).

The reduction in expenditure over the later years to 2022-23 reflects the tailing off or end of construction of several major projects in the prior period, including (but not limited to) the CBD and South East Light Rail, Sydney Metro City and Southwest, the WestConnex new M4 Tunnel, the WestConnex New M5 Tunnel, More Trains, More Services, Westmead Hospital Redevelopment Stage 1 and the Sydney Football Stadium.

Chart 1.3: State funded capital expenditure program(a)(b)(c)



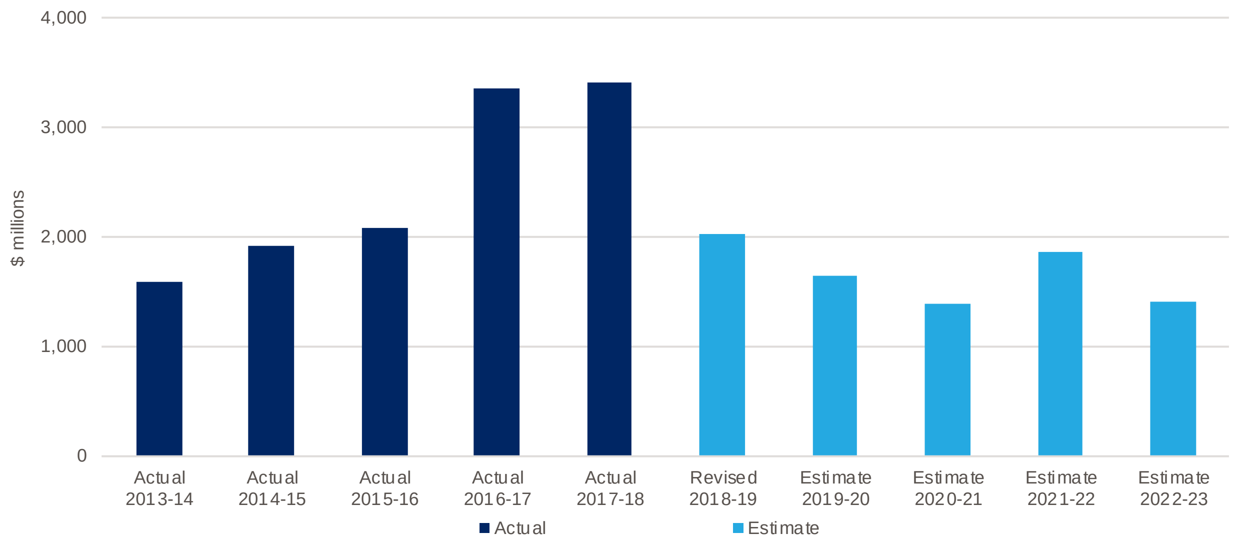
(a) The State funded capital program includes expenditure in the general government sector and State funded contributions to PNFCs, including for WestConnex.
(b) The four years to 2022-23 includes the impact of Restart NSW reservations, following on from the decision in 2017-18 to reflect the expenditure of these reservations in the budget estimates.
(c) PPP projects with State funded expenditure over the four years to 2022-23 include the CBD and South East Light Rail, and the New Grafton Correctional Centre.

Commonwealth Government funding

The Commonwealth Government will contribute $6.3 billion to the New South Wales capital program over the four years to 2022-23. Chart 1.4 shows the Commonwealth's contribution to the program over the years 2013-14 to 2022-23. Funding reached over $3.0 billion in 2016-17 and 2017-18 due to the receipt of Commonwealth Government Asset Recycling Initiative payments, with $1.0 billion received in 2016-17 and $847.8 million in 2017-18.

Contributions from the Commonwealth Government are currently forecast to decline over the four years to 2022-23 due to the completion of various major road projects linked to the Commonwealth program. Contributions are expected to increase once again as new funding agreements are implemented for the Western Sydney Airport, see Box 1.4.

Chart 1.4: Commonwealth Government contribution to State capital expenditure program



Box 1.4: North South Metro Rail Link – Stage 1

Program: A new metro line from St Marys to the Western Sydney Aerotropolis via Western Sydney International (Nancy-Bird Walton) Airport. The railway line will connect to the existing T1 Western train line at St Marys. The project was announced as part of the Western Sydney City Deal.

