

CHAPTER 8: GOVERNMENT FINANCE STATISTICS AND UNIFORM REPORTING FRAMEWORK

- ◆ 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 2007-08 for the general government, public trading enterprise and consolidated sectors.
- ◆ The Loan Council allocation estimate for 2004-05 is a deficit of \$1,353 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)¹ sectors according to international statistical standards and in accordance with a uniform reporting framework agreed by the Australian Loan Council. 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

¹ 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".

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

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 economic type. In addition to the UPF minimum disclosure requirements, these reports also include a historical and forward year time series. This is followed by tables of general government taxes by type, and expenses and purchases of non-financial assets by function. The functional reports are prepared according to the Australian Bureau of Statistics general purpose classifications.

Section 8.6 presents estimates of the State's Loan Council allocation (LCA) for 2004-05 and compares this to the original LCA bid provided to the March 2003 Treasurers' Conference. Information is also presented in Section 8.7 on new infrastructure projects for 2003-04 and 2004-05 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 within the operating and cash flow statements 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 revenues² and GFS expenses³. This statement is designed to capture the composition of revenues and expenses and the net cost of government activities within a fiscal year. It shows the full cost of resources consumed by 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*⁴ 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 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;

² *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.*

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

⁴ *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 under GFS discloses an equity investment in the public financial enterprise (PFE)⁵ 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 borrowings and net advances received less cash and investments.

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 (ie it includes superannuation and insurance 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. However, given that many public sector assets do not generate a financial return or are not saleable assets, net worth does not give a good indication of fiscal sustainability.

The difference between total assets and total liabilities for the PTE and PFE sector 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.

⁵ 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, which commenced operations in 2002-03. 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 distorting 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. 5501.0.55.001).

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 Rail Corporation New South Wales.

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 TRADING ENTERPRISE SECTOR

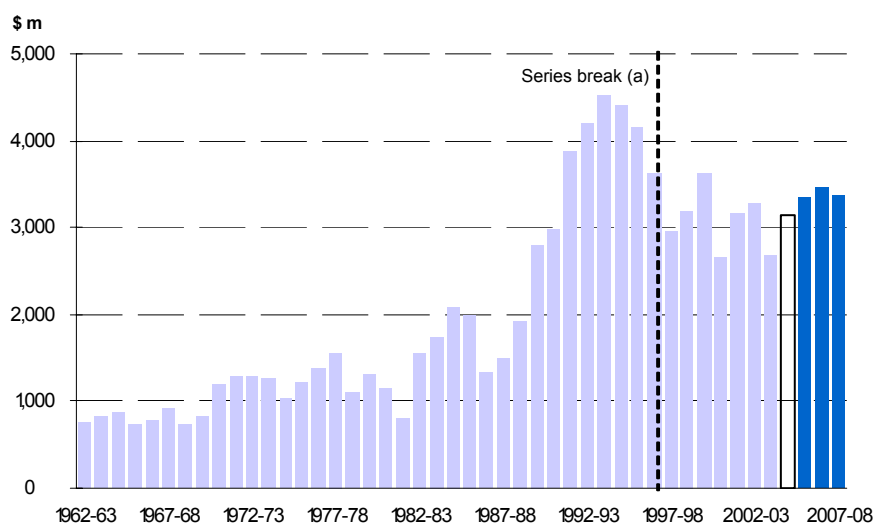
The operations of the general government sector are discussed in previous chapters of Budget Paper No. 2. This section focuses on the performance and projections of the Public Trading Enterprise (PTE) Sector.

PTE Sector Performance and the Commercial Policy Framework

The PTE sector includes a diverse range of businesses engaging in commercial activity. Most of these businesses are profitable on a stand-alone basis (e.g. electricity). These entities therefore provide a return to the Government. Others address 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.

The PTE sector has traditionally performed strongly, displaying significant operating surpluses on a cash basis. Chart 8.1 shows a consistent pattern of large cash operating surpluses in the PTE sector, particularly since the introduction of the Commercial Policy Framework in the early 1990s. Net cash flows from operating activities have consistently been above \$2.5 billion in the last four years and are forecast to rise to \$3.6 billion in nominal terms by 2006-07.

Chart 8.1: Net Cash Flows from Operating Activities, Real 2003-04 dollars



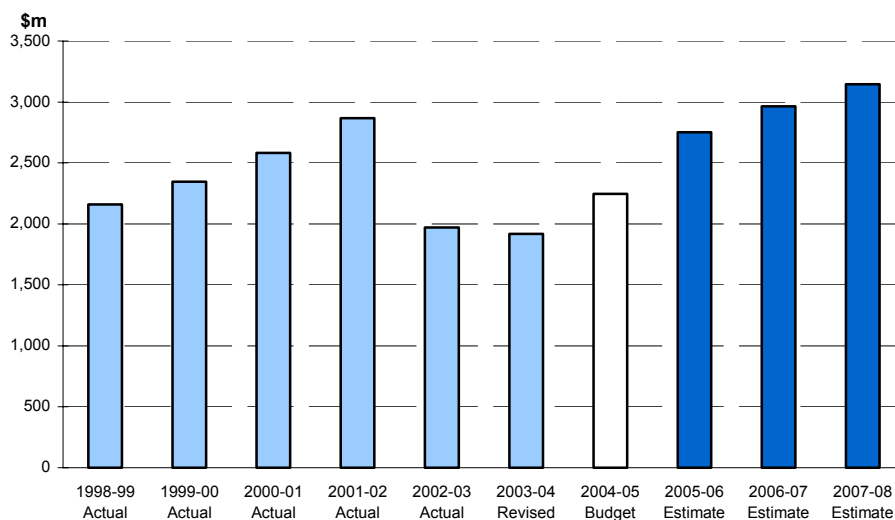
(a) Accrual GFS framework is used from 1996-97. The cash GFS framework applies in the prior period. The cash result is similar between the two frameworks.

The establishment of the Commercial Policy Framework, a major initiative of the Greiner Government which continues to be applied today, has undoubtedly contributed to the turnaround in financial performance since the early 1990s. In establishing the Framework, the Government introduced a range of reform initiatives aimed at commercialising the PTE sector. The reforms 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 Framework and will continue to seek efficiencies in the PTE sector.

Public Trading Enterprise Sector – Trends and Outlook

Table 8.1 presents the PTE sector operating statement over the four years ending 2003-04 (with the Olympic impacts removed in 2000-01 and 2001-02). Under the accrual GFS framework, a good measure of the financial health of the PTE sector is the net operating surplus before interest, dividends and taxes. This measure is equivalent to earnings before interest and taxes (EBIT) commonly used by company analysts. Chart 8.2 shows the net operating surplus before interest, dividends and taxes for the PTE sector in the period 1998-99 to 2007-08 (also with Olympic impacts removed).

