



New South Wales

TREASURY

**INTERSTATE COMPARISON OF
GOVERNMENT FINANCES
2002-03**

Office of Financial Management

Research &
Information Paper

PREFACE

This publication, the *Interstate Comparison of Government Finances*, has been produced to consolidate Uniform Presentation Framework data for the General Government Sector of all the States and Territories.

The States and Territories publish current year and forward estimates of Uniform Presentation Framework data in their Budget Papers. With the discontinuation of the *National Fiscal Outlook* publication, such information was no longer brought together. The Australian Bureau of Statistics consolidates and publishes Uniform Presentation Framework data for the current Budget year only.

This paper is the second issue of the *Interstate Comparison of Government Finances*, following the favourable reception to the first issue that was published in February 2002. The latest issue of the paper is based on data in the jurisdictions' 2002-03 budget papers.

The purpose of the *Interstate Comparison of Government Finances* is to present a comparison of commonly used criteria for assessing financial performance in a single document, from which the reader can draw his or her own conclusions. The publication does not, however, attempt to provide an overall indicator that ranks the performance of the States or suggest a set of financial performance criteria, which would be a separate exercise. In any case, an overall assessment of financial performance would need to benchmark New South Wales not just against the other States but also against sub-national governments that have similar service delivery functions, such as those in the United States, Canada and Germany.

While interstate comparisons are useful, there are other benchmarks that should not be overlooked. In particular, the fiscal strategies that are set by each jurisdiction are outside the scope of this paper. In addition, it is acknowledged that individual States face different circumstances.

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EXECUTIVE SUMMARY

This paper consolidates and compares the General Government Sector finances of the States and Territories for the six-year period from 2000-01 to 2005-06, with particular attention to comparisons between New South Wales (NSW) and other States. The government finances of the States are compared, with reference to flow measures, namely the net lending result, net operating balance and cash surplus/deficit, and balance sheet measures, namely net debt, unfunded superannuation liabilities, net financial liabilities and net worth (see Glossary).

In 2000-01 the flow measures of NSW were stronger than those of most other States, as a proportion of Gross State Product (GSP). Of all the States, NSW had the third highest net lending result and cash surplus. NSW' balance sheet measures were mixed relative to the other States, as a proportion of GSP. NSW had the lowest unfunded superannuation liabilities and below average net financial liabilities. Its net debt, although low at only 3.0% of GSP, was slightly above average.

There were considerable differences among the government finances of the other States in 2000-01. The Australian Capital Territory (ACT) generally had the strongest flow measures and Queensland the strongest balance sheet measures of all the States as a proportion of GSP, while the Northern Territory (NT) on the whole was weaker than other States.

Expected outcomes for 2001-02 show that NSW' flow measures in general were expected to strengthen further relative to the other States, as a proportion of GSP. NSW is expected to have the highest net operating balance, and the second highest net lending result, of all the States. This is expected to lead to an improvement in NSW' balance sheet measures relative to the other States, as a proportion of GSP. In particular, NSW' net debt is expected to fall approximately to the average of the other States as a proportion of GSP.

Tasmania is expected to generally have the strongest flow measures of all the States as a proportion of GSP in 2001-02. However, Queensland is expected again on the whole to have the strongest balance sheet measures. Similarly, the NT is expected to once more mostly have weaker flow and balance sheet measures than other States.

Over the estimates period to 2005-06, the flow measures of NSW are in general expected to remain stronger than those of other States except Tasmania, as a proportion of GSP. NSW' balance sheet measures are expected to improve relative to the other States as a proportion of GSP, with net debt and net financial liabilities falling to be the third and second lowest of all the States respectively by 2005-06.

Over the estimate period Tasmania is expected again to have the strongest flow measures of all the States as a proportion of GSP, while Queensland is expected to have the strongest balance sheet measures. The flow and balance sheet measures of Victoria and the ACT are expected to weaken relative to the other States, although their absolute positions remain strong.

The general strength of the government finances of most States is reflected in the credit ratings assigned by Moody's Investors Service and Standard & Poor's Rating Group. NSW, Victoria, Queensland, WA and the ACT currently hold the highest domestic ratings from both agencies.

INTRODUCTION

This paper consolidates and compares the financial aggregates of the General Government Sector that are published by the States and Territories¹ in line with accrual accounting-based Government Finance Statistics (GFS) reporting and the Uniform Presentation Framework (UPF) format.

The comparisons in the paper cover the six-year period from 2000-01 to 2005-06. The figures for 2000-01 are final budget outcomes, while those for 2001-02 are the estimated outcomes from the States' 2002-03 budgets. Similarly, the budget estimates for the year 2002-03 and the forward estimates for the years 2003-04 to 2005-06 are from the States' 2002-03 budgets.

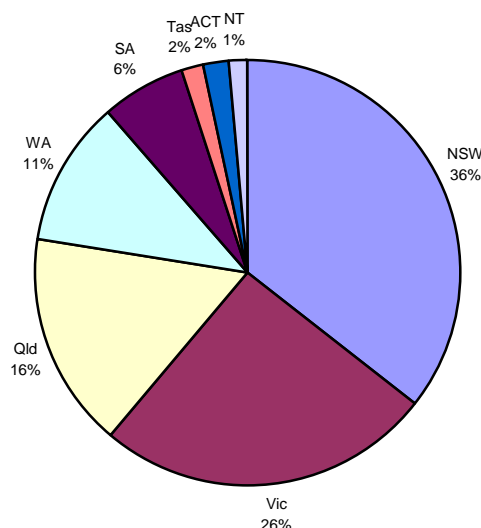
The budget indicators of all States are compared for the years 2000-01 to 2005-06. The 2002-03 Budget year is the first time that all of the States have presented their budgets in the accrual GFS UPF format.

STRUCTURAL DIFFERENCES AMONG THE STATES

SIZE OF THE STATES

NSW comprises a larger part of the Australian economy than any other State. In 2000-01 NSW produced over one third of Australia's total economic output, as measured by Gross Domestic Product (GDP). The economic output of Victoria in that year was the second largest of all the States, while that of the NT was the smallest.

Chart 1: Breakdown of Economic Output by State and Territory 2000-01 (% GDP)



Source: Australian Bureau of Statistics (ABS) 5220.0, 2000-01 National Accounts: State Accounts.

¹ Hereafter known collectively as 'the States'.

Table 1 indicates that NSW has the largest population of the States, with about one-third of Australia's population living in NSW. Victoria has the second largest population, while the NT has the smallest.

Table 1: Population by State & Territory 2000-01

<i>State/Territory</i>	<i>Population</i>	<i>Population Share (%)</i>
NSW	6,609,304	33.9
Vic	4,822,663	24.8
Qld	3,635,121	18.7
WA	1,906,114	9.8
SA	1,514,854	7.8
Tas	472,931	2.4
ACT	321,680	1.7
NT	200,019	1.0
All States' Total	19,482,686	100.0

Source: ABS 3101.0, *December Quarter 2001 Australian Demographic Statistics*.

Table 2 reveals that NSW had the fourth largest GSP per capita in 2000-01. The NT had the highest GSP per capita and Tasmania had the lowest. GSP per capita is often used as a proxy for the average per capita income of the residents of a jurisdiction. On this basis, average incomes in the two Territories are well above those in the six States.

