

## CHAPTER 8: GOVERNMENT FINANCE STATISTICS AND UNIFORM REPORTING FRAMEWORK

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- ◆ Financial aggregates are prepared on an accrual basis in accordance with the uniform presentation framework (UPF).
- ◆ A time series is provided from 1999-2000 to 2006-07 for the general government, public trading enterprise and consolidated sectors.
- ◆ The Loan Council allocation estimate for 2003-04 is a deficit of \$1,306 million.
- ◆ The Government is entering into several important infrastructure projects with the participation of the private sector. Project details are outlined at the end of this chapter.

### 8.1 INTRODUCTION

This chapter presents financial aggregates for the general government and public trading enterprise (PTE)<sup>1</sup> sectors according to international statistical standards and in accordance with a revised uniform reporting framework agreed to by the Australian Loan Council in March 2000. Presentational changes were agreed at subsequent Loan Council meetings. The format of the aggregates is based on the reporting standards of the Australian Bureau of Statistics (ABS) accrual government finance statistics (GFS) framework.

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

- ◆ allowing comparisons between the financial position of Australian governments on a consistent basis;
- ◆ facilitating time series comparisons since they are relatively unaffected by changes in public sector administrative structures; and
- ◆ permitting an assessment of the impact of NSW public sector transactions on the economy by providing data classified by economic type.

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<sup>1</sup> The PTE sector is also referred to by the Australian Bureau of Statistics as the public non-financial corporation or PNFC sector. Other chapters in this budget paper use the term "PTE".

Section 8.2 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 accrual GFS reports.

The classification of public sector entities is outlined in Section 8.3.

Section 8.4 provides a brief commentary on the operations of the PTE sector.

The accrual uniform presentation framework estimates are presented in Section 8.5. They are presented in the sequence of operating statements, balance sheets and cash flow statements which are dissected by their economic transactions. This is followed by a table of general government taxes by type. In addition to the UPF minimum disclosure requirements, these reports also include a historical and forward year time series.

The table of general government expenses by function is not published, as not all the functional data is available for agencies affected by the government restructure of April 2003. This data will be published in August 2003.

Section 8.6 presents estimates of the State's Loan Council allocation (LCA) for 2003-04 and compares this to the original LCA bid. Information is also presented in Section 8.7 on new infrastructure projects for 2002-03 and 2003-04 in accordance with Loan Council reporting requirements.

## **8.2 ACCRUAL GFS REPORTING**

### **THE ACCRUAL GFS PRESENTATION**

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

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.

## Operating Statement

The operating statement presents information on GFS revenues<sup>2</sup> and GFS expenses<sup>3</sup>. This statement is designed to capture the composition of revenues and expenses and the net cost of a government's activities within a fiscal year. It shows the full cost of resources consumed by a 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. *GFS net lending*<sup>4</sup> is GFS revenues less GFS expenses (excluding depreciation), less net capital expenditure (i.e. after asset sales) and other selected asset movements/adjustments, thereby giving a better measure of a jurisdiction's call on financial markets.

## Balance Sheet

The balance sheet records the 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 a government exercises control. The balance sheet is a financial snapshot 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 financial liquidity.

The balance sheet includes data on the composition of financial assets, on the 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.

The GFS balance sheet differs from the standard accounting presentation:

- ◆ it provides information on financial and non-financial assets, and does not distinguish between current and non-current assets and liabilities;

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

<sup>3</sup> *GFS expenses differ from accounting expenses. GFS expenses encompass all transactions that decrease net worth, including dividend and tax equivalent payments.*

<sup>4</sup> *Net lending is equivalent to the budget result shown elsewhere in the budget papers. Commonwealth Treasury has adopted the term "fiscal balance".*

- ◆ receivables are presented on a gross basis (i.e. excluding all provisions for doubtful debts) resulting in GFS net worth being greater than accounting net assets; and
- ◆ the general government sector discloses an equity investment in the public financial enterprise (PFE)<sup>5</sup> and public trading enterprise (PTE) sectors. GFS recognises a holding company model for the general government's ownership of the PFE and PTE sectors.

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

*Net debt* comprises the stock of selected gross financial liabilities less selected financial assets and is the same under cash and accrual-based financial reporting.

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 and a substitute for debt obligations. 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 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 assets. Net financial worth 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 over the medium-to-long term.

*Net worth*, also known as net assets, provides a comprehensive picture of the 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 current expenditure.

The difference between total assets and total liabilities for the PTE and PFE sectors is deemed to be owner's equity (shares and other contributed capital). GFS treats owner's equity for the PTE and PFE sectors similar to a liability. Therefore the GFS net worth for the PTE and PFE sectors is always zero.

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<sup>5</sup> The PFE sector is also referred to by the Australian Bureau of Statistics as the public financial corporation or PFC sector. Other chapters in this budget paper use the term "PFE".

In addition to the UPF requirement to report net debt and net financial worth, *underlying net debt* is also reported after adjusting for the impact of a special prepayment of superannuation (1999-2000 to 2001-02), and the establishment of the General Government Liability Management Fund. While the financial assets in the General Government Liability Management Fund accrue within the general government sector, they are dedicated to meet superannuation liabilities. Underlying net debt is published after adjustment to avoid the distortionary impact of the superannuation transactions, which are basically temporary and reversing.

## **Cash Flow Statement**

The cash flow statement records 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 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 net cash received from operating activities, and from sales and purchases of non-financial assets, minus distributions paid (in the case of public trading enterprises), 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.

An *underlying cash surplus/deficit* has also been published. The underlying result removes the distortionary impact of both the 2000 Olympic and Paralympic Games for the PTE sector, and the discretionary timing of general government defined benefit superannuation contributions.

## **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 papers 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 while the accounting based statement of financial position does not record this item. A residual entity model of the Crown is considered more appropriate under an accounting framework than a holding company model; and
- ◆ provisions for doubtful debts and the capitalised interest component of assets are excluded from balance sheets presented on a GFS basis.

## **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).

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 ABS has recognised the accounting difficulties of their approach. Given this, a compromise has been reached and all jurisdictions and the ABS have departed from GFS principles on this matter and record the premium as a negative interest payment in the final year of the loan.

## 8.3 CLASSIFICATION FRAMEWORK

The economic type classification adopted in this budget paper follows international conventions as outlined in the ABS information paper, *Accruals-based Government Finance Statistics Australia 2000*, Catalogue Number 5517.0.

### CLASSIFICATION OF PUBLIC SECTOR ENTITIES

Public sector entities in New South Wales can be classified as general government entities (GGEs), public trading enterprises (PTEs) or public financial enterprises (PFEs).

GGEs consist of those public sector entities that 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, e.g. WorkCover Authority, 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 for example Eraring Energy, TransGrid, Sydney Water Corporation and the State Rail Authority.

PFEs 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. PFEs are not included in this chapter as the Uniform Presentation Agreement only requires the publication of PFE data ex-post. Further, forward estimates of financial transactions in this sector are subject to considerable uncertainty.

Appendix C lists NSW public sector entities and their sector classifications.

The *non-financial public (NFP) sector* is a consolidation of GGEs and PTEs.

## **8.4 OPERATIONS OF THE PUBLIC SECTOR**

This section focuses on the financial results and projections of the Public Trading Enterprise (PTE) Sector. It presents GFS accrual data for the PTE sector from 1999-2000 to 2006-07, including three years of actual results, revised outcomes for 2002-03, and four years of forward estimates.

Actual results for 1999-2000 and 2001-02 include the impact of the Olympics, which is not considered part of the normal operating scope of the sector. Unless otherwise stated, the results presented in this section exclude the impact of the Olympics.

### **PTE Capital Expenditure and Operating Performance**

Over the forward estimates period the PTE sector will remain in a net borrowing position, reaching a peak of almost \$2 billion in 2005-06. The reason for PTE borrowing is to fund capital expenditure (i.e. purchases of non-financial assets). Since 1999-2000, annual capital expenditure has been consistent, rising from \$2.7 billion to a revised estimate of \$3.3 billion in 2002-03. Capital expenditure will peak at \$4 billion in 2005-06. The PTE sector would be in a net lending position in the absence of this increase in capital expenditure.

The balance sheet implications of the rise in PTE capital expenditure are discussed in Chapter 4. The discussion in this chapter focuses on the operating performance of the PTE sector and hence its capacity to repay the borrowings required to fund the current historically high levels of capital expenditure.

The PTE sector includes a diverse range of business engaging in commercial activity. Most of these businesses are profitable on a stand-alone basis (e.g. electricity) and therefore provide a return to the Government. Others perform important social policy objectives (e.g. transport and housing) and therefore receive support from the Government through grants and subsidies. Regardless of their status in this respect, all PTEs are expected to operate efficiently according to standard commercial principles.

Most of the large shifts in PTE financial aggregates reflect the activities of the electricity sector. Both the increase in capital expenditure and the increase in net borrowing are driven by the electricity distributors, which will have a collective net borrowing position of \$3.1 billion in 2002-03.

During the 1990s, the Government introduced a range of initiatives aimed at commercialising the PTE sector. The reforms implemented under the auspices of the Commercial Policy Framework (CPF) have focused on improving the incentives for sound performance. In particular, clearer objectives and the application of the ‘user-pays’ principle have created the conditions for efficient commercial activity. The Government has made substantial progress in implementing the CPF and will continue to seek efficiencies in the PTE sector.

Allowing PTEs to borrow during periods of heavy capital expenditure is critical to the operation of the CPF. Any artificial interference to constrain PTE borrowing to achieve a particular aggregate outcome would undermine the structure of incentives and hence the long-term performance of the PTE sector.

The increase in capital expenditure and borrowing is supported by the strong operating performance of the PTE sector. The underlying trading performance of the PTE sector has been robust and will remain so for the foreseeable future. Net cash flows from operating activities for the PTE sector were \$2.8 billion in 2002-03 and are expected to grow to \$3.5 billion by 2006-07.

Chart 8.1 shows this is consistent with a pattern of large cash operating surpluses in the PTE sector, particularly since the introduction of the CPF in the early 1990s. The data for this historical perspective is only available up to 1997-98.

**Chart 8.1: Net cash flows from operating activities  
(Cash GFS framework) Real 2000-01 dollars**

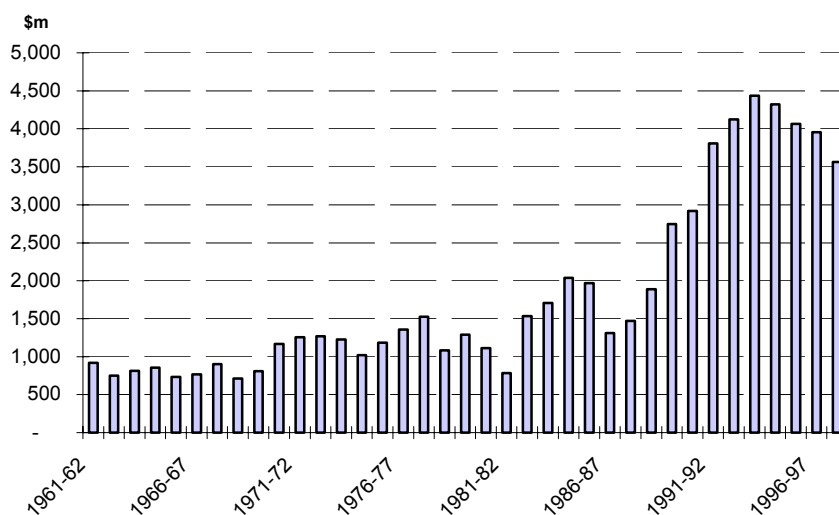
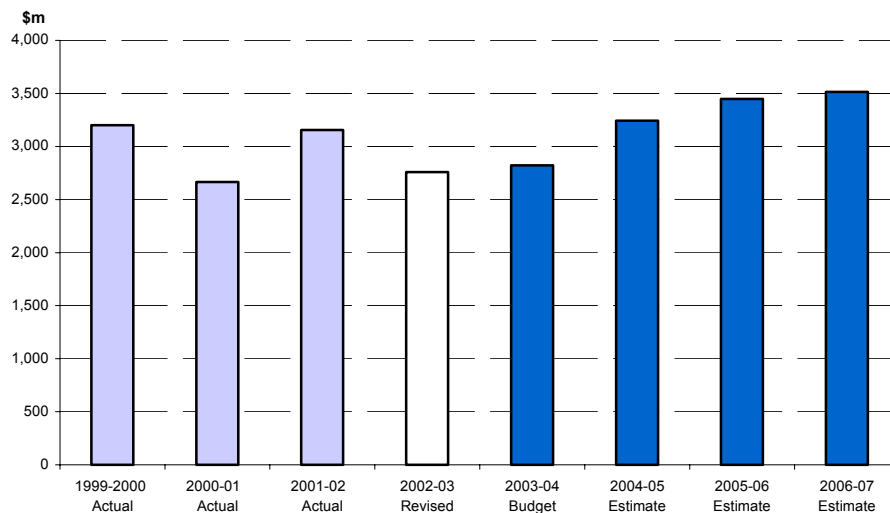


Chart 8.2 presents the conceptually similar result in the accrual GFS framework<sup>6</sup>. Net cash flows from operating activities have consistently been above \$2.5 billion in the last four years and are forecast to rise to \$3.5 billion by 2006-07.

**Chart 8.2: Net cash flows from operating activities<sup>(a)</sup>  
(Accrual GFS framework)**



(a) Includes impact of SOCOG and SPOC

The difference between net cash flows from operating activities on the cash flow statement and the net lending result on the operating statement is accounted for primarily by capital expenditure.

### Conservative Bias in PTE Budget Estimates

Previous budgets have commented on the conservative bias in estimates of the PTE sector's financial results. This was based on observations of the cash result which indicated that the PTE sector consistently underestimated its cash surplus by approximately \$400 million.

<sup>6</sup> The cash result is similar in the cash GFS and accrual GFS frameworks. However, the different methodologies produce significantly different results for net cash flows from operating activities.

This bias persists and is also evident in the accrual operating statement. In the last four years, the actual net lending result for the PTE sector has consistently been better than both the budgeted and revised net lending result. The size of this bias is not insignificant, averaging \$316 million each year between 1999-2000 and 2002-03.

The factors contributing to this bias vary from year to year but a broad pattern can be discerned. The net operating balance is consistently better than budgeted. There is a tendency to underestimate both revenue and expenditure, but the conservatism is greater with respect to revenue. The net acquisition of non-financial assets is more volatile but has also on average contributed to an improvement against the forecast net lending position.

Given this history of conservative bias, the actual results over the forward estimates period may well be above current projections.

### Budget Estimates and Revised Outcomes for 2002-03

The 2002-03 Budget estimate of a \$1,296 million net borrowing requirement for the PTE sector has been revised down to \$1,231 million. The \$65 million decrease is due to lower than expected gross fixed capital formation.

**Table 8.1: Public Trading Enterprise Sector 2002-03 Revised Outcomes**

	<i>Budget 2002-03 \$m</i>	<i>Revised 2002-03 \$m</i>	<i>Variation \$m</i>
GFS Total Revenue	11,913	12,155	+ 242
<b>Less</b> GFS Total Expenses	11,648	11,862	+ 214
<b>Equals</b> GFS Net Operating Balance	265	293	+ 28
<b>Less</b> Net Acquisition of Non-Financial Assets			
Gross fixed capital formation	3,111	2,967	(-) 144
less Depreciation	(1,643)	(1,601)	+ 42
plus Changes in inventories	42	40	(-) 2
plus Other movements in non-financial assets	51	118	+ 67
<b>Equals Total Net Acquisition of Non-financial Assets</b>	1,561	1,524	(-) 37
<b>Equals Net Lending/(Borrowing)</b>	(1,296)	(1,231)	+ 65
<b>GFS Cash Flow Surplus/(Deficit)</b>	(828)	(791)	+ 37

Both revenues and expenses have been revised up. Revenues rose because of increased sales in the electricity sector and an increase in current grants and subsidies to the transport sector. The increase in expenses was the result of increased operating expenses in the electricity sector and higher insurance costs across the whole PTE sector.

Gross fixed capital formation in the PTE sector is expected to be \$144 million lower than budget estimates due to the sale of PowerCoal. The 2002-03 budget was based on the assumption that Powercoal would remain in public ownership and therefore included its capital expenditure in the budget.

## Public Trading Enterprise Sector – Trends and Outlook

Table 8.2 presents the PTE sector operating statement over the three-year period ending 2002-03 on an underlying basis. Table 8.8 provides estimates for the four years from the Budget year and over the forward estimates to 2006-07.

**Table 8.2: Public Trading Enterprise Sector Operating Statement (underlying basis)**

	<i>Actual 1999-2000 \$m</i>	<i>Actual 2000-01 \$m</i>	<i>Actual 2001-02 \$m</i>	<i>Revised 2002-03 \$m</i>
<b>Revenue</b>				
Sales of goods and services	8,902	9,238	9,336	9,177
Current grants and subsidies	922	1,063	1,072	1,392
Capital grants	602	771	925	687
Interest income	97	99	78	79
Other	1,171	922	875	820
<b>Total Revenue</b>	<b>11,694</b>	<b>12,093</b>	<b>12,286</b>	<b>12,155</b>
<b>less Expenses</b>				
Employee Expenses	2,888	3,360	3,005	2,971
Depreciation	1,389	1,514	1,563	1,601
Other Operating Expenses	4,880	4,428	4,676	5,183
Interest expenses	692	825	813	857
Other property expenses	1,215	981	1,214	1,151
Current transfers	70	73	78	97
Capital transfers	63	56	92	2
<b>Total Expenses</b>	<b>11,197</b>	<b>11,237</b>	<b>11,441</b>	<b>11,862</b>
<b>equals Net Operating Balance</b>	<b>497</b>	<b>856</b>	<b>845</b>	<b>293</b>
<b>less Net Acquisition of Non-financial Assets</b>				
Purchase of non-financial assets	2,716	2,509	2,989	3,269
Sales of non-financial assets	(391)	(282)	(358)	(302)
less Depreciation	(1,389)	(1,499)	(1,563)	(1,601)
plus Change in inventories	(8)	141	58	40
plus Other movements in non-financial assets	100	239	170	118
<b>equals Total Net Acquisition of Non-financial Assets</b>	<b>1,028</b>	<b>1,108</b>	<b>1,296</b>	<b>1,524</b>
<b>equals Net Lending / (Borrowing)</b>	<b>(531)</b>	<b>(252)</b>	<b>(451)</b>	<b>(1,231)</b>

## Net Operating Balance – Trends and Outlook

Chart 8.3 illustrates the trend in the net operating balance of the PTE sector from 1999-2000 to 2006-07. Aggregate PTE sector revenues exceed expenses resulting in a positive net operating balance for every year. Net operating surpluses for 2003-04 and over the forward estimates period indicate that current PTE activities are financially sustainable at the aggregate level.

The fall in the PTE sector's net operating surplus in 2002-03 reflects the conservative bias discussed earlier in this chapter, as well as changes in both revenues and expenditures. Revenues fell by \$170 million due to a reduction in capital grants mainly to the housing and amenities sector. Expenses, however, increased by \$411 million due to an increase in operating expenses of the electricity distributors and the sale of PowerCoal. The electricity generators' purchases of coal from PowerCoal were previously eliminated on consolidation but are now recorded as an expense to the private sector.

**Chart 8.3: PTE Sector Net Operating Balance**

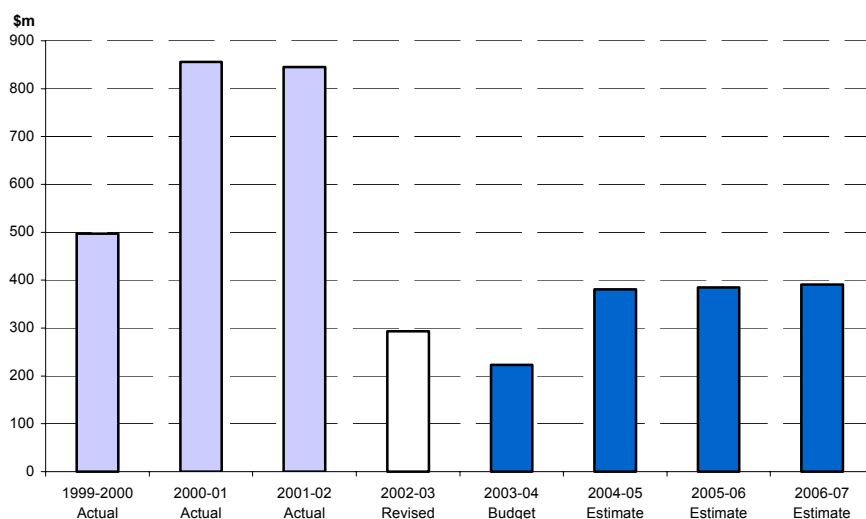


Table 8.3 shows PTE sector revenues in 2003-04 are expected to be \$623 million higher than the previous year, reflecting increases in sales of goods and services by electricity distributors and 'other' PTEs.

The increase in both revenues and expenses during 2003-04 is projected to reduce the net operating surplus by \$70 million on the previous year to \$223 million. An increase in sales in electricity distribution is typically associated with an increase in expenses. The fall in the net operating balance in 2003-04 is due primarily to an increase in maintenance in the transport sector.

**Table 8.3: Changes to PTE Sector Net Operating Balance**

	<i>Revised 2002-03 \$m</i>	<i>Budget 2003-04 \$m</i>	<i>Variation \$m</i>
<b>Revenue</b>			
Sales of goods and services	9,177	9,821	+ 644
Current grants and subsidies	1,392	1,467	+ 75
Capital grants	687	634	(-) 53
Interest income	79	52	(-) 27
Other	820	804	(-) 16
<b>Total Revenue</b>	<b>12,155</b>	<b>12,778</b>	<b>+ 623</b>
<b>Expenses</b>			
Gross Operating Expenses	9,755	10,110	+ 355
Employee Expenses	2,971	3,017	+ 46
Depreciation	1,601	1,660	+ 59
Other Operating Expenses	5,183	5,433	+ 250
Other interest expenses	857	900	+ 43
Other property expenses	1,151	1,416	+ 265
Current transfers	97	129	+ 32
Capital transfers	2	...	(-) 2
<b>Total Expenses</b>	<b>11,862</b>	<b>12,555</b>	<b>+ 693</b>
<b>Net Operating Balance</b>	<b>293</b>	<b>223</b>	<b>(-) 70</b>
<b>Net Acquisition of Non-financial Assets</b>			
Purchase of non-financial assets	3,269	3,640	+ 371
Sales of non-financial assets	(302)	(276)	+ 26
less Depreciation	(1,601)	(1,660)	(-) 59
plus Change in inventories	40	13	(-) 27
plus Other movements in non-financial assets	118	118	...
<b>equals Total Net Acquisition of Non-financial Assets</b>	<b>1,524</b>	<b>1,835</b>	<b>+ 311</b>
<b>Net Lending / (Borrowing)</b>	<b>(1,231)</b>	<b>(1,612)</b>	<b>(-) 381</b>

However, as shown in Table 8.4, PTE sector revenues are expected to grow faster than expenses in 2004-05, increasing the net operating surplus to \$381 million.

**Table 8.4: Percentage Growth in PTE Sector Revenues and Expenses**

	<i>4 years to 2002-03 Average</i>	<i>2003-04 Budget</i>	<i>2004-05 Estimate</i>	<i>2005-06 Estimate</i>	<i>2006-07 Estimate</i>
Revenue	2.6	5.1	3.8	4.7	4.2
Expenses	2.4	5.8	2.6	4.8	4.2
Gross State Product (nominal)	5.5	5.5	5.9	5.9	5.9

Table 8.8 reveals that projected PTE sector revenue growth comes from higher sales. Over the four years to 2006-07, PTE sector sales of goods and services are anticipated to increase by \$2.2 billion, with the bulk of the growth attributed to electricity distributors.

### ***Net Lending – Trends and Outlook***

The net lending/borrowing result includes net capital expenditure, but not the use of capital (i.e. depreciation). It measures the call the sector makes on capital markets and measures the PTE sector’s impact on national savings on a National Accounts basis.

As shown in Table 8.8, a net borrowing requirement of \$1,612 million is projected in 2003-04. Net borrowing requirements are also projected for each of the three years to 2006-07. The net borrowing requirement will peak at \$1,927 million in 2005-06 and fall to \$1,573 million the following year. These projections reflect the strong capital investment outweighing the expected net operating surpluses.

### ***Cash Flow Position – Trends and Outlook***

Given that the primary goal for PTEs is to increase shareholder value through the commercial delivery of services to the public, the aggregate PTE sector may over time experience both surplus and deficit cash positions depending on investment cycles and the strength of the economy.

Although the cash flow statement is a useful tool for cash management purposes, there is no clear basis for judging the PTE sector’s overall performance based on the aggregate cash outcome measure. Unlike the general government sector there is no economic rationale for targeting a consistent cash surplus for the aggregate PTE sector during the positive phase of the business cycle. Indeed, it is not necessarily true that a positive aggregate cash result in any particular year is a mark of success.

Table 8.14 shows that, over the five year period ending 2006-07, PTE sector cash flow deficits will peak at \$1,544 million in 2004-05. A smaller cash deficit of \$1,245 million is anticipated by 2006-07.

These cash flow projections should be viewed in a longer-term perspective. Over the last forty years, it was only during the 1990s that sustained cash surpluses were recorded by the PTE sector. The establishment of the Commercial Policy Framework has undoubtedly contributed to this turnaround in financial performance.

The Commercial Policy Framework allows PTEs to respond to commercial opportunities, while discouraging unproductive capital expenditure. After eleven consecutive cash flow surpluses commencing 1988-89, it is not surprising to find the PTE sector enter a period of cash flow deficits corresponding to increased capital investment. In comparison to the very large cash deficits incurred during the early 1980s, the recent short term reduction in the PTE cash flow result is modest.

## NON-FINANCIAL PUBLIC SECTOR PERFORMANCE

The non-financial public sector (NFP) is a consolidation of the general government and PTE sectors.

**Table 8.5: Net Operating Balance by Sector**

Sector	2002-03 <i>Revised</i> \$m	2003-04 <i>Budget</i> \$m	2004-05 <i>Estimate</i> \$m	2005-06 <i>Estimate</i> \$m	2006-07 <i>Estimate</i> \$m
General Government	1,425	1,024	1,127	1,810	1,846
PTE	293	223	381	385	391
NFP <sup>(a)</sup>	1,709	1,247	1,508	2,195	2,237

(a) Totals may not add due to inter-sector transactions between the general government and PTE sectors.

The NFP net operating balance excludes the dividends and income tax equivalent transactions between the PTE and general government sectors. The net operating surplus for the NFP sector is expected to decline in 2003-04, primarily due to slower growth in taxation revenue for the general government sector. The surplus is projected to rise thereafter.

## **Net Lending Result – Results and Outlook**

The 2002-03 net borrowing requirement for the NFP sector is expected to be \$1,040 million. In 2003-04 NFP net borrowing will increase by \$527 million as the general government surplus diminishes and PTE borrowing increases to fund commercial investment.

Although the PTE sector's net borrowing requirement is expected to increase through to 2005-06 in line with increased capital investment, the NFP's net borrowing requirement will fall after next year as the general government sector moves toward a \$932 million surplus in 2006-07.

**Table 8.6: Net Lending Result by Sector** <sup>(a)</sup>

Sector	2002-03	2003-04	2004-05	2005-06	2006-07
	Revised \$m	Budget \$m	Estimate \$m	Estimate \$m	Estimate \$m
General Government	199	43	303	821	932
PTE	(1,231)	(1,612)	(1,797)	(1,927)	(1,573)
NFP <sup>(b)</sup>	(1,040)	(1,567)	(1,492)	(1,104)	(638)

(a) A positive number denotes a net lending surplus.

(b) Totals may not add due to inter-sector transactions between the general government and PTE sectors.

## **8.5 ACCRUAL UNIFORM PRESENTATION FRAMEWORK TABLES**

In accordance with the revised uniform presentation framework agreed by the Australian Loan Council in March 2000 and subsequent meetings, Tables 8.7 through to 8.16 of this Section provide estimates on a comparable basis to those which the ABS will be publishing.

**Table 8.7: NSW General Government Sector Operating Statement (ABS Basis)**

	<i>Actual</i> 1999-2000 \$m	<i>Actual</i> 2000-01 \$m	<i>Actual</i> 2001-02 \$m	<i>Revised</i> 2002-03 \$m	<i>Budget</i> 2003-04 \$m	<i>Forward Estimates</i>		
						2004-05 \$m	2005-06 \$m	2006-07 \$m
<b>GFS Revenue</b>								
Taxation revenue <sup>(a)</sup>	15,191	13,343	13,216	13,919	14,199	14,892	15,752	16,673
Current grants and subsidies <sup>(a)</sup>	10,098	13,741	15,873	16,266	16,557	16,891	17,735	18,175
Capital grants	889	866	891	911	917	862	797	608
Sales of goods and services	2,792	2,659	2,699	2,762	2,909	3,011	3,078	3,105
Interest income	476	471	282	354	637	747	877	1,011
Other	2,456	2,591	2,479	2,775	2,651	2,568	2,821	2,948
<b>Total Revenue</b>	<b>31,902</b>	<b>33,671</b>	<b>35,440</b>	<b>36,987</b>	<b>37,870</b>	<b>38,971</b>	<b>41,060</b>	<b>42,520</b>
<b>less GFS Expenses</b>								
Employee expenses	12,810	13,236	13,847	14,964	15,941	16,699	17,460	18,324
Depreciation	1,472	1,402	1,638	1,717	1,791	1,828	1,854	1,903
Other operating expenses	8,304	8,801	9,696	9,918	9,862	9,978	10,347	10,729
Nominal superannuation interest expense	479	438	564	756	903	995	1,090	1,193
Other interest expenses	1,343	1,016	868	777	796	764	760	712
Other property expenses	...	...	...	...	...	...	...	...
Current transfers	4,488	4,955	5,474	6,016	6,338	6,183	6,342	6,502
Capital transfers	993	2,287	1,864	1,414	1,215	1,397	1,397	1,311
<b>Total Expenses</b>	<b>29,889</b>	<b>32,135</b>	<b>33,951</b>	<b>35,562</b>	<b>36,846</b>	<b>37,844</b>	<b>39,250</b>	<b>40,674</b>
<b>equals GFS Net Operating Balance</b>	<b>2,013</b>	<b>1,536</b>	<b>1,489</b>	<b>1,425</b>	<b>1,024</b>	<b>1,127</b>	<b>1,810</b>	<b>1,846</b>

**Table 8.7: NSW General Government Sector Operating Statement (ABS Basis) (cont)**

		<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<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>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>
		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
<b>less</b>	<b>Net Acquisition of Non-financial Assets</b>								
	Purchases of non-financial assets	2,450	2,569	2,745	3,046	3,152	3,089	3,217	3,161
less	Sales of non-financial assets	(626)	(344)	(424)	(486)	(684)	(566)	(473)	(442)
less	Depreciation	(1,472)	(1,402)	(1,638)	(1,717)	(1,791)	(1,828)	(1,854)	(1,903)
plus	Change in inventories	(3)	11	...	...	2	(1)	...	(1)
plus	Other movements in non-financial assets	296	92	385	383	302	130	99	99
<b>equals</b>	<b>Total Net Acquisition of Non-financial Assets</b>	<b>645</b>	<b>926</b>	<b>1,068</b>	<b>1,226</b>	<b>981</b>	<b>824</b>	<b>989</b>	<b>914</b>
<b>equals</b>	<b>GFS Net Lending / (Borrowing)</b>	<b>1,368</b>	<b>610</b>	<b>421</b>	<b>199</b>	<b>43</b>	<b>303</b>	<b>821</b>	<b>932</b>

Note:

(a) Impacted by the introduction of the Goods and Services Tax (GST) and the processing arrangements from 2001-02.

**Table 8.8: NSW Public Non-financial Corporation Sector Operating Statement <sup>(a) (b)</sup> (ABS Basis)**

	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<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>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
<b>GFS Revenue</b>								
Sales of goods and services	9,234	11,564	9,347	9,177	9,821	10,262	10,855	11,416
Current grants and subsidies	1,101	1,071	1,072	1,392	1,467	1,400	1,420	1,436
Capital grants	602	771	925	687	634	722	714	668
Interest income	97	142	78	79	52	54	65	70
Other	1,171	922	875	820	804	827	836	877
<b>Total Revenue</b>	<b>12,205</b>	<b>14,470</b>	<b>12,297</b>	<b>12,155</b>	<b>12,778</b>	<b>13,265</b>	<b>13,890</b>	<b>14,467</b>
<b>less GFS Expenses</b>								
Employee expenses	2,888	3,360	3,005	2,971	3,017	3,034	3,120	3,222
Depreciation	1,389	1,514	1,563	1,601	1,660	1,773	1,837	1,901
Other operating expenses	5,391	6,637	4,676	5,183	5,433	5,626	5,814	6,045
Interest expenses	692	825	813	857	900	959	1,044	1,125
Other property expenses	1,215	981	1,214	1,151	1,416	1,368	1,557	1,644
Current transfers	70	73	78	97	129	124	133	139
Capital transfers	63	56	92	2	...	...	...	...
<b>Total Expenses</b>	<b>11,708</b>	<b>13,446</b>	<b>11,441</b>	<b>11,862</b>	<b>12,555</b>	<b>12,884</b>	<b>13,505</b>	<b>14,076</b>
<b>equals GFS Net Operating Balance</b>	<b>497</b>	<b>1,024</b>	<b>856</b>	<b>293</b>	<b>223</b>	<b>381</b>	<b>385</b>	<b>391</b>

**Table 8.8: NSW Public Non-financial Corporation Sector Operating Statement <sup>(a) (b)</sup> (ABS Basis) (cont)**

		<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<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>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>
		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
<b>less</b>	<b>Net Acquisition of Non-financial Assets</b>								
	Purchases of non-financial assets	2,729	2,510	2,989	3,269	3,640	3,974	4,002	3,835
less	Sales of non-financial assets	(391)	(282)	(358)	(302)	(276)	(132)	(190)	(103)
less	Depreciation	(1,389)	(1,514)	(1,563)	(1,601)	(1,660)	(1,773)	(1,837)	(1,901)
plus	Change in inventories	252	(651)	58	40	13	5	230	24
plus	Other movements in non-financial assets	101	239	170	118	118	104	107	109
	<b>equals Total Net Acquisition of Non-financial Assets</b>	<b>1,302</b>	<b>302</b>	<b>1,296</b>	<b>1,524</b>	<b>1,835</b>	<b>2,178</b>	<b>2,312</b>	<b>1,964</b>
<b>equals</b>	<b>GFS Net Lending / (Borrowing)</b>	<b>(805)</b>	<b>722</b>	<b>(440)</b>	<b>(1,231)</b>	<b>(1,612)</b>	<b>(1,797)</b>	<b>(1,927)</b>	<b>(1,573)</b>

Notes:

(a) The public non-financial corporation (PNFC) sector is also referred to in these budget papers as the public trading enterprise (PTE) sector.

(b) Refer to commentary earlier in this chapter on the impact of the 2000 Olympic and Paralympic Games on the results.

	<b>GFS Net Lending / (Borrowing)</b>	<b>(805)</b>	<b>722</b>	<b>(440)</b>	<b>(1,231)</b>	<b>(1,612)</b>	<b>(1,797)</b>	<b>(1,927)</b>	<b>(1,573)</b>
	adjustment to exclude SOCOG and SPOC	274	(974)	(11)	...	...	...	...	...
	<b>Underlying Net Lending/ (Borrowing) <sup>(b)</sup></b>	<b>(531)</b>	<b>(252)</b>	<b>(451)</b>	<b>(1,231)</b>	<b>(1,612)</b>	<b>(1,797)</b>	<b>(1,927)</b>	<b>(1,573)</b>

**Table 8.9: NSW Non-financial Public Sector Operating Statement (ABS Basis) <sup>(a)</sup>**

	<i>Actual 1999-2000 \$m</i>	<i>Actual 2000-01 \$m</i>	<i>Actual 2001-02 \$m</i>	<i>Revised 2002-03 \$m</i>	<i>Budget 2003-04 \$m</i>	<i>Forward Estimates</i>		
						<i>2004-05 \$m</i>	<i>2005-06 \$m</i>	<i>2006-07 \$m</i>
<b>GFS Revenue</b>								
Taxation revenue <sup>(b)</sup>	14,547	12,656	12,597	13,296	13,545	14,218	15,051	15,950
Current grants and subsidies <sup>(b)</sup>	10,122	13,769	15,852	16,234	16,523	16,867	17,711	18,151
Sales of goods and services	11,900	14,007	11,933	11,823	12,562	13,102	13,758	14,341
Capital grants	833	805	886	911	917	862	797	608
Interest income	507	549	306	381	638	752	893	1,034
Other	2,371	2,298	2,097	2,423	1,950	1,990	2,098	2,203
<b>Total Revenue</b>	<b>40,280</b>	<b>44,084</b>	<b>43,671</b>	<b>45,068</b>	<b>46,135</b>	<b>47,791</b>	<b>50,308</b>	<b>52,287</b>
<b>less GFS Expenses</b>								
Employee expenses	15,695	16,593	16,863	17,940	18,883	19,724	20,571	21,537
Depreciation	2,860	2,916	3,201	3,317	3,451	3,601	3,691	3,803
Other operating expenses	12,903	14,525	13,634	14,359	14,471	14,757	15,285	15,872
Nominal superannuation interest expense	479	438	564	756	903	995	1,090	1,193
Other interest expenses	1,971	1,778	1,627	1,581	1,646	1,674	1,755	1,789
Other property expenses	...	...	...	...	...	...	...	...
Current transfers	3,607	3,919	4,466	4,713	4,987	4,893	5,054	5,208
Capital transfers	243	1,559	962	693	547	639	667	648
<b>Total Expenses</b>	<b>37,758</b>	<b>41,728</b>	<b>41,317</b>	<b>43,359</b>	<b>44,888</b>	<b>46,283</b>	<b>48,113</b>	<b>50,050</b>
<b>equals GFS Net Operating Balance</b>	<b>2,522</b>	<b>2,356</b>	<b>2,354</b>	<b>1,709</b>	<b>1,247</b>	<b>1,508</b>	<b>2,195</b>	<b>2,237</b>

**Table 8.9: NSW Non-financial Public Sector Operating Statement (ABS Basis) (cont) <sup>(a)</sup>**

		<i>Actual</i> 1999-2000 \$m	<i>Actual</i> 2000-01 \$m	<i>Actual</i> 2001-02 \$m	<i>Revised</i> 2002-03 \$m	<i>Budget</i> 2003-04 \$m	<i>Forward Estimates</i>		
							2004-05	2005-06	2006-07
							\$m	\$m	\$m
<b>less</b>	<b>Net Acquisition of Non-financial Assets</b>								
	Purchases of non-financial assets	5,176	5,075	5,729	6,314	6,791	7,062	7,218	6,995
less	Sales of non-financial assets	(1,011)	(626)	(781)	(788)	(960)	(698)	(662)	(545)
less	Depreciation	(2,860)	(2,916)	(3,201)	(3,317)	(3,451)	(3,601)	(3,691)	(3,803)
plus	Change in inventories	249	(641)	58	39	15	4	230	22
plus	Other movements in non-financial assets	397	331	554	501	419	233	204	206
	<b>equals Total Net Acquisition of Non-financial Assets</b>	<b>1,951</b>	<b>1,223</b>	<b>2,359</b>	<b>2,749</b>	<b>2,814</b>	<b>3,000</b>	<b>3,299</b>	<b>2,875</b>
<b>equals</b>	<b>GFS Net Lending / (Borrowing)</b>	<b>571</b>	<b>1,133</b>	<b>(5)</b>	<b>(1,040)</b>	<b>(1,567)</b>	<b>(1,492)</b>	<b>(1,104)</b>	<b>(638)</b>

*Notes:**(a) Refer to commentary earlier in this chapter on the impact of the 2000 Olympic and Paralympic Games on the results.**(b) Impacted by the introduction of the Goods and Services Tax (GST) and the processing arrangements from 2000-01.*

<b>GFS Net Lending / (Borrowing)</b>	<b>571</b>	<b>1,133</b>	<b>(5)</b>	<b>(1,040)</b>	<b>(1,567)</b>	<b>(1,492)</b>	<b>(1,104)</b>	<b>(638)</b>
<i>adjustment to exclude SOCOG and SPOC</i>	273	(975)	(12)	...	...	...	...	...
<b>Underlying Net Lending/ (Borrowing) <sup>(a)</sup></b>	<b>844</b>	<b>158</b>	<b>(17)</b>	<b>(1,040)</b>	<b>(1,567)</b>	<b>(1,492)</b>	<b>(1,104)</b>	<b>(638)</b>

**Table 8.10: NSW General Government Sector Balance Sheet (ABS Basis)**

	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<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>June 2005</i>	<i>June 2006</i>	<i>June 2007</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
<b>Assets</b>								
Financial assets								
Cash and deposits	481	1,096	1,719	1,104	866	887	662	568
Advances paid	1,696	1,442	1,521	1,506	1,438	1,391	1,369	1,364
Investments, loans and placements	3,859	3,950	4,409	7,114	8,410	10,091	12,485	15,283
Other non-equity assets	4,507	4,837	5,155	5,236	5,617	5,683	5,965	6,125
Equity	46,596	47,501	48,337	50,502	51,429	52,855	58,620	59,467
<b>Total Financial Assets</b>	<b>57,139</b>	<b>58,826</b>	<b>61,141</b>	<b>65,462</b>	<b>67,760</b>	<b>70,907</b>	<b>79,101</b>	<b>82,807</b>
Non-financial assets								
Land and fixed assets	64,710	66,306	73,916	75,229	76,321	77,233	78,296	79,289
Other non-financial assets	754	847	952	1,021	1,122	1,226	1,346	1,485
<b>Total Non-financial Assets</b>	<b>65,464</b>	<b>67,153</b>	<b>74,868</b>	<b>76,250</b>	<b>77,443</b>	<b>78,459</b>	<b>79,642</b>	<b>80,774</b>
<b>Total Assets</b>	<b>122,603</b>	<b>125,979</b>	<b>136,009</b>	<b>141,712</b>	<b>145,203</b>	<b>149,366</b>	<b>158,743</b>	<b>163,581</b>

**Table 8.10: NSW General Government Sector Balance Sheet (ABS Basis) (cont)**

	Actual June 2000 \$m	Actual June 2001 \$m	Actual June 2002 \$m	Revised June 2003 \$m	Budget June 2004 \$m	Forward Estimates		
						June 2005	June 2006	June 2007
						\$m	\$m	\$m
<b>Liabilities</b>								
Deposits held	89	61	64	69	67	67	67	67
Advances received	2,142	2,041	1,826	1,788	1,694	1,652	1,510	1,437
Borrowing	15,441	12,026	10,815	10,219	10,192	10,113	9,733	9,590
Superannuation liability <sup>(a)</sup>	5,686	8,127	11,398	14,832	16,481	18,221	20,053	21,993
Other employee entitlements and provisions	8,205	9,168	9,965	10,649	10,980	11,384	11,883	12,437
Other non-equity liabilities	3,203	3,055	3,511	3,732	3,402	3,165	3,167	3,203
<b>Total Liabilities</b>	<b>34,766</b>	<b>34,478</b>	<b>37,579</b>	<b>41,289</b>	<b>42,816</b>	<b>44,602</b>	<b>46,413</b>	<b>48,727</b>
<b>NET WORTH</b>	<b>87,837</b>	<b>91,501</b>	<b>98,430</b>	<b>100,423</b>	<b>102,387</b>	<b>104,764</b>	<b>112,330</b>	<b>114,854</b>
<b>Net Financial Worth <sup>(b)</sup></b>	<b>22,373</b>	<b>24,348</b>	<b>23,562</b>	<b>24,173</b>	<b>24,944</b>	<b>26,305</b>	<b>32,688</b>	<b>34,080</b>
<b>Net Debt <sup>(c)</sup></b>	<b>11,636</b>	<b>7,640</b>	<b>5,056</b>	<b>2,352</b>	<b>1,239</b>	<b>(537)</b>	<b>(3,206)</b>	<b>(6,121)</b>

Notes:

*(a) Comprises net 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.**(d) Adjusted for prepaid superannuation in the years 1999-2000 to 2001-02, and Crown deposits to the Liability Management Fund and fund earnings in the years 2002-03 to 2006-07 inclusive.*

<b>GFS Net Debt <sup>(c)</sup></b>	<b>11,636</b>	<b>7,640</b>	<b>5,056</b>	<b>2,352</b>	<b>1,239</b>	<b>(537)</b>	<b>(3,206)</b>	<b>(6,121)</b>
Impact of prepayment of superannuation	(2,251)	(1,179)	...	...	...	...	...	...
Impact of deposits to the Liability Management Fund	...	...	...	1,651	2,498	4,127	6,115	8,479
<b>Underlying Net Debt <sup>(c) (d)</sup></b>	<b>9,385</b>	<b>6,461</b>	<b>5,056</b>	<b>4,003</b>	<b>3,737</b>	<b>3,590</b>	<b>2,909</b>	<b>2,358</b>

**Table 8.11: NSW Public Non-financial Corporation Sector Balance Sheet <sup>(a)</sup> (ABS Basis)**

	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<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>June 2005</i>	<i>June 2006</i>	<i>June 2007</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
<b>Assets</b>								
Financial assets								
Cash and deposits	1,324	960	1,289	925	848	698	796	873
Investments, loans and placements	875	920	900	620	597	618	619	727
Other non-equity assets	2,701	2,349	2,357	2,041	2,173	2,321	2,410	2,450
Equity	63	139	77	44	54	72	96	101
<b>Total Financial Assets</b>	<b>4,963</b>	<b>4,368</b>	<b>4,623</b>	<b>3,630</b>	<b>3,672</b>	<b>3,709</b>	<b>3,921</b>	<b>4,151</b>
Non-financial assets								
Land and fixed assets	58,883	61,720	62,617	66,778	69,525	72,743	80,613	83,060
Other non-financial assets	295	304	245	279	308	360	292	300
<b>Total Non-financial Assets</b>	<b>59,178</b>	<b>62,024</b>	<b>62,862</b>	<b>67,057</b>	<b>69,833</b>	<b>73,103</b>	<b>80,905</b>	<b>83,360</b>
<b>Total Assets</b>	<b>64,141</b>	<b>66,392</b>	<b>67,485</b>	<b>70,687</b>	<b>73,505</b>	<b>76,812</b>	<b>84,826</b>	<b>87,511</b>

**Table 8.11: NSW Public Non-financial Corporation Sector Balance Sheet <sup>(a)</sup> (ABS Basis) (cont)**

	Actual June 2000 \$m	Actual June 2001 \$m	Actual June 2002 \$m	Revised June 2003 \$m	Budget June 2004 \$m	Forward Estimates		
						June 2005	June 2006	June 2007
						\$m	\$m	\$m
<b>Liabilities</b>								
Deposits held	40	49	85	87	95	104	111	116
Advances received	1,379	1,155	1,153	1,085	1,056	1,033	1,004	978
Borrowing	8,453	11,508	11,721	12,420	13,799	15,253	16,853	18,354
Superannuation liability/ (prepaid contributions) <sup>(b)</sup>	(402)	(150)	325	875	988	1,098	1,211	1,324
Other employee entitlements and provisions	3,843	3,814	4,139	4,075	4,457	4,612	5,004	5,265
Other non-equity liabilities	3,659	2,197	1,944	1,878	1,926	2,110	2,281	2,269
<b>Total Liabilities</b>	<b>16,972</b>	<b>18,573</b>	<b>19,367</b>	<b>20,420</b>	<b>22,321</b>	<b>24,210</b>	<b>26,464</b>	<b>28,306</b>
Shares and other contributed capital <sup>(c)(d)</sup>	47,169	47,819	48,118	50,267	51,184	52,602	58,362	59,205
<b>NET WORTH <sup>(c)(d)</sup></b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>Net Financial Worth <sup>(d)(e)</sup></b>	<b>(59,178)</b>	<b>(62,024)</b>	<b>(62,862)</b>	<b>(67,057)</b>	<b>(69,833)</b>	<b>(73,103)</b>	<b>(80,905)</b>	<b>(83,360)</b>
<b>Net Debt <sup>(f)</sup></b>	<b>7,673</b>	<b>10,832</b>	<b>10,770</b>	<b>12,047</b>	<b>13,505</b>	<b>15,074</b>	<b>16,553</b>	<b>17,848</b>

*Notes:*

(a) The public non-financial corporation (PNFC) sector is also referred to in these budget papers as the public trading enterprise (PTE) sector.

(b) Comprises net unfunded obligations.

(c) For entities whose equity is not traded on the market, the GFS net worth is zero as the equity (shares and other contributed capital) is recorded as an asset in the general government balance sheet.

(d) The Australian Bureau of Statistics treats 'shares and other contributed capital' as a liability to the general government sector and deducts it to calculate a zero GFS net worth and negative net financial worth. However, these shares and other contributed capital reflect the value of the government's cumulative equity and earnings over time for the PTE sector. The PTE sector equity has grown since 2000 from \$47.2 billion to a projected \$59.2 billion in 2007 reflecting an increase in the value of the Government's investment. This improvement is reflected in the equity investment line in the GFS general government sector balance sheet.

(e) Net financial worth equals total financial assets minus total liabilities, and minus shares and other contributed capital.

(f) 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 8.12: NSW Non-financial Public Sector Balance Sheet (ABS Basis)**

	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<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>June 2005</i>	<i>June 2006</i>	<i>June 2007</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
<b>Assets</b>								
Financial assets								
Cash and deposits	1,805	2,056	3,008	2,028	1,714	1,585	1,458	1,441
Advances paid	315	286	368	422	382	359	366	386
Investments, loans and placements	4,726	4,870	5,309	7,734	9,007	10,709	13,104	16,009
Other non-equity assets	4,560	4,708	4,650	4,239	4,386	4,511	4,578	4,601
Equity	(510)	(179)	296	278	300	325	354	363
<b>Total Financial Assets</b>	<b>10,896</b>	<b>11,741</b>	<b>13,631</b>	<b>14,701</b>	<b>15,789</b>	<b>17,489</b>	<b>19,860</b>	<b>22,800</b>
Non-financial assets								
Land and fixed assets	123,593	128,026	136,532	142,007	145,846	149,976	158,908	162,349
Other non-financial assets	1,053	1,151	1,198	1,299	1,427	1,584	1,637	1,783
<b>Total Non-financial Assets</b>	<b>124,646</b>	<b>129,177</b>	<b>137,730</b>	<b>143,306</b>	<b>147,273</b>	<b>151,560</b>	<b>160,545</b>	<b>164,132</b>
<b>Total Assets</b>	<b>135,542</b>	<b>140,918</b>	<b>151,361</b>	<b>158,007</b>	<b>163,062</b>	<b>169,049</b>	<b>180,405</b>	<b>186,932</b>

**Table 8.12: NSW Non-financial Public Sector Balance Sheet (ABS Basis) (cont)**

	Actual June 2000 \$m	Actual June 2001 \$m	Actual June 2002 \$m	Revised June 2003 \$m	Budget June 2004 \$m	Forward Estimates		
						June 2005	June 2006	June 2007
						\$m	\$m	\$m
<b>Liabilities</b>								
Deposits held	121	110	149	155	162	171	179	183
Advances received	2,142	2,041	1,826	1,788	1,694	1,653	1,510	1,437
Borrowing	23,884	23,533	22,536	22,640	23,991	25,366	26,586	27,943
Superannuation liability <sup>(a)</sup>	5,284	7,978	11,723	15,706	17,469	19,319	21,264	23,317
Other employee entitlements and provisions	10,078	11,165	11,997	12,511	12,850	13,323	13,907	14,542
Other non-equity liabilities	6,196	4,590	4,700	4,784	4,509	4,453	4,629	4,656
<b>Total Liabilities</b>	<b>47,705</b>	<b>49,417</b>	<b>52,931</b>	<b>57,584</b>	<b>60,675</b>	<b>64,285</b>	<b>68,075</b>	<b>72,078</b>
Shares and other contributed capital	...	...	...	...	...	...	...	...
<b>NET WORTH</b>	<b>87,837</b>	<b>91,501</b>	<b>98,430</b>	<b>100,423</b>	<b>102,387</b>	<b>104,764</b>	<b>112,330</b>	<b>114,854</b>
<b>Net Financial Worth <sup>(b)</sup></b>	<b>(36,809)</b>	<b>(37,676)</b>	<b>(39,300)</b>	<b>(42,883)</b>	<b>(44,886)</b>	<b>(46,796)</b>	<b>(48,215)</b>	<b>(49,278)</b>
<b>Net Debt <sup>(c)</sup></b>	<b>19,301</b>	<b>18,472</b>	<b>15,826</b>	<b>14,399</b>	<b>14,744</b>	<b>14,537</b>	<b>13,347</b>	<b>11,727</b>
<i>Notes:</i>								
<i>(a) Comprises net unfunded obligations.</i>								
<i>(b) Net financial worth equals total financial assets minus total liabilities.</i>								
<i>(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.</i>								
<i>(d) Adjusted for prepaid superannuation in the years 1999-2000 to 2001-02, and Crown deposits to the Liability Management Fund and fund earnings in the years 2002-03 to 2006-07 inclusive.</i>								
<b>GFS Net Debt <sup>(c)</sup></b>	<b>19,301</b>	<b>18,472</b>	<b>15,826</b>	<b>14,399</b>	<b>14,744</b>	<b>14,537</b>	<b>13,347</b>	<b>11,727</b>
<i>Impact of prepayment of superannuation</i>	<i>(2,251)</i>	<i>(1,179)</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
<i>Impact of deposits to the Liability Management Fund</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>1,651</i>	<i>2,498</i>	<i>4,127</i>	<i>6,115</i>	<i>8,479</i>
<b>Underlying Net Debt <sup>(c) (d)</sup></b>	<b>17,050</b>	<b>17,293</b>	<b>15,826</b>	<b>16,050</b>	<b>17,242</b>	<b>18,664</b>	<b>19,462</b>	<b>20,206</b>

**Table 8.13: NSW General Government Sector Cash Flow Statement<sup>(a)</sup> (ABS Basis)**

	<i>Actual</i> 1999-2000 \$m	<i>Actual</i> 2000-01 \$m	<i>Actual</i> 2001-02 \$m	<i>Revised</i> 2002-03 \$m	<i>Budget</i> 2003-04 \$m	<i>Forward Estimates</i>		
						2004-05 \$m	2005-06 \$m	2006-07 \$m
<b>Cash Receipts from Operating Activities</b>								
Taxes received <sup>(b)</sup>	15,193	13,170	13,341	13,860	14,183	14,885	15,755	16,677
Receipts from sales of goods and services	2,845	2,507	2,637	2,792	2,875	3,003	3,069	3,099
Grants/subsidies received <sup>(b)</sup>	10,978	14,608	16,762	17,388	17,264	17,752	18,532	18,783
Other receipts	2,824	4,026	3,663	3,977	4,181	4,509	4,662	5,050
<b>Total Receipts</b>	<b>31,840</b>	<b>34,311</b>	<b>36,403</b>	<b>38,017</b>	<b>38,503</b>	<b>40,149</b>	<b>42,018</b>	<b>43,609</b>
<b>Cash Payments for Operating Activities</b>								
Payment for goods and services	(20,978)	(21,278)	(21,798)	(23,723)	(24,918)	(26,014)	(26,877)	(28,101)
Grants and subsidies paid	(5,273)	(6,013)	(6,808)	(7,020)	(7,161)	(7,180)	(7,299)	(7,322)
Interest paid	(1,284)	(1,067)	(848)	(797)	(873)	(731)	(926)	(692)
Other payments	(319)	(1,647)	(1,878)	(1,685)	(1,811)	(1,730)	(1,756)	(1,797)
<b>Total Payments</b>	<b>(27,854)</b>	<b>(30,005)</b>	<b>(31,332)</b>	<b>(33,225)</b>	<b>(34,763)</b>	<b>(35,655)</b>	<b>(36,858)</b>	<b>(37,912)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>3,986</b>	<b>4,306</b>	<b>5,071</b>	<b>4,792</b>	<b>3,740</b>	<b>4,494</b>	<b>5,160</b>	<b>5,697</b>
<b>Net Cash Flows from Investments in Non-financial Assets</b>								
Sales of non-financial assets	627	344	424	486	684	566	473	442
Purchases of non-financial assets	(2,450)	(2,569)	(2,745)	(3,046)	(3,152)	(3,089)	(3,217)	(3,161)
<b>Net Cash Flows from Investments in Non-financial Assets</b>	<b>(1,823)</b>	<b>(2,225)</b>	<b>(2,321)</b>	<b>(2,560)</b>	<b>(2,468)</b>	<b>(2,523)</b>	<b>(2,744)</b>	<b>(2,719)</b>
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>								
	(42)	3,228	756	854	188	44	228	54

**Table 8.13: NSW General Government Sector Cash Flow Statement<sup>(a)</sup> (ABS Basis) (cont)**

	Actual 1999-2000 \$m	Actual 2000-01 \$m	Actual 2001-02 \$m	Revised 2002-03 \$m	Budget 2003-04 \$m	Forward Estimates		
						2004-05	2005-06	2006-07
						\$m	\$m	\$m
<b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>	<b>(257)</b>	<b>(354)</b>	<b>(575)</b>	<b>(2,703)</b>	<b>(1,299)</b>	<b>(1,683)</b>	<b>(2,394)</b>	<b>(2,796)</b>
<b>Net Cash Flows from Financing Activities</b>								
Advances received (net)	(133)	(85)	(220)	(38)	(95)	(41)	(142)	(73)
Borrowing (net)	(2,279)	(4,480)	(2,122)	(940)	(305)	(268)	(331)	(256)
Deposits received (net)	28	(25)	(5)	2	(1)	(1)	(1)	(1)
Other financing (net)	(2)	...	...	1	...	...	...	...
<b>Net Cash Flows from Financing Activities</b>	<b>(2,386)</b>	<b>(4,590)</b>	<b>(2,347)</b>	<b>(975)</b>	<b>(401)</b>	<b>(310)</b>	<b>(474)</b>	<b>(330)</b>
<b>Net Increase / (Decrease) in Cash Held</b>	<b>(522)</b>	<b>365</b>	<b>584</b>	<b>(592)</b>	<b>(240)</b>	<b>22</b>	<b>(224)</b>	<b>(94)</b>
<b>SURPLUS / (DEFICIT)</b>								
<b>Net Cash from Operating Activities and Investments in Non-financial Assets</b>	<b>2,163</b>	<b>2,081</b>	<b>2,750</b>	<b>2,232</b>	<b>1,272</b>	<b>1,971</b>	<b>2,416</b>	<b>2,978</b>
Finance leases and similar arrangements	(284)	(290)	(351)	(347)	(347)	(173)	(125)	(125)
<b>SURPLUS / (DEFICIT)</b>	<b>1,879</b>	<b>1,791</b>	<b>2,399</b>	<b>1,885</b>	<b>925</b>	<b>1,798</b>	<b>2,291</b>	<b>2,853</b>
<i>Notes:</i>								
<i>(a) A positive number denotes a cash inflow, a negative (i.e. bracketed) sign denotes a cash outflow.</i>								
<i>(b) Impacted by the introduction in 2000-01 of the Goods and Services Tax (GST) and the processing arrangements.</i>								
<i>(c) Deposits by the Crown to the Liability Management Fund and the fund's earnings have been set aside to meet future superannuation contributions.</i>								
<b>GFS SURPLUS / (DEFICIT)</b>	<b>1,879</b>	<b>1,791</b>	<b>2,399</b>	<b>1,885</b>	<b>925</b>	<b>1,798</b>	<b>2,291</b>	<b>2,853</b>
Impact of prepayment of superannuation	(1,005)	(1,058)	(1,134)	...	...	...	...	...
Impact of deposits to the Liability Management Fund <sup>(c)</sup>	...	...	...	(1,651)	(847)	(1,629)	(1,988)	(2,364)
<b>UNDERLYING SURPLUS / (DEFICIT) (after adjusting for the timing of superannuation contributions)</b>	<b>874</b>	<b>733</b>	<b>1,265</b>	<b>234</b>	<b>78</b>	<b>169</b>	<b>303</b>	<b>489</b>

**Table 8.14: NSW Public Non-financial Corporation Sector Cash Flow Statement<sup>(a) (b) (c)</sup> (ABS Basis)**

	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<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>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
<b>Cash Receipts from Operating Activities</b>								
Receipts from sales of goods and services	9,591	10,756	9,427	9,587	10,023	10,639	11,304	11,892
Grants/subsidies received	1,866	1,957	2,022	2,095	2,123	2,137	2,149	2,119
Other receipts	1,260	1,934	1,961	1,930	1,949	2,060	2,144	2,232
<b>Total Receipts</b>	<b>12,717</b>	<b>14,647</b>	<b>13,410</b>	<b>13,612</b>	<b>14,095</b>	<b>14,836</b>	<b>15,597</b>	<b>16,243</b>
<b>Cash Payments for Operating Activities</b>								
Payment for goods and services	(8,352)	(9,365)	(7,622)	(8,290)	(8,685)	(8,878)	(9,064)	(9,552)
Grants and subsidies paid	(70)	(144)	8	(106)	(126)	(121)	(130)	(136)
Interest paid	(711)	(722)	(820)	(859)	(889)	(944)	(1,034)	(1,122)
Other payments	(384)	(1,751)	(1,821)	(1,599)	(1,574)	(1,651)	(1,921)	(1,919)
<b>Total Payments</b>	<b>(9,517)</b>	<b>(11,982)</b>	<b>(10,255)</b>	<b>(10,854)</b>	<b>(11,274)</b>	<b>(11,594)</b>	<b>(12,149)</b>	<b>(12,729)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>3,200</b>	<b>2,665</b>	<b>3,155</b>	<b>2,758</b>	<b>2,821</b>	<b>3,242</b>	<b>3,448</b>	<b>3,514</b>
<b>Net Cash Flows from Investments in Non-financial Assets</b>								
Sales of non-financial assets	390	282	358	303	276	132	189	103
Purchases of non-financial assets	(2,729)	(2,510)	(2,989)	(3,269)	(3,640)	(3,974)	(4,002)	(3,835)
<b>Net Cash Flows from Investments in Non-financial Assets</b>	<b>(2,339)</b>	<b>(2,228)</b>	<b>(2,631)</b>	<b>(2,966)</b>	<b>(3,364)</b>	<b>(3,842)</b>	<b>(3,813)</b>	<b>(3,732)</b>
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>								
	(1)	(6)	579	7	(27)	(18)	(23)	(9)
<b>Net Cash Flows from Investments in Assets for Liquidity Purposes</b>								
	383	(69)	49	287	22	(21)	(1)	(107)

**Table 8.14: NSW Public Non-financial Corporation Sector Cash Flow Statement<sup>(a) (b) (c)</sup> (ABS Basis) (cont)**

	Actual	Actual	Actual	Revised	Budget	Forward Estimates		
	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Net Cash Flows from Financing Activities</b>								
Advances received (net)	(22)	(3,230)	(798)	(591)	(165)	(28)	(224)	(69)
Borrowing (net)	(110)	3,253	640	711	1,372	1,367	1,632	1,470
Deposits received (net)	1	10	42	...	8	8	7	4
Distributions paid	(824)	(758)	(671)	(583)	(743)	(944)	(891)	(1,027)
Other financing (net)	(32)	25	(20)	...	1	...	...	...
<b>Net Cash Flows from Financing Activities</b>	<b>(987)</b>	<b>(700)</b>	<b>(807)</b>	<b>(463)</b>	<b>473</b>	<b>403</b>	<b>524</b>	<b>378</b>
<b>Net Increase / (Decrease) in Cash Held</b>	<b>256</b>	<b>(338)</b>	<b>345</b>	<b>(377)</b>	<b>(75)</b>	<b>(236)</b>	<b>135</b>	<b>44</b>
<b>SURPLUS / (DEFICIT)</b>								
<b>Net Cash from Operating Activities and Investments in Non-financial Assets</b>								
Distribution paid	(824)	(758)	(671)	(583)	(743)	(944)	(891)	(1,027)
Finance leases and similar arrangements	...	...	...	...	...	...	...	...
<b>SURPLUS / (DEFICIT)</b>	<b>37</b>	<b>(321)</b>	<b>(147)</b>	<b>(791)</b>	<b>(1,286)</b>	<b>(1,544)</b>	<b>(1,256)</b>	<b>(1,245)</b>
<i>Notes:</i>								
<i>(a) The public non-financial corporation (PNFC) sector is also referred to in these budget papers as the public trading enterprise (PTE) sector.</i>								
<i>(b) A positive number denotes a cash inflow, a negative (i.e. bracketed) sign denotes a cash outflow.</i>								
<i>(c) Refer to commentary earlier in this chapter on the impact of the 2000 Olympic and Paralympic Games on the results.</i>								
<b>GFS SURPLUS / (DEFICIT)</b>								
	<b>37</b>	<b>(321)</b>	<b>(147)</b>	<b>(791)</b>	<b>(1,286)</b>	<b>(1,544)</b>	<b>(1,256)</b>	<b>(1,245)</b>
<i>Reversing the impact of SOCOG and SPOC operations</i>								
	(343)	340	68	...	...	...	...	...
<b>UNDERLYING SURPLUS / (DEFICIT) adjusted to exclude SOCOG &amp; SPOC</b>								
	<b>(306)</b>	<b>19</b>	<b>(79)</b>	<b>(791)</b>	<b>(1,286)</b>	<b>(1,544)</b>	<b>(1,256)</b>	<b>(1,245)</b>

**Table 8.15: NSW Non-financial Public Sector Cash Flow Statement<sup>(a) (b)</sup> (ABS Basis)**

						<i>Forward Estimates</i>		
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Revised</i>	<i>Budget</i>			
	<i>1999-2000</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
<b>Cash Receipts from Operating Activities</b>								
Taxes received <sup>(c)</sup>	14,543	12,569	12,522	13,256	13,530	14,216	15,055	15,954
Receipts from sales of goods and services	12,300	13,068	12,050	12,339	12,724	13,465	14,195	14,810
Grants/subsidies received <sup>(c)</sup>	11,027	14,602	16,738	17,355	17,230	17,728	18,509	18,759
Other receipts	2,964	4,713	4,710	4,903	5,000	5,228	5,514	5,805
<b>Total Receipts</b>	<b>40,834</b>	<b>44,952</b>	<b>46,020</b>	<b>47,853</b>	<b>48,484</b>	<b>50,637</b>	<b>53,273</b>	<b>55,328</b>
<b>Cash Payments for Operating Activities</b>								
Payment for goods and services	(28,581)	(29,831)	(28,613)	(31,395)	(32,721)	(34,057)	(35,073)	(36,759)
Grants and subsidies paid	(3,494)	(4,199)	(4,896)	(5,018)	(5,223)	(5,157)	(5,285)	(5,358)
Interest paid	(1,931)	(1,723)	(1,614)	(1,603)	(1,711)	(1,626)	(1,912)	(1,766)
Other payments	(471)	(3,023)	(3,347)	(2,871)	(3,012)	(3,006)	(3,287)	(3,261)
<b>Total Payments</b>	<b>(34,477)</b>	<b>(38,776)</b>	<b>(38,470)</b>	<b>(40,887)</b>	<b>(42,667)</b>	<b>(43,846)</b>	<b>(45,557)</b>	<b>(47,144)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>6,357</b>	<b>6,176</b>	<b>7,550</b>	<b>6,966</b>	<b>5,817</b>	<b>6,791</b>	<b>7,716</b>	<b>8,184</b>
<b>Net Cash Flows from Investments in Non-financial Assets</b>								
Sales of non-financial assets	1,011	626	782	789	961	698	662	545
Purchases of non-financial assets	(5,177)	(5,076)	(5,729)	(6,314)	(6,791)	(7,062)	(7,218)	(6,995)
<b>Net Cash Flows from Investments in Non-financial Assets</b>	<b>(4,166)</b>	<b>(4,450)</b>	<b>(4,947)</b>	<b>(5,525)</b>	<b>(5,830)</b>	<b>(6,364)</b>	<b>(6,556)</b>	<b>(6,450)</b>
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>								
	(88)	(7)	537	306	(3)	(29)	(20)	(24)
<b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>								
	126	(423)	(526)	(2,415)	(1,276)	(1,704)	(2,395)	(2,903)

**Table 8.15: NSW Non-financial Public Sector Cash Flow Statement<sup>(a) (b)</sup> (ABS Basis) (cont)**

	Actual	Actual	Actual	Revised	Budget	Forward Estimates		
	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Net Cash Flows from Financing Activities</b>								
Advances received (net)	(110)	(85)	(230)	(51)	(95)	(42)	(142)	(73)
Borrowing (net)	(2,388)	(1,227)	(1,472)	(250)	1,067	1,127	1,301	1,215
Deposits received (net)	29	(14)	38	2	6	7	6	3
Distributions paid	...	...	...	...	...	...	...	...
Other financing (net)	(32)	23	(21)	(1)	...	1	1	...
<b>Net Cash Flows from Financing Activities</b>	<b>(2,501)</b>	<b>(1,303)</b>	<b>(1,685)</b>	<b>(300)</b>	<b>978</b>	<b>1,093</b>	<b>1,166</b>	<b>1,145</b>
<b>Net Increase / (Decrease) in Cash Held</b>	<b>(272)</b>	<b>(7)</b>	<b>929</b>	<b>(968)</b>	<b>(314)</b>	<b>(213)</b>	<b>(89)</b>	<b>(48)</b>
<b>SURPLUS / (DEFICIT)</b>								
<b>Net Cash from Operating Activities and Investments in Non-financial Assets</b>								
Distribution paid	...	...	...	...	...	...	...	...
Finance leases and similar arrangements	(284)	(290)	(351)	(347)	(347)	(173)	(125)	(125)
<b>SURPLUS / (DEFICIT)</b>	<b>1,907</b>	<b>1,436</b>	<b>2,252</b>	<b>1,094</b>	<b>(360)</b>	<b>254</b>	<b>1,035</b>	<b>1,609</b>
<i>Notes:</i>								
<i>(a) A positive number denotes a cash inflow, a negative (i.e. bracketed) sign denotes a cash outflow.</i>								
<i>(b) Refer to commentary earlier in this chapter on the impact of the 2000 Olympic and Paralympic Games on the results.</i>								
<i>(c) Impacted by the introduction in 2000-01 of the Goods and Services Tax (GST) and the processing arrangements.</i>								
<i>(d) Deposits by the Crown to the Liability Management Fund and the fund's earnings have been set aside to meet future superannuation contributions.</i>								
<b>GFS SURPLUS / (DEFICIT)</b>	<b>1,907</b>	<b>1,436</b>	<b>2,252</b>	<b>1,094</b>	<b>(360)</b>	<b>254</b>	<b>1,035</b>	<b>1,609</b>
<i>Impact of prepayment of superannuation</i>	<i>(1,005)</i>	<i>(1,058)</i>	<i>(1,134)</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
<i>Impact of deposits to the Liability Management Fund<sup>(d)</sup></i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>(1,651)</i>	<i>(847)</i>	<i>(1,629)</i>	<i>(1,988)</i>	<i>(2,364)</i>
<i>Impact of SOCOG and SPOC operations</i>	<i>(200)</i>	<i>389</i>	<i>(12)</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
<b>UNDERLYING SURPLUS / (DEFICIT) (after adjusting for the timing of superannuation contributions and excluding SOCOG and SPOC operations)</b>	<b>702</b>	<b>767</b>	<b>1,106</b>	<b>(557)</b>	<b>(1,207)</b>	<b>(1,375)</b>	<b>(953)</b>	<b>(755)</b>

**Table 8.16: NSW General Government Sector Taxes (ABS Basis)**

	<i>Revised 2002-03 \$m</i>	<i>Budget 2003-04 \$m</i>
Taxes on employers' payroll and labour force	<b>4,128</b>	<b>4,389</b>
Taxes on property		
Land taxes	1,134	1,251
Stamp duties on financial and capital transactions	4,238	4,052
Financial institutions' transaction taxes	3	...
Other	60	57
Total taxes on property	<b>5,435</b>	<b>5,360</b>
Taxes on the provision of goods and services		
Excises and levies	...	...
Taxes on gambling	1,261	1,309
Taxes on insurance	1,278	1,246
Total taxes on the provision of goods and services	<b>2,539</b>	<b>2,555</b>
Taxes on use of goods and performance of activities		
Motor vehicle taxes	1,656	1,725
Franchise taxes	8	8
Other	153	162
Total taxes on use of goods and performance of activities	<b>1,817</b>	<b>1,895</b>
<b>Total GFS Taxation Revenue</b>	<b>13,919</b>	<b>14,199</b>

## 8.6 LOAN COUNCIL REPORTING REQUIREMENTS

Table 8.17 presents estimates of the State's Loan Council allocation (LCA) for 2003-04.

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 in a case of private sector default and disclosed as a footnote to, rather than a component, of LCAs.

The 2003-04 estimated NSW Loan Council allocation is a deficit of \$1,306 million, compared to an original deficit allocation of \$809 million.

**Table 8.17: 2003-04 Loan Council Allocation Estimates, NSW**

	<i>Loan Council Allocation 2003-04 \$m</i>	<i>Budget-time Estimate 2003-04 \$m</i>
General government sector cash deficit / (surplus)	(1,325)	(925)
Public Non-financial Corporations sector cash deficit / (surplus)	1,121	1,286
Non-financial public sector cash deficit / (surplus) <sup>(a)</sup>	<b>(204)</b>	<b>360</b>
Minus Net cash flows from investments in financial assets for policy purposes <sup>(b)</sup>	(40)	3
Plus Memorandum items <sup>(c)</sup>	1,053	943
<b>Loan Council Allocation</b>	<b>809</b>	<b>1,306</b>

Notes:

(a) Does not directly equate to the sum of the general government and PTE 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.

## 8.7 PRIVATE SECTOR INFRASTRUCTURE PROJECTS

### CONTRACTS TO BE ENTERED INTO IN 2002-03

#### Cross City Tunnel

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

The Cross City Tunnel will comprise twin two-lane tunnels between the Kings Cross Tunnel and the Western Distributor, with connections to the Eastern Distributor.

Removing most east-west through traffic from the City Centre will improve the local environment, will allow more bus priority (both east-west and north-south), will improve conditions for pedestrians, and will allow lanes to be marked for cyclists.

An Environmental Impact Statement (EIS) was exhibited from 2 August to 6 October 2000. The Minister for Planning approved the project in October 2001.

A Supplementary EIS has been exhibited, incorporating changes suggested by the preferred proponent to improve the tunnel's configuration and enhance traffic flow.

The final cost to design, construct, operate and maintain the tollway project is estimated to be \$680 million. The contracts were signed on 18 December 2002 with the Cross City Motorway Consortium (*Baulderstone-Hornibrook Pty Limited / Bilfinger+Berger Bauaktiengesellschaft, Deutsche Bank AG*).

Construction work commenced in January 2003 and is expected to be completed in late 2005. The project will be funded by toll revenues.

Government Contingent Liability
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Nil
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#### Western Sydney Orbital Road

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

The Western Sydney Orbital will be a 39km long road linking the Hume Highway / M5 at Prestons with the M2 at West Baulkham Hills. On completion in 2006, the route will form part of the National Highway system. The expected route will consist of two travel lanes in each direction and a wide central median which will allow for the possible construction of extra traffic lanes or public transport facilities in the future.

The EIS was placed on display in February and March 2001. The Minister for Planning approved the project with conditions on 28 February 2002.

Westlink Motorway Limited (*Leighton Contractors Pty Ltd and Abigroup Contractors Pty Ltd*) was appointed the Preferred Proponent and a contract was signed on 14 January 2003.

The estimated construction cost of the project is \$1,850 million. The Federal Government is providing around \$360 million, which will be used for the acquisition of land and project development costs. The balance of the project cost will be funded by toll revenue.

The contractor is establishing a site with substantial construction work expected to commence in June 2003.

Government Contingent Liability
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Nil
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## **Waste Services – Alternative Waste Technology**

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

Waste Service NSW entered into a contract with Global Renewables Eastern Creek Pty Limited (Global Renewables) in March 2003. Global Renewables will design, build, own and operate an alternative waste treatment facility on the Eastern Creek land-fill site. The facility will sort recyclables, compost waste and convert waste to energy, reducing the amount of household waste going to land-fill. The initial total construction cost of the facility is estimated to be \$70 million, with provision to expand the facility under the operating agreement. It is estimated that the facility will be completed by June 2004.

Under the 25 year operating arrangement, Waste Service will:

- ◆ secure supply of waste at a specified standard; and
- ◆ pay Global Renewables for processed waste at a contracted and performance based price.

Councils and other waste generators will be able to contract their waste to the Global Renewables facility. Waste Service NSW may also divert waste from its existing facilities to the Global Renewables facility. Costs will be recovered through Waste Service NSW's normal gate charge.

Government Contingent Liability
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Nil
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## CONTRACTS TO BE ENTERED INTO IN 2003-04

### Lane Cove Tunnel

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

The Lane Cove Tunnel will link the M2 Motorway at East Ryde and the Gore Hill Freeway at Artarmon. The proposed 3.4 kilometre twin tunnels have been designed to run under Epping Road as much as practical.

The Project also includes:

- ◆ modification to Epping Road / Longueville Road to provide bus lanes in each direction, additional right turn lanes, a continuous bicycle path from Wicks Road, Ryde to Naremburn, and other improvements to the Urban environment;
- ◆ an extra westbound lane on Epping Road from Lane Cove River to Wicks Road;
- ◆ widening the Gore Hill Freeway to include a transit lane in each direction between the Pacific Highway and Warringah Freeway; and.
- ◆ adding new north facing ramps between Falcon Street and the Warringah Freeway to provide access between the Warringah Freeway and Falcon Street/Military Road.

Four proponents submitted detailed proposals on 24 January 2003. They are:

- ◆ Lane Cove Expressway (*Baulderstone Hornibrook Pty Ltd, Bilfinger Berger Aktiengesellschaft, Commonwealth Bank of Australia, Transurban Infrastructure Developments Limited*);
- ◆ Lane Cove Motorway Consortium (*Leighton Contractors Pty Limited, Deutsche Bank AG*);

- ◆ Lane Cove Tunnel Consortium (*Thiess Pty Ltd, Transfield Pty Ltd, ABN AMRO Australia Limited*); and
- ◆ TunnelLink Limited (*Ferrovial Infraestructuras SA, Macquarie Bank Limited, Abigroup Limited*).

Assessment of proposals is in progress with a preferred proponent to be nominated in mid 2003.

The estimated project cost is \$815 million. The project is to be funded by toll revenue.

Government Contingent Liability	To Be Determined
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### **Royal Prince Alfred Hospital Car Park**

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

Detailed proposals have been submitted by the private sector to finance and build a new 1,000 space car park on the Royal Prince Alfred Hospital campus. The total construction cost for the project is estimated to be \$13.5 million. The successful proponent will, under a 20 or 25 year licence, operate and collect user charges from around 1,300 campus car park spaces, including the 1,000 new spaces.

The form of the arrangement is expected to be similar to that for the Randwick and St George Hospital Car Parks. The expected contract execution date is August 2003. At this time no government liability is anticipated based on the termination provisions of the draft contract.

Government Contingent Liability	To Be Determined
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**Table 8.18: NSW General Government Sector Expenses by Function (ABS Basis)**

	<i>Revised 2002-03 \$m</i>	<i>Budget 2003-04 \$m</i>
General public services	1,140	1,173
Defence	...	...
Public order and safety	3,610	3,819
Education	9,505	9,764
Health	8,763	9,377
Social security and welfare	2,598	2,767
Housing and community amenities	1,452	1,323
Recreation and culture	943	905
Fuel and energy	61	66
Agriculture, forestry, fishing and hunting	637	617
Mining, manufacturing and construction	109	111
Transport and communications	3,709	3,730
Other economic affairs	865	826
Other purposes	2,170	2,368
<b>Total GFS Expenses</b>	<b>35,562</b>	<b>36,846</b>

**Table 8.19: NSW General Government Sector Purchases of Non-Financial Assets <sup>(a)</sup>**

	<i>Revised 2002-03 \$m</i>	<i>Budget 2003-04 \$m</i>
General public services <sup>(b)</sup>	54	250
Defence	...	...
Public order and safety	353	361
Education	407	408
Health	484	458
Social security and welfare	50	33
Housing and community amenities	86	58
Recreation and culture	169	130
Fuel and energy	1	7
Agriculture, forestry, fishing and hunting	47	48
Mining, manufacturing and construction	1	9
Transport and communications	1,336	1,276
Other economic affairs	46	33
Other purposes	12	81
<b>Total GFS Expenses</b>	<b>3,046</b>	<b>3,152</b>

<sup>(a)</sup> Includes land and secondhand assets, however excludes assets acquired under finance leases.

<sup>(b)</sup> The main finance leasing arrangement for purchasing new motor vehicles expired on 30 June 2003. It is to be replaced with direct motor vehicle purchases commencing 1 July 2003.