



NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

State finances 2025

FINANCIAL AUDIT | 1 DECEMBER 2025

THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General and the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

Financial audits are designed to give reasonable assurance that financial statements are true and fair, enhancing their value to end users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to Parliament. In combination, these reports give opinions on the truth and fairness of financial statements, and comment on entity internal controls and governance, and compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These assess whether the activities of government entities are being carried out effectively, economically, efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities. Our performance audits may also extend to activities of non-government entities that receive money or resources, whether directly or indirectly, from or on behalf of government entities for a particular purpose.

As well as financial and performance audits, the Auditor-General carries out special reviews, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.



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In accordance with section 52A of the *Government Sector Audit Act 1983*, I present a report titled '**State finances 2025**'.

A handwritten signature in black ink, which appears to read 'Bola Oyetunji'.

Bola Oyetunji

Auditor-General for New South Wales
1 December 2025

RECONCILIATION STATEMENT

We pay our respect and recognise Aboriginal peoples as the traditional custodians of the land in NSW who have cared for and protected the environment, waterways, and sacred sites over many millennia. We honour and thank the traditional custodians of the land on which our office is located, the Gadigal people of the Eora Nation, and the traditional custodians of all the lands on which our employees live and work. We pay our respects to their Elders past and present, and to the next generation of leaders.

As we mark our 200th anniversary, and our contribution to fostering accountability and transparency in the government and Parliament, we also acknowledge that our long history is shared with the histories of colonisation in New South Wales. We acknowledge the impacts of colonisation, and the resulting marginalisation and disadvantage of Aboriginal and Torres Strait Islander peoples in this state.

We embrace our role in holding government agencies to account for the delivery of effective services for Aboriginal and Torres Strait Islander peoples. We are committed to ensuring that our audits are culturally responsive, respectful and inclusive, and that we engage with Aboriginal and Torres Strait Islander peoples and communities in a meaningful and collaborative way.

We recognise the ancestral tie of Aboriginal and Torres Strait Islander peoples to this land, and we acknowledge that we have much to learn from their wisdom, rich and diverse culture, languages, knowledge and practices.

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1. Report snapshot

This report summarises the 2024–25 consolidated financial statements of the New South Wales General Government Sector (GGS) and Total State Sector (TSS). Together these comprise the Total State Sector Accounts (TSSA).

The report comments on key findings from the TSSA audit and highlights significant factors that have contributed to the State’s financial outcomes for the year ended 30 June 2025. The report also identifies areas of focus for future audits.

Key findings

The audit opinion on the TSSA was unqualified.

The GGS deficit was \$1.4 billion higher than originally budgeted

The GGS reported a deficit of \$5.1 billion for the 2024–25 financial year. This was higher than the original budgeted deficit of \$3.6 billion, and \$86 million higher than the revised budget deficit of \$5 billion estimated during the 2024–25 half yearly review.

Since 2022–23, the GGS’s revenue growth has exceeded expense growth

This reversed a trend from previous years when expenses rose faster than revenue due to the Government’s response to COVID–19 and natural disasters.

The GGS’s interest expense increased by \$3.1 million per day

In 2024–25, the GGS’s interest expense increased by \$1.1 billion to \$7.1 billion, mainly due to a \$11.7 billion increase in the GGS’s borrowings. Interest is costing the GGS \$19.6 million per day (\$16.5 million last year).

The GGS reported borrowings of \$165.2 billion at 30 June 2025.

The State maintained its credit ratings, however, S&P Global has indicated a risk of downgrade still exists

Both Moody’s and Fitch maintained the State’s credit rating at triple-A with a stable outlook in September 2025.

In November 2025, S&P Global reaffirmed its AA+ rating and maintained its negative long-term outlook. The negative outlook signifies a risk that the State’s financial management or budgetary performance could weaken over the next two years.

Recommendations

All recommendations from our [State finances 2024](#) report were addressed by NSW Treasury in 2024–25. No additional recommendations are made for 2024–25, apart from those made to agencies in the [State agencies 2025](#) report.

Fast facts

\$5.1b

deficit of the GGS

\$165.2b

borrowing position for the GGS

43.5%

of the State’s total operating expenses are employee-related costs (including superannuation)

\$1.4b

higher than originally budgeted GGS deficit

\$19.6m

interest cost per day for the GGS

\$582b

property, plant and equipment recorded in the TSS

2. Executive summary

2.1. Introduction

This report summarises the 2024–25 consolidated financial statements of the New South Wales (NSW) General Government Sector (GGS) and Total State Sector (TSS). Together these comprise the Total State Sector Accounts (TSSA).

The report comments on key findings from the TSSA audit and highlights significant factors that have contributed to the State’s financial outcomes for the year ended 30 June 2025. The report also identifies areas of focus for future audits.

This is the third of four financial audit reports undertaken by the Audit Office in 2025 across the NSW public sector. The other three reports are:

- [Internal controls and governance 2025: Procurement and technology](#), published on 29 October 2025, which analyses the internal controls and governance of 26 of the largest state-sector agencies in the NSW public sector for 2024–25. This report also includes findings on the focus areas of state government procurement, cyber security and artificial intelligence (AI).
- [State agencies 2025](#), published on 26 November 2025, which brings together the final results of, and insights from, audits of financial statements of all NSW public sector agencies for 2024–25.
- ‘Capital projects 2025’, which will assess procurement and management of major infrastructure and investment projects in NSW.

2.2. Audit outcome

The TSSA audit opinion was unqualified

The audit opinion on the TSSA for the year ended 30 June 2025 was unqualified. That is, there is sufficient audit evidence to conclude that the financial statements were free of material misstatement and were prepared in accordance with Australian Accounting Standards and the *Government Sector Finance Act 2018*.

There are five key audit matters on the TSSA audit

Key audit matters (KAMs) are matters that, in the auditor’s judgement, are of most significance in the TSSA audit. KAMs add value by providing broader insights, increased transparency and assistance to users in understanding areas of significant judgement in the TSSA.

The TSSA Independent Auditor’s Report (IAR) for the year ended 30 June 2025 included five KAMs:

- consolidation of financial information
- valuation of property, plant and equipment
- valuation of financial instruments
- valuation of defined benefit superannuation and long service leave liabilities
- valuation of outstanding claims liabilities.

Refer to the IAR included in the TSSA for details of the KAMs and how they were addressed in the audit.

NSW Treasury has addressed the recommendations made in the State finances 2024 report

The [State finances 2024](#) Auditor-General's Report to Parliament included two open recommendations for the NSW Government. They were to:

- conduct a broad review of the financial reporting exemption framework
- ensure, in partnership with Department of Planning Housing and Infrastructure, earlier assessment of reporting exemptions so that category 2 Statutory Land Managers and Common Trusts meet statutory financial reporting deadlines.

NSW Treasury addressed these recommendations in 2024–25. Refer to [Appendix 1](#) for further details.

No additional recommendations are made for 2024–25, apart from those made to agencies in the [State agencies 2025](#) report.

2.3. Key findings

The GGS deficit of \$5.1 billion was \$1.4 billion higher than originally budgeted

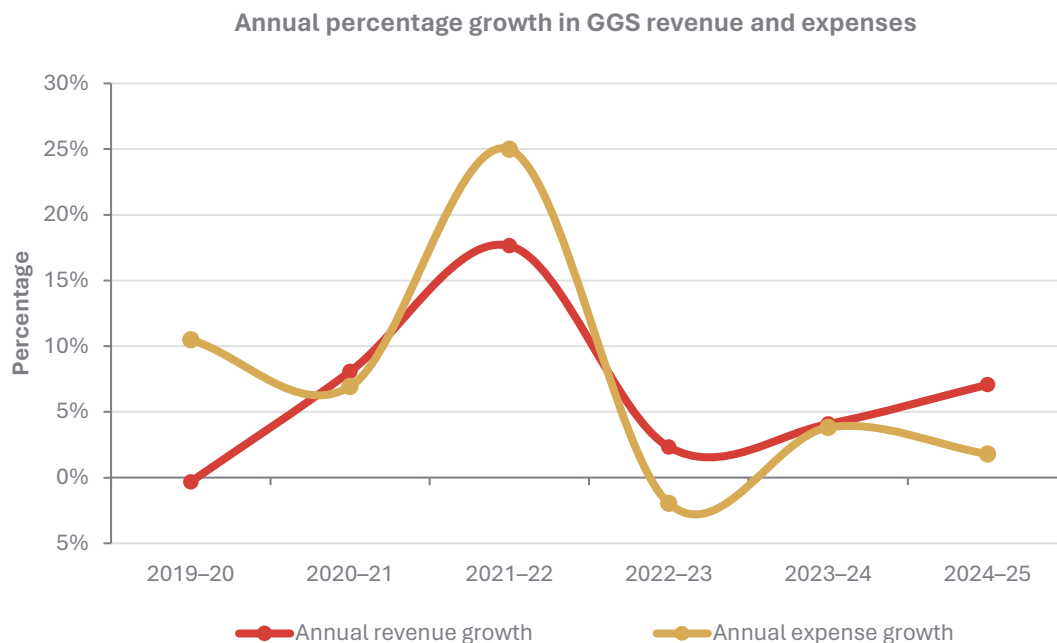
The GGS reported a deficit of \$5.1 billion for the 2024–25 financial year. This was \$1.4 billion higher than the original budgeted deficit of \$3.6 billion and \$86 million higher than the revised budget deficit of \$5 billion estimated during the 2024–25 half yearly review.

This is discussed further in section [3.1 General Government Sector budget result](#).

GGG annual revenue growth continues to exceed annual expense growth

Since 2022–23, GGS revenue growth has exceeded expense growth, following several years during which expenses increased more than revenue as the government responded to COVID-19 and natural disasters.

The 2025–26 budget papers indicate that the Government has completed a Comprehensive Expenditure Review (CER), which identifies \$13 billion in savings, reprioritisation and other budget improvement measures. The budget papers state that more than \$11 billion of these measures are complete or on track for completion, with the remaining underway or in planning.



Source: Derived from audited TSSAs for the relevant years.

This is discussed further in section [3.1 General Government Sector budget result](#).

Employee-related costs continue to be the State's largest single expense

Employee-related costs (including superannuation) account for 43.5% of the State's total operating expenses in 2024–25 (42.9% in 2023–24), an increase of \$2.8 billion or 4.9%.

The increase is primarily due to growth in public sector salaries and wages, higher full-time equivalent positions in education and health, and a 0.5% rise in the compulsory superannuation guarantee.

This is discussed further in section [3.3. Total state sector expenses](#).

Interest costs increased from \$16.5 million to \$19.6 million per day

In 2024–25, the GGS's interest expense increased by \$1.1 billion to \$7.1 billion, mainly due to a \$11.7 billion increase in the GGS's borrowings. The GGS reported borrowings of \$165.2 billion at 30 June 2025.

Interest is costing the GGS \$19.6 million per day (\$16.5 million per day in 2023–24).

Interest expense includes interest on borrowings and advances, lease liabilities, service concession financial liabilities and the unwinding of discounts on provisions.

This is discussed further in section [3.6. Fiscal responsibility and key aggregates](#).

The State maintained its credit ratings, however, S&P Global has indicated a risk of downgrade still exists

S&P Global maintained its AA+ credit rating while revising its outlook from stable to negative in November 2024. In March and November 2025, S&P Global reaffirmed its AA+ rating and maintained its negative long-term outlook, citing continued delays in fiscal improvement, which could occur because of weaker fiscal controls, softer revenue growth or larger spending needs than expectations, such as those related to natural disasters. The negative outlook also signifies a risk that the State's financial management or budgetary performance could weaken over the next two years. S&P Global has indicated there is a risk it could downgrade if the negative outlook doesn't improve.

In September 2025 the rating agency Moody's reaffirmed the State's Aaa rating with a stable outlook, noting fiscal deficits and high debt as concerns, but anticipating ongoing revenue growth and controlled expenditure to support fiscal stability.

In the same month the ratings agency Fitch reaffirmed the State's AAA rating with a stable outlook, while also highlighting the State's high debt burden.

