



New South Wales

TREASURY

General Government Financial Statement
for the twelve months ended
30 June 1999

FINANCIAL STATEMENT FOR GENERAL GOVERNMENT FOR JUNE 1999

INTRODUCTION

The unaudited preliminary results for the year ended 30 June 1999 are presented in the attached statements.

The results are presented for General Government on both an Accrual and GFS basis. An analysis is provided of variances in both results from the 1998-99 projections included in the 1999-2000 Budget Papers, (revised projections)

It should be noted that although the revised projections included in the 1999-2000 Budget Papers were tabled in June they reflected projections that were made in April of that year.

Appendix 1 details variances from the figures published in the 1999-2000 Budget Papers.

Operating Result

On a preliminary (unaudited) basis, the operating result for the twelve months ended 30 June 1999 is a surplus of \$1,915 million. This compares with a revised projection of \$2,259 million published in the 1999-2000 Budget Papers.

The revision downwards of \$344 million was due principally to end of year non cash expenses for depreciation and asset revaluations in the RTA, the cessation of recognition of the liability to the Commonwealth in respect of university staff who maintain membership of NSW superannuation schemes, as well as additional long service leave expenditures in Health and Education. The variances between the revised projections and the preliminary results were as follows:

	\$m
Expenses were up by \$657 million, represented by:	
• Increased Health expenses, principally due to additional long service leave expenses	100
• Amounts payable to TCorp in respect of compensation related to the tax treatment on annuities acquired from TCorp in 1986. In the 1997-98 Financial Statements this obligation was treated as a contingent liability. Note this amount is offset by a special dividend received from TCorp from earnings retained pending the outcome of legal action.	164
• Increase in RTA depreciation charges following damage by widespread rain in 1998-99.	352

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| • A reduction by the RTA in the value of traffic signals to written down replacement value. | 227 |
| • Other increases in expenditure including additional long service leave charges in Education, \$50 million, and additional bad debts from the victims' compensation scheme administered by the Attorney General's Department, \$40 million. | 166 |

Offset by:

- | | |
|--|------------|
| • Cessation of recognition of liability to the Commonwealth in respect of university staff who maintain membership of NSW superannuation schemes | (352) |
| Total | <u>657</u> |

Revenues were up by \$313 million, represented by:

- | | |
|--|------------|
| • Treasury Corporation payment as noted above | 164 |
| • Increase in fines received from the Attorney General's Department | 54 |
| • Increased revenue from the sale of goods & services | 56 |
| • Increase in revenue from the Olympics largely from the upward revaluation of facilities that eventually revert to Government | 19 |
| • Miscellaneous other revenue | 20 |
| Total | <u>313</u> |

Total Variances	<u>344</u>
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Balance Sheet

On a preliminary (unaudited basis), the net worth of the General Government Sector, at 30 June 1999 was \$34.9 billion. This compares with the revised projections of \$33.72 billion.

The \$1,179 million increase in net worth is primarily accounted for by a \$1,196 million net increase in reserves. The increase in reserves includes a \$1,462 million valuation increment by the RTA to property, roads, bridges and tunnel infrastructure offset by transfers to accumulated funds.

GFS Result

- The preliminary result for the 1999-2000 year end shows a GFS cash surplus of \$590 million.
- The cash surplus was projected at \$382 million in the 1999-2000 Budget Papers.
- Although the preliminary result of a surplus of \$590 million is a significant increase, it represents a small variance in terms of the State's total receipts and outlays. Variances of this magnitude are consistent with those experienced in other states.
- The cash surplus enabled the early retirement of TCorp loans with a market value of \$580 million.

- The continued improved result is principally due to additional revenue reflecting a strong NSW economy. Current receipts at 30 June 1999 were greater than the revised projections by \$59 million, with stamp duties accounting for \$24 million of this increase.
- This increased revenue was offset by increases in current outlays which were \$34 million greater than the revised projections.
- Movements between the surplus of \$382 million projected in the 1999-2000 Budget Papers and the preliminary year end surplus of \$590 million were as follows.

	\$m
Current Outlays were up by \$34 million, represented by:	
• Subsidies to PTEs, mainly for redundancies in the transport authorities	19
• Increased Superannuation payments	13
• Increased Interest payments	33
Offset by:	
• Other miscellaneous variances	- 31
Total	<u>34</u>

Current Receipts were up \$59 million, represented by:	
• Increased Stamp Duties due to the stronger than anticipated property and share market	24
• Increased Commonwealth payments for Financial Assistance Grants, Education and Specific Purpose Payments for the Natural Heritage Trust	35
• Other Miscellaneous variances	29
Offset by:	
• A reduction in Income from PTEs	- 29
Total	<u>59</u>

Capital Outlays were down by \$150 million represented by:	
• Energy Smart Building program deferred to 1999/2000	-20
• Department of Education & Training – mainly delays in construction of new Conservatorium of Music	- 16
• Roads & Traffic Authority –funds redirected to recurrent outlays to deal with works required in relation to damage caused by storms	-21
• Department of Health –outlays reclassified as recurrent	-32
• Aboriginal Housing Office –asset transfers from Department of Housing overestimated (\$16m), cash flow for accrued grants deferred to 1999/2000 (\$17m)	-33
• Other shortfalls –Increased Asset Sales (14m), reduced outlays (\$58m)	- 72

Offset by:

• Transfer of assets from State Forests to National Parks	44
Total	<u>- 150</u>

Capital Receipts were up by \$33 million, represented by:

• Transfer of assets from State Forests to National Parks	44
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Offset by:

• Overestimated of assets transferred from Department of Housing to Aboriginal Housing Office	-16
• Other Miscellaneous variances	5
Total	<u>33</u>
Total Variance	<u>208</u>