Chart 8.2: Net Operating Balance before Interest, Dividends and Taxes



The PTE sector’s net operating surplus before interest, dividends and taxes rose from \$2,159 million in 1998-99 to a recent peak of \$2,868 million in 2001-02. The PTE sector’s net operating surplus declined to \$1,970 million in 2002-03 and is expected to reach a trough at \$1,918 million in 2003-04.

The largest factor contributing to the sector's decline in performance in 2002-03 was a change in accounting standards which saw the rail track assets capitalised at fair value rather than at their recoverable amount increasing asset values by \$7.8 billion and annual depreciation charges by over \$400 million per annum.

Table 8.1: Public Trading Enterprise Sector Operating Statement 2000-01 to 2003-04 (adjusted for Olympic impacts) ^(a)

	<i>Actual 2000-01 \$m</i>	<i>Actual 2001-02 \$m</i>	<i>Actual 2002-03 \$m</i>	<i>Revised 2003-04 \$m</i>
Revenue				
Sales of goods and services	9,238	9,336	9,371	9,789
Current grants and subsidies	1,063	1,072	1,404	1,592
Capital grants	771	925	690	638
Interest income	99	78	85	70
Other	844	870	827	1,040
Total Revenue	12,015	12,281	12,377	13,129
less Expenses				
Employee Expenses	3,360	3,005	2,972	3,250
Depreciation	1,499	1,563	2,068	2,138
Other Operating Expenses	4,444	4,676	5,248	5,712
Interest expenses	825	813	823	833
Other property expenses	981	1,294	1,244	1,455
Current transfers	73	78	85	111
Capital transfers	56	92	32	...
Total Expenses	11,238	11,521	12,472	13,499
equals Net Operating Balance	777	760	(95)	(370)
<i>Net Operating Balance before Interest, Dividends & Taxes</i>	<i>2,582</i>	<i>2,868</i>	<i>1,970</i>	<i>1,918</i>
less Net Acquisition of Non-financial Assets				
Purchase of non-financial assets	2,509	2,989	3,352	3,557
Sales of non-financial assets	(315)	(302)	(332)	(235)
less Depreciation	(1,499)	(1,563)	(2,068)	(2,138)
plus Change in inventories	141	58	47	96
plus Other movements in non-financial assets	159	166	119	139
equals Total Net Acquisition of Non-financial Assets	995	1,348	1,118	1,419
equals Net Lending / (Borrowing)	(218)	(588)	(1,213)	(1,789)

(a) The table excludes the impact of the Olympics through SOCOG and SPOC in 2000-01 and 2001-02. The Olympics are not considered part of the normal operating scope of the PTE sector.

In addition, the disposal of PowerCoal and Pacific Power International resulted in wind up costs within the electricity sector including significant redundancy payments and other leave costs.

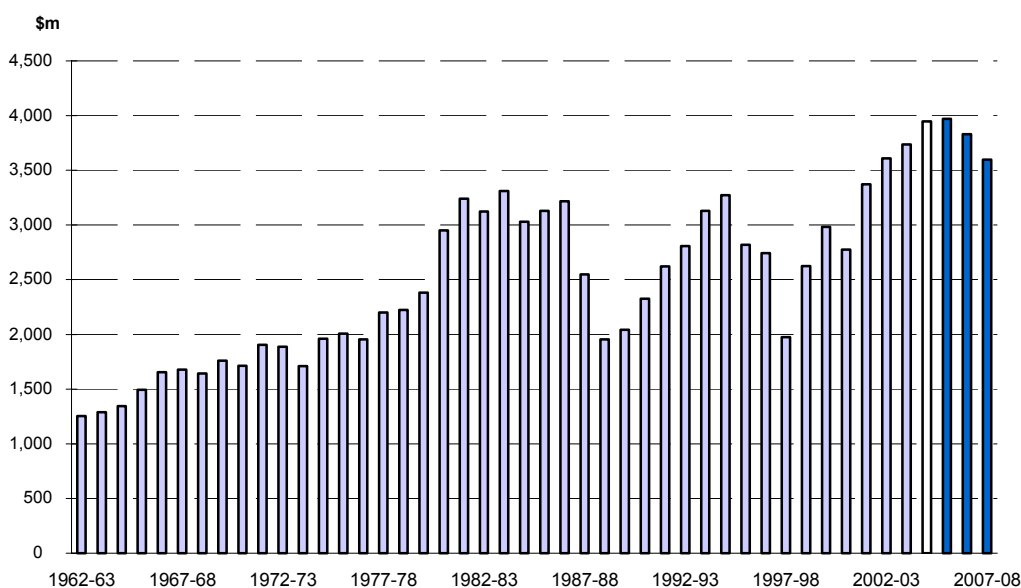
Much improved performance in the electricity sector in 2003-04 was offset by a further deterioration in the performance in the rail sector. A greater focus on improved customer safety, more accurate scheduling timeliness and greater customer comfort in the provision of rail services resulted in additional maintenance and employee spending on rail infrastructure and customer facilities.

The PTE sector's operating performance is projected to recover strongly over the forward estimates period. The PTE sector's net operating surplus before interest, dividends and taxes is projected to grow from \$2,246 million in 2004-05 to \$3,145 million in 2007-08. The electricity sector is expected to record the greatest improvement due to revenue growth. Overall, cost pressures in the PTE sector should be contained with key reforms being implemented in the transport, housing and the water sectors.

PTE Sector and State Infrastructure Provision

The PTE sector plays an important role in infrastructure provision in the State. Chart 8.3 shows capital expenditure by the PTE sector in the period 1962-63 to 2007-08 expressed in real terms. Over the forward estimates period, the PTE sector is projected to sustain high rates of capital investment.

Chart 8.3: PTE Sector New Fixed Capital Expenditure, Real 2003-04 dollars



Transport, electricity distribution and water sectors are expected to account for most PTE capital investment over the forward estimates period. More detail on the capital investment plans of the PTE sector is outlined in the State Asset Acquisition Program contained in Budget Paper No. 4.

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 8.2 through to 8.13 of this Section provides estimates on a comparable basis to those which the ABS will be publishing.