The Government has committed to fully funding the State's unfunded superannuation liability by 2040

The fiscal target in the *Fiscal Responsibility Act 2012* (FR Act) is the elimination of the State's unfunded superannuation liability by 2030.

The State's current budget settings aim to fully fund this liability by 2040. The additional ten years needed to fund this liability was first announced in the State's 2020–21 budget papers.

The State uses AASB 1056 'Superannuation Entities' to measure the State's unfunded superannuation liability for the purposes of tracking compliance with the FR Act. Under AASB 1056, the State's unfunded superannuation liability was \$19 billion at 30 June 2025 (\$20.6 billion at 30 June 2024).

This is discussed further in section [3.6. Fiscal responsibility and key aggregates](#).

2.4. Future audit focus areas

The Audit Office has released its [Audit Work Program 2025–28](#), which outlines focus areas that respond to key issues facing the NSW public sector.

Key themes for this program are:

- optimal use of public resources
- grants administration
- major projects and procurement
- assurance of climate-related disclosures
- the Government’s targets and initiatives to reduce carbon emissions, including facilitating energy transition
- First Nations people.

Through its planned audit topics, and in the conduct of its financial and performance audits, the Audit Office intends to sharpen the public sector’s focus on managing IT risks, particularly for cyber security and AI.

It also plans to advance its digital capability and use of data and analytics to continue to efficiently produce high-quality audits in an increasingly complex, digitally enabled, public sector landscape.

3. The State's financial outcomes

3.1. General Government Sector budget result

The General Government Sector (GGS) comprises over 200 entities that provide public services (such as health, education and police) or carry out policy or regulatory functions. Taxation mainly funds agencies in this sector.

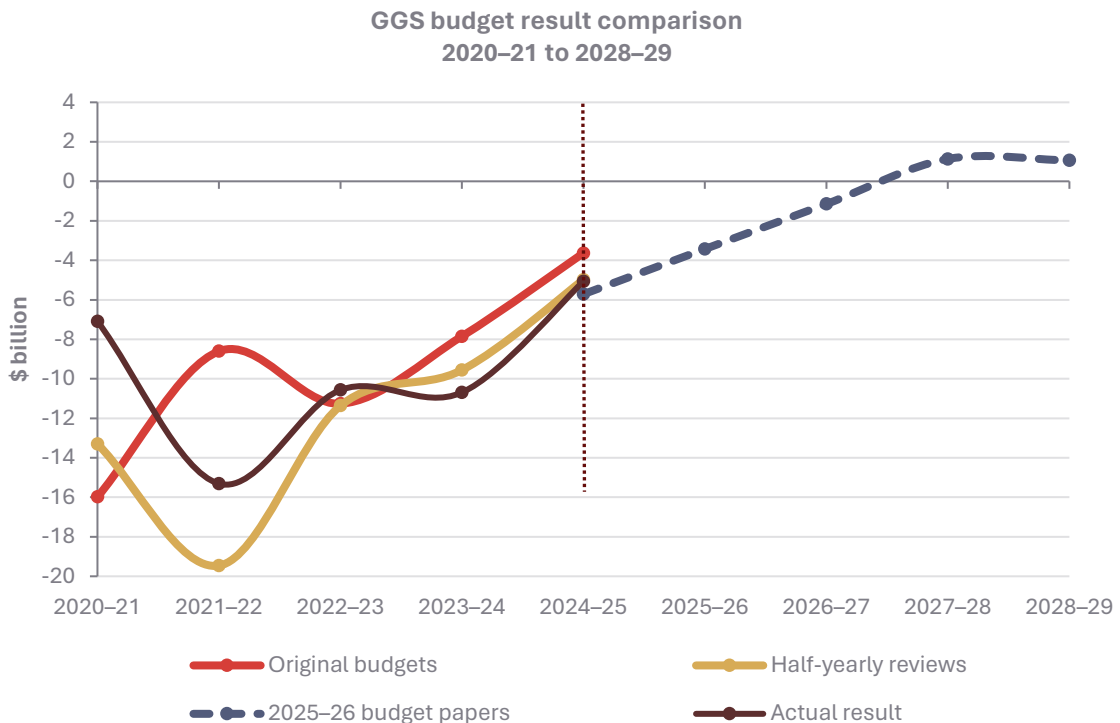
The budget result (or net operating balance) is a key measure of the sustainability of the State's operations. For the GGS, the budget result is the difference between the cost of service delivery and the revenue raised to fund the sector.

The GGS deficit of \$5.1 billion was \$1.4 billion higher than originally budgeted

The GGS's net operating balance for 2024–25 was a deficit of \$5.1 billion. This was \$1.4 billion higher than the original budgeted deficit of \$3.6 billion, and \$86 million more than the revised budget deficit of \$5 billion estimated during the 2024–25 half yearly review.

The following graph shows the:

- actual results compared to the original budgets and half yearly revisions published by NSW Treasury over the last five years
- budget for 2025–26 and projected results from 2026–27 to 2028–29 (represented by the broken line).



Source: 2020–21 to 2024–25 data were from past NSW budgets, NSW half-yearly reviews and audited TSSA. Data for 2025–26 to 2028–29 were from the 2025–26 NSW budget papers.

The last three years (2022–23 to 2024–25) reflect a closer alignment between the actual results and the original budgets. In 2020–21 and 2021–22 the results did not align with the budgets, due to several unforeseen factors that significantly impacted the economy, such as the COVID-19 pandemic and natural disasters.

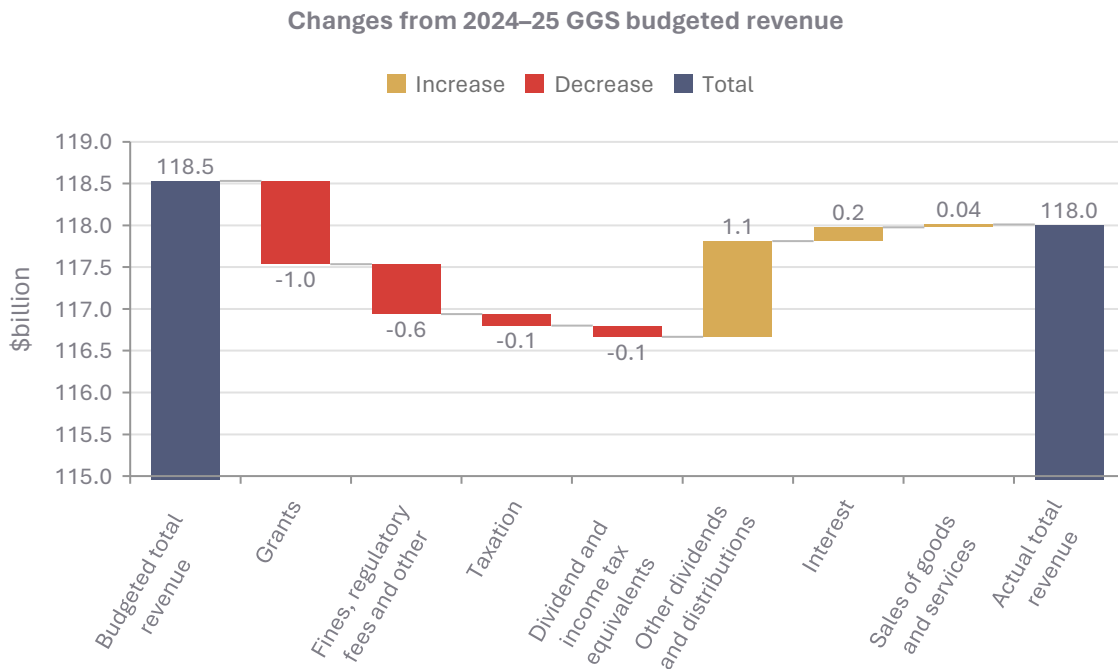
The State has remained in deficit since 2019–20. The Government anticipates this trend will continue until 2027–28, with a forecast surplus of \$1.1 billion.

Further analysis of the GGS’s expenses and revenue are included in subsequent sections.

General government revenue was \$521 million lower than originally budgeted

The GGS’s revenue was \$521 million lower than the original budget of \$118.5 billion for 2024–25. This was due to the net effect of:

- a \$1 billion lower than budgeted grants revenue that was mainly related to the Disaster Recovery Funding Arrangements with the Commonwealth of Australia. During 2024–25 agencies deferred expenditure, resulting in the deferral of associated revenue and payments into future years
- revenue from 'fines, regulatory fees and other' coming in at \$596 million below budget, primarily due to reduced mining royalties associated with lower coal prices
- the above reductions being partially offset by \$1.1 billion higher than budgeted revenue from 'other dividends and distributions', mainly driven by higher than expected returns received from NSW Treasury Corporation (TCorp) managed investment funds driven by strong market performance in 2024–25.



Source: 2024–25 NSW budget papers and audited 2024–25 TSSA.

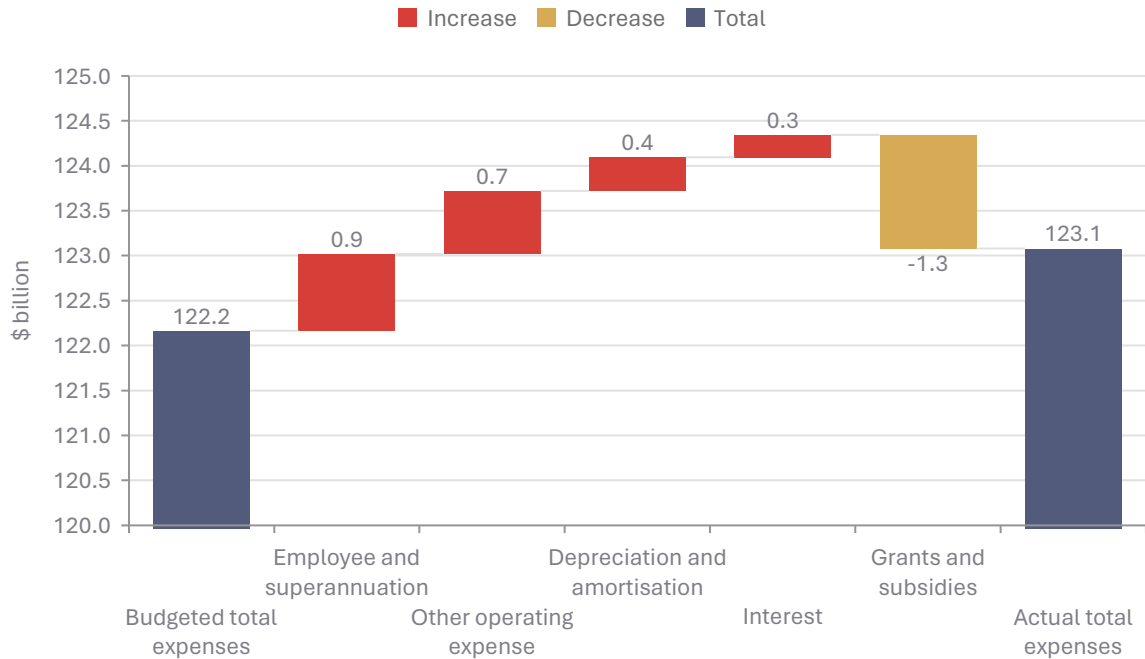
General government expenses were \$915 million higher than originally budgeted

The GGS’s expenses were \$915 million higher than the original budget of \$122 billion for 2024–25. This was predominantly because:

- employee and superannuation expenses were \$857 million higher than budgeted, mainly driven by \$863 million higher expenses in the NSW Self Insurance Corporation due to the newly introduced Enhanced Police Support Scheme
- other operating expenses were \$700 million higher than budgeted with:
 - \$432 million higher expenses in the NSW Self Insurance Corporation due to increased abuse related claims and rising costs across liability and property event portfolios
 - \$338 million higher expenses in the Ministry of Health across suppliers, services and other operating costs.

The above increases were partially offset by a \$1.3 billion reduction in grants and subsidies compared to budget. This was due to lower than expected disaster recovery expenditure resulting primarily from agencies deferring expenditure (refer to the earlier comment for the related impacts on grant revenue).