Table 2: GSP Per Capita by State 2000-01

<i>State/Territory</i>	<i>GSP Per Capita (\$)</i>
NSW	36,125
Vic	35,521
Qld	29,968
WA	38,885
SA	28,514
Tas	24,513
ACT	41,659
NT	43,591
All States' Average	34,847

Sources: ABS 5220.0; ABS 3101.0.

DIFFERENCES IN GOVERNMENT

Snapshot of the General Government Sector

Key activities of the General Government Sector include education, health, transport, and police. The importance of the General Government Sector to a State's economy, compared with the private sector, can be assessed with financial measures and also through its share of the labour market.

In 2000-01 the expenses and revenue of the NSW General Government Sector, expressed as a proportion of GSP, were the second lowest of all the States. In addition, at February 2002 NSW General Government employment, expressed per 1,000 of population, was the lowest of all the States.

The indicators in Table 3 show a wide variation in the relative size of the General Government Sector among the States, with the General Government Sector in SA, Tasmania and the NT, in particular, being relatively larger than in the other States. This variation reflects a range of factors such as different costs of service delivery and different relative depth and strength of the private sector, as well as the policy choices of State governments.

Table 3: Key Indicators 2000-01

<i>State/Territory</i>	<i>Total Expenses % GSP</i>	<i>Total Expenses \$ per capita</i>	<i>Total Revenue % GSP</i>	<i>Total Revenue \$ per capita</i>	<i>Total General Government Employment Per 1,000 population</i>
NSW	13.4	4,827	14.1	5,085	46.9
Vic	13.1	4,662	13.8	4,917	47.5
Qld	17.5	5,259	16.8	5,023	54.7
WA	14.1	5,476	14.2	5,530	59.3
SA	19.5	5,549	18.8	5,352	55.6
Tas	22.2	5,451	23.2	5,675	63.4
ACT	15.6	6,506	15.8	6,600	49.7
NT	25.1	10,954	23.0	10,019	79.0
Other States' Average	18.2	6,265	17.9	6,159	58.5

Note: 'Other States' Average' is unweighted and excludes NSW. Employment data as at May 2001.

Sources: NSW, Victoria, Queensland and SA 2000-01 Financial Outcomes Reports; ABS 5501.0, 2000-01 Government Financial Estimates: Australia; ABS 3101.0; ABS 6248.0, March Quarter 2002 Wage and Salary Earners.

GENERAL GOVERNMENT FINANCES

TRENDS IN EXPENSES

Expenses Growth

Trends in the growth of expenses provide an insight into governments' abilities to maintain their fiscal positions. Table 4 contains details about the actual growth of expenses in 2000-01, the estimated outcome for 2001-02, and estimates for 2002-03 and the years from 2003-04 to 2005-06.

In 2000-01 the growth of expenses in NSW was, at 6.8%, below the 8.3% average of the States other than NSW. The ACT had the highest growth of expenses, while the NT had the lowest.

The multi-year annual average percentage changes in Table 4 are more meaningful than the year-on-year changes because the year-on-year figures are often distorted by abnormal items². Annual average growth over a five-year period smooths the effect of these one off influences and allows a clearer picture of long term growth in expenses.

Over the six-year period from 2000-01 to 2005-06, the annual average growth of expenses in NSW is expected to be 3.9%, which will be near the middle of the States' range. Queensland is expected to have the highest annual average growth of expenses over this period and the NT again the lowest.

Table 4: Growth of Expenses

<i>State/Territory</i>	<i>2000-01 Outcome</i>	<i>2001-02 Est. Outcome</i>	<i>2002-03 Budget Est.</i>	<i>Annual Average 2003-04 to 2005-06</i>	<i>Annual Average 2000-01 to 2005-06</i>
	(%)	(%)	(%)	(%)	(%)
NSW	6.8	4.8	2.1	3.2	3.9
Vic	10.6	5.9	4.0	2.2	4.6
Qld	13.8	3.7	1.7	3.5	4.9
WA	7.4	4.0	1.8	2.3	3.3
SA	5.4	2.5	1.2	1.7	2.4
Tas	4.7	3.1	5.6	1.9	3.2
ACT	13.9	4.3	1.1	2.8	4.6
NT	2.0	4.3	2.5	1.1	2.0
Other States' Average	8.3	4.0	2.6	2.2	3.6

Note: 'Other States' Average' as for Table 3.

Sources: ABS 5512.0, 1999-00 Government Finance Statistics Australia; 1999-00 WA Government Financial Report; ABS 5501.6, 1999-00 GFS: Tasmania; NSW, Victoria, Queensland and SA 2000-01 Financial Outcomes Reports; WA 2001-02 Government Mid-Year Financial Projections Statement; ABS 5501.0; State & Territory Budgets 2002-03.

² Abnormal items are transactions that occur within the operations of general government but are abnormal due to their size or nature.

Table 5 shows the per capita real growth of the States' expenses from 2000-01 to 2005-06, that is, the figures in Table 4 have been adjusted to remove the influences of population growth and inflation.

In 2000-01 the ACT had the highest per capita real growth of expenses, while the NT was the only State that recorded a decline. NSW' per capita real growth of expenses was near the middle of the States' range.

The annual average per capita real growth of expenses over the period from 2000-01 to 2005-06 in NSW is expected to be 0.6%, compared to the other States' average of 0.4%. The other States are expected to range from 1.4% (ACT) to -1.2% (NT).

Table 5. Per Capita Real Growth of Expenses.

<i>State/Territory</i>	<i>2000-01 Outcome</i>	<i>2001-02 Est. Outcome</i>	<i>2002-03 Budget Est.</i>	<i>Annual Average 2003-04 to 2005-06</i>	<i>Annual Average 2000-01 to 2005-06</i>
	(%)	(%)	(%)	(%)	(%)
NSW	1.8	1.3	-1.3	0.7	0.6
Vic	5.5	2.3	0.3	-0.4	1.2
Qld	8.0	-0.2	-2.5	0.2	1.0
WA	2.3	0.4	-2.0	-0.7	-0.2
SA	1.3	-0.7	-1.7	-0.3	-0.3
Tas	0.9	0.2	2.9	0.2	0.8
ACT	8.4	1.1	-2.2	0.4	1.4
NT	-2.7	1.4	-0.7	-1.8	-1.2
Other States' Average	3.4	0.6	-0.8	-0.3	0.4

Note: 'Other States' Average' as for Table 3.

Sources: ABS 6401.0, *June Quarter 2002 Consumer Price Index*; NSW Treasury Budget Escalation Parameters, April 2002; ABS 3101.0; 2002-03 Commonwealth Budget; and as for Table 4.

