

# CHAPTER 9: GOVERNMENT FINANCE STATISTICS AND UNIFORM REPORTING FRAMEWORK

---

- ◆ Financial Aggregates prepared in accordance with the Uniform Presentation Framework (UPF).
- ◆ Accrual uniform reporting framework adopted by the Australian Loan Council in March 2000.
- ◆ First time presentation of New South Wales UPF aggregates on an accrual basis.
- ◆ Loan Council Estimate for 2000-01 is a negative \$82 million (ie surplus).

## 9.1 INTRODUCTION

This chapter presents financial aggregates for the General Government and Public Non-financial Corporation (PNFC)<sup>1</sup> Sectors according to internationally recognised statistical standards and in accordance with a revised uniform reporting framework agreed to by the Australian Loan Council in March 2000. The new, enhanced reporting arrangements are the result of a review prompted by Governments' shift from cash to accrual reporting. It follows the adoption by the Australian Bureau of Statistics of accrual-based Government Finance Statistics reporting.

The financial aggregates presented in this Budget Paper serve a number of purposes including:

- ◆ allowing interstate comparisons on a consistent basis;
- ◆ facilitating time series comparisons (to be available in the future as the series evolve) since they are relatively unaffected by changes in public sector administrative structures; and

---

<sup>1</sup> The PNFC sector was formerly known as the Public Trading Enterprise or PTE sector.

- ◆ permitting an assessment of the impact of NSW Public Sector transactions on the economy by providing data classified by economic type.

Section 9.2 provides information on the development of the Accrual Uniform Presentation Framework (UPF) and the transition to Government Finance Statistics (GFS) accrual reporting. Section 9.3 outlines the format of the accrual UPF statements, comparing and contrasting them to their equivalent accrual accounting reports. It also describes the main fiscal measures in the new accrual GFS reports.

The classification of Public Sector Entities is outlined in Section 9.4.

The Accrual Uniform Presentation Framework tables of estimates are presented in Section 9.5. They are presented in the sequence of Operating Statements, Balance Sheets and Cash Flow Statements which are then grouped into their economic type classifications. This is followed by tables of General Government Expenses by Function and Taxes by Type.

Section 9.6 presents estimates of the State's Loan Council Allocation (LCA) for 2000-01 and compares this to the original LCA bid. Information is also presented in Section 9.7 on new infrastructure projects for 1999-2000 and 2000-01 in accordance with Loan Council reporting requirements.

## **9.2 THE UNIFORM PRESENTATION FRAMEWORK**

The May 1991 Premiers' Conference agreed to the introduction of the Uniform Presentation Framework (UPF).

The primary objective of the UPF was to ensure that Commonwealth, State and Territory Governments provide a common 'core' of financial information in their Budget papers. It was recognised that a more uniform approach to the presentation of financial data would facilitate a better understanding of individual Governments' Budget papers and provide for more meaningful comparisons of each Government's financial results and projections.

The format of the UPF is based on the reporting standards of the Australian Bureau of Statistics (ABS) Government Finance Statistics (GFS) framework. This ensures a high degree of consistency in the preparation and presentation of financial data.

In 1997 all jurisdictions agreed to a revised Uniform Presentation Framework which simplified, rationalised and enhanced reporting requirements, while maintaining consistency with the ABS cash-based GFS. The revised framework also previewed the shift from a cash to an accrual reporting framework.

In line with international trends, the ABS has adopted an accrual framework for GFS. The information presented in this chapter is consistent with the revised framework for the presentation of accrual budget data adopted by Commonwealth, State and Territory Governments and agreed to by the Loan Council in March 2000.

## **THE TRANSITION TO ACCRUAL REPORTING**

The adoption of accrual reporting by Australian Governments represents the major development in public sector financial management and reporting of recent years. Accrual measures provide a more comprehensive picture than cash measures of the total activity of government and the long-term effects of current policy, thereby enhancing Governments' fiscal transparency and accountability.

Sustainability and sound fiscal management are emphasised under the accrual framework, providing policy makers with information to assist them in making decisions that have regard to the financial effects on future generations. Accrual information also allows markets, business and consumers to more effectively assess governments' fiscal performance over time.

Cash measures remain advantageous for tracking expenditures in a fiscal year and help to identify the short-term effect of fiscal policy on the economy. The cash surplus, the main indicator for this purpose, will continue to be available in the cash flow statement under accrual financial statistics.

### **9.3 ACCRUAL GFS REPORTING**

This section outlines the key features of the accrual GFS reporting framework.

#### **THE ACCRUAL GFS PRESENTATION**

GFS gives details of the expenses, revenue, payments, receipts, and assets and liabilities of the public sector in Australia. GFS includes only those transactions over which a government exercises control under its legislative or policy framework. This means that, unlike the accounting viewpoint, the GFS excludes from the calculation of net operating balance both revaluations (holding gains or losses) arising from a change in market prices, and other changes in the volume of assets that result from discoveries, depletion and destruction of assets. This means that differences arise between the GFS and accounting frameworks, particularly within the operating statement.

Details of public sector estimates and outcomes are presented within the accrual GFS in three primary statements: operating statement, balance sheet, and cash flow statement. These statements form the core of the accrual UPF.

## Operating Statement

The operating statement presents information on GFS revenue<sup>2</sup> and GFS expenses<sup>3</sup>. This statement is designed to capture the composition of expenses and revenues and the net cost of a government's activities within a fiscal year. It shows the full cost of resources consumed by the government in achieving its objectives, and how these costs are met from various revenue sources.

Unlike a standard accounting operating statement, the GFS operating statement reports two major fiscal measures – the GFS net operating balance, and GFS net lending. **The GFS net operating balance** is calculated as GFS revenue minus GFS expenses, while **GFS net lending** (also known as fiscal balance) includes net capital expenditure but excludes depreciation, thereby giving a better measure of a jurisdiction's call on financial markets.

## Balance Sheet

The balance sheet records the government's stocks of financial and non-financial assets and liabilities. This statement, also referred to as a 'statement of assets and liabilities' or a 'statement of financial position', discloses the resources over which the government maintains control. The balance sheet is a financial snapshot of a government, taken at the end of each financial year. By providing information on the type of assets and liabilities held by a government, the statement gives an indication of the government's financial liquidity.

The balance sheet includes data on the composition of a government's financial assets, on their holdings of fixed assets, and on the extent of liabilities such as borrowing and unfunded superannuation. This allows for intertemporal and interjurisdictional comparisons of asset and liability levels.

---

<sup>2</sup> *GFS revenue differs from AAS31 revenue. GFS revenue includes all (mutually agreed) transactions that increase net worth. Revaluations, included in Australian Accounting Standard 31 revenue, are not considered mutually agreed transactions, and so are excluded from GFS revenue. Included in this revaluations category are asset write-offs. Asset sales, which involve a transfer of a non-financial for a financial asset, are also excluded.*

<sup>3</sup> *GFS expenses differ from AAS31 expenses. GFS expenses encompasses all transactions that decrease net worth, including dividend and tax equivalent payments, and abnormal and extraordinary items (where relevant).*

The GFS balance sheet differs from the standard accounting presentation in that it provides information on financial and non-financial assets, and does not distinguish between current and non-current assets and liabilities. Further, the GFS balance sheet for the General Government Sector discloses an equity investment in the Public Financial Corporation (PFC) and Public Non-financial Corporation (PNFC) Sectors as GFS recognises a holding company model for the General Government's ownership of the PFC and PNFC Sectors.