Changes from 2024–25 GGS budgeted expenses



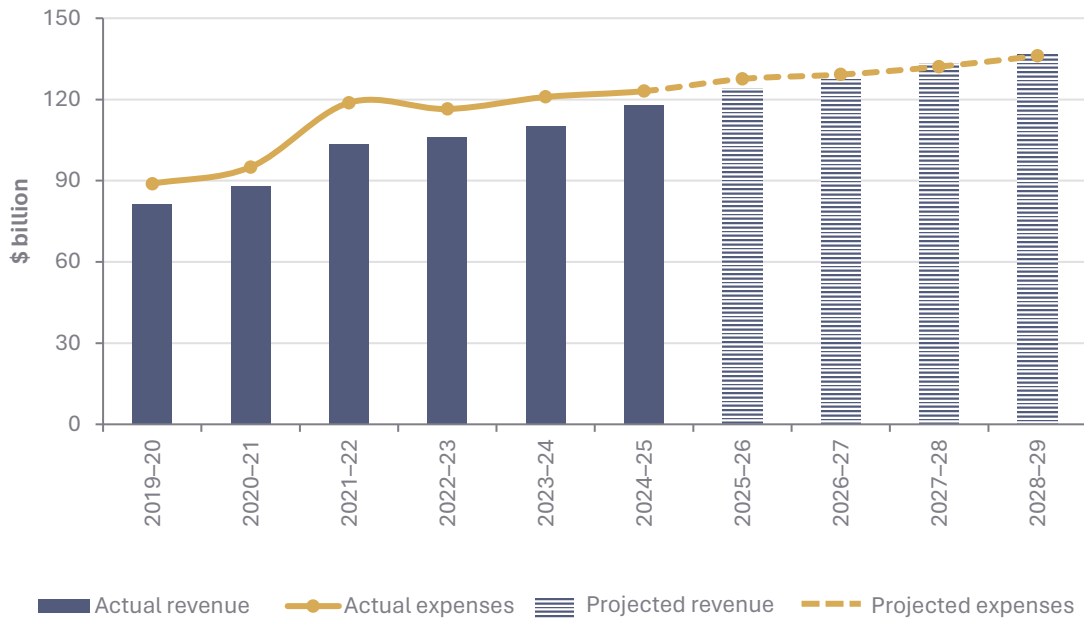
Source: 2024–25 NSW budget papers and audited 2024–25 TSSA.

Since COVID-19 general government expenses have been higher than revenue

The GGS's actual expenses have consistently exceeded revenue since the COVID-19 pandemic started in 2019–20, resulting in an aggregated \$56.2 billion deficit over the six years to 2024–25.

Government policy decisions on employee and other costs in recent years, along with increased spending to respond to COVID-19 and natural disasters, have resulted in significant expenses in the GGS over the last six years.

GGG revenue and expenses 2018–19 to 2028–29



Source: Actuals were derived from audited TSSAs for the relevant years. Projections are derived from the 2025–26 NSW budget papers.

Over the past three years annual revenue growth has exceeded annual expense growth

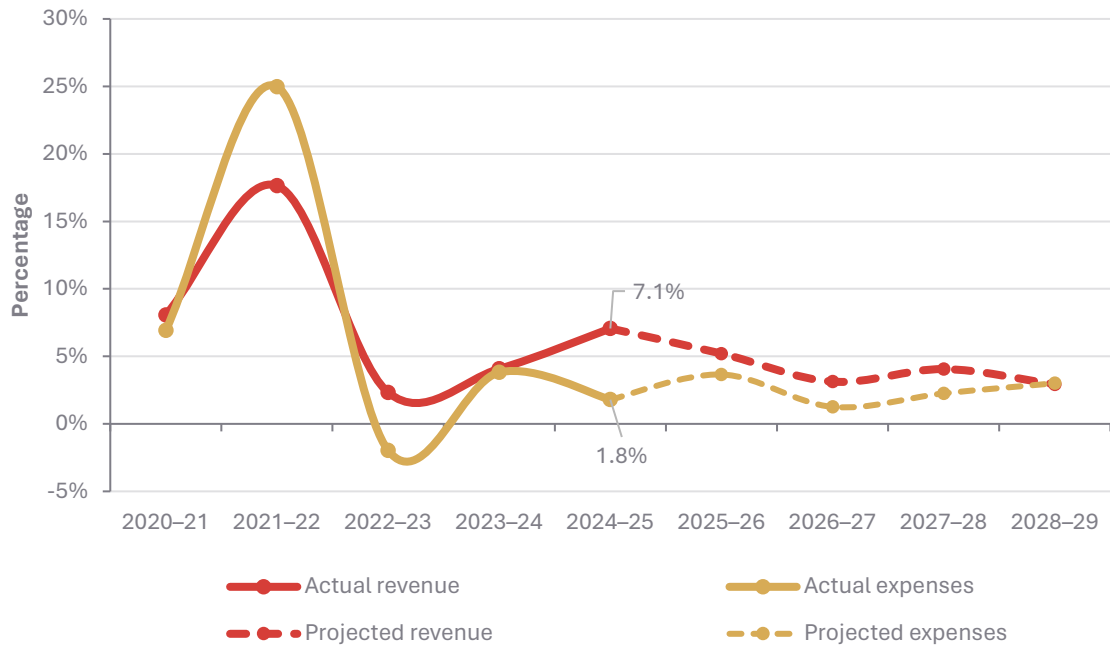
Since 2022–23, GGS revenue growth has exceeded expense growth, reversing a trend from previous years when expenses rose faster than revenue due to the Government’s response to COVID-19 and natural disasters.

The Government began its Comprehensive Expenditure Review (CER) in June 2023 to identify budget savings and cost reprioritisation measures. The 2025–26 budget papers indicate that the Government has completed a CER, which identifies \$13 billion in savings, reprioritisation and other budget improvement measures. The budget papers state that more than \$11 billion of these measures are complete or on track for completion, with the remaining underway or in planning.

In 2024–25, expenses increased by 1.8%, while revenue increased by 7.1%. The budgeted annual expenses and revenue growth for 2025–26 is 3.7% and 5.2% respectively.

An analysis of the State’s annual expense growth against its long-term average revenue growth is included in section [3.6 Fiscal responsibility and key aggregates](#).

Annual percentage growth in GGS revenue and expenses

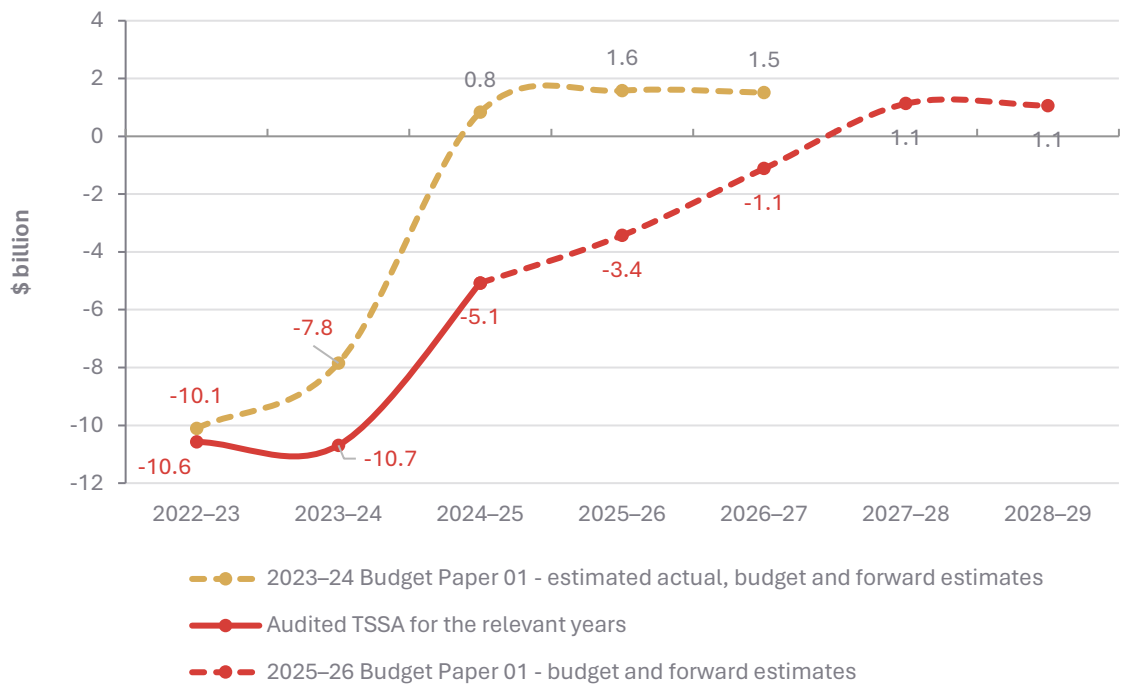


Source: Actuals were derived from audited TSSAs for the relevant years. Projections are derived from the 2025-26 NSW budget papers.

Although the 2023-24 budget indicated a return to surplus in 2024-25, a \$5.1 billion deficit was reported

The 2023-24 budget forecasted a deficit of \$7.8 billion for 2023-24 and surpluses in the next three years. The graph below illustrates these forecasts against the actual results (where available) or the most recent forecasts in the 2025-26 budget papers.

GGS surplus/deficit - budget versus actual/most recent forecasts



Source: 2023-24 and 2025-26 NSW budget papers and audited TSSAs for the relevant years.

The actual deficits (or latest forecasts for the outer two years) for all five years included in the 2023-24 budget papers are all larger than originally forecast.

The 2023–24 budget predicted a return to surplus in 2024–25, but an actual deficit of \$5.1 billion was reported. The 2025–26 budget papers project the operating deficit to decrease to \$3.4 billion in 2025–26 and \$1.1 billion in 2026–27, with a return to surplus in 2027–28 (three years later than originally budgeted).

S&P Global's future credit ratings for the State will consider the Government's ability to deliver on its budget commitments – particularly in relation to controlling expense growth, narrowing its net borrowing requirements and stabilising debt levels.

This is discussed further in section [3.6 fiscal responsibility and key aggregates](#).

3.2. Total state sector revenue

This section analyses the key drivers of changes in revenue for the total state sector between the year ended 30 June 2025 and the prior year.

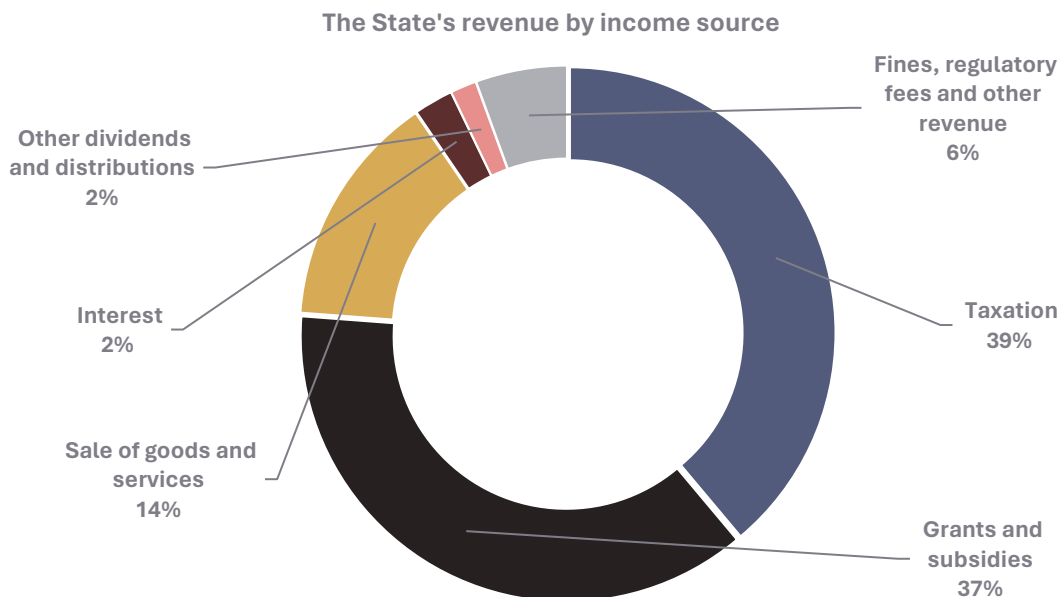
The TSSA includes the GGS and other government-controlled entities that form part of the public non-financial corporation (PNFC) and public financial corporation (PFC) sectors. Entities in both sectors generally provide goods and services which consumers pay for directly (including water and electricity).