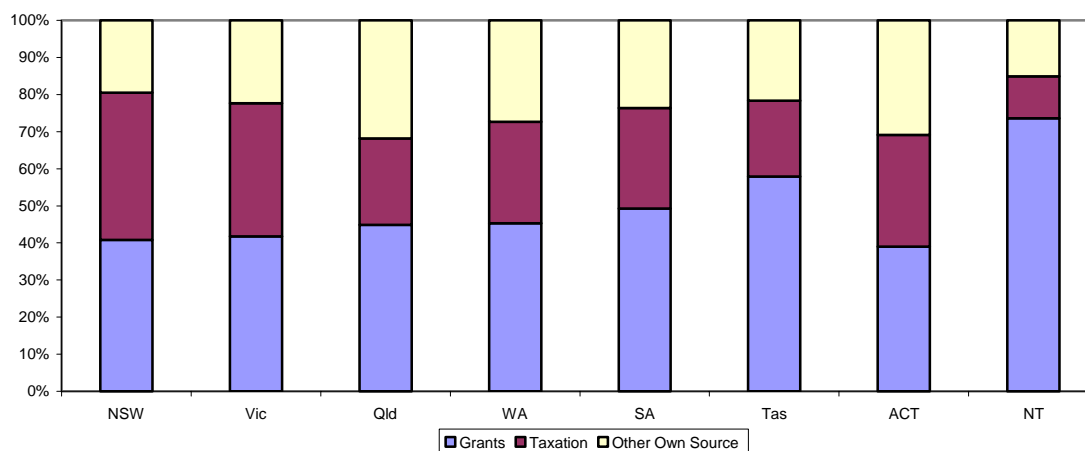
TRENDS IN REVENUE

Sources of Revenue

The main sources of State revenue are taxes, grants from the Commonwealth, and other own-source revenue such as sales of goods and services, interest income, dividends and tax equivalent payments from public corporations and royalty income. The sources of revenue in 2000-01 are illustrated in Chart 2, on the following page.

NSW and Victoria have broadly similar revenue structures, with low grant shares and high tax-revenue shares relative to the other States. These structural differences mainly reflect the different strengths of tax bases among the States and the method for distributing Commonwealth grants.

Chart 2: Sources of Revenue 2000-01



Sources: ABS 5512.0, *GFS Australia: 2000-01*, April 2002; ABS 5501.0, November 2000.

The distribution of Commonwealth grants among the States is based on recommendations made by the Commonwealth Grants Commission (CGC) to the Commonwealth Treasurer. The CGC's recommendations are founded on the principle of 'horizontal fiscal equalisation' (HFE). The CGC applies the HFE principle in such a way that NSW, Victoria and WA provide subsidies not only to financially weaker States such as SA, Tasmania, and NT but also to the economically stronger States of Queensland and ACT.

In 2002-03 NSW' share of general purpose funding from the Commonwealth will be approximately \$1,155 million less than it would have been if this funding was distributed according to States' shares of the national population. Victoria will receive \$1,167 million less than its population share, and WA will receive \$80 million less than its population share. All other States will receive more than their population shares.

The Governments of NSW, Victoria and WA commissioned a major review of HFE by two of Australia's most respected public economists: Professor Ross Garnaut and Dr Vince FitzGerald. The Final Report of the Review Committee was delivered on 30 August 2002 and recommended a dramatic simplification of the complex approach to HFE currently used by the CGC. The Report's recommendations for a simpler, population-based distribution are currently being considered by Governments.

Total Revenue Growth

Table 6 (on the following page) provides details of total revenue growth for 2000-01 and estimates to 2005-06. In 2000-01 the highest growth of revenue occurred in the ACT, while Queensland had the lowest. Revenue growth in NSW was 5.4%, which was slightly below the average of 5.8% for the other States.

The annual average growth of revenue in NSW from 2000-01 to 2005-06 is expected to be 3.8%, with other States ranging from 4.2% (ACT) to 2.6% (Tasmania), and averaging 3.5%.

Table 6: Growth of Revenue

<i>State/Territory</i>	<i>2000-01 Outcome</i>	<i>2001-02 Est. Outcome</i>	<i>2002-03 Budget Est.</i>	<i>Annual Average 2003-04 to 2005-06</i>	<i>Annual Average 2000-01 to 2005-06</i>
	(%)	(%)	(%)	(%)	(%)
NSW	5.4	4.9	0.6	3.9	3.8
Vic	7.6	5.3	1.2	2.4	3.6
Qld	2.2	5.9	4.3	3.6	3.9
WA	8.7	4.1	1.8	3.0	3.9
SA	6.1	2.7	5.9	1.3	3.1
Tas	2.4	2.3	3.8	2.3	2.6
ACT	10.6	3.6	-2.7	3.0	3.4
NT	3.1	14.4	0.9	2.2	4.2
Other States' Average	5.8	5.5	2.2	2.5	3.5

Note: 'Other States' Average' as for Table 3.

Sources: As for Table 4.

Table 7 (on the following page) shows the per capita real growth of the States' revenue from 2000-01 to 2005-06. That is, the figures in Table 7 show changes in revenue after removing the influences of population growth and inflation.

As for the nominal growth of revenue, the ACT had the highest per capita real growth of revenue in 2000-01. NSW was near the middle of the States' range. Queensland experienced the largest decline.

The annual average real per capita growth of revenue from 2000-01 to 2005-06 in NSW is expected to be 0.1%, which is slightly higher than the average contraction of 0.1% for the other States.

Table 7. Per Capita Real Growth of Revenue.

<i>State/Territory</i>	<i>2000-01 Outcome</i>	<i>2001-02 Est. Outcome</i>	<i>2002-03 Budget Est.</i>	<i>Annual Average 2003-04 to 2005-06</i>	<i>Annual Average 2000-01 to 2005-06</i>
	(%)	(%)	(%)	(%)	(%)
NSW	0.4	1.4	-2.8	2.3	0.1
Vic	2.6	1.7	-2.5	-0.8	-0.2
Qld	-3.0	2.0	0.1	0.6	-0.4
WA	3.6	0.5	-2.0	1.2	-0.1
SA	1.9	-0.5	2.9	1.6	0.0
Tas	-1.2	-0.6	1.1	0.3	-0.2
ACT	5.3	0.4	-5.9	-0.8	-0.2
NT	-1.7	11.3	-2.3	-2.2	0.5
Other States' Average	1.1	2.1	-1.2	0.0	-0.1

Note: 'Other States' Average' as for Table 3.
Sources: As for Table 5.

Tax Revenue Growth

Table 8 (on the following page) provides details of the tax revenue growth outcomes for 2000-01 and estimates to 2005-06.

Tax revenues contracted in all States in 2000-01. This was due to the States abolishing or reducing some of their taxes on 1 July 2000, as part of the implementation of the national tax reform package. The contractions ranged from -7.4% (ACT) to -35.2% (NT), with NSW experiencing the second smallest contraction. The NT had the largest contraction because it had a relatively high capacity and effort in some of the taxes that were abolished, which reduced the level of the NT's tax revenue collections relative to the other States in 2000-01. In particular, the NT was one of only two States that levied 'bed taxes', called the Tourism Marketing Duty in the NT, that were abolished on 1 July 2000.

The only States that expect the annual average growth of tax revenue to be positive from 2000-01 to 2005-06 are Queensland and WA. For Queensland, this reflects that it was the only State that did not levy Financial Institutions Duty (FID) prior to 1 July 2001, when FID was abolished as part of the national tax reform package. NSW is expected to have an annual average change in tax revenue of -0.1% over this period, which partly reflects tax reductions implemented in NSW since 1998-99 (additional to national tax reform changes), which in 2002-03 are expected to cost \$1,399 million. The most significant of these tax reductions were the cumulative payroll tax cuts since 1999, and the abolition of debits tax from 1 January 2002, which are expected to cost \$605 million and \$314 million respectively in 2002-03. The full year effect of the abolition of debits tax is largely responsible for the further 3.7% reduction in NSW tax revenue in 2002-03.

Table 8. Growth of Tax Revenue.

<i>State/Territory</i>	<i>2000-01 Outcome</i>	<i>2001-02 Est. Outcome</i>	<i>2002-03 Budget Est.</i>	<i>Annual Average 2003-04 to 2005-06</i>	<i>Annual Average 2000-01 to 2005-06</i>
	(%)	(%)	(%)	(%)	(%)
NSW	-12.2	0.2	-3.7	5.0	-0.1
Vic	-12.3	1.8	0.4	1.8	-0.8
Qld	-15.8	12.8	2.3	3.9	1.8
WA	-15.5	2.6	7.7	4.3	1.3
SA	-18.9	-1.1	0.5	3.6	-1.4
Tas	-21.6	-6.6	-5.5	2.0	-4.6
ACT	-7.4	-7.0	-0.7	1.6	-1.7
NT	-35.2	-0.9	1.3	0.7	-5.4
Other States' Average	-18.1	0.2	0.9	2.6	-1.6

Note: 'Other States' Average' as for Table 3.
Sources: As for Table 4.

Table 9 shows the per capita real growth of the States' tax revenue from 2000-01 to 2005-06. In 2000-01 per capita real tax revenue contracted in all States, ranging from -11.8% (NSW) to -38.3% (NT). The NT having the largest contraction again reflects that NT had a high capacity and effort in some of the taxes that were abolished as part of the national tax reform package, relative to the other States.

Similarly, the annual average per capita real change in tax revenue from 2000-01 to 2005-06 of all the States is expected to be negative, with Queensland and NT having the smallest and largest contractions respectively.

Table 9. Per Capita Real Growth of Tax Revenue.

<i>State/Territory</i>	<i>2000-01 Outcome</i>	<i>2001-02 Est. Outcome</i>	<i>2002-03 Budget Est.</i>	<i>Annual Average 2003-04 to 2005-06</i>	<i>Annual Average 2000-01 to 2005-06</i>
	(%)	(%)	(%)	(%)	(%)
NSW	-16.3	-3.1	-7.0	2.3	-3.2
Vic	-16.4	-1.7	-3.2	-0.8	-4.0
Qld	-20.1	8.6	-1.9	0.6	-2.0
WA	-19.5	-1.0	3.7	1.2	-2.2
SA	-22.0	-4.1	-2.4	1.6	-4.0
Tas	-24.4	-9.3	-7.9	0.3	-6.8
ACT	-11.8	-9.9	-4.0	-0.8	-4.7
NT	-38.3	-3.6	-1.8	-2.2	-8.4
Other States' Average	-21.8	-3.0	-2.5	0.0	-4.6

Note: 'Other States' Average' as for Table 3.
Sources: As for Table 5.

Revenue and Tax Effort Indices

The ability of each State to raise total own source revenue and taxation revenue varies because of their different economic characteristics and circumstances. The CGC produces indices of the relative total own source revenue raising effort and tax raising efforts of the States.

The revenue raising effort index consists of the total own-source taxation of the States plus their interest earnings, mining revenue, and contributions by Public Trading Enterprises (PTEs). Note that this differs from total revenue, discussed in the previous section, because it excludes Commonwealth grants. The CGC attempts to take account of the size of each State's revenue base in each year. NSW Treasury does not necessarily endorse the CGC's calculations and they are included for the sake of interest only.

The index compares the actual level of revenue raised with the level of revenue that the CGC estimates each State could raise if it made the average effort to raise revenue.

An index level above 100 indicates that a State is raising more revenue than the CGC believes it would if it had the average tax rates and earnings from other sources. Such a State is assessed as making an above average effort to collect revenue. Conversely, an index level below 100 indicates that a State is making a below average revenue effort.

Table 10 indicates that the revenue raising effort index for NSW in 2000-01 was lower than the national average and lower than the NSW average for the previous four years. This largely reflects tax cuts implemented in NSW, in particular, reductions of the payroll tax rate since 1 July 1999, the reduction of the land tax rate from 31 December 1999 and the introduction of the First Home Plus stamp duty concession on conveyances for first homeowners from 1 July 2000.

Table 10: Revenue Raising Effort Index

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>National Average</i>
Annual Average (1996-97 to 1999-00)	99.83	102.16	102.79	87.62	110.27	92.17	96.51	89.48	100
2000-01	98.50	95.13	106.94	98.86	109.13	91.43	116.92	90.94	100

Source: Commonwealth Grants Commission, *Report on State Revenue Sharing Relativities 2002 Update: Supporting Information*, February 2002.

The tax raising effort index is narrower than the revenue raising effort index because it is based solely on the total own-source taxation of the States, which includes taxes, stamp duties, and registration and licensing fees. It excludes interest earnings, mining revenue and contributions from PTEs. Similar to the revenue raising effort index, the tax raising effort index compares the actual level of tax revenue raised with the level of tax revenue that the CGC estimates each State could raise if it applied the average tax rates.

An index level above 100 indicates that a State is raising more tax revenue than the CGC believes it would if it had the average tax rates. This could be due to higher tax rates or greater compliance effort, or a combination of the two. Conversely, an index level below 100 indicates that a State is making a below average effort to collect taxes.

Table 11 indicates that the tax effort index value for NSW in 2000-01 was lower than the average of the previous four years. The above average tax revenue raising efforts of NSW and Victoria are offset by their low shares of grants from the Commonwealth.

Table 11: Tax Raising Effort Index

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>National Average</i>
Annual Average (1996-97 to 1999-00)	105.49	103.51	87.73	89.15	103.48	97.17	102.96	94.55	100
2000-01	104.58	103.85	84.2	94.17	108.80	95.46	104.04	92.03	100

Source: Commonwealth Grants Commission, *Report on State Revenue Sharing Relativities 2002 Update: Supporting Information*, February 2002.

MEASURES OF THE BUDGET RESULT

NET LENDING (FISCAL BALANCE)

The net lending result, which is also known as the fiscal balance, is the difference between the savings and investments of a government on a national accounts basis and represents the government's call on financial markets. A positive net lending result will generally correspond to a net reduction in government net financial liabilities, while a negative net lending result (i.e. net borrowing) will generally correspond to a rise in net financial liabilities (excluding valuation effects). Net lending is equal to the net operating balance less a government's total net acquisition of non-financial assets. The indicator takes account of capital expenditure but excludes depreciation.

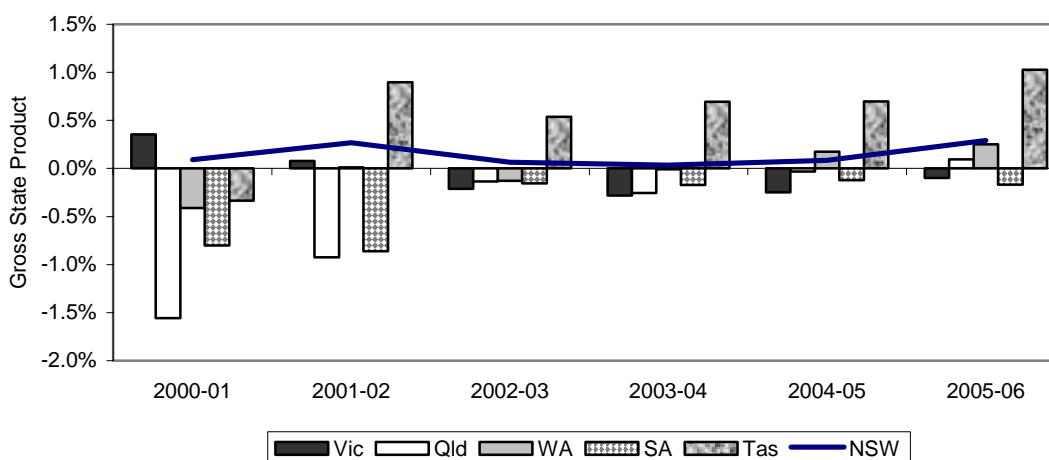
In 2000-01 NSW' net lending result of 0.1% of GSP was at the higher end of the States' range and above the other States' average balance of -0.6%. Victoria had the highest net lending result, while Queensland, WA, SA, Tasmania and NT all had a net borrowing result.