Balance sheet indicators include net debt, net financial worth and net worth.

The concept of net debt is the same under cash and accrual-based financial reporting.

**Net debt** comprises the stock of selected gross financial liabilities less selected financial assets.

The net debt measure is limited in that it does not include employee liabilities such as superannuation or insurance claim obligations, which can be substantial. In addition net debt does not provide information on whether this debt has been incurred to finance capital expenditure or operations.

**Net financial worth** (NFW) measures a government's net holdings of financial assets. It is calculated from the balance sheet as financial assets minus total liabilities. It is also commonly referred to as Net Financial Liabilities or Net Financial Assets. NFW excludes physical assets such as property and infrastructure which can be subject to significant valuation movements. It is a useful indicator for examining the soundness of a government's fiscal position, particularly as a benchmark against itself over the medium-to-long term.

**Net worth**, also known as net assets, provides a comprehensive picture of a government's financial position, as it is measured by total assets less total liabilities. Net worth shows the impact of asset acquisitions over time, giving an indication of the extent to which borrowings are used to finance asset purchases, rather than only current expenditure.

In addition to the UPF requirement to report net debt and net financial worth, debt after adjusting for the impact of a special prepayment of superannuation is also reported. Net debt is published after adjustment to avoid the distortionary impact of the events, which are basically temporary and reversing.

## **Cash Flow Statement**

The cash flow statement records the government's cash receipts and payments, revealing how a government obtains and expends cash.

This statement requires cash flows to be categorised into operating, investing and financing activities. Operating activities are those which relate to the collection of

taxes, the distribution of grants, and the provision of goods and services. Investing activities are those which relate to the acquisition and disposal of financial and non-financial assets. Financing activities are those which relate to the changing size and composition of a government's financial structure.

The signing convention within the cash flow statement is that all inflows carry a positive sign and all outflows carry a negative sign (regardless of whether they are gross or net cash flows).

The GFS cash flow statement reports two major fiscal measures – net increase in cash held, and cash surplus. **Net increase in cash held** is the sum of net cash flows from all operating, investing and financing activities. **The cash surplus** comprises only net cash received from operating activities, and from sales and purchases of non-financial assets, minus distributions paid (in the case of public non-financial corporations), minus finance leases and similar arrangements.

The cash surplus measure is broadly comparable with the old cash-GFS surplus measure, allowing for comparisons between the two frameworks.

## **COMPARISON TO ACCRUAL BASED ACCOUNTING REPORTS**

Information reported in the accrual UPF tables is generally consistent with that reported elsewhere in Budget Paper No.2. However, differences in treatment and disclosure can occur because the Australian Bureau of Statistics requires that:

- ◆ Selected payments that pass through the State's accounts e.g. for non-government schools, be included in the UPF tables. Reports in other chapters of the Budget Paper exclude these receipts and payments as the NSW Government has no control over them.
- ◆ The General Government Sector balance sheet in the UPF table reports an equity investment in the Public Financial and Non-Financial Corporation Sectors. This is treated differently in the AAS31 accounting based General Government Sector balance sheet, which does not record the equity investment in the PFC and PNFC Sectors as a residual entity model of the Crown is considered more appropriate than a holding company model.

- ◆ The General Government Sector records an advance (borrowing) from the Commonwealth for monies received in the 2000-01 year for Budget Balancing Assistance payments associated with the introduction of the GST (“advance” component), and reports an equivalent advance repayment and revenue in the 2001-02 year. The AAS31 accounting treatment is to record a revenue in the 2000-01 year as the substance of the “advance” is akin to a non-reciprocal contribution in accordance with Australian Accounting Standard AAS15 “Revenue”.

## **APPLICATION OF GFS PRINCIPLES**

The standards applied to produce the Uniform Presentation tables in this chapter are the same as those used by the ABS in its Government Financial Estimates publication (Catalogue No. 5501.0) except for the treatment of premiums on loans.

Current ABS statistical standards require a premium on a loan to be classified as a negative interest payment in the year the loan is raised. New South Wales disagrees with this approach since it results in an asymmetric treatment with discounts on loans which are treated as a balloon interest payment on the maturity of the loan.

The position put by New South Wales can be illustrated by considering a par loan to be made up of two loans, one at a discount and one at a premium. Under the ABS approach the transactions recorded under GFS result in a difference in the timing of interest payments between the par loan and the combined premium-discount loan. To avoid this problem, New South Wales has proposed recording the premium as a negative interest payment in the final year of the loan.

Whilst strict accordance with GFS standards requires the ABS approach to be adopted for the estimates in this chapter, the ABS has recognised the accounting difficulties of this approach. Given this, a compromise has been reached on this issue which involves all jurisdictions and the ABS departing from GFS principles on this matter.

## **9.4 CLASSIFICATION FRAMEWORK**

### **INTRODUCTION**

The economic type classification adopted in this Budget Paper 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 Non Financial Corporations (PNFCs)<sup>4</sup> or Public Financial Corporations (PFCs)<sup>5</sup>.

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 (for example Sydney Harbour Foreshore Authority) fit into this category.

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

PFCs are the third category of authorities in the ABS framework. NSW Treasury Corporation is the major entity in New South Wales operating in this sector. PFCs are not included in this chapter as the Uniform Presentation Agreement only requires the publication of PFC data ex-post.

## **9.5 ACCRUAL UNIFORM PRESENTATION FRAMEWORK TABLES**

In accordance with the revised Uniform Reporting Framework agreed by the Australian Loan Council in March 2000, Tables 9.2 through to 9.12 of this Section provide estimates on a comparable basis to those which the ABS will be publishing.

Detailed commentary on the operations of the General Government Sector is contained elsewhere in Budget Paper No.2. Given this, the commentary below is restricted to the Public Non-Financial Corporations Sector.

## **OPERATIONS OF THE PUBLIC NON-FINANCIAL CORPORATION SECTOR**

The PNFC Sector principally supply public infrastructure services including electricity, ports, water, public transport, public housing and recreational facilities.

---

<sup>4</sup> The PNFC sector was formerly known as the Public Trading Enterprise or PTE sector.

<sup>5</sup> The PFC sector was formerly known as the Public Financial Enterprise or PFE sector.

In the past decade the State's businesses have undergone considerable reform which has produced significant benefits to the State by way of increased productivity, decreased financial risk and reduced prices to consumers.

The GFS Net Operating Balance of the PNFC Sector is a projected \$274 million surplus for 2000-01 compared to a \$324 million surplus for 1999-2000.

GFS Net Lending for the PNFC Sector is projected at \$174 million for 2000-01 compared to a Net Borrowing of \$809 million for 1999-2000.

## **THE GFS TREATMENT OF SOCOG/SPOC OPERATIONS**

The above results have been impacted by the GFS treatment of the Sydney Organising Committee for the Olympic Games (SOCOG) and Sydney Paralympic Organising Committee (SPOC) revenues and expenses. The difference between expenses and income (excluding TV rights and ticketing income) in the years prior to 2000-01 are capitalised as a build up of "inventory stock". TV rights and ticketing income are deferred on the Balance Sheet until the Olympic/Paralympics are held in 2000-01 when it is recognised in the GFS Operating Statement. In 2000-01 the net deferred expenditure in the form of "inventories" is written back against the operations.

The GFS impact of SOCOG and SPOC on the PNFC sector operating statement is shown in the following table:

**Table 9.1: GFS Impact of SOCOG and SPOC on the Non-Financial Corporations Sector Operating Statement**

|                                                      | <i>Revised<br/>June 2000<br/>\$m</i> | <i>Budget<br/>June 2001<br/>\$m</i> |
|------------------------------------------------------|--------------------------------------|-------------------------------------|
| <b>GFS Revenue</b>                                   |                                      |                                     |
| Sale of goods and services                           | 228                                  | 1,462                               |
| Current grants and subsidies                         | 6                                    | 45                                  |
| Other                                                | (6)                                  | (6)                                 |
| <b>Total Revenue</b>                                 | <b>228</b>                           | <b>1,501</b>                        |
| <b>GFS Expenses</b>                                  |                                      |                                     |
| Gross operating expenses                             | 228                                  | 1,501                               |
| <b>Total Expenses</b>                                | <b>228</b>                           | <b>1,501</b>                        |
| <b>GFS NET OPERATING BALANCE</b>                     | <b>...</b>                           | <b>...</b>                          |
| <b>Less: Net acquisition of non-financial assets</b> |                                      |                                     |
| Depreciation                                         | ...                                  | (86)                                |
| Changes in inventories                               | 110                                  | (596)                               |
| <b>Total net acquisition of non-financial assets</b> | <b>110</b>                           | <b>(682)</b>                        |
| <b>GFS NET LENDING / (BORROWING)</b>                 | <b>(110)</b>                         | <b>682</b>                          |

### **GENERAL OPERATIONS OF THE PNFC SECTOR (EXCLUDING SOCOG/SPOC)**

Excluding the impact of SOCOG and SPOC, the adjusted Net Borrowings of the PNFC Sector is a projected \$508 million for 2000-01 compared to a Net Borrowing of \$699 million in 1999-2000. Unlike the Net Lending/Borrowings, the GFS treatment for SOCOG/SPOC has zero net impact on the Net Operating Balance in both years.

Other factors (excluding GFS SOCOG/SPOC transactions) that are projected to impact the results of the PNFC sector include:

- ◆ ongoing competition and resultant efficiencies in the PNFC Sector will dampen projected movements in operating revenues and expenses;

- ◆ current grants and subsidies revenues of the transport sector are projected to fall by \$115 million in 2000-01. This reduction, primarily in The State Rail Authority operating subsidies, does not represent a change in the level of service provision. Rail operating costs are expected to be lower as a result of embedded tax savings and revenues will be higher than in 1999-2000 because of fare increases and higher patronage as well as the one-off impact of the Olympics. Further, there is expected to be fewer voluntary redundancies in the rail corporations. Together, these result in a lower projected call on the Budget for operational support;
- ◆ the proposed electricity distributor equity restructure for 2000-01, which has no direct impact on the GFS Net Operating Balance nor Net Lending except for the interest expense on additional borrowings and any resultant impact on income tax equivalent expenses.

**Table 9.2: NSW General Government Sector Operating Statement (ABS Basis)**

|                                                                 | <i>Revised</i>   | <i>Budget</i>  | <i>Forward Estimates</i> |                |                |
|-----------------------------------------------------------------|------------------|----------------|--------------------------|----------------|----------------|
|                                                                 | <i>1999-2000</i> | <i>2000-01</i> | <i>2001-02</i>           | <i>2002-03</i> | <i>2003-04</i> |
|                                                                 | <i>\$m</i>       | <i>\$m</i>     | <i>\$m</i>               | <i>\$m</i>     | <i>\$m</i>     |
| <b>GFS Revenue</b>                                              |                  |                |                          |                |                |
| Taxation revenue                                                | 14,971           | 12,418         | 11,493                   | 11,795         | 12,390         |
| Current grants and subsidies                                    | 10,109           | 12,816         | 15,502                   | 15,305         | 15,599         |
| Capital grants                                                  | 896              | 874            | 873                      | 835            | 781            |
| Sales of goods and services                                     | 2,729            | 2,443          | 2,344                    | 2,366          | 2,437          |
| Interest income                                                 | 380              | 391            | 403                      | 412            | 433            |
| Other                                                           | 2,362            | 2,194          | 2,185                    | 2,208          | 2,317          |
| <b>Total revenue</b>                                            | <b>31,447</b>    | <b>31,136</b>  | <b>32,800</b>            | <b>32,921</b>  | <b>33,957</b>  |
| <b>less GFS Expenses</b>                                        |                  |                |                          |                |                |
| Gross operating expenses                                        | 21,909           | 22,737         | 22,716                   | 23,427         | 24,090         |
| Nominal superannuation interest expense                         | 257              | 412            | 488                      | 517            | 502            |
| Other interest expenses                                         | 1,260            | 1,010          | 911                      | 858            | 816            |
| Other property expenses                                         | ...              | ...            | ...                      | ...            | ...            |
| Current transfers                                               | 4,298            | 4,477          | 4,432                    | 4,456          | 4,461          |
| Capital transfers                                               | 1,130            | 1,426          | 1,474                    | 1,490          | 1,630          |
| <b>Total expenses</b>                                           | <b>28,854</b>    | <b>30,062</b>  | <b>30,021</b>            | <b>30,748</b>  | <b>31,499</b>  |
| <b>equals GFS net operating balance</b>                         | <b>2,593</b>     | <b>1,074</b>   | <b>2,779</b>             | <b>2,173</b>   | <b>2,458</b>   |
| <b>less Net acquisition of non-financial assets</b>             |                  |                |                          |                |                |
| Gross fixed capital formation                                   | 2,424            | 2,305          | 2,397                    | 2,455          | 2,471          |
| less Depreciation                                               | (952)            | (995)          | (1,051)                  | (1,120)        | (1,196)        |
| plus Change in inventories                                      | (5)              | (1)            | (1)                      | 7              | 2              |
| plus Other movements in non-financial assets                    | (3)              | (220)          | (67)                     | (36)           | 1              |
| <b>equals Total net acquisition of non-financial assets</b>     | <b>1,464</b>     | <b>1,089</b>   | <b>1,278</b>             | <b>1,306</b>   | <b>1,278</b>   |
| <b>equals GFS Net lending / (Borrowing)<sup>(a)</sup></b>       | <b>1,129</b>     | <b>(15)</b>    | <b>1,501</b>             | <b>867</b>     | <b>1,180</b>   |
| adjusted for budget balancing assistance advance <sup>(b)</sup> | ...              | 674            | (674)                    | ...            | ...            |
| <b>Adjusted GFS Net lending / (Borrowing)<sup>(b)</sup></b>     | <b>1,129</b>     | <b>659</b>     | <b>827</b>               | <b>867</b>     | <b>1,180</b>   |

Notes:

(a) also known as Fiscal Balance.

(b) adjusted for effects of the budget balancing assistance advance from the Commonwealth.

**Table 9.3: NSW Public Non-financial Corporation Sector  
Operating Statement (ABS Basis)**

|                    |                                                      | <i>Revised</i><br>1999-2000 | <i>Budget</i><br>2000-01 |
|--------------------|------------------------------------------------------|-----------------------------|--------------------------|
|                    |                                                      | <i>\$m</i>                  | <i>\$m</i>               |
| <b>GFS Revenue</b> |                                                      |                             |                          |
|                    | Sales of goods and services                          | 8,756                       | 10,061                   |
|                    | Current grants and subsidies                         | 848                         | 769                      |
|                    | Capital grants                                       | 751                         | 749                      |
|                    | Interest income                                      | 79                          | 75                       |
|                    | Other                                                | 1,195                       | 1,112                    |
|                    | <b>Total revenue</b>                                 | <b>11,629</b>               | <b>12,766</b>            |
| <b>less</b>        | <b>GFS Expenses</b>                                  |                             |                          |
|                    | Gross operating expenses                             | 8,610                       | 9,901                    |
|                    | Property expenses                                    | 2,019                       | 2,011                    |
|                    | Current transfers                                    | 609                         | 580                      |
|                    | Capital transfers                                    | 67                          | ...                      |
|                    | <b>Total expenses</b>                                | <b>11,305</b>               | <b>12,492</b>            |
| <b>equals</b>      | <b>GFS net operating balance</b>                     | <b>324</b>                  | <b>274</b>               |
| <b>less</b>        | <b>Net acquisition of non-financial assets</b>       |                             |                          |
|                    | Gross fixed capital formation                        | 2,536                       | 2,443                    |
| less               | Depreciation                                         | (1,425)                     | (1,616)                  |
| plus               | Change in inventories                                | 175                         | (629)                    |
| plus               | Other movements in non-financial assets              | (153)                       | (98)                     |
| <b>equals</b>      | <b>Total net acquisition of non-financial assets</b> | <b>1,133</b>                | <b>100</b>               |
| <b>equals</b>      | <b>GFS Net lending / (Borrowing) <sup>(a)</sup></b>  | <b>(809)</b>                | <b>174</b>               |

*Note:*

(a) Also known as Fiscal Balance.

**Table 9.4: NSW Non-financial Public Sector Operating Statement (ABS Basis)**

|                                                                 | <i>Revised</i><br>1999-2000<br>\$m | <i>Budget</i><br>2000-01<br>\$m |
|-----------------------------------------------------------------|------------------------------------|---------------------------------|
| <b>GFS Revenue</b>                                              |                                    |                                 |
| Taxation revenue                                                | 14,619                             | 12,066                          |
| Current grants and subsidies                                    | 10,102                             | 12,776                          |
| Sales of goods and services                                     | 11,187                             | 12,150                          |
| Capital grants                                                  | 845                                | 839                             |
| Interest income                                                 | 395                                | 403                             |
| Other                                                           | 2,266                              | 2,161                           |
| <b>Total revenue</b>                                            | <b>39,414</b>                      | <b>40,395</b>                   |
| <b>less GFS Expenses</b>                                        |                                    |                                 |
| Gross operating expenses                                        | 29,907                             | 31,967                          |
| Nominal superannuation interest expense                         | 256                                | 412                             |
| Property expenses                                               | 1,924                              | 1,777                           |
| Current transfers                                               | 4,006                              | 4,263                           |
| Capital transfers                                               | 403                                | 628                             |
| <b>Total expenses</b>                                           | <b>36,496</b>                      | <b>39,047</b>                   |
| <b>equals GFS net operating balance</b>                         | <b>2,918</b>                       | <b>1,348</b>                    |
| <b>less Net acquisition of non-financial assets</b>             |                                    |                                 |
| Gross fixed capital formation                                   | 4,949                              | 4,748                           |
| less Depreciation                                               | (2,377)                            | (2,611)                         |
| plus Change in inventories                                      | 170                                | (624)                           |
| plus Other movements in non-financial assets                    | (149)                              | (315)                           |
| <b>equals Total net acquisition of non-financial assets</b>     | <b>2,593</b>                       | <b>1,198</b>                    |
| <b>equals GFS Net lending / (Borrowing)<sup>(a)</sup></b>       | <b>325</b>                         | <b>150</b>                      |
| adjusted for budget balancing assistance advance <sup>(b)</sup> | ...                                | 674                             |
| <b>Adjusted GFS Net lending / (Borrowing)<sup>(b)</sup></b>     | <b>325</b>                         | <b>824</b>                      |

Notes:

(a) Also known as Fiscal Balance.

(b) Adjusted for effects of the budget balancing assistance advance from the Commonwealth.

**Table 9.5: NSW General Government Sector Balance Sheet (ABS Basis)**

|                                                                                                                     | <i>Revised</i>   | <i>Budget</i>    | <i>Forward Estimates</i> |                  |                  |
|---------------------------------------------------------------------------------------------------------------------|------------------|------------------|--------------------------|------------------|------------------|
|                                                                                                                     | <i>June 2000</i> | <i>June 2001</i> | <i>June 2002</i>         | <i>June 2003</i> | <i>June 2004</i> |
|                                                                                                                     | <i>\$m</i>       | <i>\$m</i>       | <i>\$m</i>               | <i>\$m</i>       | <i>\$m</i>       |
| <b>Assets</b>                                                                                                       |                  |                  |                          |                  |                  |
| Financial assets                                                                                                    |                  |                  |                          |                  |                  |
| Cash and deposits                                                                                                   | 175              | 87               | 120                      | 157              | 273              |
| Advances paid                                                                                                       | 1,668            | 1,622            | 1,577                    | 1,514            | 1,464            |
| Investments, loans and placements                                                                                   | 3,624            | 3,581            | 3,805                    | 4,144            | 4,494            |
| Other non-equity assets                                                                                             | 3,225            | 3,192            | 3,331                    | 3,463            | 3,689            |
| Equity                                                                                                              | 44,110           | 43,251           | 43,250                   | 43,250           | 43,250           |
| Total financial assets                                                                                              | <b>52,802</b>    | <b>51,733</b>    | <b>52,083</b>            | <b>52,528</b>    | <b>53,170</b>    |
| Non-financial assets                                                                                                |                  |                  |                          |                  |                  |
| Land and fixed assets                                                                                               | 65,532           | 66,521           | 67,781                   | 69,121           | 70,455           |
| Other non-financial assets                                                                                          | 745              | 849              | 947                      | 1,051            | 1,156            |
| Total non-financial assets                                                                                          | <b>66,277</b>    | <b>67,370</b>    | <b>68,728</b>            | <b>70,172</b>    | <b>71,611</b>    |
| <b>Total assets</b>                                                                                                 | <b>119,079</b>   | <b>119,103</b>   | <b>120,811</b>           | <b>122,700</b>   | <b>124,781</b>   |
| <b>Liabilities</b>                                                                                                  |                  |                  |                          |                  |                  |
| Deposits held                                                                                                       | 56               | 55               | 54                       | 53               | 54               |
| Advances received                                                                                                   | 2,145            | 2,756            | 1,907                    | 1,833            | 1,736            |
| Borrowing                                                                                                           | 15,029           | 11,587           | 10,172                   | 9,897            | 9,567            |
| Superannuation liability <sup>(a)</sup>                                                                             | 6,671            | 7,314            | 8,332                    | 8,076            | 7,759            |
| Other employee entitlements and provisions                                                                          | 3,561            | 3,688            | 3,794                    | 3,901            | 3,993            |
| Other non-equity liabilities                                                                                        | 6,421            | 6,359            | 6,426                    | 6,605            | 6,827            |
| <b>Total liabilities</b>                                                                                            | <b>33,883</b>    | <b>31,759</b>    | <b>30,685</b>            | <b>30,365</b>    | <b>29,936</b>    |
| <b>NET WORTH</b>                                                                                                    | <b>85,196</b>    | <b>87,344</b>    | <b>90,126</b>            | <b>92,335</b>    | <b>94,845</b>    |
| <b>Net Financial Worth <sup>(b)</sup></b>                                                                           | <b>18,919</b>    | <b>19,974</b>    | <b>21,398</b>            | <b>22,163</b>    | <b>23,234</b>    |
| <b>Net Financial Worth adjusted for budget balancing assistance advance <sup>(b)(d)</sup></b>                       | <b>18,919</b>    | <b>20,648</b>    | <b>21,398</b>            | <b>22,163</b>    | <b>23,234</b>    |
| <b>Net debt <sup>(d)</sup></b>                                                                                      | <b>11,763</b>    | <b>9,108</b>     | <b>6,631</b>             | <b>5,968</b>     | <b>5,126</b>     |
| <b>Net debt adjusted for prepayment of superannuation and budget balancing assistance advance <sup>(c)(d)</sup></b> | <b>9,512</b>     | <b>7,255</b>     | <b>6,631</b>             | <b>5,968</b>     | <b>5,126</b>     |

Notes:

(a) Comprises unfunded obligations.

(b) Net financial worth equals total financial assets minus total liabilities.

(c) Adjusted for the effect of borrowings to fund a special prepayment of superannuation.

(c) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

(d) Adjusted for effects of the budget balancing assistance advance from the Commonwealth.

**Table 9.6: NSW Public Non-financial Corporation Sector  
Balance Sheet (ABS Basis)**

|                                                                   | <i>Revised<br/>June 2000<br/>\$m</i> | <i>Budget<br/>June 2001<br/>\$m</i> |
|-------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| <b>Assets</b>                                                     |                                      |                                     |
| Financial assets                                                  |                                      |                                     |
| Cash and deposits                                                 | 1,048                                | 819                                 |
| Investments, loans and placements                                 | 835                                  | 879                                 |
| Other non-equity assets                                           | 2,584                                | 2,272                               |
| Equity                                                            | 27                                   | 27                                  |
| Total financial assets                                            | <b>4,494</b>                         | <b>3,997</b>                        |
| Non-financial assets                                              |                                      |                                     |
| Land and fixed assets                                             | 56,803                               | 58,263                              |
| Other non-financial assets                                        | 110                                  | 107                                 |
| Total non-financial assets                                        | <b>56,913</b>                        | <b>58,370</b>                       |
| <b>Total assets</b>                                               | <b>61,407</b>                        | <b>62,367</b>                       |
| <b>Liabilities</b>                                                |                                      |                                     |
| Deposits held                                                     | 27                                   | 27                                  |
| Advances received                                                 | 1,378                                | 1,350                               |
| Borrowing                                                         | 8,509                                | 11,380                              |
| Superannuation liability / (prepaid contributions) <sup>(a)</sup> | (113)                                | 8                                   |
| Other employee entitlements and provisions                        | 3,876                                | 3,781                               |
| Other non-equity liabilities                                      | 3,114                                | 2,061                               |
| <b>Total liabilities</b>                                          | <b>16,791</b>                        | <b>18,607</b>                       |
| Shares and other contributed capital                              | ...                                  | ...                                 |
| <b>NET WORTH</b>                                                  | <b>44,616</b>                        | <b>43,760</b>                       |
| <b>Net financial worth</b> <sup>(b)</sup>                         | <b>(12,297)</b>                      | <b>(14,610)</b>                     |
| <b>Net debt</b> <sup>(c)</sup>                                    | <b>8,031</b>                         | <b>11,059</b>                       |

Notes:

(a) Comprises unfunded obligations.

(b) Net financial worth equals total financial assets minus total liabilities.

(c) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

**Table 9.7: NSW Non-financial Public Sector Balance Sheet (ABS Basis)**

|                                                                                                                      | <i>Revised<br/>June 2000<br/>\$m</i> | <i>Budget<br/>June 2001<br/>\$m</i> |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| <b>Assets</b>                                                                                                        |                                      |                                     |
| Financial assets                                                                                                     |                                      |                                     |
| Cash and deposits                                                                                                    | 1,223                                | 906                                 |
| Advances paid                                                                                                        | 288                                  | 270                                 |
| Investments, loans and placements                                                                                    | 4,461                                | 4,462                               |
| Other non-equity assets                                                                                              | 3,078                                | 2,735                               |
| Equity                                                                                                               | (480)                                | (481)                               |
| Total financial assets                                                                                               | <b>8,570</b>                         | <b>7,892</b>                        |
| Non-financial assets                                                                                                 |                                      |                                     |
| Land and fixed assets                                                                                                | 122,335                              | 124,784                             |
| Other non-financial assets                                                                                           | 866                                  | 956                                 |
| Total non-financial assets                                                                                           | <b>123,201</b>                       | <b>125,740</b>                      |
| <b>Total assets</b>                                                                                                  | <b>131,771</b>                       | <b>133,632</b>                      |
| <b>Liabilities</b>                                                                                                   |                                      |                                     |
| Deposits held                                                                                                        | 83                                   | 82                                  |
| Advances received                                                                                                    | 2,145                                | 2,756                               |
| Borrowing                                                                                                            | 23,538                               | 22,968                              |
| Superannuation liability <sup>(a)</sup>                                                                              | 6,558                                | 7,322                               |
| Other employee entitlements and provisions                                                                           | 5,363                                | 5,339                               |
| Other non-equity liabilities                                                                                         | 8,888                                | 7,821                               |
| <b>Total liabilities</b>                                                                                             | <b>46,575</b>                        | <b>46,288</b>                       |
| Shares and other contributed capital                                                                                 | ...                                  | ...                                 |
| <b>NET WORTH</b>                                                                                                     | <b>85,196</b>                        | <b>87,344</b>                       |
| <b>Net financial worth <sup>(b)</sup></b>                                                                            | <b>(38,005)</b>                      | <b>(38,396)</b>                     |
| <b>Net financial worth adjusted for budget balancing assistance advance <sup>(e)</sup></b>                           | <b>(38,005)</b>                      | <b>(37,722)</b>                     |
| <b>Net debt <sup>(d)</sup></b>                                                                                       | <b>19,794</b>                        | <b>20,168</b>                       |
| <b>Net debt adjusted for prepayment of superannuation and budget balancing assistance advance <sup>(c) (e)</sup></b> | <b>17,543</b>                        | <b>18,315</b>                       |

Notes:

(a) Comprises unfunded obligations.

(b) Net financial worth equals total financial assets minus total liabilities.

(c) Adjusted for effect of borrowings to fund a special prepayment of superannuation.

(d) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

(e) Adjusted for effects of the budget balancing assistance advance from the Commonwealth.

**Table 9.8: NSW General Government Sector Cash Flow Statement<sup>(a)</sup> (ABS Basis)**

| CASH FLOW                                                                                                                   | Revised          | Budget          | Forward Estimates |                 |                 |
|-----------------------------------------------------------------------------------------------------------------------------|------------------|-----------------|-------------------|-----------------|-----------------|
|                                                                                                                             | 1999-2000<br>\$m | 2000-01<br>\$m  | 2001-02<br>\$m    | 2002-03<br>\$m  | 2003-04<br>\$m  |
| <b>Cash receipts from operating activities</b>                                                                              |                  |                 |                   |                 |                 |
| Taxes received                                                                                                              | 15,015           | 12,465          | 11,516            | 11,832          | 12,424          |
| Receipts from sales of goods and services                                                                                   | 2,785            | 2,545           | 2,386             | 2,410           | 2,471           |
| Grants/subsidies received                                                                                                   | 11,005           | 13,690          | 16,375            | 16,140          | 16,380          |
| Other receipts                                                                                                              | 2,695            | 2,821           | 2,710             | 2,753           | 2,812           |
| <b>Total receipts</b>                                                                                                       | <b>31,500</b>    | <b>31,521</b>   | <b>32,987</b>     | <b>33,135</b>   | <b>34,087</b>   |
| <b>Cash payments for operating activities</b>                                                                               |                  |                 |                   |                 |                 |
| Payment for goods and services                                                                                              | (21,055)         | (21,424)        | (21,097)          | (23,035)        | (23,711)        |
| Grants and subsidies paid                                                                                                   | (5,164)          | (5,552)         | (5,534)           | (5,573)         | (5,686)         |
| Interest paid                                                                                                               | (1,241)          | (950)           | (885)             | (892)           | (894)           |
| Other payments                                                                                                              | (300)            | (733)           | (650)             | (598)           | (577)           |
| <b>Total payments</b>                                                                                                       | <b>(27,760)</b>  | <b>(28,659)</b> | <b>(28,166)</b>   | <b>(30,098)</b> | <b>(30,868)</b> |
| <b>Net cash flows from operating activities</b>                                                                             | <b>3,740</b>     | <b>2,862</b>    | <b>4,821</b>      | <b>3,037</b>    | <b>3,219</b>    |
| <b>Net cash flows from investments in non-financial assets</b>                                                              |                  |                 |                   |                 |                 |
| Sales of non-financial assets                                                                                               | 336              | 408             | 249               | 216             | 174             |
| Purchases of non-financial assets                                                                                           | (2,757)          | (2,493)         | (2,579)           | (2,635)         | (2,646)         |
| <b>Net cash flows from investments in non-financial assets</b>                                                              | <b>(2,421)</b>   | <b>(2,085)</b>  | <b>(2,330)</b>    | <b>(2,419)</b>  | <b>(2,472)</b>  |
| <b>Net cash flows from investments in financial assets for policy purposes</b>                                              | <b>(78)</b>      | <b>2,342</b>    | <b>42</b>         | <b>59</b>       | <b>42</b>       |
| <b>Net cash flows from investments in financial assets for liquidity purposes</b>                                           | <b>(19)</b>      | <b>6</b>        | <b>(220)</b>      | <b>(330)</b>    | <b>(339)</b>    |
| <b>Net cash flows from financing activities</b>                                                                             |                  |                 |                   |                 |                 |
| Advances received (net)                                                                                                     | (132)            | 607             | (849)             | (74)            | (97)            |
| Borrowing (net)                                                                                                             | (1,834)          | (3,825)         | (1,425)           | (239)           | (237)           |
| Deposits received (net)                                                                                                     | 1                | (1)             | (1)               | (1)             | ...             |
| Other financing (net)                                                                                                       | ...              | ...             | ...               | ...             | ...             |
| <b>Net cash flows from financing activities</b>                                                                             | <b>(1,965)</b>   | <b>(3,219)</b>  | <b>(2,275)</b>    | <b>(314)</b>    | <b>(334)</b>    |
| <b>Net increase (decrease) in cash held</b>                                                                                 | <b>(743)</b>     | <b>(94)</b>     | <b>38</b>         | <b>33</b>       | <b>116</b>      |
| <b>SURPLUS / (DEFICIT)</b>                                                                                                  |                  |                 |                   |                 |                 |
| <b>Net cash from operating activities and investments in non-financial assets</b>                                           | <b>1,319</b>     | <b>777</b>      | <b>2,491</b>      | <b>618</b>      | <b>747</b>      |
| Finance leases and similar arrangements                                                                                     | ...              | ...             | ...               | ...             | ...             |
| <b>SURPLUS / (DEFICIT)</b>                                                                                                  | <b>1,319</b>     | <b>777</b>      | <b>2,491</b>      | <b>618</b>      | <b>747</b>      |
| Impact of prepayment of superannuation <sup>(b)</sup>                                                                       | (1,005)          | (1,058)         | (1,134)           | ...             | ...             |
| Budget balancing assistance advance <sup>(c)</sup>                                                                          | ...              | 674             | (674)             | ...             | ...             |
| <b>SURPLUS / (DEFICIT) after adjusting for the prepayment of superannuation and the budget balancing assistance advance</b> |                  |                 |                   |                 |                 |
|                                                                                                                             | <b>314</b>       | <b>393</b>      | <b>683</b>        | <b>618</b>      | <b>747</b>      |

Notes:

(a) A positive number denotes a cash inflow, a negative (i.e. bracketed) sign denotes a cash outflow.

(b) Adjusted for effects of a special prepayment of superannuation.

(c) Adjusted for effects of the budget balancing assistance advance from the Commonwealth.

**Table 9.9: NSW Public Non-financial Corporation Sector  
Cash Flow Statement<sup>(a)</sup> (ABS Basis)**

| <b>CASH FLOW</b>                                                                  | <i>Revised<br/>1999-2000<br/>\$m</i> | <i>Budget<br/>2000-01<br/>\$m</i> |
|-----------------------------------------------------------------------------------|--------------------------------------|-----------------------------------|
| <b>Cash receipts from operating activities</b>                                    |                                      |                                   |
| Receipts from sales of goods and services                                         | 8,291                                | 9,111                             |
| Grants/subsidies received                                                         | 1,707                                | 1,495                             |
| Other receipts                                                                    | 1,198                                | 1,699                             |
| <b>Total receipts</b>                                                             | <b>11,196</b>                        | <b>12,305</b>                     |
| <b>Cash payments for operating activities</b>                                     |                                      |                                   |
| Payment for goods and services                                                    | (7,224)                              | (8,105)                           |
| Grants and subsidies paid                                                         | (24)                                 | (21)                              |
| Interest paid                                                                     | (784)                                | (838)                             |
| Other payments                                                                    | (532)                                | (863)                             |
| <b>Total payments</b>                                                             | <b>(8,564)</b>                       | <b>(9,827)</b>                    |
| <b>Net cash flows from operating activities</b>                                   | <b>2,632</b>                         | <b>2,478</b>                      |
| <b>Net cash flows from investments in non-financial assets</b>                    |                                      |                                   |
| Sales of non-financial assets                                                     | 431                                  | 260                               |
| Purchases of non-financial assets                                                 | (2,814)                              | (2,605)                           |
| <b>Net cash flows from investments in non-financial assets</b>                    | <b>(2,383)</b>                       | <b>(2,345)</b>                    |
| <b>Net cash flows from investments in financial assets for policy purposes</b>    |                                      |                                   |
|                                                                                   | 15                                   | (2,394)                           |
| <b>Net cash flows from investments in financial assets for liquidity purposes</b> |                                      |                                   |
|                                                                                   | 614                                  | (78)                              |
| <b>Net cash flows from financing activities</b>                                   |                                      |                                   |
| Advances received (net)                                                           | (28)                                 | (29)                              |
| Borrowing (net)                                                                   | 4                                    | 2,880                             |
| Deposits received (net)                                                           | ...                                  | ...                               |
| Distributions Paid                                                                | (837)                                | (758)                             |
| Other financing (net)                                                             | (34)                                 | ...                               |
| <b>Net cash flows from financing activities</b>                                   | <b>(895)</b>                         | <b>2,093</b>                      |
| <b>Net increase (decrease) in cash held</b>                                       | <b>(17)</b>                          | <b>(246)</b>                      |
| <b>SURPLUS / (DEFICIT)</b>                                                        |                                      |                                   |
| <b>Net cash from operating activities and investments in non-financial assets</b> |                                      |                                   |
|                                                                                   | 249                                  | 133                               |
| Distribution Paid                                                                 | (837)                                | (758)                             |
| Finance leases and similar arrangements                                           | ...                                  | ...                               |
| <b>SURPLUS / (DEFICIT)</b>                                                        | <b>(588)</b>                         | <b>(625)</b>                      |

Note:

(a) A positive number denotes a cash inflow, a negative (i.e. bracketed) sign denotes a cash outflow.

**Table 9.10: NSW Non-financial Public Sector Cash Flow Statement<sup>(a)</sup> (ABS Basis)**

| <b>CASH FLOW</b>                                                                                                        | <i>Revised<br/>1999-2000<br/>\$m</i> | <i>Budget<br/>2000-01<br/>\$m</i> |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------|
| <b>Cash receipts from operating activities</b>                                                                          |                                      |                                   |
| Taxes received                                                                                                          | 14,658                               | 12,112                            |
| Receipts from sales of goods and services                                                                               | 10,763                               | 11,286                            |
| Grants/subsidies received                                                                                               | 11,014                               | 13,616                            |
| Other receipts                                                                                                          | 2,664                                | 3,378                             |
| <b>Total receipts</b>                                                                                                   | <b>39,099</b>                        | <b>40,392</b>                     |
| <b>Cash payments for operating activities</b>                                                                           |                                      |                                   |
| Payment for goods and services                                                                                          | (27,638)                             | (28,869)                          |
| Grants and subsidies paid                                                                                               | (3,488)                              | (4,001)                           |
| Interest paid                                                                                                           | (1,959)                              | (1,725)                           |
| Other payments                                                                                                          | (508)                                | (1,211)                           |
| <b>Total payments</b>                                                                                                   | <b>(33,593)</b>                      | <b>(35,806)</b>                   |
| <b>Net cash flows from operating activities</b>                                                                         | <b>5,506</b>                         | <b>4,586</b>                      |
| <b>Net cash flows from investments in non-financial assets</b>                                                          |                                      |                                   |
| Sales of non-financial assets                                                                                           | 761                                  | 664                               |
| Purchases of non-financial assets                                                                                       | (5,561)                              | (5,098)                           |
| <b>Net cash flows from investments in non-financial assets</b>                                                          | <b>(4,800)</b>                       | <b>(4,434)</b>                    |
| <b>Net cash flows from investments in financial assets for policy purposes</b>                                          | <b>(91)</b>                          | <b>(81)</b>                       |
| <b>Net cash flows from investments in financial assets for liquidity purposes</b>                                       | <b>596</b>                           | <b>(72)</b>                       |
| <b>Net cash flows from financing activities</b>                                                                         |                                      |                                   |
| Advances received (net)                                                                                                 | (133)                                | 607                               |
| Borrowing (net)                                                                                                         | (1,831)                              | (945)                             |
| Deposits received (net)                                                                                                 | 1                                    | (1)                               |
| Distributions Paid                                                                                                      | ...                                  | ...                               |
| Other financing (net)                                                                                                   | (17)                                 | ...                               |
| <b>Net cash flows from financing activities</b>                                                                         | <b>(1,980)</b>                       | <b>(339)</b>                      |
| <b>Net increase (decrease) in cash held</b>                                                                             | <b>(769)</b>                         | <b>(340)</b>                      |
| <b>SURPLUS / (DEFICIT)</b>                                                                                              |                                      |                                   |
| <b>Net cash from operating activities and investments in non-financial assets</b>                                       | <b>706</b>                           | <b>152</b>                        |
| Distributions Paid                                                                                                      | ...                                  | ...                               |
| Finance leases and similar arrangements                                                                                 | ...                                  | ...                               |
| <b><u>SURPLUS / (DEFICIT)</u></b>                                                                                       | <b><u>706</u></b>                    | <b><u>152</u></b>                 |
| Impact of prepayment of superannuation <sup>(b)</sup>                                                                   | (1,005)                              | (1,058)                           |
| Budget balancing assistance advance <sup>(c)</sup>                                                                      | ...                                  | 674                               |
| <b>SURPLUS / (DEFICIT) after adjusting for the prepayment of superannuation and budget balancing assistance advance</b> | <b>(299)</b>                         | <b>(232)</b>                      |

*Notes:*

- (a) A positive number denotes a cash inflow, a negative (i.e. bracketed) sign denotes a cash outflow.  
(b) Adjusted for effects of a special prepayment of superannuation.  
(c) Adjusted for effects of the budget balancing assistance advance from the Commonwealth.

**Table 9.11: NSW General Government Sector Expenses by Function (ABS Basis)**

|                                            | <i>Revised<br/>1999-2000<br/>\$m</i> | <i>Budget<br/>2000-01<br/>\$m</i> |
|--------------------------------------------|--------------------------------------|-----------------------------------|
| General public services                    | 1,877                                | 2,099                             |
| Defence                                    | ...                                  | ...                               |
| Public order and safety                    | 2,623                                | 2,871                             |
| Education                                  | 7,324                                | 7,409                             |
| Health                                     | 6,558                                | 6,780                             |
| Social security and welfare                | 1,915                                | 2,052                             |
| Housing and community amenities            | 1,003                                | 1,302                             |
| Recreation and culture                     | 823                                  | 927                               |
| Fuel and energy                            | 93                                   | 44                                |
| Agriculture, forestry, fishing and hunting | 847                                  | 523                               |
| Mining, manufacturing and construction     | 90                                   | 107                               |
| Transport and communications               | 2,498                                | 2,482                             |
| Other economic affairs                     | 1,292                                | 1,477                             |
| Other purposes                             | 1,911                                | 1,989                             |
| <b>Total GFS Expenses</b>                  | <b>28,854</b>                        | <b>30,062</b>                     |

**Table 9.12: NSW General Government Sector Taxes (ABS Basis)**

|                                                           | <i>Revised<br/>1999-2000<br/>\$m</i> | <i>Budget<br/>2000-01<br/>\$m</i> |
|-----------------------------------------------------------|--------------------------------------|-----------------------------------|
| Taxes on employers' payroll and labour force              | <b>3,742</b>                         | <b>3,931</b>                      |
| Taxes on property                                         |                                      |                                   |
| Land taxes                                                | 889                                  | 921                               |
| Stamp duties on financial and capital transactions        | 3,122                                | 2,577                             |
| Financial institutions' transaction taxes                 | 918                                  | 965                               |
| Other                                                     | 27                                   | 52                                |
| Total taxes on property                                   | <b>4,956</b>                         | <b>4,515</b>                      |
| Taxes on the provision of goods and services              |                                      |                                   |
| Excises and levies                                        | ...                                  | ...                               |
| Taxes on gambling                                         | 1,578                                | 1,212                             |
| Taxes on insurance                                        | 889                                  | 948                               |
| Total taxes on the provision of goods and services        | <b>2,467</b>                         | <b>2,160</b>                      |
| Taxes on use of goods and performance of activities       |                                      |                                   |
| Motor vehicle taxes                                       | 1,453                                | 1,425                             |
| Franchise taxes                                           | 2,019                                | 122                               |
| Other                                                     | 334                                  | 265                               |
| Total taxes on use of goods and performance of activities | <b>3,806</b>                         | <b>1,812</b>                      |
| <b>Total GFS taxation revenue</b>                         | <b>14,971</b>                        | <b>12,418</b>                     |

## 9.6 LOAN COUNCIL REPORTING REQUIREMENTS

Table 9.13 presents estimates of the State's Loan Council Allocation (LCA) for 2000-01.

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 is a negative Loan Council Allocation requirement of \$82 million for New South Wales for 2000-01.

**Table 9.13: 2000-01 Loan Council Allocation Estimates**

|                                                                                                 | <i>Loan Council<br/>Allocation Bid<br/>2000-01<br/>\$m</i> | <i>Budget-time<br/>Estimate<br/>2000-01<br/>\$m</i> |
|-------------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------|
| General government sector cash deficit / (surplus)                                              | (1,015)                                                    | (777)                                               |
| PNFC sector cash deficit / (surplus)                                                            | 243                                                        | 625                                                 |
| Non-financial public sector cash deficit / (surplus) <sup>(a)</sup>                             | <b>(770)</b>                                               | <b>(152)</b>                                        |
| Minus Net cash flows from investments in financial<br>assets for policy purposes <sup>(b)</sup> | 38                                                         | 81                                                  |
| Plus Memorandum items <sup>(c)</sup>                                                            | 403                                                        | (11)                                                |
| <b>Loan Council Allocation</b>                                                                  | <b>(329)</b>                                               | <b>(82)</b>                                         |

*Notes:*

(a) Does not directly equate to the sum of the General Government and PNFC cash deficits due to intersectoral transfers which are netted out.

(b) This item is the negative of net advances paid under a cash accounting framework

(c) Memorandum items are used to adjust the ABS deficit to include in LCAs certain transactions — such as operating leases — that have many of the characteristics of public sector borrowings but do not constitute formal borrowings. They are also used, where appropriate, to deduct from the ABS deficit certain transactions that Loan Council has agreed should not be included in LCAs — for example, the funding of more than employers' emerging costs under public sector superannuation schemes, or borrowings by entities such as statutory marketing authorities.

## 9.7 PRIVATE SECTOR INFRASTRUCTURE PROJECTS

### 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 is expected to commence operations between Wentworth Park and Lilyfield in August 2000 and will have 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 (PLRC) and Sydney Light Rail Company Limited (SLRC). 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 percent of the value less any reasonable costs and expenses incurred by the Government taking over the project.

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

## **Gerringong/Gerroa Sewerage Treatment Plants**

### ***Project Description:***

Gerringong and Gerroa are to be provided with a reticulated sewerage scheme and a new sewerage treatment plant which will provide advanced tertiary level treatment and reuse of treated effluent in adjacent agricultural areas. Unused treated effluent will be released to sand dunes and artificial wetlands on site.

An Environmental Impact Statement has been exhibited and a contract is expected to be signed with CGE Australia, a subsidiary of the Vivendi Company, before July 2000.

The contractor will finance, design and construct a system, which it will then operate and maintain for 20 years. The estimated cost for the scheme is \$42 million.

|                                 |                  |
|---------------------------------|------------------|
| Government Contingent Liability | To Be Determined |
|---------------------------------|------------------|

## **CONTRACTS TO BE ENTERED INTO IN 2000-01**

### **Royal North Shore Hospital Car Park**

#### ***Project Description:***

An extension to the existing multi level car park on the Royal North Shore Hospital campus is under consideration. Car parking services will be contracted for a 10 year licence period to a private sector consortium which will also construct an additional 400 spaces.

The total value of the additional car parks is estimated to be \$7 million. It is expected that the project will be funded from debt funding raised by the private sector consortium.

The proposed licence term is to be 10 years, with the option for a longer period to be considered in the bid process.

Under the proposed termination arrangements, in the event of operator default, the Area Health Service will sell and assign the car park operator's interest in the contract and the purchaser obtain the rights and assume the liabilities and obligations existing under the contract. There will be no contingent liabilities incurred by the Area Health Service under the proposed arrangements.

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

## **South Eastern Sydney Area Health Service – Delivered Energy Project for the Randwick and St George Campuses**

### ***Project Description***

Health service delivery at the Randwick and St George Hospital campuses requires the continued upgrading of engineering and energy infrastructure and plant to achieve potential energy efficiencies. A proposal for the delivered energy and maintenance services at these campuses is under consideration. Under the proposed arrangements:

- ◆ a private contractor will make an up front payment for savings available from efficiencies made from improving work practices and the use of energy over the contract term;
- ◆ the contractor will upgrade, manage, operate and maintain energy plant and infrastructure and provide other maintenance services; and
- ◆ in return for these services the private contractor will receive an annual fee equivalent to the recurrent cost of providing these services.

The final financial structure will be subject to the successful completion of negotiations with the preferred proponent and final agreement between the Department of Health and NSW Treasury.

The total value of asset upgrades is estimated to be \$7.1 million. The extent to which the capital upgradings will involve any liability for the State will depend on the finally negotiated position. It is understood that the asset upgrades will be funded from arrangements negotiated by the preferred proponent. The term of the project is to be 20 years.

|                                 |                  |
|---------------------------------|------------------|
| Government Contingent Liability | To Be Determined |
|---------------------------------|------------------|