Service delivery objective: The railway line will connect passengers and employees to the new Western Sydney Airport and the Western Sydney Aerotropolis. The construction of the new rail link in Western Sydney will also help to reduce reliance on cars in the area.

The North South Metro Rail Link project will have fully-automated driverless trains, like the rest of the Sydney Metro system, with fast, frequent services. Customers will not need a timetable, they will just turn up and go.

Implementation: The Commonwealth and New South Wales governments have a shared objective of having the metro rail operational in 2026 when the Western Sydney Airport is scheduled to open.

Funding allocation: The Budget will provide over $2.0 billion over the next four years, subject to completion of the business case, to commence construction of the New South Wales and Commonwealth Government funded project.

1.6 Existing assets and maintenance program

Existing assets

The State's physical assets comprise land and buildings, plant and equipment and infrastructure systems. Key assets include transport networks, public schools, hospitals, police and court facilities, public housing, water storage and supply networks, electricity and distribution networks and roads. Physical assets exclude intangibles, inventories and assets held for sale.

Table 1.4 shows that even with the Government's asset recycling program, the State's asset base is growing, and the people of New South Wales are sharing in this wealth. The State's physical assets are estimated to have a value of $355.9 billion as at 30 June 2019, an increase of $16.1 billion from 30 June 2018. The State's physical assets across both the general government and PNFC sectors were valued at $339.8 billion as at 30 June 2018.

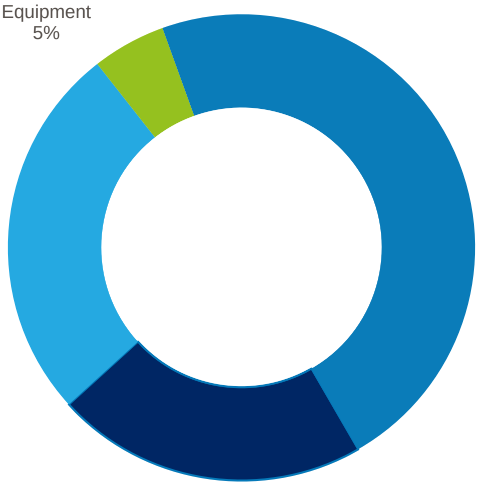
Table 1.4: State owned physical assets: value by sector (a)(b)

As at 30 June	2016 Actual $m	2017 Actual $m	2018 Actual $m	2019 Revised $m	2020 Budget $m
General Government Sector	164,414	176,199	198,563	224,826	237,862
Public Non-Financial Corporations	140,303	130,960	140,012	130,497	141,896
Total (c)	**304,717**	**307,714**	**339,835**	**355,892**	**380,350**

(a) Net of depreciation.
(b) Includes investment properties.
(c) Consolidated total may not equal the sum of the individual sectors due to differences in classification between the individual sectors and the consolidated sector.

Chart 1.5 details the components of the State's physical assets. The largest component at 30 June 2018 was infrastructure systems ($160.2 billion), which included roads, railways, ports, dams and pipelines. The remaining components comprise buildings ($88.9 billion), land ($73.3 billion) and plant and equipment ($17.3 billion).

Chart 1.5: State owned physical assets: value by type, as at 30 June 2018



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

Infrastructure maintenance

Agencies maintain their infrastructure to support the delivery of high-quality services.

Treasury guidelines require that direct employee, contractor and external costs on infrastructure maintenance activities are reported as part of an agency's maintenance expenditure. Table 1.5 shows that the maintenance expenditure estimates for the general government and PNFC sectors are expected to increase over the four years to 2022-23 mainly due to the Government's commitment to clear the existing school maintenance backlog.

Table 1.5: Maintenance expenses[(a)]

	2018-19 Budget	2018-19 Revised	2019-20 Budget	2020-21	2021-22 Forward estimates	2022-23
	$m	$m	$m	$m	$m	$m
General Government Sector	1,936	1,949	2,051	1,955	1,953	2,154
Public Non-Financial Corporation Sector	2,067	2,152	2,139	2,068	2,067	2,032
Total	**3,999**	**4,097**	**4,184**	**4,018**	**4,015**	**4,182**

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