Table 8.2: NSW General Government Sector Operating Statement (ABS Basis)

	<i>Actual 1999-2000 \$m</i>	<i>Actual 2000-01 \$m</i>	<i>Actual 2001-02 \$m</i>	<i>Actual 2002-03 \$m</i>	<i>Revised 2003-04 \$m</i>	<i>Budget 2004-05 \$m</i>	<i>Forward Estimates</i>		
							<i>2005-06 \$m</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>
GFS Revenue									
Taxation revenue ^(a)	15,191	13,343	13,216	14,154	14,932	15,521	16,337	17,287	18,332
Current grants and subsidies ^(a)	10,098	13,741	15,873	16,475	16,881	17,148	17,940	18,699	19,435
Capital grants	889	866	891	914	974	1,005	981	1,029	966
Sales of goods and services	2,792	2,659	2,699	2,914	2,911	3,028	3,091	3,125	3,203
Interest income	476	471	282	440	736	778	901	1,012	1,139
Other	2,445	2,537	2,549	2,861	2,894	2,881	2,961	3,039	3,076
Total Revenue	31,891	33,617	35,510	37,758	39,328	40,361	42,211	44,191	46,151
less GFS Expenses									
Employee expenses	12,824	13,283	13,877	15,314	16,719	17,603	18,412	19,216	20,105
Depreciation	1,472	1,402	1,638	1,779	1,816	1,861	1,920	1,977	1,978
Other operating expenses	8,289	8,749	9,658	10,081	9,944	10,368	10,808	11,402	12,128
Nominal superannuation interest expense	479	438	564	745	851	913	1,013	1,118	1,227
Other interest expenses	1,343	1,016	868	803	788	785	734	676	667
Other property expenses	...	...	...	...	...	...	...	...	...
Current transfers	4,488	4,955	5,475	5,942	6,702	6,613	6,795	6,895	7,017
Capital transfers	993	2,287	1,864	1,342	1,217	1,382	1,418	1,371	1,197
Total Expenses	29,888	32,130	33,944	36,006	38,037	39,525	41,100	42,655	44,319
equals GFS Net Operating Balance	2,003	1,487	1,566	1,752	1,291	836	1,111	1,536	1,832

Table 8.2: NSW General Government Sector Operating Statement (ABS Basis) (cont)

		<i>Actual</i>	<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>2007-08</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>	<i>\$m</i>
less	Net Acquisition of Non-financial Assets									
	Purchases of non-financial assets ^(b)	2,450	2,569	2,745	3,004	3,102	3,455	3,320	3,510	3,568
less	Sales of non-financial assets	(681)	(372)	(596)	(366)	(431)	(586)	(375)	(300)	(238)
less	Depreciation	(1,472)	(1,402)	(1,638)	(1,779)	(1,816)	(1,861)	(1,920)	(1,977)	(1,978)
plus	Change in inventories	(3)	11	...	4	(3)	(1)	(1)	(5)	(2)
plus	Other movements in non-financial assets									
	- finance leases ^(b)	283	290	351	345	315	159	147	117	107
	- other	104	(134)	125	81	87	49	58	76	83
equals	Total Net Acquisition of Non-financial Assets	681	962	987	1,289	1,254	1,215	1,229	1,421	1,540
equals	GFS Net Lending / (Borrowing)	1,322	525	579	463	37	(379)	(118)	115	292

Note:

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

(b) Elsewhere in the Budget Papers references are made to Asset Acquisitions, which comprise purchases of non-financial assets and assets acquired under finance lease arrangements.

Table 8.3: NSW Public Non-financial Corporation Sector Operating Statement ^{(a) (b)} (ABS Basis)

	<i>Actual 1999-2000 \$m</i>	<i>Actual 2000-01 \$m</i>	<i>Actual 2001-02 \$m</i>	<i>Actual 2002-03 \$m</i>	<i>Revised 2003-04 \$m</i>	<i>Budget 2004-05 \$m</i>	<i>Forward Estimates</i>		
							<i>2005-06 \$m</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>
GFS Revenue									
Sales of goods and services	9,234	11,564	9,347	9,371	9,789	10,463	11,059	11,617	12,104
Current grants and subsidies	1,101	1,071	1,072	1,404	1,592	1,518	1,559	1,482	1,477
Capital grants	602	771	925	690	638	763	711	679	566
Interest income	97	142	78	85	70	62	57	60	64
Other	1,167	843	870	827	1,040	835	928	974	1,035
Total Revenue	12,201	14,391	12,292	12,377	13,129	13,641	14,314	14,812	15,246
less GFS Expenses									
Employee expenses	2,888	3,360	3,005	2,972	3,250	3,035	3,046	3,020	3,092
Depreciation	1,389	1,514	1,563	2,068	2,138	2,170	2,113	2,195	2,211
Other operating expenses	5,391	6,637	4,676	5,248	5,712	6,059	6,300	6,527	6,689
Interest expenses	692	825	813	823	833	885	983	1,091	1,214
Other property expenses	1,215	981	1,294	1,244	1,455	1,573	1,682	1,780	1,789
Current transfers	70	73	78	85	111	132	102	105	108
Capital transfers	63	56	92	32	...	...	...	...	...
Total Expenses	11,708	13,446	11,521	12,472	13,499	13,854	14,226	14,718	15,103
equals GFS Net Operating Balance	493	945	771	(95)	(370)	(213)	88	94	143

Table 8.3: NSW Public Non-financial Corporation Sector Operating Statement ^{(a) (b)} (ABS Basis) (cont)

		Actual 1999-2000	Actual 2000-01	Actual 2001-02	Actual 2002-03	Revised 2003-04	Budget 2004-05	Forward Estimates		
								2005-06	2006-07	2007-08
								\$m	\$m	\$m
less	Net Acquisition of Non-financial Assets									
	Purchases of non-financial assets	2,729	2,510	2,989	3,352	3,557	3,852	3,970	3,926	3,780
less	Sales of non-financial assets	(388)	(315)	(302)	(332)	(235)	(213)	(134)	(171)	(123)
less	Depreciation	(1,389)	(1,514)	(1,563)	(2,068)	(2,138)	(2,170)	(2,113)	(2,195)	(2,211)
plus	Change in inventories	252	(651)	58	47	96	101	39	93	141
plus	Other movements in non-financial assets									
	- finance leases	...	...	...	...	...	...	...	...	...
	- other	97	159	166	119	139	132	183	179	183
	equals Total Net Acquisition of Non-financial Assets	1,301	189	1,348	1,118	1,419	1,702	1,945	1,832	1,770
equals	GFS Net Lending / (Borrowing)	(808)	756	(577)	(1,213)	(1,789)	(1,915)	(1,857)	(1,738)	(1,627)

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.

GFS Net Lending / (Borrowing)	(808)	756	(577)	(1,213)	(1,789)	(1,915)	(1,857)	(1,738)	(1,627)
adjustment to exclude SOCOG and SPOC	274	(974)	(11)	...	...	...	...	...	...
Underlying Net Lending/ (Borrowing)^(b)	(534)	(218)	(588)	(1,213)	(1,789)	(1,915)	(1,857)	(1,738)	(1,627)

Table 8.4: NSW Non-financial Public Sector Operating Statement (ABS Basis) ^(a)

	<i>Actual 1999-2000 \$m</i>	<i>Actual 2000-01 \$m</i>	<i>Actual 2001-02 \$m</i>	<i>Actual 2002-03 \$m</i>	<i>Revised 2003-04 \$m</i>	<i>Budget 2004-05 \$m</i>	<i>Forward Estimates</i>		
							<i>2005-06 \$m</i>	<i>2006-07 \$m</i>	<i>2007-08 \$m</i>
GFS Revenue									
Taxation revenue ^(b)	14,547	12,656	12,597	13,437	14,275	14,841	15,617	16,538	17,548
Current grants and subsidies ^(b)	10,122	13,769	15,852	16,442	16,855	17,118	17,915	18,679	19,415
Sales of goods and services	11,900	14,007	11,933	12,179	12,531	13,345	14,002	14,589	15,150
Capital grants	833	805	886	908	973	1,003	979	1,028	964
Interest income	507	549	306	473	755	788	906	1,020	1,153
Other	2,355	2,166	2,083	2,423	2,394	2,239	2,197	2,236	2,334
Total Revenue	40,264	43,952	43,657	45,862	47,783	49,334	51,616	54,090	56,564
less GFS Expenses									
Employee expenses	15,709	16,640	16,892	18,293	19,854	20,625	21,347	22,225	23,186
Depreciation	2,860	2,916	3,201	3,847	3,954	4,031	4,033	4,172	4,189
Other operating expenses	12,887	14,473	13,598	14,499	14,828	15,591	16,234	17,023	17,874
Nominal superannuation interest expense	479	438	564	745	851	913	1,013	1,118	1,227
Other interest expenses	1,971	1,778	1,627	1,573	1,569	1,618	1,664	1,716	1,830
Other property expenses	...	...	...	...	...	...	...	...	...
Current transfers	3,607	3,919	4,467	4,611	5,239	5,333	5,456	5,563	5,691
Capital transfers	243	1,559	962	638	567	599	671	644	592
Total Expenses	37,756	41,723	41,311	44,206	46,862	48,710	50,418	52,461	54,589
equals GFS Net Operating Balance	2,508	2,229	2,346	1,656	921	624	1,198	1,629	1,975

Table 8.4: NSW Non-financial Public Sector Operating Statement (ABS Basis) (cont) ^(a)

	Actual 1999-2000 \$m	Actual 2000-01 \$m	Actual 2001-02 \$m	Actual 2002-03 \$m	Revised 2003-04 \$m	Budget 2004-05 \$m	Forward Estimates		
							2005-06	2006-07	2007-08
							\$m	\$m	\$m
less Net Acquisition of Non-financial Assets									
Purchases of non-financial assets	5,176	5,075	5,729	6,352	6,657	7,304	7,288	7,434	7,345
less Sales of non-financial assets	(1,063)	(687)	(898)	(698)	(666)	(799)	(509)	(470)	(361)
less Depreciation	(2,860)	(2,916)	(3,201)	(3,847)	(3,954)	(4,031)	(4,033)	(4,172)	(4,189)
plus Change in inventories	249	(641)	58	51	93	101	38	88	139
plus Other movements in non-financial assets									
- finance leases ^(c)	284	290	351	345	316	159	147	117	107
- other	199	27	291	200	226	181	239	252	266
equals Total Net Acquisition of Non-financial Assets	1,985	1,148	2,330	2,403	2,672	2,915	3,170	3,249	3,307
equals GFS Net Lending / (Borrowing)	523	1,081	16	(747)	(1,751)	(2,291)	(1,972)	(1,620)	(1,332)

*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.**(c) Elsewhere in the Budget Papers references made to Asset Acquisitions which comprise purchases of non-financial assets and assets acquired under finance lease arrangements.*

GFS Net Lending / (Borrowing)	523	1,081	16	(747)	(1,751)	(2,291)	(1,972)	(1,620)	(1,332)
adjustment to exclude SOCOG and SPOC	273	(975)	(12)	...	...	...	...	...	...
Underlying Net Lending/ (Borrowing) ^(a)	796	106	4	(747)	(1,751)	(2,291)	(1,972)	(1,620)	(1,332)

Table 8.5: NSW General Government Sector Balance Sheet (ABS Basis)

							<i>Forward Estimates</i>		
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Revised</i>	<i>Budget</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>June 2008</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>	<i>\$m</i>
Assets									
Financial assets									
Cash and deposits	481	1,096	1,719	1,091	794	739	799	805	859
Advances paid	1,696	1,442	1,521	1,401	1,396	1,374	1,370	1,325	1,300
Investments, loans and placements	3,859	3,950	4,409	7,940	9,534	10,332	11,560	13,704	16,469
Other non-equity assets	4,525	4,854	5,172	5,359	5,606	5,837	6,022	6,261	6,369
Equity	46,596	47,501	48,337	66,780	67,053	69,333	69,804	70,277	70,652
Total Financial Assets	57,157	58,843	61,158	82,571	84,383	87,615	89,555	92,372	95,649
Non-financial assets									
Land and fixed assets	64,710	66,306	73,916	78,936	80,181	79,341	80,617	82,081	83,599
Other non-financial assets	754	847	952	1,047	1,150	1,200	1,268	1,353	1,445
Total Non-financial Assets	65,464	67,153	74,868	79,983	81,331	80,541	81,885	83,434	85,044
Total Assets	122,621	125,996	136,026	162,554	165,714	168,156	171,440	175,806	180,693

Table 8.5: NSW General Government Sector Balance Sheet (ABS Basis) (cont)

	Actual June 2000 \$m	Actual June 2001 \$m	Actual June 2002 \$m	Actual June 2003 \$m	Revised June 2004 \$m	Budget June 2005 \$m	Forward Estimates		
							June 2006	June 2007	June 2008
							\$m	\$m	\$m
Liabilities									
Deposits held	90	61	65	53	57	57	58	59	61
Advances received	2,142	2,041	1,826	1,808	1,675	1,631	1,489	1,443	1,396
Borrowing	15,440	12,026	10,814	10,164	9,985	10,026	9,734	9,728	9,832
Superannuation liability ^(a)	5,686	8,127	11,398	14,720	15,084	16,778	18,571	20,420	22,389
Other employee entitlements and provisions	8,223	9,185	9,982	11,156	11,704	12,137	12,644	13,252	13,925
Other non-equity liabilities	3,203	3,055	3,511	3,611	3,561	3,073	3,010	3,037	3,024
Total Liabilities	34,784	34,495	37,596	41,512	42,066	43,702	45,506	47,939	50,627
NET WORTH	87,837	91,501	98,430	121,042	123,648	124,454	125,934	127,867	130,066
Net Financial Worth ^(b)	22,373	24,348	23,562	41,059	42,317	43,913	44,049	44,433	45,022
Net Debt ^(c)	11,636	7,640	5,056	1,593	(7)	(731)	(2,448)	(4,604)	(7,339)
<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 2007-08 inclusive.</i>									
GFS Net Debt ^(c)	11,636	7,640	5,056	1,593	(7)	(731)	(2,448)	(4,604)	(7,339)
Impact of prepayment of superannuation	(2,251)	(1,179)	...	...	...	...	...	...	...
Impact of deposits to the Liability Management Fund	...	...	...	1,651	2,881	4,021	5,421	7,290	9,513
Underlying Net Debt ^{(c) (d)}	9,385	6,461	5,056	3,244	2,874	3,290	2,973	2,686	2,174

Table 8.6: NSW Public Non-financial Corporation Sector Balance Sheet ^(a) (ABS Basis)

	<i>Actual</i>	<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>June 2008</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>	<i>\$m</i>
Assets									
Financial assets									
Cash and deposits	1,324	960	1,289	1,163	908	924	937	1,011	1,052
Investments, loans and placements	875	920	900	568	386	371	381	460	588
Other non-equity assets	2,701	2,350	2,358	2,183	2,203	2,243	2,344	2,398	2,465
Equity	63	139	77	56	43	48	52	60	57
Total Financial Assets	4,963	4,369	4,624	3,970	3,540	3,586	3,714	3,929	4,162
Non-financial assets									
Land and fixed assets	58,883	61,720	62,617	82,892	84,896	88,983	91,310	93,470	95,575
Other non-financial assets	295	304	245	262	294	343	304	275	271
Total Non-financial Assets	59,178	62,024	62,862	83,154	85,190	89,326	91,614	93,745	95,846
Total Assets	64,141	66,393	67,486	87,124	88,730	92,912	95,328	97,674	100,008

Table 8.6: NSW Public Non-financial Corporation Sector Balance Sheet ^(a) (ABS Basis) (cont)

	Actual June 2000 \$m	Actual June 2001 \$m	Actual June 2002 \$m	Actual June 2003 \$m	Revised June 2004 \$m	Budget June 2005 \$m	Forward Estimates		
							June 2006	June 2007	June 2008
							\$m	\$m	\$m
Liabilities									
Deposits held	40	49	85	93	88	92	94	97	99
Advances received	1,379	1,155	1,153	1,116	1,090	1,064	1,038	1,012	985
Borrowing	8,453	11,508	11,721	12,255	13,329	14,785	16,463	18,060	19,816
Superannuation liability/ (prepaid contributions) ^(b)	(402)	(150)	325	736	716	765	814	861	908
Other employee entitlements and provisions	3,843	3,814	4,139	4,242	4,629	5,021	5,227	5,461	5,613
Other non-equity liabilities	3,659	2,198	1,945	2,063	1,994	2,057	2,154	2,228	2,318
Total Liabilities	16,972	18,574	19,368	20,505	21,846	23,784	25,790	27,719	29,739
Shares and other contributed capital ^{(c)(d)}	47,169	47,819	48,118	66,619	66,884	69,128	69,538	69,955	70,269
NET WORTH ^{(c)(d)}	...	...	...	...	...	...	...	...	...
Net Financial Worth ^{(d)(e)}	(59,178)	(62,024)	(62,862)	(83,154)	(85,190)	(89,326)	(91,614)	(93,745)	(95,846)
Net Debt ^(f)	7,673	10,832	10,770	11,733	13,213	14,646	16,277	17,698	19,260

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 \$70.3 billion in 2008 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 8.7: NSW Non-financial Public Sector Balance Sheet (ABS Basis)

	<i>Actual June 2000 \$m</i>	<i>Actual June 2001 \$m</i>	<i>Actual June 2002 \$m</i>	<i>Actual June 2003 \$m</i>	<i>Revised June 2004 \$m</i>	<i>Budget June 2005 \$m</i>	<i>Forward Estimates</i>		
							<i>June 2006 \$m</i>	<i>June 2007 \$m</i>	<i>June 2008 \$m</i>
Assets									
Financial assets									
Cash and deposits	1,805	2,056	3,008	2,254	1,702	1,664	1,736	1,817	1,911
Advances paid	315	286	368	285	306	309	332	313	315
Investments, loans and placements	4,726	4,870	5,309	8,507	9,918	10,701	11,940	14,162	17,055
Other non-equity assets	4,577	4,725	4,666	4,565	4,538	4,522	4,627	4,690	4,733
Equity	(510)	(179)	296	218	211	253	318	382	439
Total Financial Assets	10,913	11,758	13,647	15,829	16,675	17,449	18,953	21,364	24,453
Non-financial assets									
Land and fixed assets	123,593	128,026	136,532	161,828	165,077	168,324	171,927	175,551	179,174
Other non-financial assets	1,053	1,151	1,198	1,318	1,440	1,539	1,567	1,622	1,711
Total Non-financial Assets	124,646	129,177	137,730	163,146	166,517	169,863	173,494	177,173	180,885
Total Assets	135,559	140,935	151,377	178,975	183,192	187,312	192,447	198,537	205,338

Table 8.7: NSW Non-financial Public Sector Balance Sheet (ABS Basis) (cont)

	Actual June 2000 \$m	Actual June 2001 \$m	Actual June 2002 \$m	Actual June 2003 \$m	Revised June 2004 \$m	Budget June 2005 \$m	Forward Estimates		
							June 2006	June 2007	June 2008
							\$m	\$m	\$m
Liabilities									
Deposits held	121	110	149	146	145	149	153	156	159
Advances received	2,142	2,041	1,826	1,808	1,675	1,631	1,488	1,443	1,396
Borrowing	23,884	23,533	22,536	22,418	23,312	24,809	26,196	27,786	29,646
Superannuation liability ^(a)	5,284	7,978	11,723	15,456	15,800	17,543	19,385	21,281	23,297
Other employee entitlements and provisions	10,094	11,182	12,014	13,166	13,724	14,241	14,756	15,358	16,055
Other non-equity liabilities	6,197	4,590	4,699	4,939	4,888	4,485	4,535	4,646	4,719
Total Liabilities	47,722	49,434	52,947	57,933	59,544	62,858	66,513	70,670	75,272
Shares and other contributed capital	...	...	...	...	...	...	...	...	...
NET WORTH	87,837	91,501	98,430	121,042	123,648	124,454	125,934	127,867	130,066
Net Financial Worth ^(b)	(36,809)	(37,676)	(39,300)	(42,104)	(42,869)	(45,409)	(47,560)	(49,306)	(50,819)
Net Debt ^(c)	19,301	18,472	15,826	13,326	13,206	13,915	13,829	13,093	11,920

*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 2007-08 inclusive.*

GFS Net Debt ^(c)	19,301	18,472	15,826	13,326	13,206	13,915	13,829	13,093	11,920
Impact of prepayment of superannuation	(2,251)	(1,179)	...	...	...	...	...	...	...
Impact of deposits to the Liability Management Fund	...	...	...	1,651	2,881	4,021	5,421	7,290	9,513
Underlying Net Debt ^{(c) (d)}	17,050	17,293	15,826	14,977	16,087	17,936	19,250	20,383	21,433

Table 8.8: NSW General Government Sector Cash Flow Statement^(a) (ABS Basis)

	Actual 1999-2000 \$m	Actual 2000-01 \$m	Actual 2001-02 \$m	Actual 2002-03 \$m	Revised 2003-04 \$m	Budget 2004-05 \$m	Forward Estimates		
							2005-06 \$m	2006-07 \$m	2007-08 \$m
Cash Receipts from Operating Activities									
Taxes received ^(b)	15,193	13,170	13,341	13,953	14,976	15,542	16,314	17,292	18,350
Receipts from sales of goods and services	2,845	2,517	2,638	3,032	2,826	3,027	3,095	3,115	3,192
Grants/subsidies received ^(b)	10,978	14,608	16,762	17,587	17,923	17,882	18,920	19,729	20,401
Other receipts	2,823	4,019	3,656	4,204	4,304	4,488	4,779	4,918	5,203
Total Receipts	31,839	34,314	36,397	38,776	40,029	40,939	43,108	45,054	47,146
Cash Payments for Operating Activities									
Payment for goods and services	(20,963)	(21,234)	(21,760)	(23,960)	(25,906)	(27,154)	(28,382)	(29,711)	(31,279)
Grants and subsidies paid	(5,273)	(6,013)	(6,809)	(6,881)	(7,391)	(7,633)	(7,785)	(7,791)	(7,704)
Interest paid	(1,284)	(1,067)	(848)	(818)	(872)	(747)	(908)	(669)	(575)
Other payments	(273)	(1,673)	(1,867)	(1,700)	(1,501)	(1,612)	(1,539)	(1,529)	(1,578)
Total Payments	(27,793)	(29,987)	(31,284)	(33,359)	(35,670)	(37,146)	(38,614)	(39,700)	(41,136)
Net Cash Flows from Operating Activities	4,046	4,327	5,113	5,417	4,359	3,793	4,494	5,354	6,010
Net Cash Flows from Investments in Non-financial Assets									
Sales of non-financial assets	626	344	424	497	447	615	390	316	256
Purchases of non-financial assets	(2,510)	(2,590)	(2,787)	(3,052)	(3,060)	(3,474)	(3,322)	(3,513)	(3,571)
Net Cash Flows from Investments in Non-financial Assets	(1,884)	(2,246)	(2,363)	(2,555)	(2,613)	(2,859)	(2,932)	(3,197)	(3,315)
Net Cash Flows from Investments in Financial Assets for Policy Purposes									
	(42)	3,228	756	839	144	1	147	142	286

Table 8.8: NSW General Government Sector Cash Flow Statement^(a) (ABS Basis) (cont)

	Actual 1999-2000 \$m	Actual 2000-01 \$m	Actual 2001-02 \$m	Actual 2002-03 \$m	Revised 2003-04 \$m	Budget 2004-05 \$m	Forward Estimates		
							2005-06 \$m	2006-07 \$m	2007-08 \$m
Net Cash Flows from Investments in									
Financial Assets for Liquidity Purposes	(257)	(354)	(575)	(1,115)	(1,596)	(781)	(1,229)	(2,132)	(2,752)
Net Cash Flows from Financing Activities									
Advances received (net)	(133)	(85)	(220)	(31)	(129)	(28)	(149)	(36)	(48)
Borrowing (net)	(2,279)	(4,480)	(2,122)	(1,017)	(458)	(150)	(227)	(104)	(117)
Deposits received (net)	28	(25)	(5)	(8)	3	(1)	...	...	...
Other financing (net)	(1)	...	...	(1)	(1)	(22)	...	1	(3)
Net Cash Flows from Financing Activities	(2,385)	(4,590)	(2,347)	(1,057)	(585)	(201)	(376)	(139)	(168)
Net Increase / (Decrease) in Cash Held	(522)	365	584	1,529	(291)	(47)	104	28	61
SURPLUS / (DEFICIT)									
Net Cash from Operating Activities and									
Investments in Non-financial Assets	2,162	2,081	2,750	2,862	1,746	934	1,562	2,157	2,695
Finance leases and similar arrangements	(283)	(290)	(351)	(345)	(315)	(159)	(147)	(117)	(107)
SURPLUS / (DEFICIT)	1,879	1,791	2,399	2,517	1,431	775	1,415	2,040	2,588

*Notes:**(a) A positive number denotes a cash inflow; a negative (i.e. bracketed) sign denotes a cash outflow.**(b) Impacted by the introduction in 2000-01 of the Goods and Services Tax (GST) and the processing arrangements.**(c) Deposits by the Crown to the Liability Management Fund and the fund's earnings have been set aside to meet future superannuation contributions.*

GFS SURPLUS / (DEFICIT)	1,879	1,791	2,399	2,517	1,431	775	1,415	2,040	2,588
Impact of prepayment of superannuation	(1,005)	(1,058)	(1,134)	...	...	...	...	...	...
Impact of deposits to the Liability Management Fund ^(c)	...	...	...	(1,651)	(1,230)	(1,140)	(1,400)	(1,869)	(2,223)
UNDERLYING SURPLUS / (DEFICIT) (after adjusting for the timing of superannuation contributions)	874	733	1,265	866	201	(365)	15	171	365

Table 8.9: NSW Public Non-financial Corporation Sector Cash Flow Statement^{(a) (b) (c)} (ABS Basis)

	<i>Actual</i>	<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>2007-08</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>	<i>\$m</i>
Cash Receipts from Operating Activities									
Receipts from sales of goods and services	9,591	10,765	9,431	9,653	10,046	10,945	11,686	12,226	12,696
Grants/subsidies received	1,866	1,957	2,022	2,124	2,230	2,280	2,270	2,162	2,043
Other receipts	1,261	1,933	1,961	2,149	2,239	2,093	2,196	2,313	2,431
Total Receipts	12,718	14,655	13,414	13,926	14,515	15,318	16,152	16,701	17,170
Cash Payments for Operating Activities									
Payment for goods and services	(8,352)	(9,374)	(7,626)	(8,002)	(9,246)	(9,431)	(9,731)	(9,963)	(10,139)
Grants and subsidies paid	(70)	(144)	8	(99)	(110)	(131)	(101)	(104)	(107)
Interest paid	(711)	(722)	(820)	(809)	(842)	(878)	(959)	(1,081)	(1,198)
Other payments	(246)	(1,847)	(1,866)	(1,776)	(1,625)	(1,732)	(2,042)	(2,085)	(2,301)
Total Payments	(9,379)	(12,087)	(10,304)	(10,686)	(11,823)	(12,172)	(12,833)	(13,233)	(13,745)
Net Cash Flows from Operating Activities	3,339	2,568	3,110	3,240	2,692	3,146	3,319	3,468	3,425
Net Cash Flows from Investments in Non-financial Assets									
Sales of non-financial assets	390	282	358	280	246	218	138	175	127
Purchases of non-financial assets	(2,868)	(2,413)	(2,944)	(3,343)	(3,616)	(3,838)	(3,957)	(3,911)	(3,769)
Net Cash Flows from Investments in Non-financial Assets	(2,478)	(2,131)	(2,586)	(3,063)	(3,370)	(3,620)	(3,819)	(3,736)	(3,642)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(1)	(6)	579	134	(6)	(7)	(5)	(10)	(2)
Net Cash Flows from Investments in Assets for Liquidity Purposes	384	(69)	49	273	179	14	(11)	(78)	(128)

Table 8.9: NSW Public Non-financial Corporation Sector Cash Flow Statement^{(a) (b) (c)} (ABS Basis) (cont)

	Actual	Actual	Actual	Actual	Revised	Budget	Forward Estimates		
	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net Cash Flows from Financing Activities									
Advances received (net)	(22)	(3,230)	(798)	(578)	(163)	(42)	(155)	(108)	(298)
Borrowing (net)	(110)	3,253	640	591	1,070	1,450	1,666	1,562	1,710
Deposits received (net)	1	10	42	4	(6)	1	1	2	1
Distributions paid	(824)	(758)	(671)	(738)	(657)	(930)	(993)	(1,047)	(1,091)
Other financing (net)	(33)	25	(20)	2	(8)	...	...	(1)	1
Net Cash Flows from Financing Activities	(988)	(700)	(807)	(719)	236	479	519	408	323
Net Increase / (Decrease) in Cash Held	256	(338)	345	(135)	(269)	12	3	52	(24)
SURPLUS / (DEFICIT)									
Net Cash from Operating Activities and Investments in Non-financial Assets	861	437	524	177	(678)	(474)	(500)	(268)	(217)
Distribution paid	(824)	(758)	(671)	(738)	(657)	(930)	(993)	(1,047)	(1,091)
Finance leases and similar arrangements	...	...	...	...	...	...	...	...	...
SURPLUS / (DEFICIT)	37	(321)	(147)	(561)	(1,335)	(1,404)	(1,493)	(1,315)	(1,308)
<i>Notes:</i>									
(a) The public non-financial corporation (PNFC) sector is also referred to in these budget papers as the public trading enterprise (PTE) sector.									
(b) A positive number denotes a cash inflow; a negative (i.e. bracketed) sign denotes a cash outflow.									
(c) Refer to commentary earlier in this chapter on the impact of the 2000 Olympic and Paralympic Games on the results.									
GFS SURPLUS / (DEFICIT)	37	(321)	(147)	(561)	(1,335)	(1,404)	(1,493)	(1,315)	(1,308)
Reversing the impact of SOCOG and SPOC operations	(343)	340	68	...	...	...	...	...	...
UNDERLYING SURPLUS / (DEFICIT) adjusted to exclude SOCOG & SPOC^(c)	(306)	19	(79)	(561)	(1,335)	(1,404)	(1,493)	(1,315)	(1,308)

Table 8.10: NSW Non-financial Public Sector Cash Flow Statement^{(a) (b)} (ABS Basis)

	<i>Actual</i>	<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>2007-08</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>	<i>\$m</i>
Cash Receipts from Operating Activities									
Taxes received ^(c)	14,543	12,569	12,522	13,398	14,306	14,859	15,601	16,541	17,571
Receipts from sales of goods and services	12,300	13,068	12,051	12,531	12,672	13,818	14,620	15,183	15,729
Grants/subsidies received ^(c)	11,027	14,602	16,738	17,557	17,887	17,851	18,894	19,707	20,379
Other receipts	2,962	4,707	4,703	5,157	5,443	5,374	5,444	5,649	5,934
Total Receipts	40,832	44,946	46,014	48,643	50,308	51,902	54,559	57,080	59,613
Cash Payments for Operating Activities									
Payment for goods and services	(28,565)	(29,778)	(28,575)	(31,266)	(34,194)	(35,760)	(37,153)	(38,780)	(40,493)
Grants and subsidies paid	(3,494)	(4,199)	(4,897)	(4,867)	(5,274)	(5,554)	(5,682)	(5,699)	(5,722)
Interest paid	(1,931)	(1,723)	(1,614)	(1,575)	(1,662)	(1,574)	(1,815)	(1,699)	(1,723)
Other payments	(298)	(3,145)	(3,362)	(3,027)	(2,787)	(3,003)	(3,090)	(3,129)	(3,334)
Total Payments	(34,288)	(38,845)	(38,448)	(40,735)	(43,917)	(45,891)	(47,740)	(49,307)	(51,272)
Net Cash Flows from Operating Activities	6,544	6,101	7,566	7,908	6,391	6,011	6,819	7,773	8,341
Net Cash Flows from Investments in Non-financial Assets									
Sales of non-financial assets	1,011	626	781	778	693	832	528	491	383
Purchases of non-financial assets	(5,364)	(5,001)	(5,745)	(6,376)	(6,674)	(7,310)	(7,278)	(7,422)	(7,337)
Net Cash Flows from Investments in Non-financial Assets	(4,353)	(4,375)	(4,964)	(5,598)	(5,981)	(6,478)	(6,750)	(6,931)	(6,954)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(88)	(7)	537	395	(40)	(55)	(16)	8	2
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	126	(423)	(526)	(842)	(1,417)	(767)	(1,240)	(2,210)	(2,880)

Table 8.10: NSW Non-financial Public Sector Cash Flow Statement^{(a) (b)} (ABS Basis) (cont)

	Actual	Actual	Actual	Actual	Revised	Budget	Forward Estimates		
	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net Cash Flows from Financing Activities									
Advances received (net)	(110)	(85)	(230)	(70)	(129)	(28)	(149)	(36)	(48)
Borrowing (net)	(2,388)	(1,227)	(1,472)	(387)	628	1,307	1,441	1,474	1,578
Deposits received (net)	29	(14)	38	(4)	(2)	...	2	1	1
Distributions paid	...	...	...	...	...	...	...	...	...
Other financing (net)	(32)	23	(20)	2	(10)	(22)	...	...	(3)
Net Cash Flows from Financing Activities	(2,501)	(1,303)	(1,684)	(459)	487	1,257	1,294	1,439	1,528
Net Increase / (Decrease) in Cash Held	(272)	(7)	929	1,404	(560)	(32)	107	79	37
SURPLUS / (DEFICIT)									
Net Cash from Operating Activities and									
Investments in Non-financial Assets	2,191	1,726	2,602	2,310	410	(467)	69	842	1,387
Distribution paid	...	...	...	...	...	...	...	...	...
Finance leases and similar arrangements	(284)	(290)	(350)	(345)	(316)	(159)	(147)	(117)	(107)
SURPLUS / (DEFICIT)	1,907	1,436	2,252	1,965	94	(626)	(78)	725	1,280

*Notes:**(a) A positive number denotes a cash inflow, a negative (i.e. bracketed) sign denotes a cash outflow.**(b) Refer to commentary earlier in this chapter on the impact of the 2000 Olympic and Paralympic Games on the results.**(c) Impacted by the introduction in 2000-01 of the Goods and Services Tax (GST) and the processing arrangements.**(d) Deposits by the Crown to the Liability Management Fund and the fund's earnings have been set aside to meet future superannuation contributions.*

GFS SURPLUS / (DEFICIT)	1,907	1,436	2,252	1,965	94	(626)	(78)	725	1,280
<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>...</i>
<i>Impact of deposits to the Liability Management Fund^(d)</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>(1,651)</i>	<i>(1,230)</i>	<i>(1,140)</i>	<i>(1,400)</i>	<i>(1,869)</i>	<i>(2,223)</i>
<i>Impact of SOCOG and SPOC operations^(b)</i>	<i>(200)</i>	<i>389</i>	<i>(12)</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>
UNDERLYING SURPLUS / (DEFICIT) (after									
adjusting for the timing of superannuation									
contributions and excluding SOCOG and									
SPOC operations)	702	767	1,106	314	(1,136)	(1,766)	(1,478)	(1,144)	(943)

Table 8.11: NSW General Government Sector Taxes (ABS Basis)

	<i>Revised 2003-04 \$m</i>	<i>Budget 2004-05 \$m</i>
Taxes on employers' payroll and labour force	4,442	4,696
Taxes on property		
Land taxes	1,360	1,448
Stamp duties on financial and capital transactions	4,577	4,557
Financial institutions' transaction taxes	...	...
Other	59	59
Total taxes on property	5,996	6,064
Taxes on the provision of goods and services		
Excises and levies	...	...
Taxes on gambling	1,307	1,404
Taxes on insurance	1,226	1,301
Total taxes on the provision of goods and services	2,533	2,705
Taxes on use of goods and performance of activities		
Motor vehicle taxes	1,781	1,859
Franchise taxes	8	7
Other	172	190
Total taxes on use of goods and performance of activities	1,961	2,056
Total GFS Taxation Revenue	14,932	15,521

Table 8.12: NSW General Government Sector Expenses by Function (ABS Basis)

	<i>Revised 2003-04 \$m</i>	<i>Budget 2004-05 \$m</i>
General public services	1,251	1,381
Defence	...	...
Public order and safety	3,916	4,033
Education	10,258	10,924
Health	9,510	10,034
Social security and welfare	2,862	2,925
Housing and community amenities	1,506	1,351
Recreation and culture	932	904
Fuel and energy	127	60
Agriculture, forestry, fishing and hunting	687	442
Mining, manufacturing and construction	108	118
Transport and communications	3,956	4,157
Other economic affairs	880	829
Other purposes ^(a)	2,044	2,367
Total GFS Expenses	38,037	39,525

^(a) 2004-05 includes \$240 million Advance to the Treasurer which will be allocated across functions as the funds are spent in the Budget Year.

Table 8.13: NSW General Government Sector Purchases of Non-Financial Assets ^(a)

	<i>Revised 2003-04 \$m</i>	<i>Budget 2004-05 \$m</i>
General public services	259	384
Defence	...	...
Public order and safety	337	404
Education ^(b)	404	390
Health	496	601
Social security and welfare	52	54
Housing and community amenities	48	57
Recreation and culture	155	99
Fuel and energy	1	1
Agriculture, forestry, fishing and hunting	41	36
Mining, manufacturing and construction	14	13
Transport and communications	1,251	1,262
Other economic affairs	26	32
Other purposes ^(c)	18	122
Total GFS Expenses	3,102	3,455

^(a) Includes land and secondhand assets, however excludes assets acquired under finance leases.

^(b) Excluded from Education is finance lease expenditure of \$58 million in 2004-05 and \$28 million in 2003-04.

^(c) 2004-05 includes \$110 million Advance to the Treasurer which will be allocated across functions as the funds are spent in the Budget Year.

8.6 LOAN COUNCIL REPORTING REQUIREMENTS

Table 8.14 presents estimates of the State's Loan Council allocation (LCA) for 2004-05.

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 2004-05 estimated NSW Loan Council allocation is a deficit of \$1,353 million compared to an original deficit allocation of \$927 million.

Table 8.14: 2004-05 Loan Council Allocation Estimates, NSW

	<i>Loan Council Allocation 2004-05 \$m</i>	<i>Budget-time Estimate 2004-05 \$m</i>
General government sector cash deficit / (surplus)	(1,447)	(775)
Public Non-financial Corporations sector cash deficit / (surplus)	1,590	1,404
Non-financial public sector cash deficit / (surplus) ^(a)	144	626
Minus Net cash flows from investments in financial assets for policy purposes ^(b)	59	55
Plus Memorandum items ^(c)	724	672
Loan Council Allocation	927	1,353

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 universities.

8.7 PRIVATE SECTOR INFRASTRUCTURE PROJECTS

CONTRACTS 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 3.6 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 improvement to the Urban environment;
- ◆ an extra westbound lane on Epping Road from Pittwater Road 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.

The Lane Cove Tunnel Company (sponsored by Thiess Pty Ltd, Transfield Holdings Pty Ltd and ABN AMRO Australia Limited) was selected as preferred proponent to undertake the project in October 2003. The project reached financial close in December 2003, and construction has commenced. The Consortium's estimated total design and construction cost is \$1.1 billion. The project is to be funded by toll revenue.

Government Contingent Liability

Nil

CONTRACTS TO BE ENTERED INTO IN 2004-05

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 \$14 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 July 2004. Under the draft contract, in the case that the proponent defaults on the contract and the Central Sydney Area Health Service (CSAHS) terminate the contract, CSAHS may be required to refund that part of the up-front payment that relates to the unexpired licence period.

Government Contingent Liability

To Be Determined

Chatswood Transport Interchange

Project Description:

A new public transport interchange at Chatswood is to be developed, incorporating:

- ◆ elevated twin “island” platforms for the North Shore and Epping-Chatswood lines;
- ◆ a rail concourse beneath the platforms; and
- ◆ a new bus and taxi interchange.

The concept design for the new interchange also incorporates adjacent retail and over-rail residential development opportunities.

A short list of pre-qualified construction contractors has been established. Detailed Proposals from consortia to deliver the interchange and associated development have been invited. Closing date for the Detailed Proposals is 19 July 2004. It is expected that contracts should be signed by December 2004.

The Government contribution to the project is limited to around \$40 million. At this stage no contingent liability is expected under the draft contract term sheet.

Government Contingent Liability

To Be Determined
