

# REPORT ON THE STATE FINANCES *2020-2021*

INCORPORATING THE

Consolidated Financial Statements of the New South Wales  
General Government and Total State Sectors





# **Report on State Finances**

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**2020-2021**





# ACKNOWLEDGEMENT OF COUNTRY

This Report on State Finances was prepared by NSW Treasury, which is located on the traditional lands of the Gadigal people of the Eora Nation. During COVID 19 health orders, NSW Treasury staff have been working from home across Sydney and NSW, as such we pay our respects to all Traditional Owners across NSW.

NSW Treasury acknowledges that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present. We recognise Aboriginal and Torres Strait Islanders' continued custodianship of Country - land, seas and skies.

We celebrate the continuing connection of Aboriginal and Torres Strait Islander peoples to Country, language and culture.

We acknowledge the historical stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of policies of the past and recognise our responsibility to work with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards better economic, social and cultural outcomes.

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# TABLE OF CONTENTS

	<b>Page</b>
<b>Report on State Finances 2020-21</b>	
About this Report .....	1 - 1
Overview 2020-21 .....	2 - 1
NSW Fiscal Context .....	3 - 1
Operating Result .....	4 - 1
Balance Sheet .....	5 - 1
<b>Total State Sector Accounts: Audited Consolidated Financial Statements of the NSW General Government and Total State Sectors .....</b>	<b>6 - 1</b>
Statement of Compliance .....	6 - 2
Independent Auditor's Report Total State Sector Accounts .....	6 - 3
Statements of Comprehensive Income .....	6 - 11
Statements of Changes in Equity .....	6 - 13
Statements of Financial Position .....	6 - 14
Statements of Cash Flows .....	6 - 15
Notes to the Financial Statements .....	6 - 16
<b>Uniform Presentation Framework: Outcomes Report .....</b>	<b>7 - 1</b>
Statements of Financial Position .....	7 - 3
Sector Reports	
General Government Sector .....	7 - 5
Public Non-Financial Corporations Sector .....	7 - 16
Non-Financial Public Sector .....	7 - 21
Public Financial Corporations Sector .....	7 - 26

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# 1. ABOUT THIS REPORT

The 2020-21 New South Wales Report on State Finances includes:

- an overview of the financial performance and position of the General Government and Total State Sectors for 2020-21
- the audited Consolidated Financial Statements of the General Government and Total State Sectors for 2020-21, including a full set of note disclosures required by Australian Accounting Standards
- the Outcomes Report on Government Finances for the General Government Sector, Public Non-Financial Corporations Sector, Public Financial Corporations Sector and the Non-Financial Public Sector for 2020-21, prepared in accordance with the Uniform Presentation Framework adopted by all Australian governments.

These reports and associated commentary provide a comprehensive analysis and review of the State's financial performance and position.

The NSW Government follows an international framework and all its sub-entities fall into one of three categories<sup>1</sup>:

- **General Government Sector (GGS)** – this includes all government-controlled entities that deliver non-market goods and services, perform regulatory functions and redistribute income and wealth. Non-market goods and services include essential service delivery, policy advice and regulatory functions. Examples of entities in this sector include the Department of Education, NSW Police Force and Ministry of Health
- **Public Non-Financial Corporations (PNFC)** – this covers all government-controlled entities that provide market goods or services and have a relatively higher share of own-source revenue. The NSW Government chooses to further classify entities in this sector as commercial or non-commercial:
  - commercial entities deliver services to customers from which they receive income. An example is Sydney Water
  - non-commercial entities address social objectives and levy subsidised charges to their customers. An example is New South Wales Land and Housing Corporation (NSW LAHC).
- **Public Financial Corporations (PFC)** – entities in this sector are government-controlled entities involved in providing financial services. An example includes the NSW Treasury Corporation (TCorp).

When combined, these three sectors make up the **Total State Sector (TSS)**.

Throughout this report:

- A reference to one billion dollars is one thousand million dollars
- All figures in tables, charts and text are showed in billions of dollars, except when otherwise indicated. Discrepancies between totals and the sum of components reflect rounding. Percentages are based on the underlying unrounded amounts
- Prior year comparatives have been restated to take account of changes to accounting standards and corrections of prior period errors. Material changes relating to corrections of prior period errors are highlighted in Note 32: Restatement / Corrections to Prior Years of the Total State Sector Accounts (TSSA). Comparatives have also been restated for the retrospective adoption of AASB 1059 *Service Concession Arrangements: Grantors* (AASB 1059) / withdrawal of TPP 06-8 *Accounting for Privately Financed Projects* (TPP 06-8) and are detailed in Note 14: Property, Plant and Equipment of the TSSA.

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<sup>1</sup> See the Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015 (ABS cat. No. 5514).



## 2. OVERVIEW 2020-21

The Budget Result for the 2020-21 year was a \$7.1 billion deficit in the GGS and an \$8.7 billion deficit in the TSS. This follows improved results from the 2019-20 financial year of a \$7.5 billion deficit in the GGS and \$10.2 billion deficit in the TSS, reflecting the success of NSW Government's response to the ongoing COVID-19 pandemic on the financial performance of the State. Further, it is noted this result was \$8.9 billion better than forecast in the 2020-21 Budget, in the main as a result of the State's COVID-19 response and subsequent strong economic recovery during 2020-21 exceeding all expectations.

Table 2.1: Key Financial Indicators - Overview

	General Government Sector			Total State Sector		
	Actual 2020-21	Actual 2019-20 Restated <sup>(a)</sup>	Movement	Actual 2020-21	Actual 2019-20 Restated <sup>(a)</sup>	Movement
	\$b	\$b	\$b	\$b	\$b	\$b
Revenue	88.0	81.4	↑ 6.6	91.8	86.1	↑ 5.6
Expenses	95.0	88.9	↑ 6.1	100.5	96.4	↑ 4.1
Budget Result (Net Operating Balance)	(7.1)	(7.5)	↑ 0.4	(8.8)	(10.2)	↑ 1.5
Gross Capital Expenditure	18.8	20.4	↓ (1.5)	24.5	24.8	↓ (0.4)
Net Worth (Total assets less total liabilities)	234.6	238.7	↓ (4.1)	234.6	238.7	↓ (4.1)
Net Debt (Total debt less liquid assets)	37.1	22.7	↑ 14.3	70.5	60.1	↑ 10.3
Net Financial Liabilities (Total liabilities less financial assets)	137.1	129.6	↑ 7.5	175.9	171.0	↑ 4.9

(a) Refer Note 32 Restatement/Corrections to Prior Years of the TSSA for details of corrections to prior period. Comparatives have also been restated because of the adoption of AASB 1059 / withdrawal of TPP 06-8.

The GGS state **revenue** was \$6.6 billion higher than 2019-20. The better-than-expected economic recovery contributed to increased tax revenue and GST funding from the Commonwealth. To support the State's health response to the pandemic, an additional \$0.4 billion in national health funding was received from the Commonwealth.

The increased revenue was offset by higher **expenses** – \$6.1 billion higher in 2020-21 compared to the prior year – mostly reflecting the impact of stimulus and support payments to address the COVID-19 pandemic, which can be seen through an increase in grants and subsidies. Employee related costs were higher reflecting the additional resources required to respond to the COVID-19 pandemic as well as government policy decisions to invest more in essential services. An increase in other operating expenses was driven by COVID-19 related expenses including personal protective equipment (PPE) inventory, consumption of medical supplies and surgical items and spending on quarantine accommodation and security.

**Gross capital expenditure**<sup>1</sup> for the GGS was \$18.8 billion in 2020-21, \$1.5 billion lower than the prior year. The reduction is mainly because the State entered into significant leases for office space during 2019-20.

The significant increase in **net debt** of approximately \$14.3 billion was mainly driven by the Government's commitments in delivering its record infrastructure investment program and the negative financial impact of the COVID-19 pandemic. In line with the increase in net debt, **net financial liabilities** increased by \$7.5 billion in the GGS (\$4.9 billion in TSS), and **net worth** decreased \$4.1 billion from the prior year in both the GGS and TSS.

These results are explained in more detail in the following chapters.

<sup>1</sup> Gross capital expenditure consists of purchases of property, plant & equipment, right-of-use assets, investment properties and other intangibles including additions under leases and service concession financial liability arrangements.



## 3. NSW FISCAL CONTEXT

### 3.1 Fiscal Targets and Principles

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The Government's fiscal strategy is underpinned by the *Fiscal Responsibility Act 2012 (FRA)* (the Act). The object of the Act is to maintain the State's triple-A credit rating, which is supported by two fiscal targets:

- maintaining GGS annual expense growth below long-term average revenue growth
- eliminating the State's unfunded superannuation liabilities.

The Act also requires the Government to pursue its objective in accordance with the following principles of sound financial management:

- responsible and sustainable spending, taxation and infrastructure investment
- effective financial and asset management, and
- achieving intergenerational equity.

The Government continues to manage its fiscal position to support the NSW economy and community through the impacts of the COVID-19, which has placed some pressure on the State's fiscal targets, as follows:

- NSW continues to maintain its triple-A credit rating with Moody's
- Global ratings agency Fitch has given New South Wales a triple-A credit rating with a stable outlook, highlighting the State's strong economic management during COVID-19
- On 7 December 2020, S&P Global downgraded NSW credit rating by one notch from triple-A to double-A plus, due to higher debt and larger after-capital account deficit (both driven by the budget impacts of the COVID-19 pandemic)
- The annual expense growth for 2020-21 was 6.9 per cent, higher than the long-term average revenue growth rate of 5.6 per cent (driven by the fiscal response to the COVID-19 pandemic of around \$5 billion of recurrent fiscal stimulus and health response expenditure to support the economy and the community)
- The Government is on track to eliminate the State's unfunded superannuation liabilities by 2040 as at 30 June 2021, after re-anchoring the target in 2020-21 (in response to the budget and debt impacts of COVID-19), and
- The Government published the 2021 Intergenerational Report on 7 June 2021, in line with its obligations under the Act. The Report estimated a long-term fiscal gap of 2.6 per cent by 2060-61, lower than the 3.4 per cent estimated in the 2016 Intergenerational Report. The Report also included modelling of key economic and fiscal risks facing New South Wales including physical and transitional climate risks.

Looking ahead, NSW will continue to manage its fiscal position in line with a triple-A credit rating. Appendix E of 2021-22 Budget Paper 1 outlines the Government's plan for its triple-A rating with S&P Global. The Government will maintain its commitment to fiscal discipline through maintaining a sustainable operating position and levels of debt over the medium-term.

In line with the requirements of the Act, the Government will report back to Parliament on its fiscal targets and principles of sound financial management as part of the 2022-23 Budget.

## 3.2 Economic Context

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The success that the New South Wales government had in dealing with the initial stages of the pandemic, combined with significant fiscal and monetary support, allowed for a faster recovery in economic activity in 2020-21 than was seen in most other countries and was forecast at the time of the 2020-21 Budget. State Final Demand growth, the major component of Gross State Production (GSP) growth and most timely broad indicator of state economic activity, rose by 2.9 per cent in 2020-21. This was significantly stronger than the contraction of 1.5 per cent that was expected at the time of the 2020-21 Budget.