18 October 1999
NSW Treasury

Variations against figures in 1999-2000 Budget

Operating Statement (Profit and Loss Statement)

	30/06/99		Variance \$m	Variance %
	Preliminary- Actual \$m	Revised- Projections \$m		
State Revenues				
Taxation	14,151	14,104	47	0.3%
Commonwealth Grants	8,911	8,899	12	0.1%
Financial Distributions	1,397	1,251	146	11.7%
Sale of Goods and Services	2,347	2,291	56	2.4%
Investment Income	420	456	-36	-7.9%
Grants and Contributions	429	463	-34	-7.3%
Other Revenue	1,111	997	114	11.4%
Total State Revenues	28,766	28,461	305	1.1%
Expenses				
Operating Expenses	17,915	17,513	402	2.3%
Maintenance	1,245	1,180	65	5.5%
Depreciation and Amortisation	1,266	854	412	48.2%
Grants and Subsidies	4,862	4,927	-65	-1.3%
Finance Costs	1,397	1,387	10	0.7%
Other Expenses	252	419	-167	-39.9%
Total Expenses	26,937	26,280	657	2.5%
Gain/(Loss) on Sale of Non-Current Assets	86	78	8	N/A
Surplus/(Deficit) for the year	1,915	2,259	-344	-15.2%

Statement of Financial Position (Balance Sheet)

	30/06/99	30/06/99	Variance \$m	Variance %
	Preliminary Actual \$m	Revised Projections \$m		
ASSETS				
Current Assets				
Cash	1,063	860	203	23.6%
Investments	1,250	1,100	150	13.6%
Receivables	2,000	1,719	281	16.3%
Inventories	218	136	82	60.3%
Other	77	48	29	60.4%
Total Current Assets	4,608	3,863	745	19.3%
Non-Current Assets				
Property, plant and equipment	61,561	60,912	649	1.1%
Investments	2,414	2,697	-283	-10.5%
Receivables	2,824	2,779	45	1.6%
Inventories	69	115	-46	-40.0%
Other	662	573	89	15.5%
Total Non-Current Assets	67,530	67,076	454	0.7%
Total Assets	72,138	70,939	1,199	1.7%
LIABILITIES				
Current Liabilities				
Accounts Payable	1,886	1,557	329	21.1%
Borrowings	4,776	5,446	-670	-12.3%
Employee Entitlements	881	819	62	7.6%
Other	972	383	589	153.8%
Total Current Liabilities	8,515	8,205	310	3.8%
Non-Current Liabilities				
Borrowings	14,324	13,662	662	4.8%
Employee Entitlements	10,468	10,516	-48	-0.5%
Other	3,935	4,839	-904	-18.7%
Total Non-Current Liabilities	28,727	29,017	-290	-1.0%
Total Liabilities	37,242	37,222	20	0.1%
Net Assets/Net Worth	34,896	33,717	1,179	3.5%
Equity				
Reserves	10,964	9,768	1,196	12.2%
Accumulated Funds	23,932	23,949	-17	-0.1%
Total Equity/Net Worth	34,896	33,717	1,179	3.5%

Note: Section 8(1)(b) of the Public Finance and Audit Act requires the publication of a monthly statement of the balance of cash and securities held by the Treasurer. The value of the cash and securities held by the Treasurer at 30 June 1999, and which is included in the Statement of Financial Position at that date, is \$714.8 million.

(3) GFS Result

	30/06/99		Variance \$m	Variance %
	Preliminary- Actual	Revised- Projections		
	\$m	\$m		
Current Receipts				
Stamp Duties	3,947	3,923	24	0.6%
Payroll Tax	3,617	3,611	6	0.2%
Land Tax	958	958		
Motor Vehicle Taxes	1,055	1,043	12	1.2%
Gaming & Betting	1,419	1,419		
Commonwealth Safety Net Taxes	1,975	1,964	11	0.6%
Other taxes	1,251	1,243	8	0.6%
Total Taxes	14,222	14,161	61	0.4%
C'wealth General Purpose Grants	4,687	4,787	-100	-2.1%
C'wealth Specific Purpose Grants	3,464	3,329	135	4.1%
Dividends/Tax Equivalents	1,280	1,309	-29	-2.2%
Other Current Receipts	1,316	1,324	-8	-0.6%
Total Current Receipts	24,969	24,910	59	0.2%
Current Outlays				
Interest Payments	1,393	1,360	33	2.4%
Superannuation	1,499	1,486	13	0.9%
Subsidies to Non-Budget Sector	990	1,009	-19	-1.9%
Departmental Payments	20,406	20,361	45	0.2%
Treasurer's Advances				
Less: User Charges	2,092	2,054	38	1.9%
Total Current Outlays	22,196	22,162	34	0.2%
Current Result Surplus/(Deficit)	2,773	2,748	25	0.9%
Capital Receipts				
C'wealth Specific Purpose Grants	831	835	-4	-0.5%
Other Capital Receipts	437	400	37	9.3%
Total Capital Receipts	1,268	1,235	33	2.7%
Capital Outlays				
Gross Fixed Capital Payments	2,946	3,018	-72	-2.4%
Capital Grants	1,102	1,167	-65	-5.6%
Less: Asset Sales	597	584	13	2.2%
Total Capital Outlays	3,451	3,601	-150	-4.2%
Capital Result Surplus/(Deficit)	-2,183	-2,366	183	-7.7%
Budget Result Surplus/(Deficit)	590	382	208	N/A
Super Conversion Offer	-3,262	-3,267		
Adjusted Budget Result	-2,672	-2,885	208	
Financing Transactions				
Net Borrowings	-2,757	-2745		
Net Advances Repaid	-66	49		
Movement in Cash and Investments	151	-189		
	-2,672	-2,885		