The net lending position of NSW is expected to strengthen in 2001-02 as a proportion of GSP and then weaken in 2002-03 before recovering in 2005-06. The other States are, on average, expected to gradually improve, moving from a net borrowing to a net lending position by 2005-06.

The annual average net lending result of NSW from 2000-01 to 2005-06 is expected to be 0.1% of GSP, compared to the other States' average of -0.2%. The other States are expected to range from 0.6% of GSP (Tasmania) to -1.2% (NT).

Only NSW and Tasmania have forecast positive net lending results for every year from 2001-02 to 2005-06.

Chart 3: Net Lending 2000-01 to 2005-06 (% GSP)



Note: Chart 3 contains data for the six States only. Data for the two Territories is contained in Table 12 on the following page.

Table 12: Net Lending

<i>State/Territory</i>	<i>2000-01 Outcome</i>	<i>2001-02 Est. Outcome</i>	<i>2002-03 Budget Est.</i>	<i>Annual Average 2003-04 to 2005-06</i>	<i>Annual Average 2000-01 to 2005-06</i>
	<i>\$B</i>	<i>\$B</i>	<i>\$B</i>	<i>\$B</i>	<i>\$B</i>
NSW	0.2	0.7	0.2	0.4	0.4
Vic	0.6	0.1	-0.4	-0.4	-0.2
Qld	-1.7	-1.1	-0.2	-0.1	-0.5
WA	-0.3	0.0	-0.1	0.1	0.0
SA	-0.3	-0.4	-0.1	-0.1	-0.2
Tas	0.0	0.1	0.1	0.1	0.1
ACT	0.0	0.0	0.0	-0.1	0.0
NT	-0.2	-0.3	-0.1	0.0	-0.1
	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>
NSW	0.1	0.3	0.1	0.1	0.1
Vic	0.4	0.1	-0.2	-0.2	-0.1
Qld	-1.6	-0.9	-0.1	-0.1	-0.5
WA	-0.4	0.0	-0.1	0.1	0.0
SA	-0.8	-0.9	-0.2	-0.2	-0.4
Tas	-0.3	0.9	0.5	0.8	0.6
ACT	0.2	0.2	0.0	-0.3	-0.1
NT	-1.9	-3.5	-1.5	-0.1	-1.2
Other States' Average	-0.6	-0.6	-0.2	0.0	-0.2

Note: 'Other States' Average' as for Table 3.

Sources: As for Table 4.

NET OPERATING BALANCE

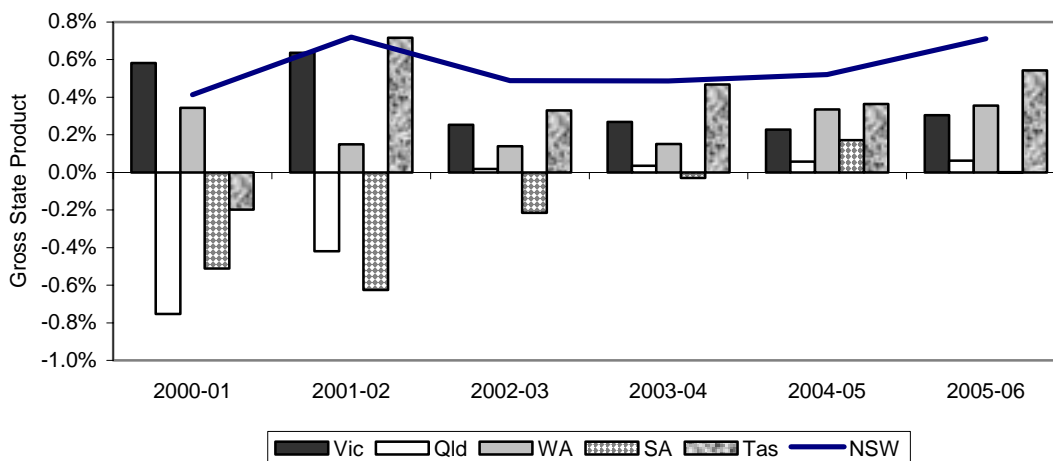
The net operating balance is the difference between revenue and expenses, with a positive balance indicating that government revenue is greater than expenses. The net operating balance provides an indication of the sustainability of the fiscal position of a government over time, and its ability to continue providing the existing level of services without increasing borrowings, or ultimately taxation. The indicator takes account of depreciation and accrued superannuation entitlements but not asset acquisitions.

The net operating balances of the States in 2000-01 ranged from 0.6% of GSP (Victoria) to -2.1% (NT). NSW' net operating balance was at the higher end of the range.

In 2001-02 NSW' net operating balance is expected to strengthen, as a proportion of GSP, and then weaken in 2002-03 before recovering in 2005-06. The other States are, on average, expected to improve in 2001-02, moving from a negative to a positive net operating position, and then stay constant in the years to 2005-06.

NSW is expected to have the highest annual average net operating balance, as a proportion of GSP, over the period from 2000-01 to 2005-06, while NT is anticipated to have the lowest. Tasmania had a better net lending result than NSW over the period but a worse net operating balance because net lending, unlike the net operating balance, includes capital expenditure and excludes depreciation (see Glossary). Tasmania's net operating balance was adversely affected by its depreciation being of a larger magnitude than that of NSW, while this did not have an impact on its net lending result.

Chart 4: Net Operating Balance 2000-01 to 2005-06 (% GSP)



Note: Chart 4 contains data for the six States only. Data for the two Territories is contained in Table 13 on the following page.

Table 13: Net Operating Balance

<i>State/ Territory</i>	<i>2000-01 Outcome</i>	<i>2001-02 Est. Outcome</i>	<i>2002-03 Budget Est.</i>	<i>Annual Average 2003-04 to 2005-06</i>	<i>Annual Average 2000-01 to 2005-06</i>
	<i>\$B</i>	<i>\$B</i>	<i>\$B</i>	<i>\$B</i>	<i>\$B</i>
NSW	1.0	1.8	1.3	1.7	1.5
Vic	1.0	1.2	0.5	0.6	0.7
Qld	-0.8	-0.5	0.0	0.1	-0.2
WA	0.3	0.1	0.1	0.3	0.2
SA	-0.2	-0.3	-0.1	0.0	-0.1
Tas	0.0	0.1	0.0	0.1	0.0
ACT	0.0	0.0	-0.1	-0.1	0.0
NT	-0.2	0.0	0.0	0.0	0.0
	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>
NSW	0.4	0.7	0.5	0.6	0.6
Vic	0.6	0.6	0.3	0.3	0.4
Qld	-0.8	-0.4	0.0	0.1	-0.2
WA	0.3	0.1	0.1	0.3	0.2
SA	-0.5	-0.6	-0.2	0.0	-0.2
Tas	-0.2	0.7	0.3	0.5	0.4
ACT	0.2	0.1	-0.5	-0.4	-0.2
NT	-2.1	0.1	-0.3	0.2	-0.3
Other States' Average	-0.4	0.1	0.0	0.1	0.0

Note: 'Other States' Average' as for Table 3.

Sources: As for Table 4.

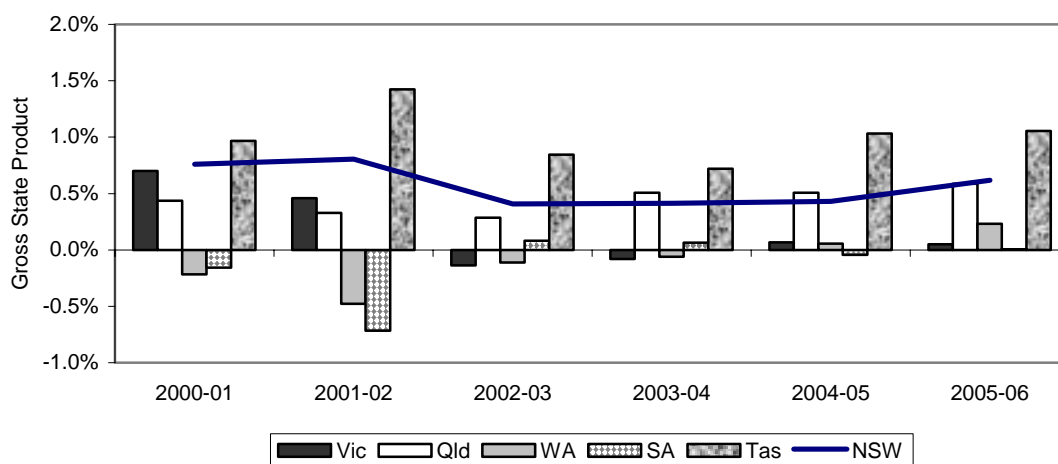
CASH SURPLUS/DEFICIT

In 2000-01 NSW produced a cash surplus of 0.8% of GSP, which was higher than the average of the other States. Both Tasmania and the ACT had the largest surplus of 1% of GSP, while the NT had the largest deficit of -1.3% of GSP.

NSW is expecting the cash surplus to stay constant, as a proportion of GSP, in 2001-02 but weaken in 2002-03 before recovering in 2005-06. The other States, on average, are expecting declines into deficit in 2001-02, followed by a gradual improvement over the years to 2005-06.

The annual average cash surplus of the States from 2000-01 to 2005-06 is expected to range from a surplus of 1% of GSP (Tasmania) to a deficit of -0.9% (NT). NSW is expected to be in surplus at the higher end of the States' range and above the other States' average.

Chart 5: Cash Surplus/Deficit 2000-01 to 2005-06 (% GSP)



Note: Chart 5 contains data for the six States only. Data for the two Territories is contained in Table 14 on the following page.

Table 14: Cash Surplus/Deficit

<i>State/Territory</i>	<i>2000-01 Outcome</i>	<i>2001-02 Est. Outcome</i>	<i>2002-03 Budget Est.</i>	<i>Annual Average 2003-04 to 2005-06</i>	<i>Annual Average 2000-01 to 2005-06</i>
	<i>\$B</i>	<i>\$B</i>	<i>\$B</i>	<i>\$B</i>	<i>\$B</i>
NSW	1.8	2.0	1.1	1.5	1.6
Vic	1.2	0.8	-0.3	0.0	0.3
Qld	0.5	0.4	0.4	0.8	0.6
WA	-0.2	-0.4	-0.1	0.1	-0.1
SA	-0.1	-0.3	0.0	0.0	-0.1
Tas	0.1	0.2	0.1	0.1	0.1
ACT	0.1	0.2	0.0	0.1	0.1
NT	-0.1	-0.3	-0.1	0.0	-0.1
	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>
NSW	0.8	0.8	0.4	0.5	0.6
Vic	0.7	0.5	-0.1	0.0	0.2
Qld	0.4	0.3	0.3	0.5	0.4
WA	-0.2	-0.5	-0.1	0.1	-0.1
SA	-0.2	-0.7	0.1	0.0	-0.1
Tas	1.0	1.4	0.8	0.9	1.0
ACT	1.0	1.2	0.0	0.5	0.6
NT	-1.3	-2.9	-1.0	0.0	-0.9
Other States' Average	0.2	-0.1	0.0	0.3	0.2

Note: 'Other States' Average' as for Table 3.
Sources: As for Table 4.

BALANCE SHEET MEASURES

The following section presents a range of balance sheet measures, in particular, net debt, net interest paid, superannuation liabilities, net financial liabilities, and net worth.

While net debt is the balance sheet measure that receives the most attention, it is a narrow fiscal indicator because it only takes into account the difference between certain financial assets and borrowings. Net debt overlooks accrued employee liabilities such as unfunded superannuation or outstanding claims associated with insurance type activities, which can be substantial.

Net financial liabilities is a broader fiscal indicator because it measures total liabilities (primarily borrowings, superannuation and outstanding insurance claims) less the liquid financial assets available to meet these obligations (mainly cash, deposits and investments). Increasingly, movements in net financial liabilities are being regarded as a key fiscal indicator.

The net worth measure provides the most comprehensive picture of a government's finances. The measure is equal to the difference between total assets and total liabilities and encapsulates all financial and non-financial assets, including physical assets and equity holdings. However, net worth suffers as an indicator of a government's fiscal position because not all assets are realisable. As an example, physical assets such as national parks cannot be realised.

NET DEBT

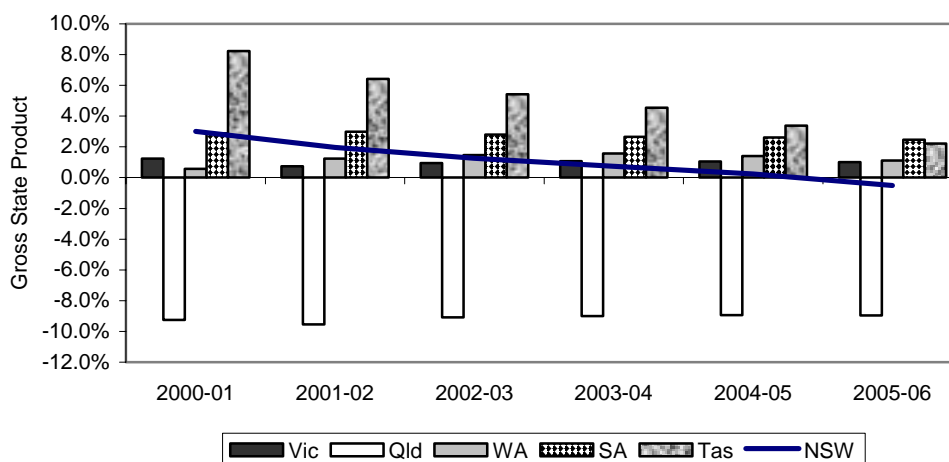
Net debt represents the accumulation of borrowing to fund past deficits and provides an indication of the overall strength of a government's fiscal position. High levels of net debt impose a call on future revenue flows to service that debt, and can limit flexibility to increase expenditure to meet changing demands for services. The measure does not indicate whether the debt has been incurred to finance fixed asset accumulation, for which there may be sound economic reasons, or current expenditure, which is unsustainable in the longer term.

The net debt of NSW in 2000-01 was 3% of GSP, compared with an average of 1.6% for the other States. The net debt of the other States ranged from 12.8% of GSP (NT) to -9.3% of GSP (Queensland). Both Queensland and the ACT had negative net debt, which means that their stock of financial assets exceeded their gross debts.

Over the period to 2005-06, NSW' net debt as a proportion of GSP is expected to gradually decline, with NSW being anticipated to have negative net debt by 2005-06. The average of the net debt of the other States is expected to peak in 2002-03 before gradually falling. The NT is expected to have the largest net debt over the period, while Queensland is expected to have the largest negative net debt.

Most States have now reduced their net debt to low absolute levels, as reflected in five jurisdictions, including NSW, achieving the highest possible credit ratings of AAA and Aaa from Standard and Poor's Rating Group and Moody's Investor Services respectively.

Chart 6: Net Debt 2000-01 to 2005-06 (% GSP)



Note: Chart 6 contains data for the six States only. Data for the two Territories is contained in Table 15 below.

Table 15: Net Debt

State/Territory	2000-01	2001-02	2002-03	2005-06
	Outcome	Est. Outcome	Budget Est.	Forward Est.
	\$B	\$B	\$B	\$B
NSW	7.2	4.9	3.4	-1.6
Vic	2.1	1.3	1.8	2.3
Qld	-10.1	-11.1	-11.3	-13.6
WA	0.4	1.0	1.3	1.2
SA	1.2	1.4	1.4	1.4
Tas	1.0	0.8	0.7	0.3
ACT	-0.7	-0.6	-0.2	-0.3
NT	1.1	1.4	1.5	1.5
	(% GSP)	(% GSP)	(% GSP)	(% GSP)
NSW	3.0	2.0	1.3	-0.5
Vic	1.2	0.7	0.9	1.0
Qld	-9.3	-9.5	-9.1	-9.0
WA	0.6	1.2	1.5	1.1
SA	2.9	3.0	2.8	2.5
Tas	8.2	6.4	5.4	2.2
ACT	-5.1	-4.6	-1.5	-1.8
NT	12.8	14.6	15.2	12.7
Other States' Average	1.6	1.7	2.2	1.3

Note: The data for the NT in 2000-01 is an estimate because actual outcome data was unavailable at the time of preparation of ABS 5512.0 2000-01 GFS: Australia. 'Other States' Average' as for Table 3.
Sources: As for Table 4.

NET INTEREST PAID

Debt costs are an indication of the recurrent burden created by past borrowing. The proportion of a government's revenue that must be applied to interest costs is a measure of the limitations that debt imposes on budgetary flexibility. A measure of the cost to a government of servicing its net debt is net interest paid. Net interest paid comprises the sum of the nominal superannuation interest expense and other interest expenses, less interest income.

In 2000-01 NSW' net interest paid as a proportion of total revenue (with interest income being excluded from total revenue) was 2.7%, below the other States' average of 4.0%. The other States ranged from 9.6% (NT) to -0.6% (Queensland). Queensland was able to earn more interest on its financial assets than it paid in servicing its gross debts. The NT paid the most net interest relative to total revenue as a result of having the largest net debt as a proportion of GSP (see previous section).

Over the period to 2005-06, NSW' net interest paid as a proportion of total revenue is expected to rise in 2001-02 before declining. The average of the other States is also expected to rise in 2001-02 but then will fall only marginally in the years to 2005-06. The rise in 2001-02 is generally due to a decline in the States' interest income rather than an increase in their interest expense. This had a significant effect in Queensland in particular. The NT is anticipated to have the largest net interest paid as a proportion of total revenue, while the ACT is expected to have the largest negative net interest paid.

Table 16: Net Interest Paid Relative to Total Revenue (Excluding Interest Income)

<i>State/ Territory</i>	<i>2000-01 Outcome</i>	<i>2001-02 Est. Outcome</i>	<i>2002-03 Budget Est.</i>	<i>2005-06 Forward Est.</i>
	(%)	(%)	(%)	(%)
NSW	2.7	2.9	2.1	1.4
Vic	4.8	3.9	4.1	4.0
Qld	-0.3	3.6	-0.7	-0.3
WA	4.0	3.5	3.8	4.0
SA	5.4	4.7	5.1	5.1
Tas	4.8	5.9	5.3	4.8
ACT	-0.3	-1.0	-0.5	-0.4
NT	9.6	9.2	9.6	9.1
Other States' Average	4.0	4.3	3.8	3.7

Note: 'Other States' Average' as for Table 3.

Sources: As for Table 4.

SUPERANNUATION LIABILITIES

Information about superannuation liabilities can be used, in conjunction with other measures such as net debt, to help gauge the overall strength of a government's fiscal position and the sustainability of fiscal policy. Two measures of the impact of superannuation liabilities are unfunded superannuation liabilities and the proportion of gross superannuation liabilities covered by assets.

Unfunded Superannuation Liabilities

The unfunded superannuation liability of a government is equal to the difference between the gross superannuation liability, i.e. the present value of liabilities accrued in respect of past service, and the market value of financial assets that are held in defined benefit superannuation funds.

Table 17: Unfunded Superannuation Liabilities

<i>State/Territory</i>	<i>2000-01 Outcome \$B</i>	<i>2001-02 Est. Outcome \$B</i>	<i>2002-03 Budget Est. \$B</i>	<i>2005-06 Forward Est. \$B</i>
NSW	8.1	10.0	11.3	15.6
Vic	11.8	12.8	12.8	13.6
Qld	8.6	9.9	11.2	14.8
WA	5.2	5.2	5.3	5.3
SA	3.2	3.8	3.9	4.1
Tas	2.0	2.2	2.3	2.5
ACT	1.5	1.6	1.8	2.3
NT	1.3	1.4	1.4	1.4
	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>
NSW	3.4	4.0	4.2	5.0
Vic	6.9	7.0	6.6	6.1
Qld	7.9	8.6	9.0	9.7
WA	7.0	6.6	6.2	5.1
SA	7.5	8.2	8.0	7.3
Tas	17.4	17.9	18.3	18.5
ACT	11.0	11.4	11.7	12.8
NT	15.4	15.5	15.7	13.0
Other States' Average	10.4	10.7	10.8	10.3

Note: The data for NT in 2000-01 is as for Table 15. The data for Tasmania is comprised of unfunded superannuation liabilities and other employee entitlements. 'Other States' Average' as for Table 3.
Sources: As for Table 4.

Over the period from 2000-01 to 2005-06, NSW' unfunded superannuation liabilities are expected to rise gradually, as a proportion of GSP, while the other States' average is expected to peak in 2002-03 before gradually falling. Tasmania and NSW are respectively expected to have the highest and lowest unfunded superannuation liabilities, as a proportion of GSP.

The rise in NSW' unfunded superannuation liabilities from 2000-01 partly reflects the prepayment of superannuation contributions in the years 1998-99 to 2000-01, and deposits to the General Government Liability Management Fund being set aside to meet future superannuation contributions.

Gross Superannuation Liabilities Covered by Assets

In 2000-01 NSW' proportion of gross superannuation liabilities covered by superannuation-related assets was the highest of all States, at 72%, compared with the other States' average of 42.9%. The high figure for NSW is consistent with NSW' relatively low unfunded superannuation liabilities. Estimates for the period from 2001-02 to 2005-06 are currently not available for the majority of the States.

Table 18: Superannuation Assets as a Proportion of Liabilities

<i>State/Territory</i>	<i>2000-01 Outcome (%)</i>
NSW	72.0
Vic	47.1
Qld	52.6
WA	N/A
SA	61.1
Tas	36.8
ACT	60.0
NT	0.0
Other States' Average	42.9

Note: Other States' Average excludes NSW and WA. Data for Queensland and NT is for the Total State Sector.

Sources: 2002-03 NSW Budget, Victorian Treasury, 2000-01 Queensland Consolidated Financial Report, 2002-03 South Australia Budget, Tasmanian Treasury, 2002-03 ACT Budget, and Northern Territory Treasury.

NET FINANCIAL LIABILITIES

Net financial liabilities reflect the financial obligations of a government.

In 2000-01 NSW' net financial liabilities of 9.5% of GSP were in the middle of the States' range and below the other States' average of 13.5%. The NT had the largest net financial liabilities as a proportion of GSP, while Queensland had the smallest.

Over the period from 2000-01 to 2005-06, NSW' net financial liabilities are expected to decline gradually as a proportion of GSP, while the other States' average is expected to peak in 2002-03 and then gradually fall. The NT and Queensland are expected to continue to have the largest and smallest net financial liabilities over the period, respectively, with Queensland being anticipated to have negative net financial liabilities in 2001-02 and 2002-03.

Table 19: Net Financial Liabilities

<i>State/Territory</i>	<i>2000-01 Outcome \$B</i>	<i>2001-02 Est. Outcome \$B</i>	<i>2002-03 Budget Est. \$B</i>	<i>2005-06 Forward Est. \$B</i>
NSW	22.6	22.4	22.1	21.3
Vic	17.2	17.4	17.9	19.5
Qld	0.0	-0.5	-0.2	0.0
WA	6.5	7.0	7.3	7.2
SA	6.1	6.8	6.9	7.3
Tas	3.0	3.0	3.0	2.8
ACT	1.0	1.1	1.7	2.1
NT	2.5	3.1	3.1	3.2
	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>
NSW	9.5	8.9	8.3	6.8
Vic	10.1	9.5	9.3	8.7
Qld	0.0	-0.5	-0.1	0.0
WA	8.8	8.8	8.6	6.9
SA	14.2	14.8	14.3	12.8
Tas	25.7	24.5	24.0	20.2
ACT	7.2	8.0	11.4	12.1
NT	28.2	33.8	34.5	28.5
Other States' Average	13.5	14.1	14.6	12.8

Note: 'Other States' Average' as for Table 3.

Sources: As for Table 4.

NET WORTH

Although net worth is not the best measure of a government's fiscal position, it shows the impact of the acquisition and sales of assets over time. Net worth is also influenced by the relative size of the General Government sector in each State.

In 2000-01 the net worth of NSW was 38.4% of GSP, compared with the other States' average of 43.5%. Other States ranged from 54.7% (ACT) to 25.5% (Victoria).

The net worth of NSW, and that of the average of the other States, is expected to fall as a proportion of GSP over the period to 2005-06. The trend is due to the general expectation that the States' economies will grow faster than the revenues and expenses of their General Government sectors. In 2005-06, Tasmania and the NT are expected to have the highest and lowest net worth respectively.

Table 20: Net Worth

<i>State/Territory</i>	<i>2000-01 Outcome \$B</i>	<i>2001-02 Est. Outcome \$B</i>	<i>2002-03 Budget Est. \$B</i>	<i>2005-06 Forward Est. \$B</i>
NSW	91.7	94.0	97.7	105.7
Vic	43.6	46.3	48.0	51.8
Qld	57.6	57.8	58.5	62.7
WA	32.9	32.8	33.4	35.8
SA	14.8	14.3	14.1	14.2
Tas	6.2	6.3	6.7	7.3
ACT	7.3	7.5	7.6	7.6
NT	3.4	2.0	1.9	1.6
	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>	<i>(% GSP)</i>
NSW	38.4	37.5	36.8	33.6
Vic	25.5	25.4	24.9	23.2
Qld	52.9	49.8	47.1	41.2
WA	44.4	41.2	39.2	34.5
SA	34.2	31.0	29.0	25.2
Tas	53.5	51.7	53.5	53.5
ACT	54.7	53.1	50.4	43.4
NT	39.2	22.6	20.6	14.7
Other States' Average	43.5	39.2	37.9	33.8

Note: The data for the NT in 2000-01 is as for Table 15. 'Other States' Average' as for Table 3.
Sources: As for Table 4.

CREDIT RATINGS

Moody's Investors Service and Standard & Poor's Rating Group are the major credit rating agencies that rate the domestic debt of the States. Both of the agencies conduct an annual review of State credit ratings.

The States have become increasingly attuned to the need to maintain high credit ratings as a means of minimising borrowing costs, ensuring continued access to international capital markets and demonstrating the effectiveness of their financial management.

Table 22 outlines the current rating profiles of the States. NSW, Victoria, Queensland, Western Australia, and the ACT have the highest ratings from both agencies.

Table 21: State and Territory Domestic Currency Ratings

<i>State/Territory</i>	<i>Moody's Investors Service (Long-term)</i>	<i>Standard & Poor's Ratings Group (Long-term)</i>
NSW	Aaa	AAA
Vic	Aaa	AAA
Qld	Aaa	AAA
WA	Aaa	AAA
SA	Aa2	AA+
Tas	Aa2	AA
ACT	Aaa	AAA
NT	Aa2	No rating assigned

Note: Standard & Poor's upgraded Tasmania from AA- to AA in October 2001.

Sources: *Moody's Global Ratings Guide*, April 2002; *Standard & Poor's Global Ratings Handbook*, May 2001.

APPENDIX

ABS 5220.0, *2000-01 National Accounts: State Accounts*

ABS 3101.0, *December Quarter 2001 Australian Demographic Statistics*

ABS 5501.6, *1999-00 Government Financial Statistics: Tasmania*

ABS 5501.0, *2000-01 Government Financial Estimates: Australia*

ABS 5512.0, *1999-00 Government Financial Statistics: Australia*

ABS 6401.0, *June Quarter 2002 Consumer Price Index*

ABS 6248.0, *March Quarter 2002 Wages and Salary Earners*

Commonwealth Grants Commission, *Report on State Revenue Sharing Relativities 2002 Update: Supporting Information*, February 2002

Western Australia, *1999-00 Government Financial Results Report*

New South Wales, Victoria, Queensland and South Australia, *2000-01 Financial Outcomes Reports*

Queensland Treasury, *2000-01 Consolidated Financial Report*

Western Australia, *2001-02 Government Mid-Year Financial Projections Statement*

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GLOSSARY

Indicator	Definition
Cash Surplus/Deficit	Comprises net cash received from operating activities, net cash inflows from sales and purchases of non-financial assets, less distributions paid (Public Non-Financial Corporations and Public Financial Corporations) less increase in liability from finance leases.
Net Debt	Equals the stock of selected gross financial liabilities less financial assets.
Net Financial Liabilities	Equals total financial assets (excluding equity investments in Public Financial and Trading Enterprise Sectors) less total liabilities.
Net Interest Paid	Equals nominal superannuation interest expense plus other interest expenses, less interest income.
Net Lending (Fiscal Balance)	Calculated as the net operating balance less the total net acquisition of non-financial assets. The indicator includes capital expenditure but excludes depreciation.
Net Operating Balance	Equals total revenue minus total expenses. The indicator includes depreciation and accrued superannuation entitlements.
Net Worth	Equals total assets (financial and non-financial) less total liabilities.
Unfunded Superannuation Liabilities	Equal to the difference between the gross superannuation liability and the market value of financial assets that are held in defined benefit superannuation funds.