The 2020-21 financial year was still a challenging one for the global, Australian and New South Wales economies. The onset of the COVID-19 pandemic and restrictions put in place by most jurisdictions to minimise the adverse health outcomes from the virus, had an immense impact on economies around the globe, many of which experienced the largest contraction in decades. This was the case for the New South Wales economy, which registered its largest quarterly decline in State Final Demand on record in the June quarter of 2020. This saw GSP decline in 2019-20 by 0.7 per cent, the only annual decline on record.

As at the June quarter, the NSW economy was growing stronger than pre-pandemic, with State Final Demand 3.2 per cent higher than the December quarter 2019 peak prior to the onset of the pandemic. While the growth in activity varied across different sectors, the magnitude of the overall recovery was impressive. The drivers of the pickup in activity relative to the pre-pandemic level were public demand and the housing sector (both new investment and turnover in the established market). By contrast, non-residential construction activity fell as the pandemic weighed on demand for new office and retail projects. While consumer spending rebounded sharply, it still remained around the level prior to the start of the pandemic.

Meanwhile, the ongoing closure of Australia's international border directly impacted industries reliant on international travel, such as education and tourism. In particular, spending at hotels, cafes and restaurants was well below pre-COVID levels in June 2021.

The sharp recovery in activity drove an equally impressive rebound in the labour market. Not only were all the nearly 270,000 jobs shed between February and May 2020 regained by the end of the 2020-21 financial year, but as at June 2021, the level of employment was 38,000 above the pre-pandemic level. The unemployment rate stood at 5.1 per cent, well down from the peak of 7.1 per cent, but slightly above the level seen prior to the onset of COVID-19.

The economic impacts of the Delta outbreak will be canvassed as part of the economic update in the 2021-22 Half-Yearly Review as the impacts were largely post-30 June 2021.

## 4. OPERATING RESULT

### 4.1 Budget Result Performance Against Original Budget

The budget result of GGS for the financial year ended 30 June 2021 was a \$7.1 billion deficit, \$8.9 billion lower than the Original Budget 2020-21 expected deficit of \$16.0 billion. The NSW Government's COVID-19 response and economic stimulus measures coupled with the success of the public health response led to the better-than-expected economic recovery, flowing directly into an improved revenue outcome.

Table 4.1: Key Financial Indicators (GGS) – Statement of Comprehensive Income

	Actual 2020-21	Original Budget 2020-21	Actual 2020-21 - Original Budget 2020-21	Revised Budget <sup>(a)</sup> 2020-21	Actual 2020-21 - Revised Budget <sup>(a)</sup> 2020-21
General Government Sector	\$b	\$b	\$b	\$b	\$b
Revenue	88.0	82.1	↑ 5.8	87.6	↑ 0.3
Expenses	95.0	98.1	↓ (3.1)	95.5	↓ (0.5)
Budget Result (Net Operating Balance)	(7.1)	(16.0)	↑ 8.9	(7.9)	↑ 0.8

(a) Revised estimate for 2020-21 as presented in the 2021-22 Budget Papers.

The main drivers of the improved actual budget result compared to the original budget were:

- GST revenue was \$2.6 billion higher than forecast as a result of a larger GST Pool, following an improvement in both dwelling investment and household consumption
- recurrent and capital grants, subsidies and other transfers expenses were \$2.6 billion lower than forecast largely because of program delays caused by COVID-19 and March 2021 floods
- revenue from transfer duty was \$1.7 billion higher than forecast due to stronger than expected residential property market driven by lower interest rates
- other dividends and distributions were \$791 million higher than forecast, mainly driven by higher-than-expected investment income.

An overview of the actual net operating balance (budget result) compared to the original budget projections is outlined in detail in Note 34: Budgetary Information on 2020-21 General Government Sector Financial Statements, in the Total State Sector Accounts.

## 4.2 Budget Result Performance Against Prior Year

Table 4.2 below illustrates the variances between the restated 2019-20 and the 2020-21 actual results for both the GGS and TSS.

Table 4.2: Key Financial Indicators – Performance on Operating Result

Statement of Comprehensive Income	General Government Sector			Total State Sector		
	Actual 2020-21	Actual 2019-20 Restated <sup>(a)</sup>	Movement	Actual 2020-21	Actual 2019-20 Restated <sup>(a)</sup>	Movement
	\$b	\$b	\$b	\$b	\$b	\$b
Revenue	88.0	81.4	↑ 6.6	91.8	86.1	↑ 5.6
Expenses	95.0	88.9	↑ 6.1	100.5	96.4	↑ 4.1
Budget Result (Net Operating Balance)	(7.1)	(7.5)	↑ 0.4	(8.8)	(10.2)	↑ 1.5
Comprehensive Result	(4.1)	(11.4)	↑ 7.3	(4.1)	(11.4)	↑ 7.3
Gross Capital Expenditure	18.8	20.4	↓ (1.5)	24.5	24.8	↓ (0.4)
Cash Result	(15.2)	(19.5)	↑ 4.3	(13.6)	(23.6)	↑ 10.0
Net Lending/(Borrowing)	(21.4)	(22.0)	↑ 0.6	(25.1)	(26.2)	↑ 1.0

(a) Refer Note 32 Restatement/Corrections to Prior Years of the TSSA for details of corrections to prior period. Comparatives have also been restated because of the adoption of AASB 1059 / withdrawal of TPP06-8.

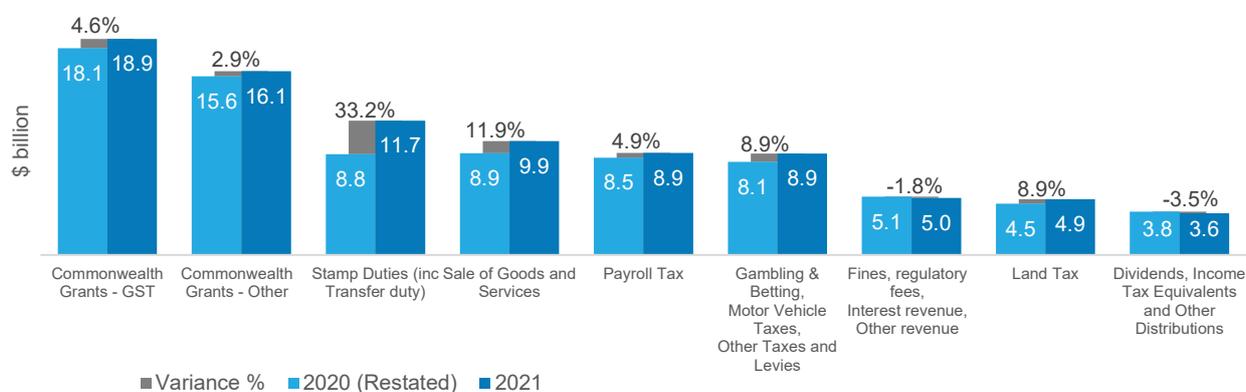
In summary, total revenues for the GGS in 2020-21 increased by \$6.6 billion (8.1 per cent) and total expenses increased by \$6.1 billion (6.9 per cent) compared to the 2019-20 outcome. Total revenues for the TSS in 2020-21 increased by \$5.6 billion (6.5 per cent) and total expenses increased by \$4.1 billion (4.3 per cent) compared to the 2019-20 outcome.

## 4.3 Revenue

GGS revenues increased by \$6.6 billion to \$88.0 billion (8.1 per cent) while TSS revenues increased by \$5.6 billion to \$91.8 billion (6.5 per cent) over 2020-21. Key revenue movements compared to the prior year are further explained below.

Chart 4.1 shows the main movements between the 2019-20 restated actual revenue and the 2020-21 actual revenue in the GGS.

Chart 4.1: Key Movements in GGS Revenues in 2020-21



Commonwealth grants and taxation revenues represent 40 per cent and 39 per cent of total revenues respectively.

## Tax Revenues

GGs tax revenues in 2020-21 were \$34.4 billion, \$4.5 billion (14.9 per cent) higher than 2019-20. This is largely the result of improved economic activity especially the strength in the housing market.

- Transfer duty revenue in 2020-21 was \$2.9 billion higher than in 2019-20 because of higher transaction volumes and strong property price growth, driven by improving buyer confidence and strong credit growth in response to historically low mortgage interest rates
- The increase in other taxation revenue in 2020-21 is mostly made up of an increase in gambling and betting taxes of \$521 million, reflecting gaming machine activity returning to previous levels as clubs and hotels opened up during the year, as well as strong growth in online wagering
- An increase in land tax revenue of \$398 million in 2020-21 reflects growth in land values over the past three years (as land tax is calculated based on three-year average land values).

Chart 4.2: Key Movements in Tax Revenue



Payroll tax revenues in 2020-21 increased by approximately \$400 million (almost 5 per cent) relative to 2019-20. This increase was attributable to the following factors:

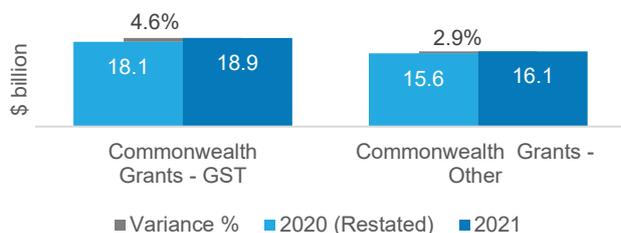
- An increase in NSW employment of approximately ¼ per cent between 2019-20 and 2020-21
- An increase in the NSW average cost of employees of approximately 3 per cent between 2019-20 and 2020-21
- The option to defer 2019-20 payroll tax returns and payments until 30 October 2020. This meant that a subset of payroll taxes that would have been payable on 2019-20 payrolls were recognised in 2020-21 instead.

The increase due to the above factors was also partially offset by policy measures proportionately reducing payroll tax liabilities in 2020-21 relative to 2019-20, including:

- A temporary two-year reduction in the payroll tax rate from 5.45 per cent to 4.85 per cent from 1 July 2020 to 30 June 2022
- A permanent increase in the payroll tax threshold from \$900,000 to \$1.2 million from 1 July 2020.

## Commonwealth and Other Grants

Chart 4.3: Key Movements in Commonwealth and Other Grants



New South Wales receives General Purpose Grants (which are comprised mostly of GST), National Partnership Payments, Specific Purpose Payments and a small number of other payments from the Commonwealth. Total Commonwealth grants were \$35.0 billion in 2020-21, \$1.3 billion higher (3.8 per cent) than the prior year as per chart 4.3. The TSS values are in line with the GGS results.

General Purpose Grants from the GST Pool were \$18.9 billion in 2020-21, \$824 million higher than 2019-20. GST revenues from the Commonwealth Government are distributed among states. GST revenues depend on the total amount of GST collected, population share of NSW and the relativity calculated by the Commonwealth Grants Commission. The increase in GST revenue in 2020-21 largely reflects an increase in the national GST pool due to an increase in taxable consumption and greater-than-expected repayments of GST debt.

The main increases in Commonwealth funding included:

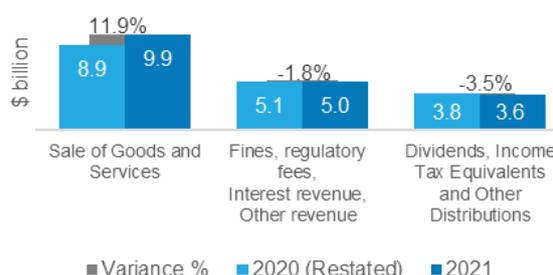
- national health funding to the Ministry of Health in response to COVID-19 measures increased by \$434 million compared to prior year and funding under the National Health Reform Agreement increased by \$167 million increase compared to 2019-20
- funding in the Department of Education under the National School Reform Agreement (i.e. "Gonski 2.0") increased by \$173 million to account for growth in school student enrolment and escalation
- funding to Transport for NSW (TfNSW) under Commonwealth Funding Agreements increased by \$235 million due to the commencement of property acquisition for the M12 and commencement of Sydney Metro - Western Sydney Airport work.

This was partially offset by a decrease of \$607 million for bushfire disaster recovery to Resilience NSW.

## Other Revenues

**Sale of goods and services** for the GGS increased by \$1.0 billion during 2020-21 to \$9.9 billion or 11.9 per cent higher than the prior year (as per chart 4.4 on the right), mainly from an increase of \$682 million in fee for service revenue to TfNSW for delivering major rail projects in the PNFC sector. This includes Stage three of the More Trains, More Services program to integrate Sydney Metro City and Southwest into the rail network.

Chart 4.4: Key Movements in Other Revenues



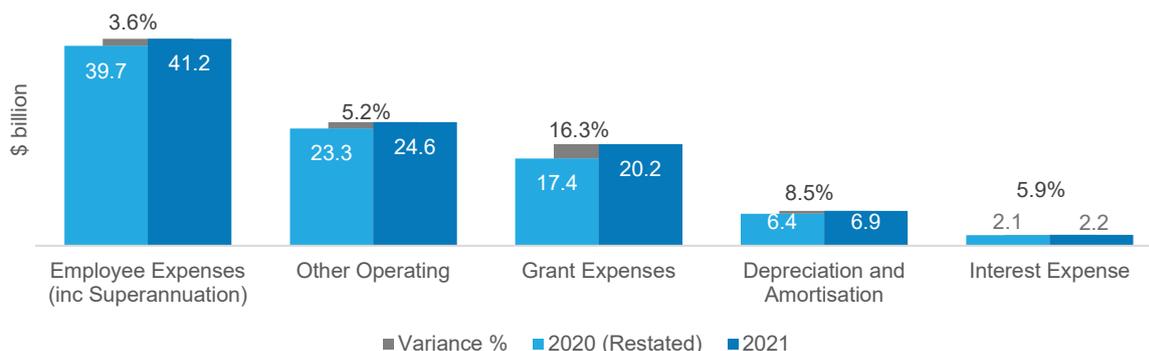
For the TSS, revenue from **sale of goods and services** decreased by \$302 million. The main reason for this fall in revenue was the impact of COVID-19 restrictions on the number of rail passengers, which caused declines in passenger revenue and other service revenue in Sydney Trains (down \$244 million compared to prior year).

## 4.4 Expenses

Total GGS expenses were \$95.0 billion, which were \$6.1 billion (6.9 per cent) higher than 2019-20, while TSS expenses amounted to \$100.5 billion, \$4.1 billion (4.3 per cent) higher than the previous year. Key expense movements compared to the prior year are further explained below.

Chart 4.5 below shows the main movements between the 2019-20 restated actual expenses and the 2020-21 actual expenses in the GGS.

Chart 4.5: Key Movements in GGS Expenses in 2020-21



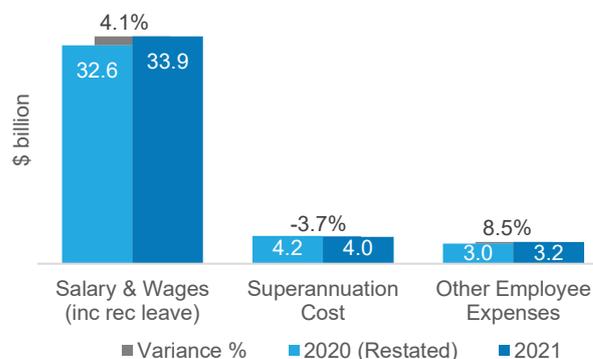
Employee expenses accounted for more than 40 per cent of the Sector's total expenditure followed by other operating expenses (26 per cent) and grant expenses (21 per cent).

### Employee Expenses including Superannuation

Total employee related costs were \$1.4 billion (3.6 per cent) higher than 2019-20 for the GGS and \$1.5 billion (3.6 per cent) higher for the TSS. This mainly reflects government policy decisions to invest more in essential services, including health professionals and police.

A part of the increase relates to wage inflation increases in line with the then 1.5 per cent wages policy in place for the 2021-22 financial year, which led to an increase of approximately \$500 million. The Ministry of Health and Department of Education (DoE) also saw an increase in full time equivalents (FTEs), including additional resources as a result of the COVID-19 public health response as well as additional teachers and school administrative and support staff.

Chart 4.6 Key Movements in Employee Expenses



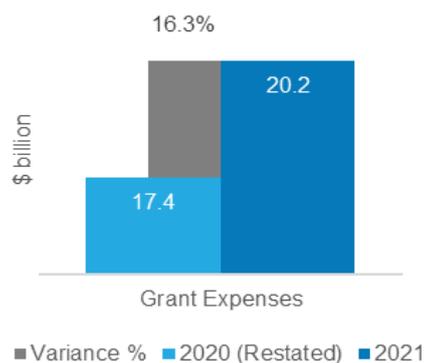
### Grant Expenses

The \$2.8 billion (16.3 per cent) increase in GGS grants and subsidies expenses, as illustrated in chart 4.7, mainly relates to programs implemented to address the economic impact of the COVID-19 pandemic and natural disasters including:

- \$1.3 billion in TfNSW of which \$593 million relates to grants to local councils for delivery of Federal programs and \$694 million to Sydney and NSW Trains to support loss of revenue

- \$360 million in Department of Planning, Industry and Environment (DPIE) for grants to the NSW Land and Housing Corporation primarily for new and upgraded social housing
- \$190 million in Commonwealth Home Builder grants administered by The Treasury
- \$116 million in DoE State Training Services Skilling programs, and
- \$50 million grants paid to NSW arts and cultural organisations as part of the COVID-19 Rescue and Restart package.

Chart 4.7 Key Movements in Grant Expenses



In addition, grants and subsidies expenses increased as a result of:

- \$213 million grants to local councils primarily for infrastructure and urban planning initiatives to improve public amenities such as local roads and public open spaces (DPIE)
- \$144 million increase in grants to non-government schools, including the Building Grants Assistance Scheme (BGAS), which increased in line with non-government school student enrolments (DoE).

This was partially offset by a decrease in NSW Self Insurance Corporation (NSW SiCorp) of \$301 million, largely as a result of updated actuarial valuations to the liability and unearned premium in the Home Building Compensation scheme.

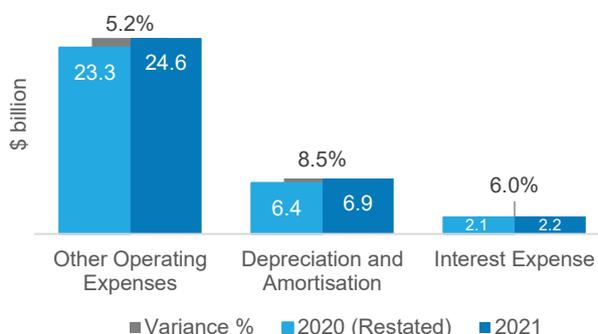
## Other Expenses

In total other expenses were \$1.9 billion (6.0 per cent) higher than prior year as illustrated in chart 4.8.

**Other operating expenses** of \$24.6 billion were \$1.3 billion higher than 2019-20. This includes higher expenses as a result of COVID-19 related expenses including:

- \$550 million increase related to medical and surgical supplies, and specialised health services and inventory obsolescence
- \$532 million increase for quarantine-related accommodation and security.

Chart 4.8 Key Movements in Other Expenses



This also includes an increase of \$629 million due to delivery of major rail projects on behalf of the PNFC sector.

The increase in other operating expenses was partially offset by a reduction of \$1.4 billion in NSW SiCorp mainly due to a reduction in sensitive claims and lower COVID-19 and the NSW bushfires claims made in 2020-21 relative to the prior year.

**Depreciation and amortisation** expenses were \$6.9 billion, \$545 million in total higher than in 2019-20.

The key driver of the increase was that operations, and therefore depreciation, commenced for a number of key infrastructure projects, including the CBD and South East Light Rail, NorthConnex, M8 and M5 East Motorways and other road projects such as Woolgoolga to Ballina project.

**Interest expenses** in 2020-21 of \$2.2 billion were \$123 million higher than 2019-20, consistent with the impact of higher borrowings offset by lower interest rates faced by the State.

## 4.5 Comprehensive Result

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The GGS Comprehensive Result was a loss of \$4.1 billion compared to a loss of \$11.4 billion in 2019-20. The comprehensive result represents the aggregate of the operating result (made up of revenue and expenses which are analysed above) and other economic flows included in the operating result and other comprehensive income, within the GGS. The improved result compared to last year is driven by higher actuarial gains and greater positive movements in investments. This was somewhat offset by adjustments in assets, including road infrastructure, personal protective equipment and the GGS's investment in the PNFC sector compared to the prior year. These impacts are explained in more detail in Section 5 on the balance sheet.

## 4.6 Capital Expenditure

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GGS capital expenditure during 2020-21 was \$18.8 billion, \$1.5 billion lower than the prior year, a decrease of 7.6 per cent. This decline is mainly the result of entering into significant leases for State office space during 2019-20 which did not occur to the same extent during 2020-21.

GGS agencies with significant capital expenditure programs in 2020-21 included:

- Transport for NSW (\$7.2 billion)
- Sydney Metro (\$4.3 billion)
- Ministry of Health (\$2.7 billion)
- Department of Education (\$2.0 billion).

Major projects progressed during 2020-21 included:

- Sydney Metro West (\$1.7 billion)
- Sydney Metro – Western Sydney Airport (State and Federal Funded) (\$239.6 million)
- WestConnex (State and Federal Funded) (\$1.3 billion)
- Western Harbour Tunnel and Beaches Link Program and Warringah Freeway Upgrade (\$154.9 million)
- Bankstown-Lidcome Hospital and Community Health Services Redevelopment (\$2.3 million) and Nepean Hospital Redevelopment Stage 2 (\$11.0 million)
- New primary schools, including Porters Creek Public (\$17.0 million) and Denham Court Public (\$50.8 million).

In addition, a number of major projects were completed in the year. These included:

- the \$5.3 billion Pacific Highway – Woolgoolga and Ballina (State and Federal Funded) (2020-21: \$303.0 million)
- the \$431.4 million Wagga Wagga Base Hospital Redevelopment (2020-21: \$46.3 million)
- the Mona Vale Hospital Redevelopment – Geriatric Evaluation and Management Unit and Palliative Care Unit (2020-21: \$14.7 million), as part of the broader \$618.9 million Northern Beaches Health Services redevelopment
- the \$60.0 million Inverell Hospital Redevelopment (2020-21: \$11.2 million)
- the \$68.7 million Bowral and District Hospital Stage 1 (2020-21: \$4.6 million)
- New primary schools, including the \$52.8 million Barramurra Public – Catherine Field (2020-21: \$42.9 million) and the \$51.6 million Galungara Public Stage 1 (Alex Avenue) (2020-21: \$20.3 million)

TSS capital expenditure of \$24.5 billion was \$350 million lower than in 2019-20. This decrease was driven by the lower GGS capital expenditure spend, however was partially offset by higher capital expenditure by public non-financial corporations.



## 5. BALANCE SHEET

Table 5.1: Key Financial Indicators – Balance Sheet Performance

Statement of Financial Position	General Government Sector			Total State Sector		
	Actual 2020-21	Actual 2019-20 Restated <sup>(a)</sup>	Movement	Actual 2020-21	Actual 2019-20 Restated <sup>(a)</sup>	Movement
	\$b	\$b	\$b	\$b	\$b	\$b
Total Assets	454.1	443.5	↑ 10.6	525.7	513.4	↑ 12.3
Total Liabilities	219.5	204.8	↑ 14.7	291.1	274.7	↑ 16.4
Net Worth	234.6	238.7	↓ (4.1)	234.6	238.7	↓ (4.1)
Net Unfunded Superannuation Liability	57.6	67.9	↓ (10.3)	59.9	71.0	↓ (11.1)
Net Debt	37.1	22.7	↑ 14.3	70.5	60.1	↑ 10.3
Net Debt as a % of GSP <sup>(b)</sup>	5.8%	3.6%	↑ 2.1%	10.9%	9.6%	↑ 1.4%
Net Financial Liabilities (NFL)	137.1	129.6	↑ 7.5	175.9	171.0	↑ 4.9
NFL as a % of GSP <sup>(b)</sup>	21.3%	20.6%	↑ 0.7%	27.3%	27.2%	↑ 0.1%

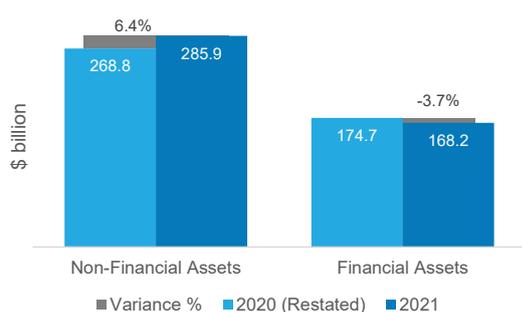
(a) Refer Note 32 Restatement/Corrections to Prior Years of the TSSA for details of corrections to prior period. Comparatives have also been restated because of the adoption of AASB 1059 / withdrawal of TPP 06-8.

(b) GSP actuals for 2020-21 were not released at the time of report preparation. Numbers reflect 2021-22 GSP forecasts from the 2021-22 Budget

### 5.1 Total Assets

Total assets of the General Government as at 2020-21 consist mainly of property, plant and equipment (60 per cent), equity investments in other public sector entities and associates (22 per cent) and remaining financial assets (14 per cent).

Chart 5.1: Components of GGS Total Assets 2020-21



The \$17.2 billion net increase in **Property, Plant & Equipment (PP&E)** in the GGS is mostly as a result of additions of \$20.5 billion (predominately within the Transport, Health and Education clusters) and an upward revaluation of \$4.0 billion, which was partially offset by depreciation (\$5.5 billion) and disposals of PP&E (\$1.5 billion) during 2020-21.

The \$1.7 billion increase in TSS PP&E is mostly due to additions of new PP&E offset by downward revaluations and depreciation.

The GGS's **equity investments**, representing investment in other public sector entities and associates, were 11 per cent lower than 2019-20 primarily as a result of a change in asset valuation methodology for consistency with accounting standards.

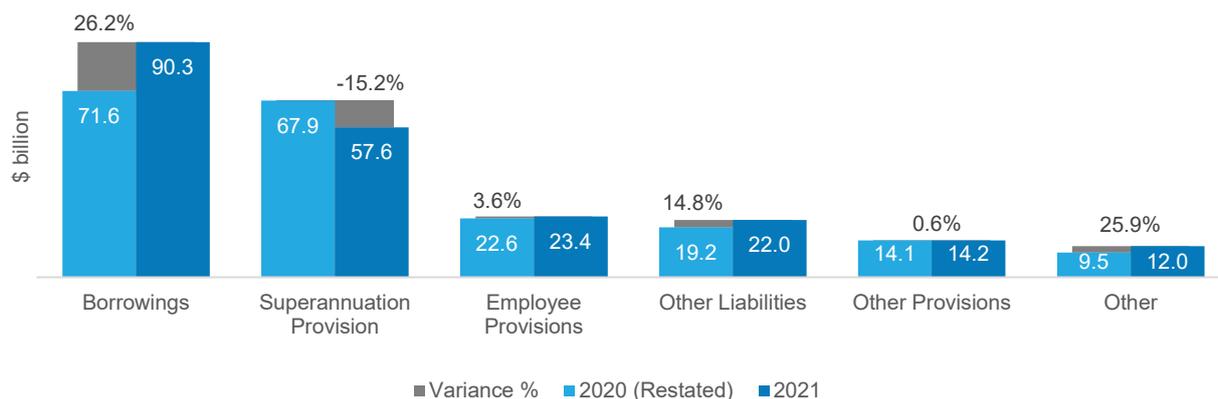
The net increase in **financial assets at fair value** is primarily attributable to an increase of \$4.0 billion for NSW SiCorp and \$1.9 billion for NSW Generations Fund investments in TCorpIM funds during 2020-21.

During 2019-20, **cash balances** increased by \$4.2 billion primarily for a stronger liquidity position to operate in the volatile COVID-19 environment. During 2020-21, the cash balance decreased from this higher position by \$2.4 billion (TSS \$1.2 billion), more in line with normal liquidity management practices.

## 5.2 Total Liabilities

Total liabilities of the GGS as at 2020-21 consist mainly of General Government's borrowings, which accounted for 41 per cent of the General Government's obligations at 30 June 2021, and employee and superannuation provisions, which together accounted for 37 per cent of total liabilities.

Chart 5.2: Components of Total Liabilities in the GGS 2020-21



**Borrowings**<sup>1</sup> increased by \$18.7 billion to \$90.3 billion in 2020-21 driven by the Government's commitments in delivering its record infrastructure investment program and COVID-19 response, recovery and stimulus measures. The TSS borrowings increase of \$15.8 billion was largely driven by the GGS.

**Superannuation liabilities** represent the actuarially-assessed obligations for past and present employees less the net market value of scheme assets set aside to meet these obligations. The net unfunded superannuation liabilities decrease of \$10.3 billion to \$57.6 billion (15.2 per cent) in the GGS, and \$11.1 billion to \$59.9 billion (15.6 per cent) in the TSS, is largely as a result of an increase in the discount rate used to value the liabilities from 0.87 per cent in 2019-20 to 1.50 per cent in 2020-21, due to the increase in government bond yields used as the discount rate as required by accounting standards.

The Government's current funding plan will ensure the commitment to fully fund defined benefit superannuation liabilities by 2040 is met.

The increase in **employee provisions** of \$820 million was mainly due to the \$591 million increase in the provision for outstanding workers compensation claims provision as a result of actuarial valuations including changes to economic assumption (such as inflation and discount rates) and the increasing number of active claims and an increasing proportion of severity claims (claims with a higher level of whole person impairment). Employee leave provisions grew from last year because of reduced leave taken by staff in response to the COVID-19 pandemic, especially for Ministry of Health where employee leave provisions increased by \$241 million and the Department of Education where employee leave provisions increased by \$114 million.

The **payables** balance (included in **other**<sup>2</sup>) increased by \$2.8 billion (39.5 per cent) to \$10.1 billion in 2020-21. This is due to increased activity on key projects towards the year end of 2020-21, resulting in higher amounts owing to suppliers and contractors compared to the same time last year. Key projects impacted in this way include Sydney Metro, NorthConnex, purchases of new intercity fleet, and work done on regional rail.

<sup>1</sup> Borrowings include borrowings at amortised cost and borrowings and derivatives at fair value.

<sup>2</sup> Other include deferred tax equivalent provision, deposits held, payables, tax equivalents payable, advances received and contract liabilities.

**Grant of Right to Operate Liabilities Under Service Concessions** (included in **other liabilities**) increased by \$2.3 billion in 2020-21 due to the ongoing construction of new motorways (NorthConnex, M8 & M5 East Motorways) under GORTO style service concessions.

### 5.3 Net Worth, Net Debt and Net Financial Liabilities

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**Net worth** is the difference between total assets and total liabilities. Net worth for the year ended 30 June 2021 was \$234.6 billion, a decrease of \$4.1 billion (1.7 per cent) from the prior year.

The decrease in net worth is equal to the comprehensive result of the GGS for 2021 as outlined in section 4.5 in this document.

**Net debt** equals the sum of financial liabilities (deposits held, borrowings, derivatives and advances received) less the sum of the following financial assets (cash and deposits, advances paid and investments, loans and placements).

While borrowings increased by \$18.7 billion as described in section 5.2 above, this was somewhat offset by a \$6.8 billion increase in financial assets at fair value due to increased investments in TCorpIM funds combined with increased market valuations as described in section 5.1 above.

The TSS net debt increase of \$10.3 billion to \$70.5 billion at 30 June 2021 was driven by the changes in the GGS.

**Net financial liabilities** represent total liabilities less financial assets, other than equity in publicly owned corporations.

GGS net financial liabilities at 30 June 2021 were \$137.1 billion, which was \$7.5 billion higher than the prior year. The main factors contributing to this change are the increase in borrowings of \$18.7 billion, as described above, offset by a fall in superannuation liabilities of \$10.3 billion as the liability discount rate for the State Sector Schemes and Energy Industries Superannuation Scheme increased from 0.87 per cent to 1.50 per cent.



Total State Sector Accounts  
2020 – 2021

Audited Consolidated Financial Statements  
of the NSW General Government  
and Total State Sectors

# STATEMENT OF COMPLIANCE

Pursuant to section 7.17(4) of the *Government Sector Finance Act 2018*, in our opinion the Total State Sector Accounts:

- have been prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and all other Australian Accounting Standards, and
- presents fairly the consolidated financial position, financial performance and cash flows for the Total State Sector and General Government Sector.



The Hon. Matt Kean MP  
Treasurer



Michael Pratt AM  
Secretary  
Treasury



Stewart Walters  
Chief Financial and Operations Officer  
Treasury

24 December 2021



## INDEPENDENT AUDITOR'S REPORT

### New South Wales General Government Sector and Total State Sector

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the New South Wales General Government Sector and Total State Sector (the Total State Sector Accounts), which comprise the Statement of Compliance, the NSW Consolidated Statement of Comprehensive Income and the NSW Consolidated Statement of Changes in Equity for the year ended 30 June 2021, the NSW Consolidated Statement of Financial Position as at 30 June 2021, and the NSW Consolidated Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Total State Sector Accounts. The Total State Sector Accounts comprises the entities the New South Wales Government controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and section 7.17 of the *Government Sector Finance Act 2018* (GSF Act)
- presents fairly the financial position, financial performance and cash flows of the New South Wales General Government Sector and Total State Sector.

My opinion should be read in conjunction with the rest of this report.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Emphasis of Matter - Investment in other public sector entity**

I draw attention to the significant uncertainties disclosed in Note 11 'Equity Investments in Other Public Sector Entities'. The note describes the significant uncertainty associated with the recognition by the New South Wales General Government Sector of an equity cash contribution during the year of \$2.4 billion to the Transport Asset Holding Entity (TAHE), an entity in the Public Non-Financial Corporation sector.

The equity contribution is recognised on the basis there is a reasonable expectation to earn a realistic rate of return on the investment in TAHE. The exception to this treatment is if there is no reasonable expectation of a sufficient rate of return on the injection, in which case, the transfer is recorded as a capital transfer expense. Returns include dividends, income tax equivalents and holding gains or losses (this includes the revaluation loss of \$20.3 billion disclosed in note 11).

TAHE's existing 10 year agreements with its key customers provide a mechanism by which the parties meet annually and consult in order to determine the amount of the access fees and licence fees that will be payable in the following financial year. On 18 December 2021, a Heads of Agreement was signed between TAHE and its key customers, Sydney Trains and NSW Trains and Transport for NSW to reflect TAHE's intention to negotiate higher access and licence fees to deliver on its Shareholding Ministers expectations to earn a return of 2.5 per cent on contributed equity, increased on 14 December 2021 from the previous 1.5 per cent. The return of 2.5 per cent per annum is expected to be earned over the estimated weighted average remaining useful lives of TAHE's assets and recover all holding losses arising from revaluation of TAHE's assets.

There is significant uncertainty with regards to this judgement because:

- TAHE's future estimated access and licence fees, which are critical to the ability to earn a realistic rate of return are subject to re-negotiation and re-signed access agreements, based on proposed indicative future access and licence fees set out in the Heads of Agreement, which will form the basis of the re-negotiation
- \$1.1 billion in additional funding for TAHE's key customers was provided in the 2021-22 'NSW Budget Half Yearly Review' consistent with the terms in the Heads of Agreement, but this funding only extends out to the end of the forward estimates period in 2024-25. There is an additional \$4.1 billion over the following six years outside of the forward estimates period (up to the end of the 10 year contract period), which has been broadly communicated to the Expenditure Review Committee, but is yet to be provided for in government budget figures
- a significant portion of the required returns are earned outside of the 10 year contract period (terminating 30 June 2031) and there is a risk that TAHE will not be able to re-contract for access and licence fees at a level that is consistent with current projections. There is also a risk that funding for TAHE's key customers will not be sufficient to fund payment of access and licence fees at a level that is consistent with current projections.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

Australian Auditing Standard ASA 701 'Communicating Key Audit Matters in the Independent Auditor's Report' applies to the audit of the general purpose financial statements of listed entities or when an auditor is required by legislation to communicate key audit matters in the auditor's report. There is no legislative requirement to communicate key audit matters in my independent audit report on the NSW General Government Sector and Total State Sector Accounts. I have voluntarily included a narrative on Key Audit Matters to enhance the readability of my audit opinion.

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2021. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

**Key Audit Matter****How my audit addressed the matter****Accounting for equity contributions into the Transport Asset Holding Entity**

The General Government Sector transferred \$2.4 billion to the Transport Asset Holding Entity (TAHE) during the year ended 30 June 2021. Since 2015-16, the General Government Sector has transferred a total of \$11.1 billion to TAHE (formerly Rail Corporation of New South Wales). The General Government Sector classified the \$11.1 billion of transfers as equity investments. Equity contributions into Public Non-Financial Corporation and Public Financial Corporation entities are recognised as an addition to the equity investment in entities in these sectors. The exception to this treatment is if there is no reasonable expectation of a sufficient rate of return on the injection, in which case, the transfer is recorded as a capital transfer expense to the General Government Sector.

I consider this to be a key audit matter because:

- management has exercised a high degree of judgement interpreting the accounting principles that apply to the classification of the transfer of the equity contribution. This includes determining a sufficient rate of return, the transaction flows that constitute returns and the time period the returns are earned over
- management's accounting treatment as an equity investment is highly dependent on expectations of a sufficient rate of return from the investment which may not eventuate. Assessing if there is a reasonable expectation of a sufficient rate of return requires the use of long-term forecasts and projections, which are by their nature highly subjective. In addition, these forecasts are beyond the term of TAHE's current contractual arrangements with its key customers
- on-going recognition of the equity investment is dependent on TAHE remaining in the Public Non-Financial Corporation Sector.

Details of management's key judgements and assumptions related to the General Government Sector's investment into TAHE are included in Note 11 'Equity Investments in Other Public Sector Entities'.

Key audit procedures included the following:

- reviewing professional accounting advice obtained by management, to assess the reasonableness of the accounting treatment against the requirements of Australian Accounting Standards and relevant frameworks
- assessing significant judgements and assumptions applied by management to support the accounting treatment, including considering the appropriateness of management's determination of a sufficient rate of return, the transaction flows that constitute returns and the time period the returns are earned over
- assessing the key assumptions, judgements and reasonableness of management's financial modelling used to determine a rate of return from investment into TAHE
- considering the Australian Bureau of Statistics current classification of TAHE in the Public Non-Financial Corporation sector
- assessing the sufficiency and appropriateness of financial statement disclosures against the requirements of applicable Australian Accounting Standards.

**Control of rail transport assets vested in TAHE**

TAHE is classified as a Public Non-Financial Corporation entity, meaning it is consolidated into the Total State Sector financial statements, but not the General Government Sector financial statements.

At 30 June 2021, the Total State Sector consolidated \$21.8 billion of TAHE's property, plant and equipment and \$1.5 billion in depreciation expenses for the year ended 30 June 2021.

Key audit procedures included:

- reviewing relevant professional accounting advice, to assess the reasonableness of the accounting treatment against the requirements of applicable Australian Accounting Standards
- examining relevant legislation and regulations and contractual agreements, including the Operating Licence to assess indicators of control against relevant Australian Accounting Standards.

**Key Audit Matter****How my audit addressed the matter**

To recognise an asset, an entity must demonstrate that it controls the future economic benefits embodied in the asset. Indicators of accounting 'control' include the ability to direct the use of the asset and/or prevent other entities directing its use, and obtain substantially all of the economic benefits from the asset.

TAHE has agreements with other parties:

- that provide exclusive or non-exclusive rights to use assets vested in TAHE
- to manage the use of its assets as an agent.

TAHE is also subject to an Operating Licence issued by the Portfolio Minister for the periods 1 July 2020 to 30 June 2021 and 1 July 2021 to 30 June 2023, which impose limits on its legislative functions detailed in the *Transport Administration Act 1988*.

I considered this to be a key audit matter because of the significant judgements required to determine 'control' over assets, including:

- how this interacts with TAHE's legislative functions and Operating Licence
- the determination of principal and agent under the relevant agreements and ability of other parties to direct use of the assets.

**Fair value measurement of property, plant and equipment**

At 30 June 2021, the Total State Sector Accounts reported \$391 billion in property, plant and equipment measured at fair value. The closing balance of property, plant and equipment includes a net revaluation decrement of \$14.4 billion recorded during the year ended 30 June 2021.

I considered this to be a key audit matter because of the:

- financial significance of the property, plant and equipment balances to the NSW Consolidated Statement of Financial Position
- extent of significant management judgements underpinning key assumptions used in the valuation process
- sensitivity of fair value to changes in key assumptions
- specialised and unique nature of the assets impacting on judgement and complexities in applying AASB 13 'Fair Value Measurement' requirements.

Details of the valuation techniques, inputs and processes for major asset classes are disclosed in Note 14 Property, Plant and Equipment.

Key audit procedures included the following:

- obtained an understanding of management's approach to estimating the fair value of property, plant and equipment
- assessed the accuracy and completeness of assets included in the revaluation
- assessed the competence, capability and objectivity of experts engaged by management
- assessed significant judgements made in determining the valuation approach for specialised and unique assets, including impairment
- reviewed the reasonableness of key assumptions and sensitivity of the conclusions to changes in those assumptions
- assessed the sufficiency and appropriateness of the valuation methodologies and management's fair value assessments against the requirements of applicable Australian Accounting Standards
- assessed the sufficiency and appropriateness of financial statement disclosures against the requirements of applicable Australian Accounting Standards.

**Key Audit Matter****How my audit addressed the matter****Recognition and measurement of service concession assets**

At 30 June 2021, the Total State Sector Accounts reported \$45.4 billion of service concessions assets, \$20.0 billion in grant of right to operate service concessions liabilities and \$8.1 billion of service concession financial liabilities.

I considered this to be a key audit matter because:

- the service concession arrangements are financially significant to the NSW Consolidated Statement of Financial Position
- the accounting standard for service concession arrangements was applied for the first time
- the methods used to value the service concession assets and liabilities are complex and involve significant judgements and assumptions
- sensitivity of service concession assets and liabilities to changes in key assumptions
- the additional disclosure requirements in the financial statements.

Further information on the impact and valuation techniques for service concession arrangements is disclosed in Note 14 Property, Plant and Equipment, Note 15 Intangibles, Note 21 Borrowings at Amortised Cost and Note 25 Other Liabilities.

Key audit procedures included the following:

- examined contracts, valuation reports and professional accounting advice obtained by management, to assess the reasonableness of the accounting treatment against the requirements of the accounting standard
- assessed the competence, capability and objectivity of management's independent valuation experts
- assessed the appropriateness of the valuation methodology and reasonableness of key assumptions and judgements adopted
- assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.

**Valuation of defined benefit superannuation and long service leave liabilities**

At 30 June 2021, the Total State Sector Accounts reported net defined benefit superannuation liabilities totalling \$59.9 billion and employee long service leave liabilities totalling \$12.9 billion.

I considered this to be a key audit matter because:

- the defined benefit superannuation and long service leave liabilities are financially significant to the NSW Consolidated Statement of Financial Position
- the underlying models used to value the liabilities are complex due to a high level of judgement and estimation involved in the valuation assumptions, including discount rates, salary inflation and other assumptions
- the total value of the liabilities is sensitive to small changes in key valuation inputs.

Further information on the valuation of long service leave and defined benefit superannuation liabilities is included in Note 22 Employee Provisions and Note 23 Superannuation Provisions.

Key audit procedures included the following:

- assessed the key controls supporting the data used in the defined benefit superannuation and long services leave liability valuation models (the models)
- assessed the completeness and mathematical accuracy of the data used in the models
- obtained management's actuarial report and year-end adjustments, and engaged a qualified actuary ('auditor's expert') to:
  - assess the appropriateness of the models
  - confirm the reasonableness of key assumptions by comparing against accepted industry benchmarks
  - assess the reasonableness of the reported liability values
- assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.

**Key Audit Matter****How my audit addressed the matter****Valuation of financial instruments**

At 30 June 2021, the Total State Sector Accounts reported financial instruments measured at fair value totalling \$78.1 billion in financial assets and \$129.3 billion in financial liabilities.

I consider the valuation of financial instruments measured at fair value a key audit matter because:

- financial assets and financial liabilities measured at fair value are significant to the NSW Consolidated Statement of Financial Position
- small changes to market observable inputs and assumptions can significantly impact the fair value of these financial assets and financial liabilities
- management applies significant judgement in the selection of assumptions used to value offshore borrowings issued in foreign currencies for which there is limited trading activity (\$1.3 billion in Note 26). These are classified as 'level 3' according to the fair value hierarchy under Australian Accounting Standards (i.e. where significant unobservable inputs are used in the valuation).

Further information on the valuation of financial instruments is disclosed in Note 26 Financial Instruments.

Key audit procedures included the following:

- obtained an understanding of, and assessed the valuation models applied to each category of financial instrument
- assessed the design and tested the operating effectiveness of the key operational and information technology controls supporting the valuation of financial instruments
- tested the inputs to the valuation system by comparing them to independent market observable data
- compared the calculations of fair value to independent recalculations across a sample of financial instruments
- reviewed the key valuation inputs and significant assumptions used by management to value 'level 3' financial instruments for reasonableness, and where data was available, agreed these inputs to market observable data
- confirmed the existence and completeness of balances at 30 June 2021 with external counterparties
- assessed the adequacy of financial statement disclosures against the requirements of applicable Australian Accounting Standards.

**Valuation of outstanding claims liabilities**

At 30 June 2021, the Total State Sector Accounts recorded \$6.4 billion in self-funded worker's compensation claims liabilities and \$16.4 billion in other outstanding claims liabilities.

The valuation of the outstanding claims liabilities involves significant judgement in determining the timing and value of expected future payments for claims incurred and related costs to settle the claims. In determining the valuation of the liabilities, management engages actuarial specialists to model and develop assumptions to estimate the outstanding claims liabilities.

I considered this to be a key audit matter because:

- the outstanding claims liabilities are financially significant to the NSW Consolidated Statement of Financial Position
- the degree of judgement in developing assumptions and the complexity of valuation models
- heightened uncertainty related to assumptions that estimate the impact of the continuing COVID-19 pandemic, including the impact of the 2021 NSW lockdown on claims experience, the timing of re-opening borders to travel and the future economic outlook.

Key audit procedures included the following:

- with the assistance of our actuarial expert ('auditor's expert'):
  - evaluated the competence, capabilities and objectivity of management's actuaries
  - gained an understanding of the work of the management's actuaries and evaluated the appropriateness of their work, including their models
  - assessed the valuation methods and approach used by management's actuaries against the requirements of accounting standards and consistency with industry practice and the underlying claims exposure
  - assessed the assumptions used as inputs into the valuation models
  - reviewed the results of the experience investigations carried out by management's actuaries, to determine how they inform the assumptions used
  - evaluated the judgements made by management's actuaries in assessing the impact of the COVID-19 pandemic on

## Key Audit Matter

The level of judgement means that the valuation of the outstanding claims liabilities may change significantly and unexpectedly due to changes in assumptions.

Further information on the valuation techniques, inputs and assumptions used to value outstanding claims liabilities is included in Note 22 Employee Provisions and Note 24 Other Provisions.

## How my audit addressed the matter

- assumptions used in estimating the total outstanding claims liability
- performed an overall assessment of the valuation methodology, key assumptions and models used to derive the valuation of the outstanding claims liabilities
- assessed the adequacy of the related financial statement disclosures against the requirements of applicable Australian Accounting Standards.

## Taxation and statutory revenue

The Total State Sector Accounts reported \$36.7 billion of taxation and statutory revenue (fines, mining royalties and regulatory fees), \$4.6 billion of taxation and statutory receivables (excluding \$1.2 billion Goods and Services Tax receivable) and \$395 million in an allowance for impairment for taxation and statutory receivables in the year ended 30 June 2021.

I consider this to be a key audit matter because:

- of the financial significance of taxation and statutory revenue and receivables
- recognition and measurement of taxation and statutory revenue was significantly affected by the COVID-19 stimulus measures implemented by the NSW Government including deferral of lodgements in returns for self-assessed taxes
- the calculation of the allowance related to taxation receivable requires significant judgements and assumptions.

Further information on taxation and statutory revenue is included in Note 2 Revenue.

Key audit procedures included the following:

- evaluated the design and tested operating effectiveness of controls over key revenue streams, including land tax, payroll tax, duties, gaming machine taxes and mineral royalties
- recalculated key revenue streams for reasonableness against the requirements of the relevant taxation legislation
- tested the adjustments to payroll tax revenue resulting from deferrals in lodgements of returns for self-assessed taxes as part of the COVID-19 stimulus packages up until the date of signing the financial statements
- assessed the methodology and assumptions used to estimate the allowance related to taxation receivable against historical recoverability rates and write-off of debt for reasonableness
- recalculated the allowance for impairment recognised for mathematical accuracy
- assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.

## Other Information

The New South Wales Report on State Finances for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Treasurer is responsible for the other information.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## Treasurer's Responsibilities for the Financial Statements

The Treasurer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and section 7.17 of the GSF Act. The Treasurer's responsibility also includes such internal control as the Treasurer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the New South Wales General Government Sector and Total State Sector's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar5.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar5.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the New South Wales General Government Sector and Total State Sector carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford  
Auditor-General for New South Wales

24 December 2021  
SYDNEY

FROM CONTINUING OPERATIONS	Note	General Government Sector		Total State Sector	
		2020-21 \$m	2019-20 Restated <sup>(a)(b)</sup> \$m	2020-21 \$m	2019-20 Restated <sup>(a)(b)</sup> \$m
<b>Revenue from Transactions</b>					
Taxation	2	34,407	29,941	34,515	29,939
Grants and Subsidies					
Commonwealth General Purpose	2	18,897	18,073	18,897	18,073
Commonwealth Specific Purpose Payments	2	11,999	11,278	11,999	11,278
Commonwealth National Partnership Payments	2	3,618	3,886	3,618	3,886
Other Grants and Subsidies	2	1,132	1,068	1,080	990
Sale of Goods and Services <sup>(a)</sup>	2	9,949	8,893	13,852	14,154
Interest <sup>(a)</sup>	2	307	366	483	612
Dividend and Income Tax Equivalents from Other Sectors	2	1,077	1,354	...	...
Other Dividends and Distributions	2	2,570	2,426	2,854	2,641
Fines, Regulatory Fees and Other <sup>(a)</sup>	2	4,009	4,108	4,475	4,567
<b>Total Revenue from Transactions</b>		<b>87,965</b>	<b>81,395</b>	<b>91,772</b>	<b>86,140</b>
<b>Expenses from Transactions</b>					
Employee Expenses	3	37,142	35,555	39,810	38,112
Superannuation					
Superannuation Interest Cost	3	589	882	613	927
Other Superannuation	3	3,426	3,288	3,644	3,517
Depreciation and Amortisation <sup>(a)</sup>	3	6,930	6,385	10,332	9,605
Interest <sup>(a)</sup>	3	2,199	2,076	3,032	3,152
Other Operating Expenses <sup>(a)</sup>	3	24,560	23,336	27,450	26,924
Grants and Subsidies					
Recurrent Grants and Subsidies	3	18,548	16,369	14,178	13,299
Capital Grants	3	1,644	1,001	1,462	839
<b>Total Expenses from Transactions</b>		<b>95,038</b>	<b>88,892</b>	<b>100,521</b>	<b>96,374</b>
<b>Transactions from Discontinuing Operations</b>	5	...	...	...	...
<b>NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)</b>		<b>(7,072)</b>	<b>(7,495)</b>	<b>(8,749)</b>	<b>(10,234)</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Note	General		Total	
		Government Sector 2020-21 \$m	2019-20 Restated <sup>(a)(b)</sup> \$m	State Sector 2020-21 \$m	2019-20 Restated <sup>(a)(b)</sup> \$m
<b>NET OPERATING BALANCE</b>		<b>(7,072)</b>	<b>(7,495)</b>	<b>(8,749)</b>	<b>(10,234)</b>
<b>OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT</b>					
Gain/(Loss) from Liabilities	4	495	(201)	306	(626)
Other Net Gains/(Losses) <sup>(a)</sup>	4	2,085	(2,199)	4,795	(4,249)
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	4	(82)	46	(82)	45
Dividends from Asset Sale Proceeds	4	...	31	...	...
Deferred Income Tax from Other Sectors <sup>(a)</sup>	4	158	(117)	...	...
Other	4	(7)	(212)	(13)	(218)
<b>Other Economic Flows - included in Operating Result</b>		<b>2,649</b>	<b>(2,652)</b>	<b>5,006</b>	<b>(5,048)</b>
<b>OPERATING RESULT</b>		<b>(4,423)</b>	<b>(10,148)</b>	<b>(3,743)</b>	<b>(15,282)</b>
<b>OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME</b>					
<i>Items that will not be Reclassified to the Operating Result</i>					
Revaluations <sup>(a)</sup>	14	3,948	4,398	(14,357)	4,708
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to the Operating Result		1,611	...	1,611	...
Remeasurements of Post-Employment Benefits	23	11,088	(673)	11,708	(690)
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income <sup>(a)(b)</sup>		(17,039)	(4,831)	0	(0)
Deferred Tax Direct to Equity		112	15	...	...
Other <sup>(b)</sup>		227	68	297	100
<i>Items that may be Reclassified Subsequently to the Operating Result</i>					
Net Gain/(Loss) on Financial Instruments at Fair Value		0	(8)	8	(14)
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to the Operating Result		399	(243)	399	(243)
<b>Other Economic Flows - Other Comprehensive Income</b>		<b>346</b>	<b>(1,273)</b>	<b>(334)</b>	<b>3,859</b>
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>		<b>(4,077)</b>	<b>(11,421)</b>	<b>(4,077)</b>	<b>(11,421)</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>		<b>(4,077)</b>	<b>(11,421)</b>	<b>(4,077)</b>	<b>(11,421)</b>
Less: Net Other Economic Flows <sup>(a)</sup>		(2,995)	3,926	(4,672)	1,187
<b>NET OPERATING BALANCE</b>		<b>(7,072)</b>	<b>(7,495)</b>	<b>(8,749)</b>	<b>(10,234)</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>					
Purchases of Non-Financial Assets <sup>(a)</sup>		17,775	16,624	23,395	21,018
Sales of Non-Financial Assets		(238)	(639)	(502)	(903)
Less: Depreciation and Amortisation <sup>(a)</sup>		(6,930)	(6,385)	(10,332)	(9,605)
Plus: Change in Inventories		626	839	336	927
Plus: Other Movements in Non-Financial Assets					
Assets Acquired Using Leases <sup>(a)</sup>		762	2,933	782	3,008
Assets Acquired Using Service Concession Arrangements					
Financial Liability Model <sup>(a)</sup>		281	801	300	801
Grant of a Right to the Operator Model <sup>(a)</sup>		2,902	904	2,902	904
Other <sup>(a)</sup>		(833)	(546)	(493)	(203)
<b>Equals Total Net Acquisition of Non-Financial Assets</b>		<b>14,345</b>	<b>14,531</b>	<b>16,389</b>	<b>15,947</b>
<b>EQUALS: NET LENDING/(BORROWING)</b>		<b>(21,418)</b>	<b>(22,026)</b>	<b>(25,138)</b>	<b>(26,179)</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

2020-21	Equity at 1 July 2020 Restated <sup>(a)</sup> \$m	Comprehensive Result \$m	Transfers Between Equity Classes \$m	Equity at 30 June 2021 \$m
<b>General Government Sector</b>				
Accumulated Funds <sup>(a)</sup>	68,241	7,002	123	75,365
Reserves				
Asset Revaluation Surplus <sup>(a)</sup>	99,233	3,948	(112)	103,070
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	(799)	2,010	(11)	1,201
Hedging Reserve	(7)	0	...	(7)
Financial Assets at Fair Value through Other Comprehensive Income <sup>(a)</sup>	71,995	(17,039)	...	54,956
Other	(0)	...	...	(0)
	<b>238,664</b>	<b>(4,077)</b>	<b>...</b>	<b>234,587</b>
<b>Total State Sector</b>				
Accumulated Funds <sup>(a)</sup>	80,014	8,262	459	88,733
Reserves				
Asset Revaluation Surplus <sup>(a)</sup>	159,431	(14,357)	(486)	144,587
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	(799)	2,010	(8)	1,204
Hedging Reserve	(15)	8	...	(7)
Financial Assets at Fair Value through Other Comprehensive Income	(0)	0	...	(0)
Other	34	...	35	70
	<b>238,664</b>	<b>(4,077)</b>	<b>...</b>	<b>234,587</b>

2019-20	Equity at 1 July 2019 \$m	Changes in Accounting Standards and Policy at 1 July 2019 <sup>(a)(b)(c)</sup> \$m	Equity at 1 July 2019 Restated <sup>(a)(c)</sup> \$m	Comprehensive Result Restated <sup>(a)(c)</sup> \$m	Transfers Between Equity Classes Restated <sup>(a)</sup> \$m	Equity at 30 June 2020 Restated <sup>(a)</sup> \$m
<b>General Government Sector</b>						
Accumulated Funds <sup>(a)(c)</sup>	75,722	1,362	77,084	(10,737)	1,893	68,241
Reserves						
Asset Revaluation Surplus <sup>(a)(c)</sup>	96,163	565	96,728	4,398	(1,893)	99,233
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	(556)	...	(556)	(243)	(0)	(799)
Hedging Reserve	1	...	1	(8)	0	(7)
Financial Assets at Fair Value through Other Comprehensive Income <sup>(a)(c)</sup>	77,738	(912)	76,826	(4,831)	...	71,995
Other	(0)	...	(0)	...	(0)	(0)
	<b>249,070</b>	<b>1,015</b>	<b>250,085</b>	<b>(11,421)</b>	<b>...</b>	<b>238,664</b>
<b>Total State Sector</b>						
Accumulated Funds <sup>(a)(c)</sup>	92,503	474	92,975	(15,871)	2,909	80,014
Reserves						
Asset Revaluation Surplus <sup>(a)(c)</sup>	157,126	541	157,667	4,708	(2,943)	159,431
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	(556)	...	(556)	(243)	(0)	(799)
Hedging Reserve	(1)	...	(1)	(14)	0	(15)
Financial Assets at Fair Value through Other Comprehensive Income	...	...	...	(0)	...	(0)
Other	...	...	...	...	34	34
	<b>249,070</b>	<b>1,015</b>	<b>250,085</b>	<b>(11,421)</b>	<b>...</b>	<b>238,664</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Includes changes in accounting standards adjustments for AASB 15, AASB 16, AASB 1058, AASB 1059 and TPP 06-8 withdrawal.

(c) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Note	General Government Sector			Total State Sector		
		2020-21	2019-20	1 July 2019	2020-21	2019-20	1 July 2019
		\$m	Restated <sup>(a)(b)</sup> \$m	Restated <sup>(a)(b)</sup> \$m	\$m	Restated <sup>(a)(b)</sup> \$m	Restated <sup>(a)(b)</sup> \$m
<b>ASSETS</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents <sup>(b)</sup>	6	3,781	6,134	1,969	9,198	10,434	8,696
Receivables <sup>(a)(b)</sup>	7	12,567	11,468	8,983	11,977	11,151	9,020
Investments, Loans and Placements				...			...
Financial Assets at Fair Value	9	47,662	40,874	43,333	52,444	45,909	44,560
Other Financial Assets <sup>(a)(b)</sup>	9	1,436	1,608	2,960	1,783	1,858	2,994
Advances Paid	10	1,298	1,239	1,193	868	776	715
Tax Equivalents Receivable	17	35	15	32	...	...	...
Deferred Tax Equivalents Asset <sup>(a)</sup>	17	2,291	2,050	2,162	...	...	...
Equity Investments							
Investments in Other Public Sector Entities <sup>(a)(b)</sup>	11	85,778	99,485	97,661	...	...	...
Investments in Associates	11	13,358	11,866	12,055	13,358	11,866	12,057
Other Equity Investments	11	5	7	8	25,629	21,741	24,468
<b>Total Financial Assets</b>		<b>168,211</b>	<b>174,746</b>	<b>170,356</b>	<b>115,256</b>	<b>103,736</b>	<b>102,510</b>
<b>Non-Financial Assets</b>							
Contract Assets <sup>(b)</sup>	8	97	24	10	97	23	10
Inventories	12	1,378	1,188	399	1,547	1,743	873
Forestry Stock and Other Biological Assets		18	14	10	771	841	1,181
Assets Classified as Held for Sale	13	123	286	222	160	335	283
Investment Properties		...	...	...	623	676	648
Property, Plant and Equipment							
Land and Buildings <sup>(a)(b)</sup>	14	102,282	95,566	90,743	172,483	169,557	166,216
Plant and Equipment <sup>(a)(b)</sup>	14	13,112	12,825	11,595	16,729	17,036	15,601
Infrastructure Systems <sup>(a)(b)</sup>	14	156,665	146,483	141,336	201,670	202,558	190,264
Right-of-Use Assets <sup>(a)(b)</sup>	28	6,513	6,838	5,333	9,173	9,684	8,309
Intangibles <sup>(a)</sup>	15	4,575	4,476	4,508	5,455	5,558	5,622
Other Non-Financial Assets <sup>(a)</sup>	16	1,122	1,065	640	1,749	1,650	740
<b>Total Non-Financial Assets</b>		<b>285,884</b>	<b>268,766</b>	<b>254,796</b>	<b>410,459</b>	<b>409,662</b>	<b>389,749</b>
<b>TOTAL ASSETS</b>		<b>454,096</b>	<b>443,512</b>	<b>425,151</b>	<b>525,715</b>	<b>513,398</b>	<b>492,259</b>
<b>LIABILITIES</b>							
Deposits Held <sup>(b)</sup>	18	282	293	271	311	369	497
Payables <sup>(a)</sup>	19	10,052	7,207	7,079	11,345	8,324	8,357
Contract Liabilities <sup>(b)</sup>	8	934	1,156	782	1,051	1,259	878
Borrowings and Derivatives at Fair Value	20	212	392	207	114,997	98,358	72,757
Borrowings at Amortised Cost <sup>(a)(b)</sup>	21	90,133	71,205	46,619	18,818	19,703	17,798
Advances Received		625	696	756	625	696	756
Employee Provisions	22	23,386	22,566	20,802	24,708	23,817	21,969
Superannuation Provision	23	57,591	67,890	67,696	59,855	70,951	70,711
Tax Equivalents Payable	17	35	80	3	...	...	...
Deferred Tax Equivalent Provision	17	50	82	108	...	...	...
Other Provisions <sup>(b)</sup>	24	14,180	14,101	11,610	22,731	21,786	18,191
Other Liabilities <sup>(a)(b)</sup>	25	22,028	19,178	19,134	36,685	29,471	30,260
<b>TOTAL LIABILITIES</b>		<b>219,509</b>	<b>204,848</b>	<b>175,066</b>	<b>291,128</b>	<b>274,734</b>	<b>242,173</b>
<b>NET ASSETS</b>		<b>234,587</b>	<b>238,664</b>	<b>250,085</b>	<b>234,587</b>	<b>238,664</b>	<b>250,085</b>
<b>NET WORTH</b>							
Accumulated Funds <sup>(a)(b)</sup>		75,365	68,241	77,084	88,733	80,014	92,975
Reserves <sup>(a)(b)</sup>		159,222	170,423	173,001	145,853	158,650	157,109
<b>TOTAL NET WORTH</b>		<b>234,587</b>	<b>238,664</b>	<b>250,085</b>	<b>234,587</b>	<b>238,664</b>	<b>250,085</b>
<b>OTHER FISCAL AGGREGATES</b>							
<b>Net Debt</b>		<b>37,076</b>	<b>22,732</b>	<b>(1,603)</b>	<b>70,459</b>	<b>60,148</b>	<b>34,842</b>
<b>Net Financial Liabilities</b>		<b>137,076</b>	<b>129,587</b>	<b>102,371</b>	<b>175,872</b>	<b>170,998</b>	<b>139,663</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

	Note	General Government Sector		Total State Sector	
		2020-21 \$m	2019-20 Restated <sup>(a)(b)</sup> \$m	2020-21 \$m	2019-20 Restated <sup>(a)(b)</sup> \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Taxation		34,344	28,346	34,425	28,370
Sale of Goods and Services		10,268	8,878	14,291	14,167
Grants and Subsidies		35,421	33,775	35,372	33,710
Interest		217	291	579	674
Dividends and Income Tax Equivalents from Other Sectors		1,582	1,139	0	0
Other <sup>(b)</sup>		9,948	10,333	16,002	11,688
<b>Total Receipts</b>		<b>91,780</b>	<b>82,762</b>	<b>100,670</b>	<b>88,609</b>
<b>Payments</b>					
Employee Related		(35,904)	(34,083)	(38,482)	(36,542)
Superannuation		(3,191)	(4,649)	(3,432)	(4,893)
Payments for Goods and Services <sup>(a)</sup>		(23,817)	(21,291)	(25,883)	(24,742)
Grants and Subsidies		(19,035)	(16,180)	(14,503)	(12,988)
Interest <sup>(a)</sup>		(2,201)	(1,784)	(3,004)	(2,715)
Other <sup>(b)</sup>		(6,717)	(7,251)	(7,939)	(9,227)
<b>Total Payments</b>		<b>(90,864)</b>	<b>(85,237)</b>	<b>(93,244)</b>	<b>(91,108)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	6	<b>916</b>	<b>(2,475)</b>	<b>7,425</b>	<b>(2,499)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Non-Financial Assets</b>					
Proceeds from Sale of Non-Financial Assets		305	223	569	487
Purchases		(16,395)	(17,252)	(21,602)	(21,557)
<b>Net Cash Flows from Investments in Non-Financial Assets</b>		<b>(16,090)</b>	<b>(17,029)</b>	<b>(21,033)</b>	<b>(21,070)</b>
<b>Financial Assets (Policy Purposes)</b>					
Receipts <sup>(b)</sup>		787	235	756	179
Payments <sup>(b)</sup>		(3,315)	(2,206)	(172)	(242)
<b>Net Cash Flows from Investments in Financial Assets (Policy Purposes)</b>		<b>(2,528)</b>	<b>(1,971)</b>	<b>584</b>	<b>(63)</b>
<b>Financial Assets (Liquidity Purposes)</b>					
Proceeds from Sale of Investments <sup>(b)</sup>		2,956	6,258	5,127	4,426
Purchase of Investments <sup>(b)</sup>		(4,416)	(2,214)	(10,328)	(650)
<b>Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)</b>		<b>(1,460)</b>	<b>4,045</b>	<b>(5,201)</b>	<b>3,776</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(20,078)</b>	<b>(14,955)</b>	<b>(25,651)</b>	<b>(17,358)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Advances Received		0	21	0	21
Advances Repaid		(101)	(98)	(101)	(98)
Proceeds from Borrowings		18,853	22,943	81,635	102,751
Repayments of Borrowings <sup>(a)</sup>		(1,945)	(1,308)	(64,558)	(81,078)
Deposits Received/(Paid) - Net <sup>(b)</sup>		(10)	22	(4)	(28)
Other - Net		8	15	16	(4)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>16,805</b>	<b>21,595</b>	<b>16,989</b>	<b>21,564</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,357)</b>	<b>4,165</b>	<b>(1,236)</b>	<b>1,708</b>
Opening Cash and Cash Equivalents		6,134	1,969	10,434	8,696
Reclassification of Cash Equivalents and Other Adjustments		4	(0)	0	30
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	6	<b>3,781</b>	<b>6,134</b>	<b>9,198</b>	<b>10,434</b>
<b>DERIVATION OF CASH RESULT</b>					
Net Cash Flows from Operating Activities		916	(2,475)	7,425	(2,499)
Net Cash Flows from Investments in Non-Financial Assets		(16,090)	(17,029)	(21,033)	(21,070)
<b>CASH SURPLUS/(DEFICIT)</b>		<b>(15,174)</b>	<b>(19,504)</b>	<b>(13,608)</b>	<b>(23,569)</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

### Accounting Policies

Note 1: Statement of Significant Accounting Policies .....	6 - 17
------------------------------------------------------------	--------

### Statement of Comprehensive Income

Note 2: Revenue .....	6 - 30
Note 3: Expenses .....	6 - 38
Note 4: Other Economic Flows Included in the Operating Result .....	6 - 41
Note 5: Discontinued Operations .....	6 - 42

### Assets

Note 6: Cash and Cash Equivalents .....	6 - 42
Note 7: Receivables .....	6 - 46
Note 8: Contract Balances .....	6 - 47
Note 9: Investments, Loans and Placements .....	6 - 48
Note 10: Advances Paid .....	6 - 50
Note 11: Equity Investments .....	6 - 51
Note 12: Inventories .....	6 - 57
Note 13: Assets Classified as Held for Sale .....	6 - 58
Note 14: Property, Plant and Equipment .....	6 - 59
Note 15: Intangibles .....	6 - 100
Note 16: Other Non-Financial Assets .....	6 - 105
Note 17: Income Tax Equivalents .....	6 - 105

### Liabilities

Note 18: Deposits Held .....	6 - 106
Note 19: Payables .....	6 - 106
Note 20: Borrowings and Derivative Liabilities at Fair Value .....	6 - 107
Note 21: Borrowings at Amortised Cost .....	6 - 108
Note 22: Employee Provisions .....	6 - 109
Note 23: Superannuation Provisions .....	6 - 110
Note 24: Other Provisions .....	6 - 121
Note 25: Other Liabilities .....	6 - 126

### Financial Instruments

Note 26: Financial Instruments .....	6 - 128
--------------------------------------	---------

### Other Information

Note 27: Trusts Under Management .....	6 - 152
Note 28: Leases .....	6 - 152
Note 29: Expenditure Commitments .....	6 - 159
Note 30: Contingent Assets and Contingent Liabilities .....	6 - 160
Note 31: Events after the Reporting Period .....	6 - 166
Note 32: Restatement/Corrections to Prior Years .....	6 - 167
Note 33: Related Party Disclosures .....	6 - 172

### Budgetary Information

Note 34: Budgetary Information on 2020-21 General Government Sector Financial Statements .....	6 - 173
------------------------------------------------------------------------------------------------	---------

### Government Finance Statistics

Note 35: Disaggregated Financial Statements .....	6 - 183
Note 36: Key Fiscal Aggregates and Reconciliations to Government Finance Statistics .....	6 - 197
Note 37: Details of Consolidated Entities .....	6 - 200

### Details of Consolidated Entities and Key Terms

Note 38: Key Technical Terms used in the Financial Statements .....	6 - 205
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## Note 1: Statement of Significant Accounting Policies

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### Scope

The Total State Sector comprises the General Government Sector, the Public Non-Financial Corporation (PNFC) Sector and the Public Financial Corporation (PFC) Sector. These sectors are determined in accordance with the principles and rules contained in the Australian Bureau of Statistics *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015 (cat. No.5514)* (ABS GFS Manual) as amended from time to time.

The New South Wales General Government Sector and Total State Sector have applied, where appropriate, not-for-profit Australian accounting standards.

The financial statements of the General Government Sector and Total State Sector for the year ended 30 June 2021 were authorised for issue by the Treasurer on 24 December 2021. This report was issued from:

Treasury  
52 Martin Place  
Sydney NSW 2000  
AUSTRALIA

## Basis of Preparation

The Total State Sector Accounts (TSSA) are general purpose financial statements. The purpose of these financial statements is to provide users with information about the stewardship of the NSW Government in relation to the Total State Sector and General Government Sector. It also provides information that facilitates assessments of the macroeconomic impact of the State.

The financial statements of the Total State Sector and the General Government Sector have been prepared in accordance with:

- applicable Australian Accounting Standards (which include paragraphs applicable to not-for-profit entities and Australian Interpretations), in particular, AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049); and
- division 7.4 of the *Government Sector Finance Act 2018*.

The financial statements are prepared using the accrual basis of accounting, which recognises the effect of transactions and events when they occur. Property, plant and equipment, forestry stock and other biological assets, investment property, assets (or disposal groups) held-for-sale, investment in other public sector entities and financial instruments not measured at amortised cost are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention, except where specified otherwise.

In accordance with AASB 1049, the financial statements of the General Government Sector are included as a separate column adjacent to the Total State Sector financial information. AASB 1049 harmonises Government Finance Statistics (GFS) with Generally Accepted Accounting Principles (GAAP) to the extent that GFS does not conflict with GAAP. This requires the selection of options within the Australian Accounting Standards that harmonise with the ABS GFS Manual. A glossary of key technical terms used in the financial statements, including relevant GFS terminology, is included in Note 38: Key Technical Terms.

The financial statements are presented in Australian dollars which is the State's presentation and functional currency. All amounts are rounded to the nearest million dollars (\$m), except when otherwise indicated.

Prior year comparatives have been restated for the application of AASB 1059 *Service Concession Arrangements: Grantors* (AASB 1059) and the withdrawal of NSW Treasury Accounting Policy TPP 06-8 *Accounting for Privately Financed Projects* (TPP 06-8). Refer to Note 14: Property, Plant and Equipment for further information on the effect of these changes in accounting policy for the comparative 2019-20 financial year.

Use of a zero ('0') represents amounts rounded down to zero. Use of three dots ('...') represents nil amounts. Tables may not add in all instances due to rounding.

## Significant Impacts to the 2020-21 Reporting Period

The consolidated financial position and comprehensive result of the State were particularly affected by the following events during the 2020-21 financial year:

- The coronavirus (COVID-19) outbreak which developed rapidly during 2019-20 continues to impact communities within the State and across the globe. Measures taken by the State to contain COVID-19 continue to affect economic activity and the State's finances;
- Natural disaster events (including flooding in 2020-21 and bushfire events in 2019-20) which resulted in revaluation losses and impairment of assets; and
- The adoption of AASB 1059 and withdrawal of TPP 06-8.

## Principles of Consolidation

The TSSA consolidates all assets, liabilities, equities, revenues and expenses of the NSW Government including those of entities controlled by the State, in accordance with *AASB 10 Consolidated Financial Statements* (AASB 10). The General Government Sector financial statements consolidate only those entities within the General Government Sector, using the consolidation procedures specified in AASB 10, except as described below.

The State controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The State re-assesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. The financial statements of the controlled entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Under AASB 1049, the General Government Sector financial statements are not required to apply the full requirements of AASB 10 and AASB 9 *Financial Instruments* (AASB 9). Instead of consolidating the PNFCs and PFCs on a line-by-line basis, the General Government Sector financial statements recognise an asset, being the equity investment in those entities. The gain or loss for changes in the carrying amount of the investment from period to period is accounted for as if the change in carrying amount is a change in fair value and accounted for in a manner consistent with AASB 9. The General Government Sector has irrevocably elected to account for the change in the carrying amount of these investments in a manner consistent with the treatment of equity instruments measured at fair value through other comprehensive income (FVOCI) in AASB 9 that would otherwise be measured at fair value through profit or loss (FVTPL).

Entities which are not controlled by the State, including local government bodies, universities, certain reserve trusts created under the Crown Land Management Act 2016, hospitals listed under Schedule 3 of the *Health Services Act 1997*, the State's Superannuation Funds, trust funds under management that are not controlled, the NSW Aboriginal Land Council and most professional registration and marketing authorities, are not consolidated into the financial statements of the State. In preparing consolidated financial statements, all transactions and balances between NSW government agencies (for the TSSA) and between General Government Sector agencies (for the General Government Sector financial statements) have been eliminated. Where agencies adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted.

If the State loses control over an entity, it derecognises the related assets (including goodwill), liabilities and other components of equity, while any resultant gain or loss is recognised in the operating result. Any investment retained is recognised at fair value.

Details of consolidated entities are included in Note 37: Details of Consolidated Entities.

## Presentation in the 2020-21 Financial Statements

All amounts are rounded to the nearest one million dollars and are expressed in Australian currency, which is the State's presentation and functional currency.

Certain comparatives have been restated to ensure alignment with current year presentation or for the correction of material prior period errors. The impact of any prior year adjustments is noted in Note 32: Restatement/Corrections to Prior Years.

## Consolidated Statement of Comprehensive Income Presentation

All amounts included in the comprehensive result (total change in net worth before transactions with owners as owners) are classified as 'transactions' or 'other economic flows' consistent with the principles in the ABS GFS Manual and AASB 1049.

'Transactions' are a result of mutually agreed interactions between parties. 'Other economic flows' result from a change in the volume or value of an asset or liability that does not result from a 'transaction', including revaluations resulting from changes in market prices and other gains and losses that result from changes in the volume of assets.

'Other economic flows' are separated between those recognised in the operating result and those recognised in other comprehensive income.

## Revenue

Revenues are transactions that result in increases of net worth. The specific policies adopted for the recognition of significant categories of revenue are discussed in Note 2: Revenue.

## Expenses

Expenses are transactions that result in a reduction of net worth. The specific policies adopted for the recognition of significant categories of expenses are discussed in Note 3: Expenses.

## