



New South Wales

1999 - 2000

Financial Outcomes

Report

DECEMBER 2000

INTRODUCTION

This Financial Outcomes Report presents for New South Wales the 1999-2000 financial aggregates for the General Government, Public Trading Enterprise and Public Financial Enterprise Sectors according to internationally recognised statistical standards and in accordance with a revised uniform reporting framework agreed at the 1997 Premiers' Conference.

The Framework primarily involved all jurisdictions agreeing to provide a common “core” of financial information in their Budget Papers. The “core” information comprises:

- Government Finance Statistics (GFS) tables showing details of outlays, revenues and financing transactions of the General Government, Public Trading and Total Non Financial State sectors; and
- A Budget time update of the State's Loan Council Allocation (LCA) estimates. This information is contained in Chapter 11 of NSW's 1999-2000 Budget Paper 2.

An additional requirement under the Uniform Presentation Framework is that jurisdictions producing early budgets must publish a separate financial outcomes report for the financial year just completed. This Report meets this requirement.

For comparison purposes the tables provided in this Outcomes Report contain both the 1999-2000 Budget time estimates and the final outcome. The financial outcomes report contains draft data for some agencies and consequently there may be slight variations between the tables published in this report and later publications.

The 1999-2000 financial data includes the related impacts of the superannuation conversion offer. The government made an accelerated payment in 1998-99 of \$3,260 million in superannuation contributions to the State's older style defined benefit schemes funded by increased borrowings. This one off payment will replace contributions to these schemes over the following three years. Funds that would have been applied for funding defined benefits superannuation schemes have been redirected to repay the borrowings over three years 1999-2000, 2000-01 and 2001-02.

The tables provided in this report are on an Australian Bureau of Statistics basis. As such they contain the grants and payments associated with certain Commonwealth transfers (eg non-government schools and local government tax sharing and road grants) where the State essentially acts as an agent for the Commonwealth. New South Wales' Budget Paper presentations exclude these grants and payments.

In March 2000 the Australian Loan Council adopted an accrual Uniform Presentation Framework (UPF) commencing with the 2000-01 Budgets. This is the last time New South Wales will report on the old UPF “cash” basis. Future Outcomes Reports will follow the accrual UPF format of an accrual GFS based Operating Statement, Balance Sheet and Cash Flow Statement.

CLASSIFICATION FRAMEWORK

The economic type classification adopted in the tables contained in this Report closely follows international conventions as outlined in the ABS publication, "Government Finance Statistics Australia - Concepts, Sources and Methods, 1994", Catalogue Number 5514.0.

Classification of Public Sector Entities

Public sector entities in New South Wales can be classified as General Government Enterprises (GGEs), Public Trading Enterprises (PTEs) or Public Financial Enterprises (PFEs).

GGEs consist of those public sector entities which provide, in the main, goods and services outside the market mechanism as well as providing for the transfer of income for public policy purposes. The major form of financing of these goods and services is by taxation, imposed by the State or by the Commonwealth and subsequently on passed to the State. In New South Wales most government departments and a number of statutory authorities fit into this category.

In contrast, PTEs charge for services provided and hence have a broadly commercial orientation. They do not, however, necessarily operate in competitive markets. While PTEs are not required to be fully self funding, a substantial portion of their costs must be met by user charges. The PTE sector in New South Wales includes Pacific Power, Sydney Water Corporation, the State Rail Authority etc.

PFEs are the third category of authorities in the ABS framework. Treasury Corporation is the major entity in New South Wales operating in this sector. PFEs are not included in "early" Budget Papers as data is only published on an "actuals" basis for this sector.

Economic Type Classification

Transactions of public entities can be placed into one of four major economic categories, these categories being subdivided into approximately 150 groups. The four major categories are current outlays, capital outlays, revenue and grants received and financing transactions. Further details on each of these categories can be obtained from Chapter 11, 1999-2000 Budget Paper 2.

UNIFORM REPORTING FRAMEWORK REQUIREMENTS

In accordance with the revised Uniform Reporting Framework agreed by the 1997 Premiers' Conference, Tables 1 through to 12 provide 1999-2000 Budget time estimates and actual outcomes on a comparable basis to that published by the ABS.

The following tables may not add due to rounding.

Table 1: General Government Sector - Outlays, Revenue and Financing Transactions (ABS basis)

	1999-2000 Budget Est \$m	1999-2000 Actual \$m
Current Outlays		
Final Consumption Expenditure	17,124	18,158
Interest Payments	1,271	1,255
Subsidies Paid to PTEs and PFEs	927	1,004
Current Grants	2,800	2,603
Other Current Payments	684	664
Total Current Outlays	22,805	23,684
Capital Outlays		
Gross Capital Expenditure	2,389	2,025
New Fixed Capital Expenditure	2,642	2,305
Expenditure on Secondhand Assets (net)	(253)	(280)
Capital Grants	1,133	1,095
Other Capital Outlays	(167)	112
Total Capital Outlays	3,355	3,232
Total Outlays	26,160	26,916
Revenue		
Taxes	14,012	15,197
Interest Received	377	485
Grants Received	10,872	10,797
Dividends Received from PTEs and PFEs	1,172	1,361
Other Revenue	920	950
Total Revenue and Grants Received	27,353	28,790
Financing Transactions		
Net Advances Received	(167)	(133)
Net Advance Paid	(60)	(49)
Net Domestic and Overseas Borrowings	(1,528)	(1,933)
Increase in Provisions (net)
Other Financing Transactions	562	241
Total Financing Transactions	(1,193)	(1,874)
Less Increase in Provisions (net)
Deficit/(Surplus)	(1,193)	(1,874)
Adjusted Deficit/(Surplus)¹	(214)	(869)
Net Debt	11,883	11,243
Net Debt adjusted for superannuation conversion offer	9,632	8,992

(1) Adjusted for the impact of the superannuation conversion offer.

Table 2: Public Trading Enterprises - Outlays, Revenue and Financing Transactions (ABS basis)

	1999-2000 Budget Est \$m	1999-2000 Actual \$m
Current Outlays		
Interest Payments	773	699
Other Current Payments	1,150	1,154
Total Current Outlays	1,923	1,853
Capital Outlays		
Gross Capital Expenditure	2,571	2,795
New Fixed Capital Expenditure	2,782	2,962
Expenditure on Secondhand Assets (net)	(210)	(167)
Capital Grants	83	...
Other Capital Outlays	401	20
Total Capital Outlays	3,055	2,815
Total Outlays	4,978	4,668
Revenue		
Net Operating Surplus of PTEs	1,540	2,202
Interest Received	87	119
Grants Received	787	714
Other Revenue	239	386
Total Revenue and Grants Received	2,654	3,421
Financing Transactions		
Net Advances Received	(40)	(32)
Net Advances Paid	19	4
Net Domestic and Overseas Borrowings	247	(74)
Increase in Provisions (net)	2,073	1,185
Other Financing Transactions	25	164
Total Financing Transactions	2,324	1,248
Less Increase in Provisions (net)	2,073	1,185
Deficit/(Surplus)	251	62
Net Debt	8,009	7,678

Table 3: Total Non Financial Public Sector - Outlays, Revenue and Financing Transactions (ABS basis)

	1999-2000 Budget Est \$m	1999-2000 Actual \$m
Current Outlays		
Final Consumption Expenditure	17,124	18,158
Interest Payments	1,979	1,889
Current Grants	2,820	2,601
Other Current Payments	1,610	1,668
Total Current Outlays	23,534	24,317
Capital Outlays		
Gross Capital Expenditure	4,960	4,820
New Fixed Capital Expenditure	5,423	5,267
Expenditure on Secondhand Assets (net)	(463)	(447)
Capital Grants	337	321
Other Capital Outlays	234	132
Total Capital Outlays	5,531	5,273
Total Outlays	29,065	29,590
Revenue		
Taxes	14,012	15,197
Net Operating Surplus of PTEs	1,540	2,202
Interest Received	400	540
Grants Received	10,779	10,735
Other Revenue	1,177	1,525
Total Revenue and Grants Received	27,908	30,198
Financing Transactions		
Net Advances Received	(168)	(133)
Net Advances Paid	(97)	(95)
Net Domestic and Overseas Borrowings	(1,281)	(2,007)
Increase in Provisions (net)	2,073	1,185
Other Financing Transactions	629	441
Total Financing Transactions	1,156	(609)
Less Increase in Provisions (net)	2,073	1,185
Deficit/(Surplus)	(916)	(1,794)
Adjusted Deficit/(Surplus)¹	63	(789)
Net Debt	19,892	18,913
Net Debt adjusted for superannuation conversion offer	17,641	16,662