Refer to [Appendix 3](#) for more information on the entities that are consolidated in the TSSA.

The State's revenue increased by \$6.4 billion to \$126 billion

The State's total revenue increased from \$119 billion in 2023–24 to \$126 billion in 2024–25 (a 5.4% increase).

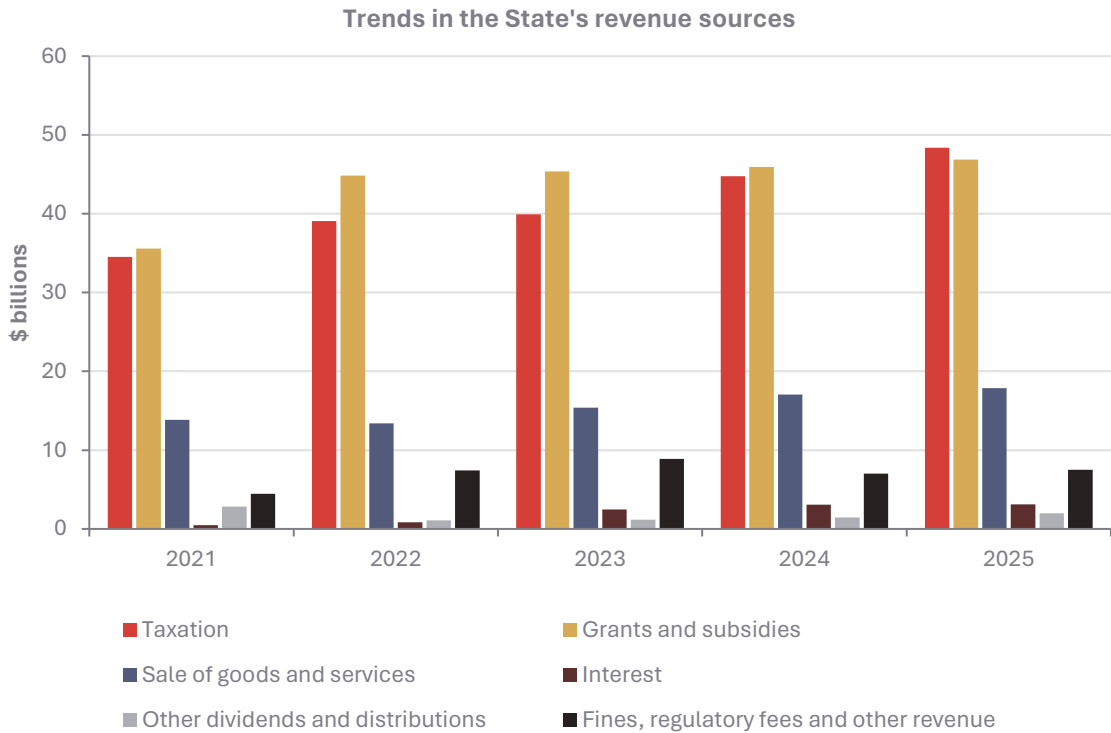
This was largely due to growth in taxation revenue of \$3.6 billion, which was primarily the result of increases in land tax. The State also experienced a \$0.9 billion increase in grants and subsidies revenue and a \$0.5 billion increase in other dividends and distribution income.



Source: Audited 2024–25 TSSA.

As in 2023–24, the State's three main sources of revenue in 2024–25 were grants and subsidies, taxation, and sale of goods and services. They comprised 90% of total revenue in 2024–25 (90.3% in 2023–24), with most revenue being generated from the GGS.

The chart below shows the trend in the State's revenue streams over the past five years. During this period revenue grew by an average annual rate of 7.9%. Taxation revenue has recorded growth for five consecutive years, reflecting the increased value of the property market.



Source: Audited TSSAs for the relevant years.

Taxation revenue increased by 8.1%

Taxation revenue increased by \$3.6 billion (8.1%) in 2024–25. This was driven by the following increases:

- \$1.2 billion in land taxes due to a rise in average land values, predominately in the residential and commercial sectors
- \$909 million in stamp duty taxes due to higher property prices
- \$863 million in payroll taxes driven by annual wage growth (including superannuation) of 3.7%.

Other dividends and distributions grew by 38%

Other dividends and distributions increased by \$547 million to \$2 billion in 2024–25. This was largely driven by \$338 million of distributions received from the State's investment funds.

In 2024–25 the State restructured its investment portfolio under OneFund, with investments in the fund valued at \$62.4 billion of the State's assets. The increase in distributions reflected more favourable market conditions compared with those in 2023–24.

Grants revenue increased by \$934 million

Grants revenue increased by 2% in 2024–25 to \$46.9 billion. This was largely due to the following changes to Commonwealth grants:

- a \$1.1 billion increase in Commonwealth National Partnership Payments driven by an extension of the Energy Bill Relief Fund until 2025–26
- a \$688 million increase in Commonwealth specific purpose and other payments primarily relating to additional funding for the national health and education reform agreements
- a \$566 million reduction in Commonwealth general purpose payments mainly driven by lower GST distribution received by the State.

Sale of goods and services revenue increased by \$797 million

Sale of goods and services revenue grew by \$797 million (4.7%) to \$17.9 billion in 2024–25. This included:

- a \$251 million increase that was mainly due to higher contributions paid by private health insurers as they resumed paying the full single rate for eligible members in public hospitals, as well as higher cross-border payments from other states which led to a 7.2% rise in the National Efficient Price
- a \$138 million increase that was mainly due to rising energy tariffs for residential and small business customers resulting from higher inflation and lower consumption.

3.3. Total state sector expenses

This section analyses the key drivers of changes in expenses for the total state sector between the year ended 30 June 2025 and the prior year.

The State's expenses increased by \$4.5 billion to \$135 billion

The State's total expenses increased from \$130.3 billion in 2023–24 to \$134.8 billion in 2024–25 (a 3.5% increase).

The increase was mainly due to rises in:

- employee expenses (including superannuation) of \$2.8 billion
- depreciation and amortisation expenses on property, plant and equipment (PPE) of \$1.7 billion
- interest expenses of \$1.5 billion
- other operating expenses of \$1.3 billion.

These were partially offset by a decrease in grants and subsidies expenses of \$2.7 billion.

Employee-related costs continue to be the State's largest single expense

Employee-related costs (including superannuation) account for 43.5% of the State's total operating expenses in 2024–25 (42.9% in 2023–24) an increase of \$2.8 billion or 4.9%.

The increase was mainly driven by the overall growth in public sector salaries and wages of 3.3% and increases in:

- full-time equivalent employees in the health and public service sectors
- a 0.5% increase in the compulsory superannuation guarantee.

Depreciation and amortisation expenses increased by 13.8% to \$13.8 billion

The \$1.7 billion (13.8%) increase in depreciation and amortisation expenses in 2024–25 was primarily driven by additions and revaluation increments relating to the State's PPE balance.

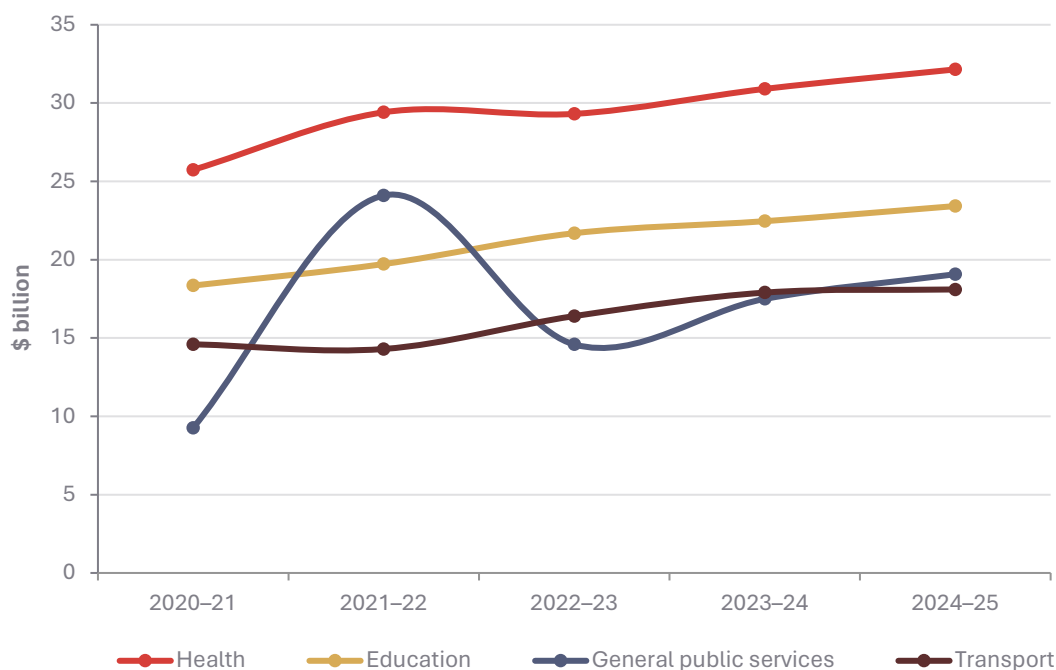
The asset classes that contributed most significantly to the increase included roads, rail infrastructure, land and buildings.

Health remains the largest function of the State's expenditure

Classifications of the Functions of Government – Australia (COFOG-A) is the Australian application of an international classification that supports the reporting of government expenses according to the purpose for which the funds are used.

For the last four years, the largest functions of the State's expenses (based on COFOG-A classifications) have been in delivering health, education, general public services, and transport. They represent 68.7% of the State's total expenses in 2024–25 (68.1% in 2023–24), with total combined spending of \$92.7 billion (\$88.7 billion in 2023–24).

The State's expenses by function of government from 2020–21 to 2024–25



Source: Audited TSSAs for the relevant years.

As show above, expenditure for these four functions of government remained relatively stable over time, except for 2021–22, when a greater proportion of expenses was incurred in delivering general public services during the COVID-19 pandemic.

General public services expenses increased in 2023–24 and 2024–25 (from the post-pandemic levels), mainly due to higher interest costs relating to TCorp borrowings to fund the State’s infrastructure projects.

3.4. Total state sector assets

This section analyses the key drivers of changes in total assets for the total state sector between 30 June 2025 and the prior year.

The State’s assets grew by \$11.9 billion to \$783 billion

The State’s assets include physical assets (such as land, buildings and infrastructure systems) and financial assets (such as cash and other financial instruments and equity investments).

The value of total assets increased by \$11.9 billion or 1.5% to \$783 billion at 30 June 2025. This was largely due to increases in the carrying value of land, buildings and infrastructure systems.

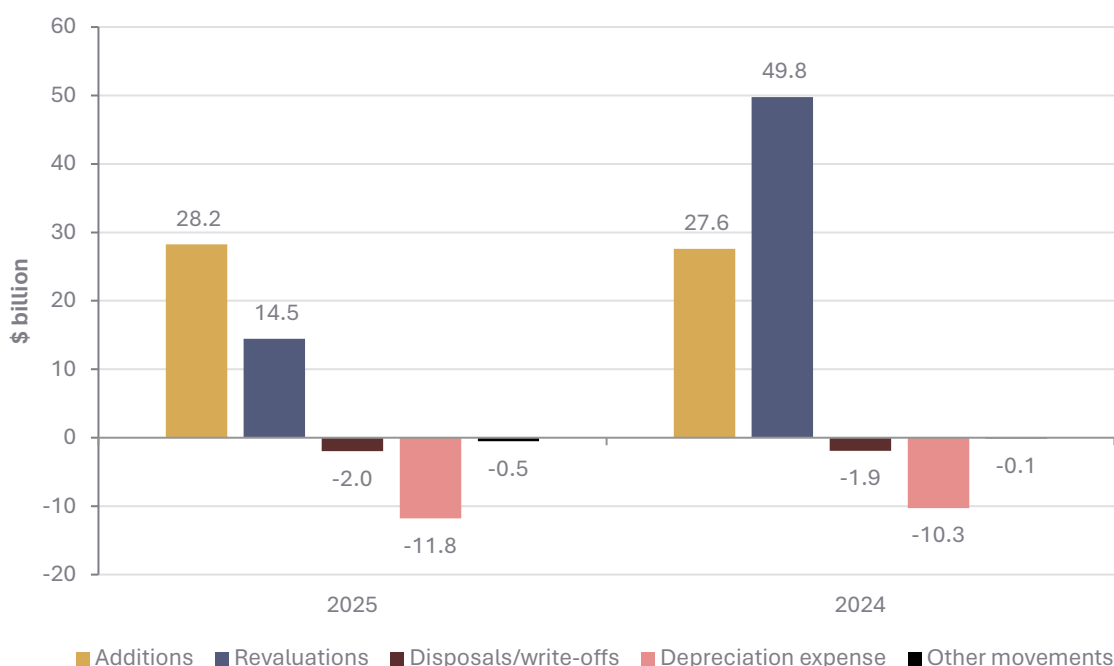
The State’s physical assets were valued at \$582 billion

The value of the State’s physical assets increased by \$28.4 billion to \$582 billion in 2024–25 (a \$65.1 billion increase in 2023–24).

The State’s physical assets include land and buildings (\$248 billion), infrastructure systems (\$311 billion), and plant and equipment (\$22.7 billion).

The movement in physical asset values between years includes additions, disposals, write-offs, depreciation and valuation adjustments. Other movements include assets reclassified as held for sale.

Movements in physical asset values



Source: Audited 2024–25 TSSA.

The change in the carrying value of the State’s physical assets was primarily driven by current year additions of \$28.2 billion and net revaluation increments of \$14.5 billion, partially offset by depreciation of \$11.8 billion and disposals/write-offs of \$2 billion.

The three agencies with the largest revaluation increments in 2024–25 were:

- the NSW Land and Housing Corporation – a \$4.5 billion increase primarily driven by higher residential property values following a comprehensive revaluation and the application of a market movement index
- Transport for NSW – a \$3.6 billion increase after completing a rolling comprehensive revaluation of selected infrastructure asset classes (including land under roads, tracks and maritime assets) and the application of a market movement index to other asset categories (including tolled motorways)
- the Department of Education – a \$1.5 billion increase mainly due to increases in the value of land and buildings following the application of a market movement index.

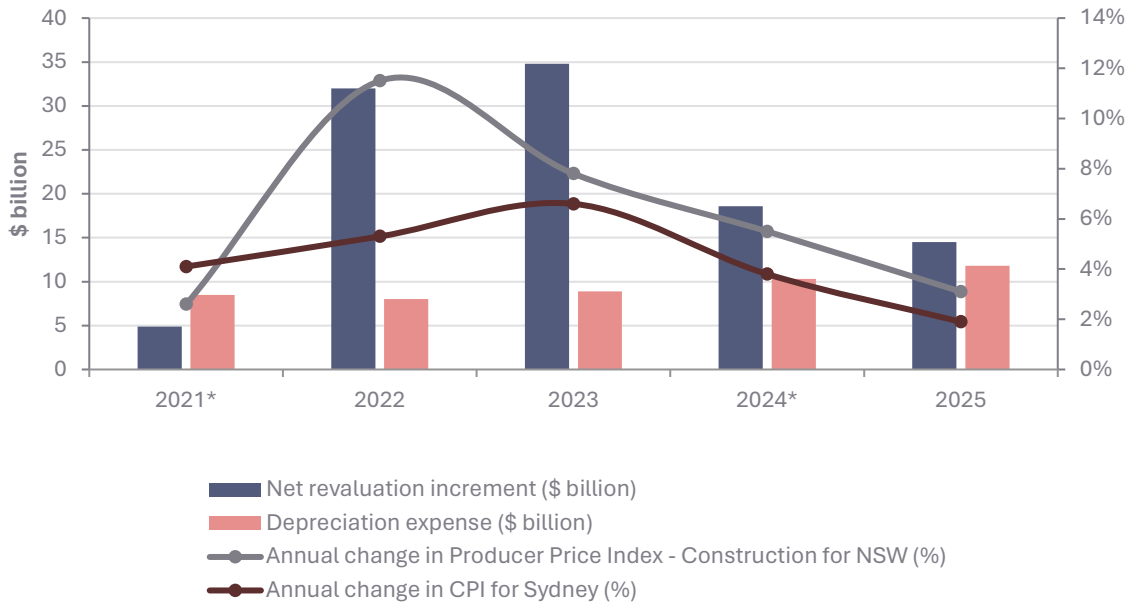
Increases in the value of physical assets are slowing as inflation drops

Most of the State’s physical assets are held by not-for-profit entities that value their assets using the cost method. Under this approach, an asset’s fair value is estimated using current replacement cost, representing the cost of obtaining a modern equivalent asset capable of replacing the service capacity of the existing asset.

One of the key factors in this approach is the rate of inflation, which is measured by the Consumer Price Index (CPI). Movements in the CPI impact the costs needed to replace the existing asset measured in today’s dollars. The chart below shows the relationship between the net revaluation increments reported by the State and the annual changes in the CPI for Sydney percentage and the Producer Price Index – Construction for NSW over the last five years.

As the CPI for Sydney percentage increased from 2021 to 2023, the State recorded larger revaluation increments. However, in 2024 and 2025 lower increases in the CPI for Sydney percentage resulted in smaller revaluation increments. Higher asset values also typically result in higher annual depreciation expenses recognised by the State.

The State's net revaluation increments and depreciation expense compared to the annual change in the CPI for Sydney (%) and Producer Price Index - Construction for NSW (%)



* The net revaluation increment reported in the TSSA has been adjusted to exclude the impacts relating to changes in the Transport Asset Manager of NSW's valuation methodology (revaluation decrement of \$20.3 billion in 2021 and revaluation increment of \$31.1 billion in 2024).
Source: Audited TSSAs for the relevant years and the CPI for Sydney (%) and Producer Price Index – Construction for NSW (%) for the relevant years.

NSW Treasury is undertaking a depreciation and revaluation project aimed at enhancing consistency, effectiveness and efficiency in the revaluation process across the sector

PPE revaluations are complex and have become more volatile due to inflation spikes in recent years.

NSW Treasury is undertaking a depreciation and revaluation project to explore potential changes to the State's revaluation processes. The aim is to improve the consistency, effectiveness and efficiency of year-end financial reporting and budget policies and processes.

The project involves multiple streams of work, including reviewing current budget guidance and processes, and NSW Treasury's accounting policies and procedures relating to PPE valuations. A consultation paper was issued to the sector in June 2025 to gather feedback on the proposals.

NSW Treasury assessed feedback from agencies during the consultation and released a draft update of the Treasury Policy Guidance on 'Valuation of Physical Non-Current Assets at Fair Value' (currently TPP21-09) to the sector for additional feedback in October 2025.

NSW Treasury expects the new policy to apply to valuations and financial reporting for the 2025–26 financial year.

The State's financial assets decreased by \$16.8 billion

The State's financial assets decreased by \$16.8 billion to \$176 billion at 30 June 2025.

Over the year:

- the fair values of investments and placements held through TCorp Investment Management (TCorpIM) Funds decreased by \$12.5 billion and the fair value of equity investments increased by \$9.1 billion, largely due to transfers between asset classes arising from changes in investment strategy
- cash and cash equivalents decreased by \$4.7 billion mainly due to:
 - \$11.2 billion of net cash used in financing activities
 - \$3 billion of net cash used in investing activities
 - partially offset by \$9.5 billion of net cash flows generated from operating activities
- receivables decreased by \$8.7 billion mainly due to a decline in receivables relating to unsettled investment sales in TCorpIM funds at year-end.

3.5. Total state sector liabilities

This section analyses the key drivers of changes in total liabilities for the total state sector between 30 June 2025 and the prior year.

The State's liabilities grew by \$7.5 billion to \$411 billion

Liabilities include the State's borrowings, amounts owed to current (and former) employees – including employee benefits for annual and long service leave and superannuation liabilities – and amounts payable to suppliers providing goods and services to the State.

The value of total liabilities increased by \$7.5 billion or 1.9% to \$411 billion at 30 June 2025. This was largely due to a \$3.2 billion increase in employee benefits liabilities (including \$2.1 billion higher workers compensation), and a \$4.3 billion rise in payables and other liabilities and provisions.

In 2024–25 the value of TCorp bonds on issue increased by \$20.5 billion in fair value terms to \$190 billion

TCorp raises funds through domestic and overseas interest-bearing loans and bonds. The funds are primarily raised to finance public infrastructure projects.

TCorp bonds are traded in financial markets and are guaranteed by the NSW Government. TCorp continued to issue long-term debt through its benchmark and sustainability bond programs. Sustainability bonds are used to fund specific projects and assets that deliver positive environmental and social outcomes by supporting the NSW Government's environmental and social objectives.

The State's unfunded superannuation liability fell by \$415 million to \$38.8 billion

As at 30 June 2025, approximately 17.7% of the State's liabilities relate to public sector employees (17.3% at 30 June 2024). These include unfunded superannuation and other employee benefits, such as long service and recreation leave.

Valuing these obligations involves complex estimation techniques and significant judgements. Small changes in assumptions and other variables, such as changes to discount rates, can materially impact the valuation of liability balances in the financial statements.

The unfunded superannuation liability recognised under Australian Accounting Standard AASB 119 'Employee Benefits' (AASB 119) fell by \$415 million to \$38.8 billion at 30 June 2025.

This is discussed further in section [3.6. Fiscal responsibility and key aggregates](#).

3.6. Fiscal responsibility and key aggregates

Fiscal responsibility

The Government manages the State's finances in accordance with the *Fiscal Responsibility Act 2012* (the FR Act).

The object of the FR Act is to maintain the State's AAA credit rating which is supported by two fiscal targets:

- the annual growth in general government expenses of the State is less than the long-term average general government revenue growth of the State
- the elimination of the State's unfunded superannuation liability by 2030.

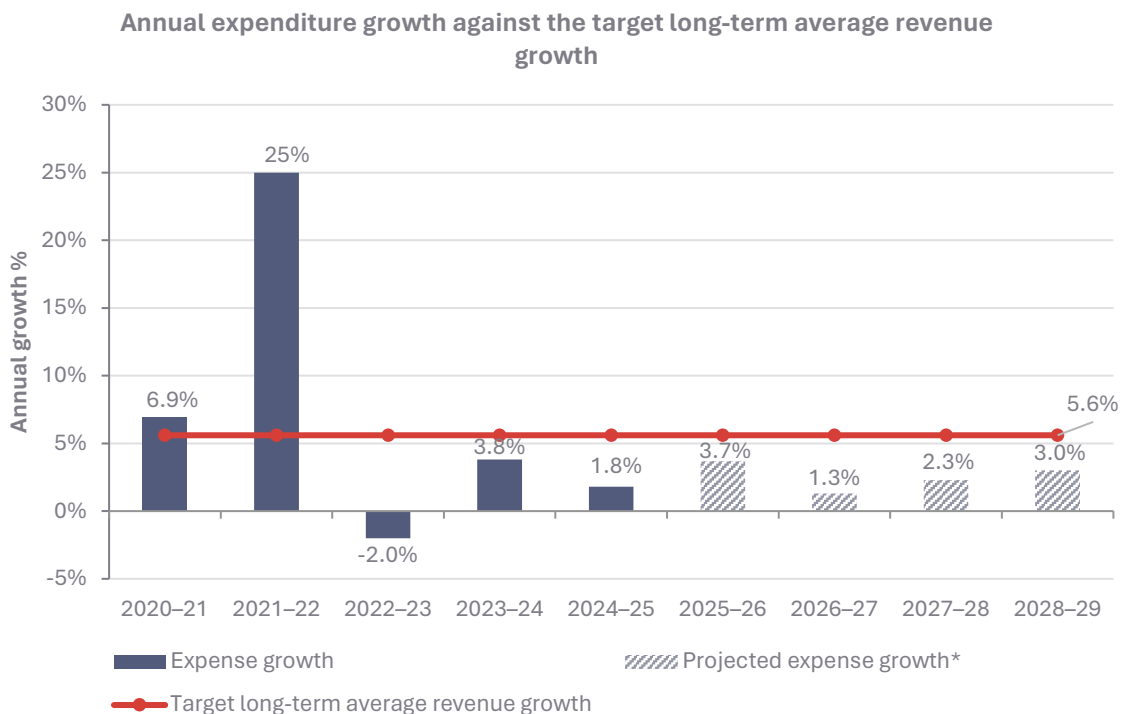
General government annual expenditure growth is lower than long-term average revenue growth

General government expenditure increased from \$121 billion in 2023–24 to \$123 billion in 2024–25, representing a 1.8% increase (a 3.8% increase in 2023–24).

General government annual expenditure growth over the last three years was lower than the target long-term average revenue growth rate of 5.6%.

Therefore, the Government has met the related FR Act fiscal target for the past three years. The lower annual expenditure growth was due to cost saving measures adopted in recent years, as well as a reduction in grants and subsidies paid since the COVID-19 pandemic.

The Government anticipates that future annual expense growth across the forward estimates will remain below the long-term average revenue growth based on the outcomes of the CER, which identified budget savings and cost reprioritisation measures.



* Source: Past expense growth data derived from audited TSSAs. Projected expense growth data and long-term average revenue growth target from the 2025–26 NSW Budget Papers.

The 2025–26 budget papers state that the forecasted average expense growth rate is 2.4% over the five years to 2028–29.

Risks relating to containing expenditure growth include inflation, ongoing wage negotiations and possible costs associated with natural disasters.

The Government has committed to fully funding the State’s unfunded superannuation liability by 2040

The fiscal target in the FR Act is the elimination of the State’s unfunded superannuation liability by 2030. The State’s current budget settings aim to fully fund this liability by 2040.

In response to fiscal pressures on the State’s finances due to the COVID-19 pandemic, the 2020–21 budget announced plans to amend the FR Act to change the target date. However, no legislative amendments have been made.

The State applies AASB 1056 ‘Superannuation Entities’ (AASB 1056) to measure the State’s unfunded superannuation liability for the purposes of tracking compliance with the FR Act. Under AASB 1056, the State’s unfunded superannuation liability was \$19 billion at 30 June 2025 (\$20.6 billion at 30 June 2024).

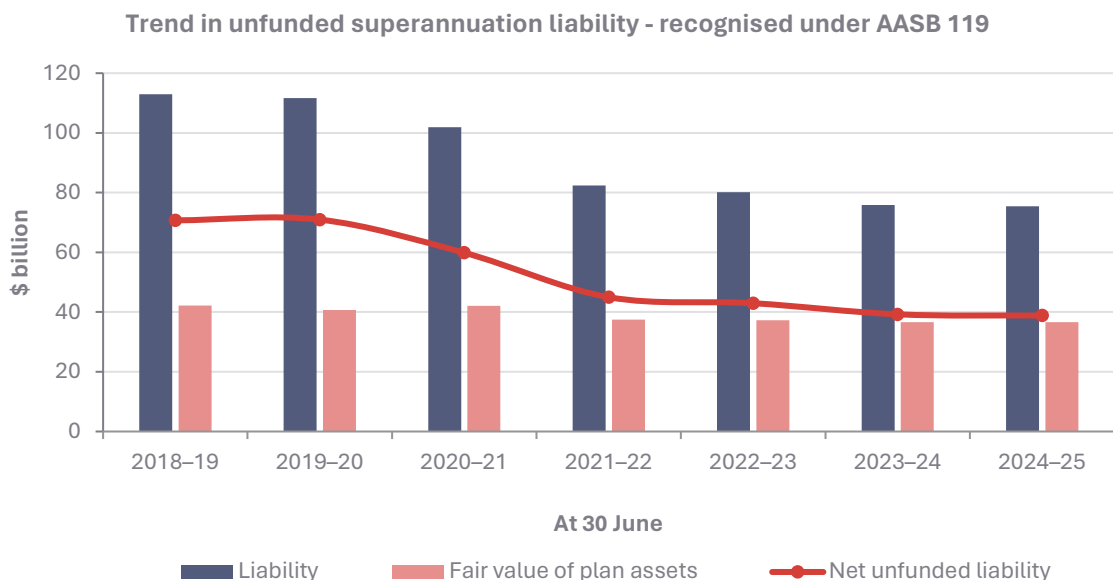
The State applies AASB 119 to measure the superannuation liability in the TSSA from the perspective of the employer. Under AASB 119, the State recorded \$38.8 billion in superannuation liability in the TSSA at 30 June 2025 (\$39.2 billion at 30 June 2024).

AASB 1056 and AASB 119 use different bases to measure the liability. For example:

- AASB 119 requires entities to discount employee liabilities (including unfunded superannuation) using the long-term Australian Government bond rate (4.2% in 2024–25; 4.4% in 2023–24)
- AASB 1056 discounts the liability using the long-term expected rate of return from the assets backing the liability (i.e. the long-term earnings rate), which was within the range of 5.7% to 7% during the financial year ended 30 June 2025 (5.9% to 7% in 2023–24)
- AASB 119 produces a higher liability because of the lower government bond rate compared with the long-term earnings rate and the impact of this on discount rates.

The State’s unfunded superannuation liability recognised under AASB 119 fell by \$415 million, from \$39.2 billion to \$38.8 billion, over the 12 months ending 30 June 2025. This was mainly due to \$1.9 billion of actual returns on fund assets, offset by \$1.5 billion of actuarial losses arising from key assumptions and liability experience.

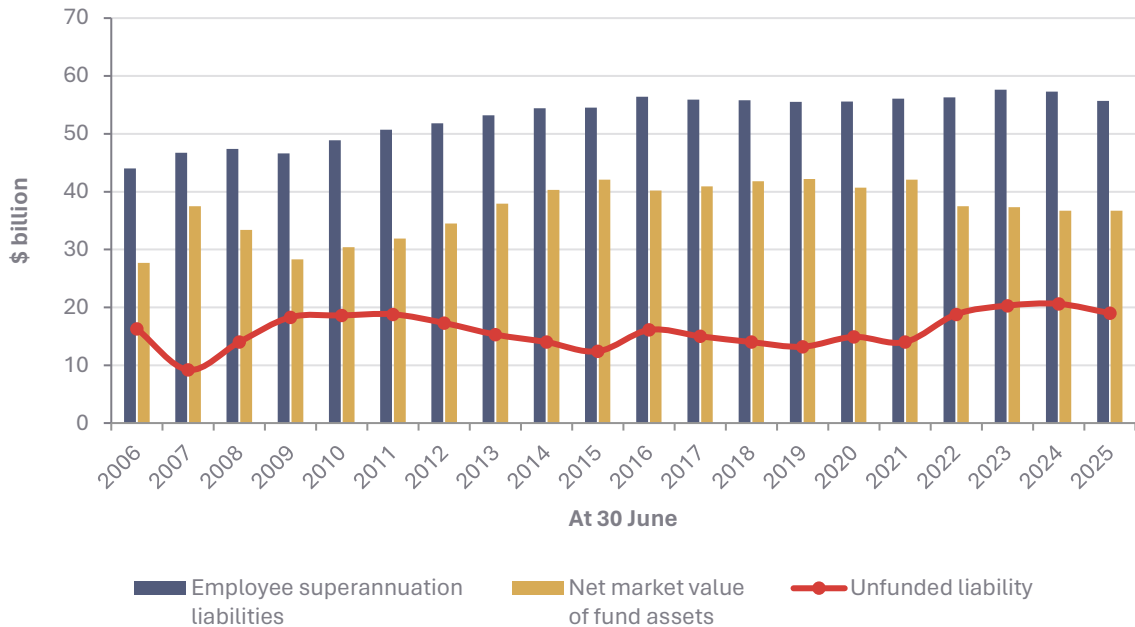
As shown in the graph below, the State’s unfunded superannuation liability recognised under AASB 119 has been falling since 2019–20.



Source: Audited TSSAs for the relevant years.

The unfunded superannuation liability calculated under AASB 1056 is \$19 billion (\$20.6 billion in 2023–24) using the funds' actual earnings rate. This is lower than the \$38.8 billion unfunded liability of the State when calculated under AASB 119 which requires using the Australian Government bond rate to ensure comparability for financial reporting. The Government has committed to fully funding this liability by 2040.

Superannuation funding position since inception of the FR Act - AASB 1056 valuation



Source: Audited TSSAs for the relevant years.

The State maintained its credit ratings, however, S&P Global has indicated a risk of downgrade still exists

Credit ratings are a measure of a borrower’s ability and willingness to meet its debt obligations. Owing to a lower perceived risk of lending, higher credit ratings may reduce the cost of borrowing and assist an entity when accessing financial markets.

S&P Global maintained its AA+ rating while revising its outlook from stable to negative in November 2024. In March and November 2025, S&P Global reaffirmed its AA+ rating and maintained its negative long-term outlook, citing continued delays in fiscal improvement, which could occur because of weaker fiscal controls, softer revenue growth or larger spending needs than expectations, such as those related to natural disasters. The negative outlook also signifies a risk that the State's financial management or budgetary performance could weaken over the next two years. S&P Global has indicated there is a risk it could downgrade if the negative outlook doesn't improve.

In September 2025 the rating agency Moody’s reaffirmed the State’s Aaa rating with a stable outlook, noting fiscal deficits and high debt as concerns, but anticipating ongoing revenue growth and controlled expenditure to support fiscal stability.

In the same month the ratings agency Fitch reaffirmed the State’s AAA rating with a stable outlook, while also highlighting the State’s high debt burden.

The following table summarises the most recently published credit ratings and outlooks for Australian state and territory governments.

Rating agency	NSW	VIC	QLD	WA	SA	TAS	NT	ACT
Fitch	AAA (Stable)	AA+ (Stable)	AA+ (Stable)	(Not rated)	AA+ (Stable)	(Not rated)	(Not rated)	(Not rated)
Moody's	Aaa (Stable)	Aa2 (Stable)	Aa1 (Stable)	Aaa (Stable)	Aa1 (Stable)	Aa2 (Negative)	Aa3 (Stable)	(Not rated)
S&P Global	AA+ (Negative)	AA (Stable)	AA+ (Negative)	AAA (Stable)	AA+ (Stable)	AA+ (Negative)	(Not rated)	AA (Stable)

In 2024–25 NSW and Western Australia achieved the highest possible credit rating (triple-A) from two independent rating agencies.

Key fiscal aggregates

AASB 1049 'Whole-of-Government and General Government Sector Financial Reporting' (AASB 1049) and the 'Uniform Presentation Framework' (UPF) specify certain key fiscal aggregates to be reported by governments. These aggregates, covering both stock and flow measures, help to evaluate the soundness of a government's fiscal position and the effect of fiscal policy on economic conditions.

The UPF is an agreement between the Commonwealth of Australia, state and territory governments to present a common core of financial information in their budget papers, making it easier to compare financial results. The UPF is based on the Australian Bureau of Statistics' (ABS) Government Finance Statistics (GFS) framework and is broadly consistent with AASB 1049.

The following table shows selected key fiscal aggregates for the GGS over the past five years.

	2020–21	2021–22	2022–23	2023–24	2024–25
Budget result – (Deficit) / Surplus*	(7.1)	(15.3)	(10.6)	(10.7)	(5.1)
Net worth**	233	286	322	367	372
Net debt***	37.1	55.8	74.9	93.4	105

* Refer to [section 3.1](#) for budget results.

** Net worth is an economic measure of wealth and is equal to total assets less liabilities.

*** Net debt equals the sum of interest-bearing liabilities (deposits held, borrowings, derivatives and advances received and certain other financial liabilities) less the sum of financial assets (cash and deposits, advances paid and investments, loans and placements).

Source: Audited TSSA for the respective years.

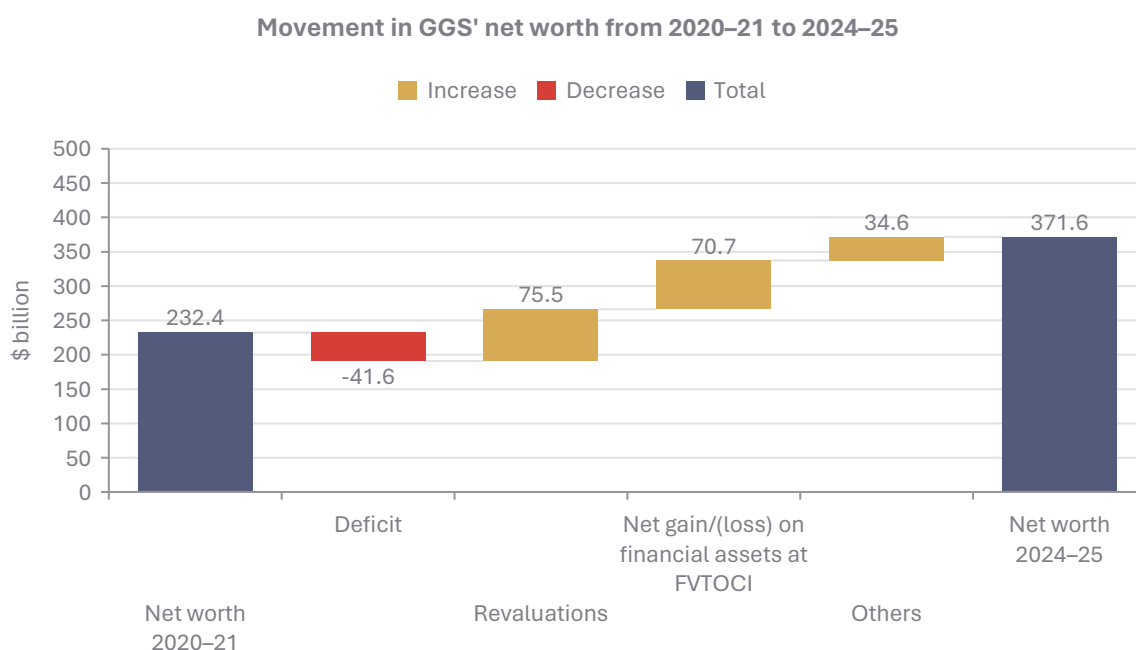
From 2020–21 to 2024–25, the GGS recorded persistent deficits, which reflected the fiscal impact of increased expenditure on health, disaster recovery and economic stimulus.

Net debt increased from \$37.1 billion in 2020–21 to \$105 billion in 2024–25, primarily due to the financing of the GGS's major infrastructure projects.

Despite these deficits and rising debt, net worth increased by \$139 billion from 2021–22 to \$372 billion in 2024–25. This was primarily due to:

- increases in other economic flows including:
 - asset revaluation increments of \$75.5 billion
 - a net gain on financial assets at fair value through other comprehensive income of \$70.7 billion
 - remeasurement of post-employee benefits of \$21.4 billion
 - a net increase in other items of \$13.2 billion, including other net gains, share in associate’s other comprehensive income and others
- decreases in net worth due to deficits of \$41.6 billion.

Movement in the GGS’s net worth from 30 June 2021 to 30 June 2025 is shown below:



Source: Audited TSSA for the respective years.

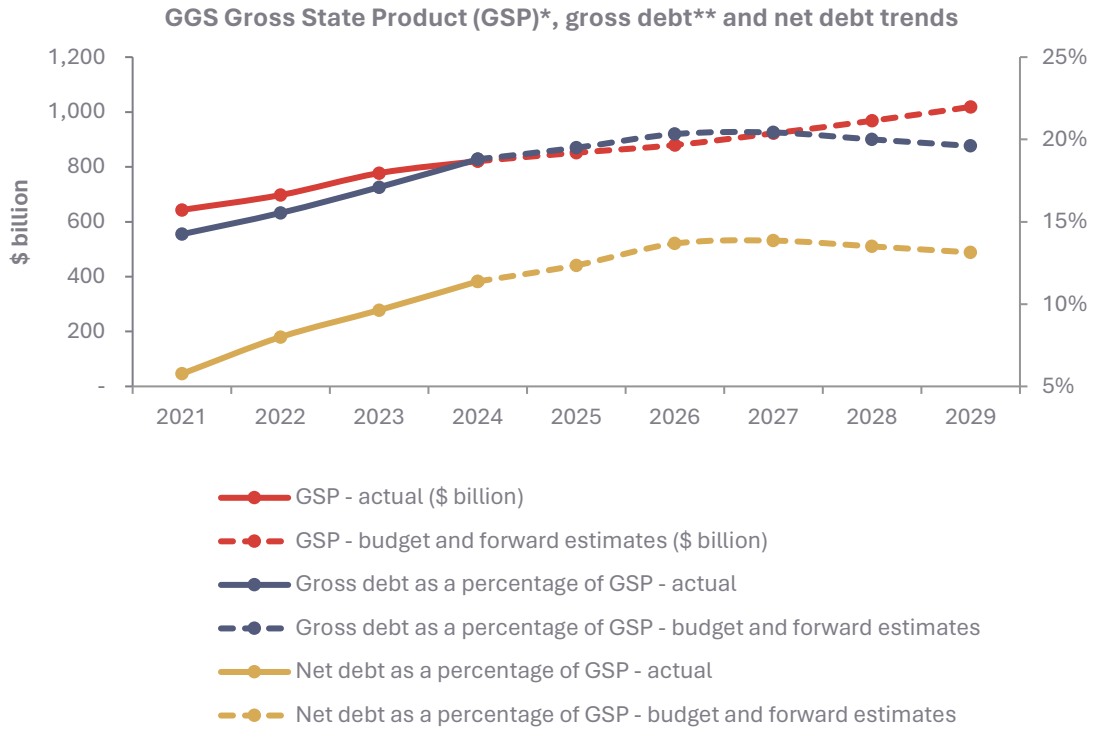
Over the past five years net and gross debt have increased by 184% and 81% respectively

Gross debt provides a view of the GGS’s overall liabilities and is an indicator of the scale of its obligations to creditors and financial markets.

Gross State Product (GSP) measures the value-add of goods and services produced within a state and is released annually by the Australian Bureau of Statistics.

Debt to GSP is an indicator of the State’s ability to service its debt relative to the size of its economy. Higher debt levels mean higher interest costs. When debt grows faster than GSP, interest costs can consume an increasing share of revenue, reducing funds available for essential services. Stabilising this ratio ensures that debt grows in line with economic capacity, preventing unsustainable borrowing that could lead to fiscal stress or credit rating downgrades.

The 2025–26 budget papers identified gross debt as a key target for stabilisation (20% of GSP) over the forecast period. Note that the gross debt is not one of the measures required in AASB 1049 or in the UPF and it is also not reported in the TSSA.



* Gross State Product (GSP) measures the value-add of goods and services produced within a state and is released annually by the Australian Bureau of Statistics.

** Gross debt is the sum of borrowings and derivatives at fair value, borrowings at amortised cost, deposits held, and advances received.

Source: NSW Budget papers and actuals for 2024–25 from audited TSSA.

Managing the GGS’s debt is important for maintaining the State’s triple-A credit rating (as required by the FR Act) and for controlling the interest expense.

Gross debt is forecast to reach \$200 billion by 30 June 2029

Gross debt grew from \$91.6 billion in 2021 to \$166 billion in 2025 (14.2% to 19.5% of GSP).

The 2025–26 budget forecasts stabilisation of gross debt between 19.6% and 20.4% of GSP in the period 2025–26 to 2028–29. Gross debt is forecast to reach \$200 billion (19.6% of GSP) by 30 June 2029.

Net debt increased from \$37.1 billion to \$105 billion between 2021 and 2025 (5.8% to 12.4% of GSP). Net debt is also projected to rise, but at a slower rate than gross debt. Net debt is projected to reach \$134 billion (13.1% of GSP) by 30 June 2029.

The GGS’s interest cost increased from \$16.5 million to \$19.6 million per day

The GGS’s interest expenses increased by \$1.1 billion in 2024–25 to \$7.1 billion, which equates to \$19.6 million per day (\$16.5 million per day in 2023–24). Interest expense includes interest on borrowings and advances, lease liabilities, service concession financial liabilities and the unwinding of discounts on provisions.

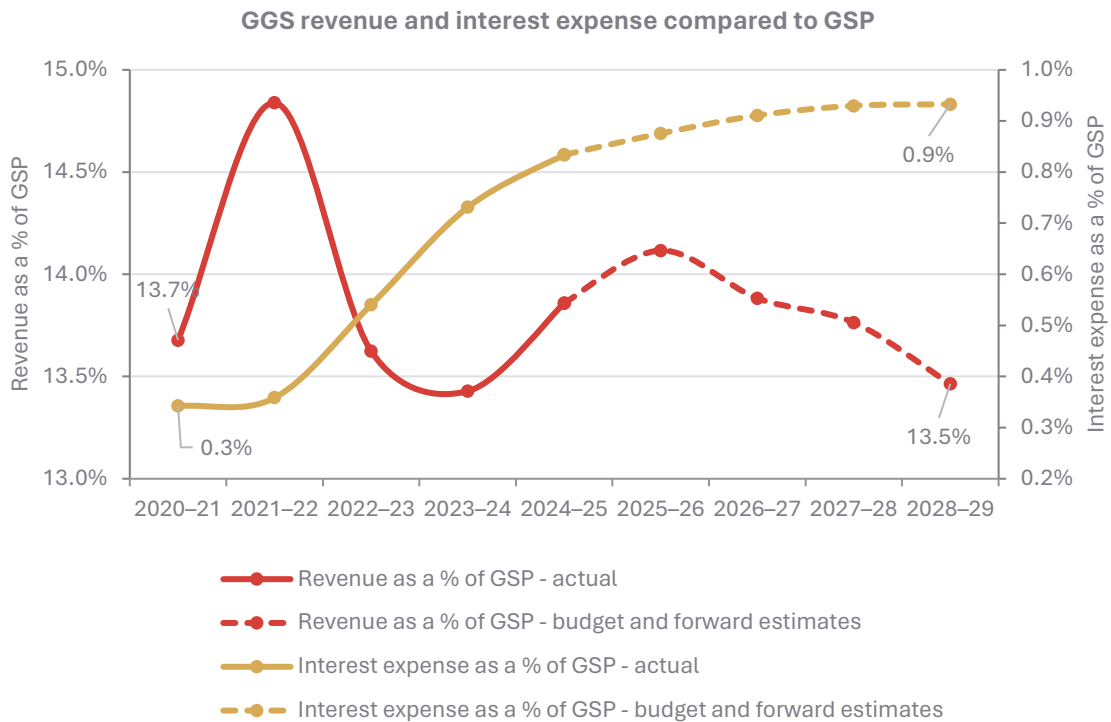
This is largely due to a \$11.7 billion increase in the GGS’s borrowings from \$153.5 billion in 2023–24 to \$165.2 billion in 2024–25.

The increase in the GGS’s interest expense indicates higher debt servicing costs compared to the previous year.

Debt servicing costs, as a percentage of GSP, are growing faster than the GGS’s revenue

Whilst the government forecasts a stabilisation of the GGS’s debt leverage, higher interest costs and reduced financial buffers (i.e. liquid assets such as cash, financial assets and advances paid) place further pressure on future budget results.

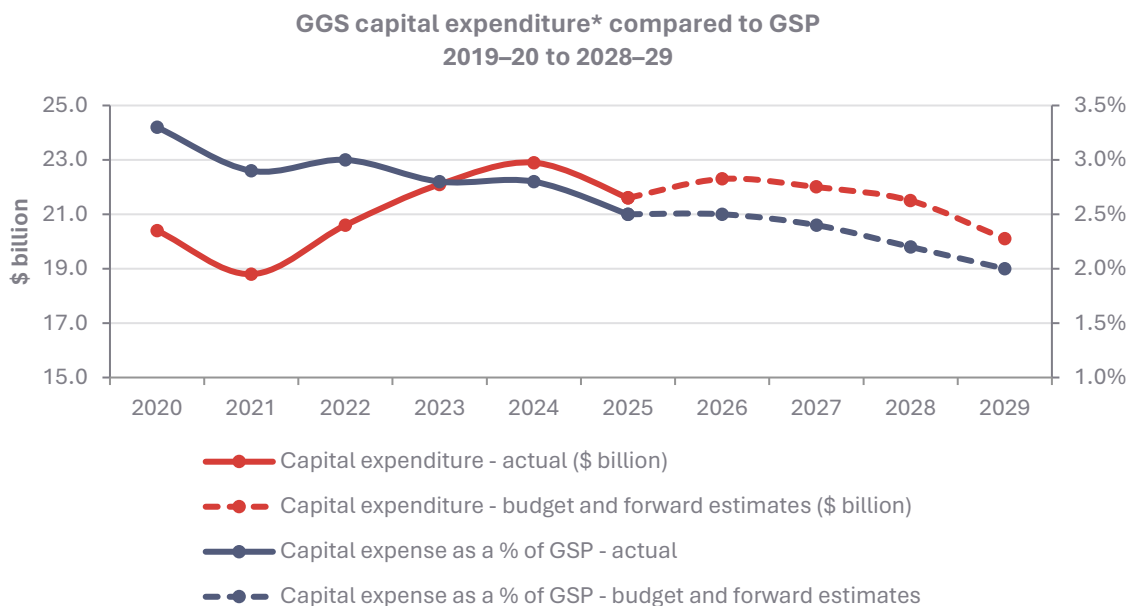
The graph below shows the trend of actual/forecast revenue and interest expense as a percentage of GSP from 2020–21 to 2028–29.



Source: Actuals from audited TSSA's and budget and forward estimates from 2025–26 budget papers.

The 2025–26 budget papers state that forecast debt stabilisation relies on the GGS's projections of a stronger cash position, plans to limit infrastructure spending to around 2% of GSP, and lowering borrowing needs.

The graph below shows capital expenditure as a percentage of GSP from 2019–20 to 2028–29 as presented in the 2025–26 budget papers.



* Capital expenditure comprises purchases of non-financial assets plus assets acquired using leases and assets acquired using service concession arrangements.

Source: Actuals from audited TSSA's. Budget and forward estimates from 2025–26 budget papers.

As discussed earlier, the State's ability to deliver on its budget commitments, including stabilising its debt levels, is important to maintain its credit ratings.

4. Looking forward

4.1. The Audit Office's Audit Work Program

The Audit Work Program 2025–28 was published in August 2025

The Audit Office of NSW's (the Audit Office) Audit Work Program 2025–28 has a forward-looking agenda that responds to the evolving risks and priorities facing the NSW public sector. It outlines planned audits over a three-year rolling period, focusing on optimal use of public resources, grants administration, major projects and procurement, assurance of climate-related disclosures and outcomes for First Nations people.

Updated annually, the program ensures the Audit Office's work remains relevant and impactful, providing insights that strengthen accountability and improve government performance. Through this approach, the Audit Office aims to inform Parliament, agencies and the community about emerging risks, and give stakeholders the opportunity to prepare for and engage with the audits.

This year, the Audit Office's financial audit program has provided a consolidated report on the audit results of NSW Government agencies' financial statements. The work program will also continue to respond to risks identified in this report.

4.2. Digital audit transformation

The Audit Office has established a strategy for digital transformation

In July 2025, the Audit Office launched its Digital Audit Strategy 2025–2032¹, supporting the digital transformation goal outlined in the Corporate Plan 2025–2028². The strategy responds to the increasing complexity of government operations and rising expectations for transparency and accountability.

Implementation is already underway, with a focus on building digital skills in the workforce, establishing robust technology and AI solutions, and prioritising information security. A major focus is streamlining data acquisition and analytics to standardise and automate data flows across over 120 agencies. This will enable more efficient, consistent, and impactful audits. The unified data environment will also support advanced analytics and AI, empowering the Audit Office to identify trends, outliers and benchmark performance across agencies.

Ultimately, this approach will reduce manual effort, enhance consistency, and increase the efficiency and impact of the audits of NSW public sector agencies.



¹ [Digital audit strategy 2025–2028.pdf](#)

² [Corporate Plan | Audit Office of New South Wales](#)

Appendix 1 – Status of 2024 report recommendations

The [State finances 2024](#) Auditor-General’s Report to Parliament included two open recommendations for the NSW Government.

NSW Treasury addressed these recommendations in 2024–25, as summarised below.

Recommendation	2024–25 update	
<p>NSW Treasury needs to conduct a broader review of the financial reporting exemption framework, which is informed by documented, evidence-based risk assessment processes.</p> <p>As part of the review, NSW Treasury should consider:</p> <ul style="list-style-type: none"> the risks posed by agencies that collect money from the public and/or have stewardship of government assets other alternative options that could reduce the cost of financial reporting, such as applying the simplified disclosure regime. 	<p>In response to this recommendation, NSW Treasury initiated a review of the financial reporting framework in 2023–24.</p> <p>NSW Treasury released a consultation paper and draft policies on the Financial and Annual Reporting Framework. These documents proposed changes to financial and annual reporting requirements for Government Sector Finance Agencies (GSF agencies), including proposing changes to the financial reporting exemption framework.</p> <p>NSW Treasury obtained and assessed feedback from agencies as part of the consultation process. The final Treasurer’s direction, policies and amendments were subsequently published, effective for the 2024–25 financial year.</p> <p>Changes to the financial reporting exemption criteria in the Government Sector Finance Regulation 2024 were published in September 2025.</p>	<p> Fully addressed</p>
<p>NSW Treasury should work with the Department of Planning, Housing and Infrastructure to ensure category 2 Statutory Land Managers (SLMs) and Commons Trusts (CTs) meet their statutory reporting obligations.</p> <p>Reporting exemption assessments should be completed earlier to allow sufficient time for the non-exempted SLMs and CTs to prepare and submit annual financial statements by the statutory reporting deadline.</p>	<p>Refer to the financial reporting exemption framework update above.</p>	<p> Fully addressed</p>

Appendix 2 – Prescribed entities

Section 45 of the *Government Sector Audit Act 1983* (the GSA Act) requires the Auditor-General to perform audits of the financial statements of entities, funds or accounts prescribed for the purposes of that section. Prescribed audits are generally made at the request of a treasurer, a responsible minister or a prescribed requestor.

The Auditor-General is required to inspect and audit the financial report and the books and records relating to an entity or fund or account under the control of an entity. Section 45(3) of the GSA Act requires the Auditor-General to include a reference to any prescribed audit conducted in this report.

The following were prescribed entities at 30 June 2025.

Entity/Fund	Latest financial statements audited	Type of audit opinion issued
AustLII Foundation Limited	31 December 2024	Unmodified
Belgenny Farm Agricultural Heritage Centre Trust*	30 June 2025	Unmodified
Cowra Japanese Garden Maintenance Foundation Limited	31 March 2025	Unmodified
Cowra Japanese Garden Trust	31 March 2025	Unmodified
Crown Employees (NSW Fire Brigades Firefighting Staff Death and Disability) Superannuation Fund	30 June 2025	Unmodified
Home Building Compensation Fund	30 June 2025	Unmodified
Macquarie University Professorial Superannuation Scheme	30 June 2025	Unmodified
NSW Fire Brigades Superannuation Pty Limited	30 June 2025	Unmodified
Parliamentary Contributory Superannuation Fund	30 June 2025	Unmodified
Sydney Educational Broadcasting Limited	31 December 2024	Unmodified
The Brett Whiteley Foundation	30 June 2025	Unmodified
The funds for the time being under the management of the New South Wales Treasury Corporation, as trustee	30 June 2025	Unmodified
The superannuation fund amalgamated under the <i>Superannuation Administration Act 1991</i> and continued to be amalgamated under the <i>Superannuation Administration Act 1996</i> (known as the SAS Trustee Corporation Pooled Fund)	30 June 2025	Unmodified

Entity/Fund	Latest financial statements audited	Type of audit opinion issued
The trustees of the Art Gallery of New South Wales Foundation	30 June 2025	Unmodified
The trustees of the Farrer Memorial Research Scholarship Fund	31 December 2024	Unmodified
United States Studies Centre	31 December 2024	Unmodified
Universities Admissions Centre (NSW and ACT) Pty Limited	30 June 2025	Unmodified
University of Sydney Professorial Superannuation System	31 December 2024	Unmodified

* Effective 30 November 2024 the Belgenny Farm Agricultural Heritage Centre Trust's assets, rights and liabilities were transferred to Department of Primary Industries and Regional Development.

Appendix 3 – Controlled entities

Based on the Australian Bureau of Statistics (ABS) classification, the Total State Sector comprises the consolidation of over 200 controlled State entities within the General Government Sector (GGS) and over 100 government-controlled businesses in the public financial corporation (PFC) and public non-financial corporation (PNFC) sectors.

The PFC and PNFC sectors combined form the non-GGS. The businesses in the non-GGS generally provide goods and services, such as water, electricity and financial services, which consumers pay for directly.

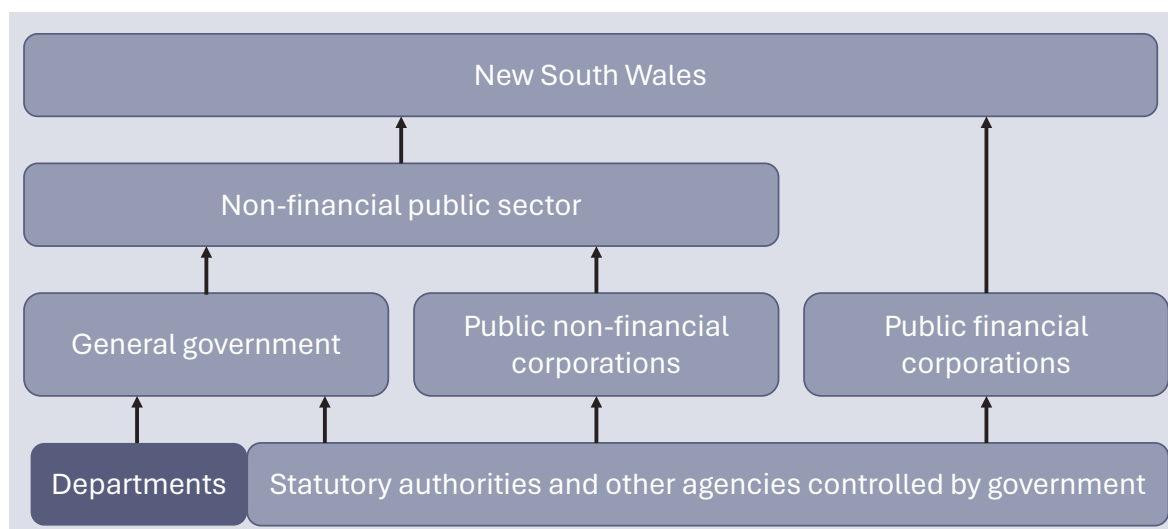
GGS entities are agencies that provide public services (such as health, education and police) or carry out policy or perform regulatory functions. General government agencies are directly or indirectly funded mostly by taxation.

As defined by the ABS, PFC entities have one or more of the following functions:

- that of a central bank
- the acceptance of demand, time or savings deposits
- the authority to incur liabilities (such as insurance) and acquire financial assets in the market on their own account.

The PNFC sector includes agencies in which user charges represent a significant proportion of revenue and the agencies operate within a broadly commercial orientation.

The controlled entities of the State are listed in the TSSA's Note 36 'Controlled Entities' for the year ended 30 June 2025.



OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help Parliament hold government accountable for its use of public resources.

OUR VALUES

Pride in purpose
Curious and open-minded
Valuing people
Contagious integrity
Courage (even when it's uncomfortable)



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