

**1998-99**

**FINANCIAL OUTCOMES**

**REPORT**

**DECEMBER 1999**

## **INTRODUCTION**

This Financial Outcomes Report presents 1998-99 financial aggregates for the General Government, Public Trading Enterprise and Public Financial Enterprise Sectors according to internationally recognised statistical standards and in accordance with a revised uniform reporting framework agreed at the 1997 Premiers' Conference.

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

- Government Finance Statistics (GFS) tables showing details of outlays, revenues and financing transactions of the General Government, Public Trading and Total Non Financial State sectors; and
- A Budget time update of the State's Loan Council Allocation (LCA) estimates.

This information is contained in Chapter 11 of NSW's Budget Paper 2.

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

For comparison purposes the tables provided in this Outcomes Report contain both the 1998-99 Budget time estimates and the final outcome.

The 1998-99 financial data includes the related impacts of the superannuation conversion offer. The government made an accelerated payment of \$3,260 million in superannuation contributions to the State's older style defined benefit schemes. This one off payment will replace contributions to these schemes over the following three years. Associated interest costs resulted in an overall abnormal impact of \$3,266 million on the State's cash GFS result in 1998-99.

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

This Report does not contain detailed Financial Assets and Liabilities tables. These tables will be published in the NSW Consolidated Financial Statements.

## **CLASSIFICATION FRAMEWORK**

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

### **Classification of Public Sector Entities**

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

GGEs consist of those public sector entities which provide, in the main, goods and services outside the market mechanism as well as providing for the transfer of income for public policy

purposes. The major form of financing of these goods and services is by taxation, imposed by the State or by the Commonwealth and subsequently on passed to the State. In New South Wales most government departments and a number of statutory authorities fit into this category.

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

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

### **Economic Type Classification**

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

## UNIFORM REPORTING FRAMEWORK REQUIREMENTS

In accordance with the revised Uniform Reporting Framework agreed by the 1997 Premiers' Conference, Tables 1 through to 12 provide 1998-99 Budget time estimates and actual outcomes on a comparable basis to that published by the ABS.

<b>Table 1: General Government Sector - Outlays, Revenue and Financing Transactions (ABS basis)</b>		
	1998-99 Budget Est \$m	1998-99 Actual \$m
<b>Current Outlays</b>		
Final Consumption Expenditure	20,937	20,984
Interest Payments	1,395	1,425
Subsidies Paid to PTEs and PFEs	1,009	996
Current Grants	2,594	2,572
Other Current Payments	766	748
<b>Total Current Outlays</b>	<b>26,701</b>	<b>26,724</b>
<b>Capital Outlays</b>		
Gross Capital Expenditure	2,407	2,438
New Fixed Capital Expenditure	2,385	2,427
Expenditure on Secondhand Assets (net)	22	12
Capital Grants	1,198	1,130
Other Capital Outlays	28	-49
<b>Total Capital Outlays</b>	<b>3,632</b>	<b>3,518</b>
<b>Total Outlays</b>	<b>30,333</b>	<b>30,243</b>
<b>Revenue</b>		
Taxes	14,161	14,219
Interest Received	450	421
Grants Received	10,618	10,700
Dividends Received from PTEs and PFEs	1,308	1,274
Other Revenue	911	951

<b>Total Revenue and Grants Received</b>	27,448	27,565
<b>Financing Transactions</b>		
Net Advances Received	(67)	(76)
Net Advance Paid	18	10
Net Domestic and Overseas Borrowings	2,745	2,756
Increase in Provisions (net)	-	
Other Financing Transactions	189	(12)
<b>Total Financing Transactions</b>	2,885	2,678
less Increase in Provisions (net)	...	...
<b>Deficit/(Surplus)</b>	2,885	2,678
<b>Adjusted Deficit/(Surplus)<sup>1</sup></b>	(382)	(588)
<b>Net Debt</b>	12,896	12,822
<b>Net Debt adjusted for superannuation conversion offer</b>	9,632	9,562

1. Adjusted for the impact of the superannuation conversion offer (\$3,266 million in 1998-99).

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

	1998-99 Budget Est \$m	1998-99 Actual \$m
<b>Current Outlays</b>		
Interest Payments	804	790
Other Current Payments	1,277	1,222
<b>Total Current Outlays</b>	2,080	2,012
<b>Capital Outlays</b>		
Gross Capital Expenditure	2,096	1,834
New Fixed Capital Expenditure	2,596	2,380
Expenditure on Secondhand Assets (net)	(499)	(546)
Capital Grants	388	454
Other Capital Outlays	(145)	(29)
<b>Total Capital Outlays</b>	2,338	2,260
<b>Total Outlays</b>	4,419	4,272
<b>Revenue</b>		
Net Operating Surplus of PTEs	1,389	1,429
Interest Received	106	113
Grants Received	842	860
Other Revenue	247	247
<b>Total Revenue and Grants Received</b>	2,584	2,649
<b>Financing Transactions</b>		
Net Advances Received	(47)	(45)
Net Advances Paid	...	14
Net Domestic and Overseas Borrowings	(247)	(191)
Increase in Provisions (net)	1,777	1,852
Other Financing Transactions	352	(7)
<b>Total Financing Transactions</b>	1,835	1,623
less Increase in Provisions (net)	1,777	1,852
<b>Deficit/(Surplus)</b>	57	(229)
<b>Net Debt</b>	7,539	7,427

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

	1998-99 Budget Est \$m	1998-99 Actual \$m
<b>Current Outlays</b>		
Final Consumption Expenditure	20,937	20,984
Interest Payments	2,135	2,151
Current Grants	2,616	2,576
Other Current Payments	1,774	1,744
<b>Total Current Outlays</b>	<b>27,462</b>	<b>27,454</b>
<b>Capital Outlays</b>		
Gross Capital Expenditure	4,503	4,272
New Fixed Capital Expenditure	4,980	4,807
Expenditure on Secondhand Assets (net)	(477)	(534)
Capital Grants	355	336
Other Capital Outlays	(118)	(78)
<b>Total Capital Outlays</b>	<b>4,740</b>	<b>4,530</b>
<b>Total Outlays</b>	<b>32,203</b>	<b>31,985</b>
<b>Revenue</b>		
Taxes	14,161	14,219
Net Operating Surplus of PTEs	1,389	1,429
Interest Received	491	469
Grants Received	10,225	10,275
Other Revenue	1,198	1,274
<b>Total Revenue and Grants Received</b>	<b>27,465</b>	<b>27,667</b>
<b>Financing Transactions</b>		
Net Advances Received	(71)	(76)
Net Advances Paid	(26)	(12)
Net Domestic and Overseas Borrowings	2,498	2,565
Increase in Provisions (net)	1,777	1,852
Other Financing Transactions	559	(11)
<b>Total Financing Transactions</b>	<b>4,737</b>	<b>4,318</b>
less Increase in Provisions (net)	1,777	1,852
<b>Deficit/(Surplus)</b>	<b>2,960</b>	<b>2,466</b>
<b>Adjusted Deficit/(Surplus)<sup>1</sup></b>	<b>(307)</b>	<b>(800)</b>
<b>Net Debt</b>	<b>20,435</b>	<b>20,249</b>
<b>Net Debt adjusted for superannuation conversion offer</b>	<b>17,171</b>	<b>16,989</b>

1. Adjusted for the impact of the superannuation conversion offer (\$3,266 million in 1998-99).

<b>Table 4: Public Financial Enterprises - Outlays, Revenue and Financing Transactions (ABS basis)</b>		
	1998-99 Budget Est \$m	1998-99 Actual \$m
<b>Current Outlays</b>		
Interest Payments	n/a	2,049
Other Current Payments	n/a	41
<b>Total Current Outlays</b>	n/a	2,090
<b>Capital Outlays</b>		
Gross Capital Expenditure	n/a	1
New Fixed Capital Expenditure	n/a	1
Expenditure on Secondhand Assets (net)		
Capital Grants		
Other Capital Outlays		
<b>Total Capital Outlays</b>	n/a	1
<b>Total Outlays</b>	n/a	2,091
<b>Revenue</b>		
Net Operating Surplus of PFEs	n/a	(25)
Interest Received	n/a	2,273
Grants Received		
Other Revenue		
<b>Total Revenue and Grants Received</b>	n/a	2,248
<b>Financing Transactions</b>		
Net Advances Received		
Net Advances Paid		
Net Domestic and Overseas Borrowings	n/a	2,784
Increase in Provisions (net)	n/a	(3)
Other Financing Transactions	n/a	(2,938)
<b>Total Financing Transactions</b>	n/a	(157)
less Increase in Provisions (net)	n/a	(3)
<b>Deficit/(Surplus)</b>		(154)
<b>Net Debt</b>	n/a	1,063

\* The Public Financial Enterprises sector is only produced on an actuals basis.

<b>Table 5: Total Public Sector - Outlays, Revenue and Financing Transactions (ABS basis)</b>		
	1998-99 Budget Est \$m	1998-99 Actual \$m
<b>Current Outlays</b>		
Final Consumption Expenditure	n/a	20,984
Interest Payments	n/a	2,081
Current Grants	n/a	2,576
Other Current Payments	n/a	1,744
<b>Total Current Outlays</b>	n/a	27,384
<b>Capital Outlays</b>		
Gross Capital Expenditure	n/a	4,274
New Fixed Capital Expenditure	n/a	4,808
Expenditure on Secondhand Assets (net)	n/a	(534)
Capital Grants	n/a	336
Other Capital Outlays	n/a	(78)
<b>Total Capital Outlays</b>	n/a	4,532
<b>Total Outlays</b>	n/a	31,916
<b>Revenue</b>		
Taxes	n/a	14,219
Net Operating Surplus of PTEs and PFEs	n/a	1,404
Interest Received	n/a	628
Grants Received	n/a	10,263
Other Revenue	n/a	1,233
<b>Total Revenue and Grants Received</b>	n/a	27,747
<b>Financing Transactions</b>		
Net Advances Received	n/a	(76)
Net Advances Paid	n/a	(12)
Net Domestic and Overseas Borrowings	n/a	5,393
Increase in Provisions (net)	n/a	1,849
Other Financing Transactions	n/a	(2,985)
<b>Total Financing Transactions</b>	n/a	4,169
less Increase in Provisions (net)	n/a	1,849
<b>Deficit/(Surplus)</b>	n/a	2,320
<b>Adjusted Deficit/(Surplus)<sup>1</sup></b>	n/a	(946)
<b>Net Debt</b>	n/a	21,312
<b>Net Debt adjusted for superannuation conversion offer</b>	n/a	18,052

1. Adjusted for the impact of the superannuation conversion offer (\$3,266 million in 1998-99).

**Table 6: General Government Sector Current Outlays by Function**

FUNCTION	1998-99 Budget Est \$m	1998-99 Actual \$m
General Public Services	4,985	4,392
Public Order and Safety	2,123	2,051
Education	6,818	6,550
Health	5,468	5,512
Social Security and Welfare	1,816	1,789
Housing and Community Amenities	506	493
Recreation and Culture	449	460
Fuel and Energy	82	75
Agriculture, Forestry, Fishing and Hunting	410	429
Mining Manufacturing and Construction	65	64
Transport and Communication	1,718	1,720
Other Economic Affairs	553	642
Other Purposes	1,708	2,548
<b>Total Current Outlays</b>	<b>26,701</b>	<b>26,724</b>

**Table 7: General Government Sector Capital Outlays by Function**

FUNCTION	1998-99 Budget Est \$m	1998-99 Actual \$m
General Public Services	110	31
Public Order and Safety	262	242
Education	267	280
Health	264	218
Social Security and Welfare	29	23
Housing and Community amenities	952	847
Recreation and Culture	312	555
Fuel and Energy	61	60
Agriculture, Forestry and Fishing and Hunting	34	36
Mining, Manufacturing and Construction	5	5
Transport and Communications	1,289	1,109
Other Economic Affairs	29	24
Other Purposes	20	89
<b>Total Capital Outlays</b>	<b>3,632</b>	<b>3,518</b>

<b>FUNCTION</b>	<b>1998-99 Budget Est \$m</b>	<b>1998-99 Actual \$m</b>
General Public Services	5,095	4,423
Public Order and Safety	2,385	2,293
Education	7,085	6,829
Health	5,732	5,730
Social Security and Welfare	1,845	1,812
Housing and Community amenities	1,458	1,340
Recreation and Culture	761	1,015
Fuel and Energy	142	135
Agriculture, Forestry and Fishing	444	464
Mining, Manufacturing and Construction	70	69
Transport and Communication	3,007	2,829
Other Economic Affairs	582	666
Other Purposes	1,727	2,638
<b>Total Outlays</b>	<b>30,333</b>	<b>30,243</b>

<b>FUNCTION</b>	<b>1998-99 Budget Est \$m</b>	<b>1998-99 Actual \$m</b>
General Public Services	4,985	4,392
Public Order and Safety	2,123	2,051
Education	6,818	6,550
Health	5,468	5,512
Social Security and Welfare	1,816	1,789
Housing and Community Amenities	527	497
Recreation and Culture	449	460
Fuel and Energy	82	75
Agriculture, Forestry, Fishing and Hunting	410	429
Mining Manufacturing and Construction	65	64
Transport and Communication	1,718	1,720
Other Economic Affairs	553	642
Other Purposes	2,447	3,273
<b>Total Current Outlays</b>	<b>27,462</b>	<b>27,454</b>

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

<b>FUNCTION</b>	<b>1998-99 Budget Est \$m</b>	<b>1998-99 Actual \$m</b>
General Public Services	110	31
Public Order and Safety	262	242
Education	267	280
Health	264	218
Social Security and Welfare	29	23
Housing and Community amenities	1,036	832
Recreation and Culture	366	577
Fuel and Energy	589	585
Agriculture, Forestry and Fishing and Hunting	61	32
Mining, Manufacturing and Construction	5	5
Transport and Communications	1,585	1,456
Other Economic Affairs	29	24
Other Purposes	139	225
<b>Total Capital Outlays</b>	<b>4,740</b>	<b>4,530</b>

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

<b>FUNCTION</b>	<b>1998-99 Budget Est \$m</b>	<b>1998-99 Actual \$m</b>
General Public Services	5,095	4,423
Public Order and Safety	2,385	2,293
Education	7,085	6,829
Health	5,732	5,730
Social Security and Welfare	1,845	1,812
Housing and Community amenities	1,563	1,330
Recreation and Culture	815	1,037
Fuel and Energy	671	660
Agriculture, Forestry and Fishing	471	460
Mining, Manufacturing and Construction	70	69
Transport and Communication	3,303	3,176
Other Economic Affairs	582	666
Other Purposes	2,586	3,499
<b>Total Outlays</b>	<b>32,203</b>	<b>31,985</b>

<b>Table 12: Taxes*</b>		
<b>TAXES, FEES AND FINES CLASSIFICATION</b>	<b>1998-99 Budget Est \$m</b>	<b>1998-99 Actual \$m</b>
Payroll Tax	3,611	3,617
Taxes on Property	4,476	4,500
Land Tax	958	958
Stamp Duties on Financial and Capital Transactions	2,616	2,636
Financial Institutions Transaction Taxes	876	879
Other	26	26
Taxes on Provision of Goods and Services	2,349	2,354
Excises and Levies	37	33
Taxes on Gambling	1,419	1,419
Taxes on Insurance	893	902
Taxes on the Use of Goods and the Performance of Activities	3,725	3,749
Motor Vehicle Taxes	1,489	1,500
Franchise Taxes	1,971	1,981
Other	265	268
<b>Total Taxes, Fees and Fines</b>	<b>14,161</b>	<b>14,219</b>

### **LOAN COUNCIL REPORTING REQUIREMENTS**

Table 13 presents the State's Loan Council Allocation (LCA) Outcome for 1998-99.

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

Overall, there was a negative Loan Council Allocation requirement of \$1,079m for New South Wales for 1998-99. This compares with the original 1998 Budget time estimate of minus \$1,295m.

<b>Table 13: 1998-99 Loan Council Allocation</b>	
	<b>Actual Outcome \$m</b>
	<b>\$m</b>
General government sector deficit/(surplus)	2,678
PTE sector deficit/(surplus)	(229)
<b>Non Financial Public Sector Deficit/(Surplus)<sup>1</sup></b>	<b>2,466</b>
Plus Net Advances paid	12
<b>Equals "Headline" Deficit/(Surplus)<sup>2</sup></b>	<b>2,478</b>
<b>Memorandum Items</b>	
• Operating Leases	157
• University Borrowings <sup>3</sup>	(3)
• Recourse asset sales	...
• Local government financing requirement	252
• Superannuation	(3,796)
• Net financing requirement for statutory marketing authorities	...
• Home Finance Schemes	(167)
<b>Loan Council Allocation</b>	<b>(1,079)</b>

1. Totals do not add due to consolidation adjustments.
2. Loan Council requires the total Public Sector to be reported on the old "Headline" basis as used by the Australian Bureau of Statistics prior to 1998.
3. Universities have been reclassified to a multi jurisdictional sector by the Australian Bureau of Statistics and therefore do not form part of the State's Non Financial Sector deficit result.

## PRIVATE SECTOR INFRASTRUCTURE PROJECTS

1998-99

### St George Hospital Car Park

#### Project Description:

International Parking Group Limited (IPG) has contracted to build, own and operate and transfer back (BOOT) a 580 space multi storey car park at the St George Hospital campus of the South Eastern Sydney Area Health Service (SESAHS). The contract period is 25 years. The anticipated total construction cost for the project, including capitalised interest is \$13 million. The car park operator will manage and operate under licence the whole campus car parking of 1148 spaces, including the 580 new spaces.

The contract was signed in April 1999. No government liability arises under the proposed termination provisions of the contract except following a decision by SESAHS not to rebuild the car park in the event of its destruction. In such a circumstance SESAHS would pay compensation to IPG which would include a pro rata refund of licence fees and a termination amount.

Under the termination arrangements, in the event of operator default which is not rectified, the operator is required to sell and novate the car park operator's interest in the contract and the purchaser would obtain the rights and assume the liabilities and obligations existing under the contract. SESAHS is not obliged to assume responsibility for the operator's payments to the financiers.

The facility is wholly debt funded. The proposed term of the project (the minimum period of the contract in which no penalties are incurred) is 25 years.

Government Contingent Liability	nil
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