(1) Adjusted for the impact of the superannuation conversion offer.

Table 4: Public Financial Enterprises - Outlays, Revenue and Financing Transactions (ABS basis)

	1999-2000 Budget Est \$m ⁽¹⁾	1999-2000 Actual \$m
Current Outlays		
Interest Payments	n/a	2,114
Other Current Payments	n/a	195
Total Current Outlays	n/a	2,309
Capital Outlays		
Gross Capital Expenditure	n/a	2
New Fixed Capital Expenditure	n/a	2
Expenditure on Secondhand Assets (net)	n/a	...
Capital Grants	n/a	...
Other Capital Outlays	n/a	...
Total Capital Outlays	n/a	2
Total Outlays	n/a	2,311
Revenue		
Net Operating Surplus of PFEs	n/a	9
Interest Received	n/a	2,294
Grants Received	n/a	...
Other Revenue	n/a	...
Total Revenue and Grants Received	n/a	2,303
Financing Transactions		
Net Advances Received	n/a	...
Net Advances Paid	n/a	...
Net Domestic and Overseas Borrowings	n/a	(2,934)
Increase in Provisions (net)	n/a	(5)
Other Financing Transactions	n/a	2,947
Total Financing Transactions	n/a	8
Less Increase in Provisions (net)	n/a	(5)
Deficit/(Surplus)	n/a	13
Net Debt	n/a	814

(1) The Public Financial Enterprises sector is only produced on an actuals basis.

Table 5: Total Public Sector - Outlays, Revenue and Financing Transactions (ABS basis)

	1999-2000 Budget Est \$m ⁽¹⁾	1999-2000 Actual \$m
Current Outlays		
Final Consumption Expenditure	n/a	18,158
Interest Payments	n/a	1,944
Current Grants	n/a	2,601
Other Current Payments	n/a	1,668
Total Current Outlays	n/a	24,371
Capital Outlays		
Gross Capital Expenditure	n/a	4,822
New Fixed Capital Expenditure	n/a	5,269
Expenditure on Secondhand Assets (net)	n/a	(447)
Capital Grants	n/a	321
Other Capital Outlays	n/a	132
Total Capital Outlays	n/a	5,275
Total Outlays	n/a	29,646
Revenue		
Taxes	n/a	15,197
Net Operating Surplus of PTEs and PFEs	n/a	2,210
Interest Received	n/a	721
Grants Received	n/a	10,735
Other Revenue	n/a	1,329
Total Revenue and Grants Received	n/a	30,192
Financing Transactions		
Net Advances Received	n/a	(133)
Net Advances Paid	n/a	(95)
Net Domestic and Overseas Borrowings	n/a	(4,905)
Increase in Provisions (net)	n/a	1,179
Other Financing Transactions	n/a	3,406
Total Financing Transactions	n/a	(547)
Less Increase in Provisions (net)	n/a	1,180
Deficit/(Surplus)	n/a	(1,726)
Adjusted Deficit/(Surplus)⁽²⁾	n/a	(721)
Net Debt	n/a	19,726
Net Debt adjusted for superannuation conversion offer	n/a	17,475

(1) The Total State Sector is only produced on an actuals basis.

(2) Adjusted for the impact of the superannuation conversion offer.

Table 6: General Government Sector Current Outlays by Function

FUNCTION	1999-2000 Budget Est \$m	1999-2000 Actual \$m
General Public Services	708	1,092
Public Order and Safety	2,196	2,273
Education	6,998	6,952
Health	5,575	5,693
Social Security and Welfare	1,843	1,875
Housing and Community Amenities	553	483
Recreation and Culture	497	647
Fuel and Energy	79	82
Agriculture, Forestry, Fishing and Hunting	402	379
Mining Manufacturing and Construction	70	66
Transport and Communication	1,631	1,624
Other Economic Affairs	484	571
Other Purposes	1,770	1,947
Total Current Outlays	22,805	23,684

Table 7: General Government Sector Capital Outlays by Function

FUNCTION	1999-2000 Budget Est \$m	1999-2000 Actual \$m
General Public Services	36	29
Public Order and Safety	302	310
Education	306	297
Health	435	378
Social Security and Welfare	37	27
Housing and Community Amenities	536	381
Recreation and Culture	359	344
Fuel and Energy	49	38
Agriculture, Forestry and Fishing and Hunting	33	20
Mining, Manufacturing and Construction	2	2
Transport and Communications	1,322	1,429
Other Economic Affairs	(49)	(25)
Other Purposes	(11)	2
Total Capital Outlays	3,355	3,232

Table 8: General Government Sector Total Outlays by Function

FUNCTION	1999-2000 Budget Est \$m	1999-2000 Actual \$m
General Public Services	743	1,122
Public Order and Safety	2,498	2,583
Education	7,304	7,249
Health	6,010	6,071
Social Security and Welfare	1,880	1,901
Housing and Community Amenities	1,089	864
Recreation and Culture	856	991
Fuel and Energy	128	120
Agriculture, Forestry and Fishing	435	399
Mining, Manufacturing and Construction	71	67
Transport and Communication	2,953	3,053
Other Economic Affairs	435	546
Other Purposes	1,759	1,949
Total Outlays	26,160	26,916

Table 9: Total Non-Financial Sector Current Outlays by Function

FUNCTION	1999-2000 Budget Est \$m	1999-2000 Actual \$m
General Public Services	708	1,092
Public Order and Safety	2,196	2,273
Education	6,998	6,952
Health	5,575	5,693
Social Security and Welfare	1,843	1,875
Housing and Community Amenities	573	481
Recreation and Culture	497	647
Fuel and Energy	79	82
Agriculture, Forestry, Fishing and Hunting	402	379
Mining Manufacturing and Construction	70	66
Transport and Communication	1,631	1,624
Other Economic Affairs	484	571
Other Purposes	2,478	2,581
Total Current Outlays	23,534	24,317

Table 10: Total Non-Financial Sector Capital Outlays by Function

FUNCTION	1999-2000 Budget Est \$m	1999-2000 Actual \$m
General Public Services	36	29
Public Order and Safety	302	310
Education	306	297
Health	435	378
Social Security and Welfare	37	27
Housing and Community Amenities	989	858
Recreation and Culture	361	343
Fuel and Energy	822	935
Agriculture, Forestry and Fishing and Hunting	76	47
Mining, Manufacturing and Construction	2	2
Transport and Communications	1,717	1,783
Other Economic Affairs	(49)	(25)
Other Purposes	498	288
Total Capital Outlays	5,531	5,273

Table 11: Total Non-Financial Public Sector Total Outlays by Function

FUNCTION	1999-2000 Budget Est \$m	1999-2000 Actual \$m
General Public Services	743	1,122
Public Order and Safety	2,498	2,584
Education	7,304	7,249
Health	6,010	6,071
Social Security and Welfare	1,880	1,901
Housing and Community Amenities	1,563	1,340
Recreation and Culture	858	990
Fuel and Energy	901	1,017
Agriculture, Forestry and Fishing	478	426
Mining, Manufacturing and Construction	71	67
Transport and Communication	3,347	3,407
Other Economic Affairs	435	546
Other Purposes	2,977	2,869
Total Outlays	29,065	29,590

Table 12: Taxes

TAXES CLASSIFICATION	1999-2000 Budget Est \$m	1999-2000 Actual \$m
Payroll Tax	3,637	3,747
Taxes on Property	4,223	5,116
Land Tax	859	929
Stamp Duties on Financial and Capital Transactions	2,433	3,239
Financial Institutions Transaction Taxes	905	924
Other	26	25
Taxes on Provision of Goods and Services	2,495	2,499
Excises and Levies	29	...
Taxes on Gambling	1,558	1,570
Taxes on Insurance	908	929
Taxes on the Use of Goods and the Performance of Activities	3,656	3,834
Motor Vehicle Taxes	1,388	1,467
Franchise Taxes	1,993	2,023
Other	276	344
Total Taxes	14,012	15,197

LOAN COUNCIL REPORTING REQUIREMENTS

Table 13 presents the State's Loan Council Allocation (LCA) Outcome for 1999-2000.

As confirmed at the 1997 Loan Council meeting, States are to report their full contingent exposure to infrastructure projects with private sector involvement. Exposure is to be measured by the government's termination liabilities and disclosed as a footnote to, rather than a component of, LCAs.

Overall, there was a negative Loan Council Allocation requirement of \$3,314m for New South Wales for 1999-2000. This compares with the original bid of negative \$512m and the 1999-2000 Budget time estimate of negative \$279m.

Table 13: 1999-2000 Loan Council Allocation

	Actual Outcome \$m
General government sector deficit/(surplus)	(1,874)
PTE sector deficit/(surplus)	62
Non Financial Public Sector Deficit/(Surplus)¹	(1,794)
Plus Net Advances paid	95
Equals "Headline" Deficit/(Surplus)²	(1,699)
 Memorandum Items	
• Operating Leases	16
• University Borrowings ³	(5)
• Recourse asset sales	...
• Local government financing requirement	233
• Superannuation	(1,780)
• Net financing requirement for statutory marketing authorities	...
• Home Finance Schemes	(79)
Loan Council Allocation	(3,314)

(1) Totals do not add due to consolidation adjustments.

(2) Loan Council requires the total Public Sector to be reported on the old "Headline" basis as used by the Australian Bureau of Statistics prior to 1998.

(3) Universities are now classified to a multi jurisdictional sector by the Australian Bureau of Statistics and therefore do not form part of the State's Non Financial Sector deficit result.

In contrast to the bid, the increased negative Loan Council Allocation is reflected by an increase in the general government sector surplus, a reduction in the public trading enterprise sector deficit and a turnaround to a surplus for the memorandum items. The improvement in the general government sector surplus reflects the higher than expected taxation revenue with stamp duty buoyed by pre GST activity, increased share activity and payroll tax reflecting the continued positive labour market outlook. The memorandum items surplus is driven by increased superannuation investment earnings and lower payments on superannuation.

PRIVATE SECTOR INFRASTRUCTURE

CONTRACTS ENTERED INTO IN 1999-2000

Inner West Light Rail Extension

Project Description:

The Inner West Light Rail Extension is a 3km extension of the Metro Light Rail system (formerly known as the Ultimo Pyrmont Light Rail (UPLRT) system), which commenced services between Central Railway Station and Wentworth Park on 30 August 1997. The Inner West extension commenced operations between Wentworth Park and Lilyfield in August 2000 and has four stops - Glebe, Jubilee Park, Rozelle Bay and Lilyfield.

The Inner West extension is a joint financing arrangement between the NSW Government, Pyrmont Light Rail Company Pty Limited and Sydney Light Rail Company Limited. On 30 November 1999, a contract was signed by all parties for the design, construction and operation of the extension. The concession term for the extension and the UPLRT project terminates on 11 February 2028.

The anticipated total construction cost of the extension including project management costs is \$21 million. The NSW Government's capital contribution is \$16 million.

In the event of operator default by PLRC, the financier, Dresdner Australia Limited, has the right under the mortgage of lease to step in and take possession of the leased and secured assets (provided that Dresdner remedies the default and takes over compliance with all lease conditions). The financier's powers allow, amongst other things, the sale, management of or carrying out of the business. The Director General of Transport may terminate the Concession Agreement for unremediated operator default (or where Dresdner fails to step in). In the event of termination, SLRC is paid a termination sum calculated as the fair market value of SLRC's shareholding plus 15% of the value less any reasonable costs and expenses incurred by Government taking over the project.

Government Contingent Liability	Nil
---------------------------------	-----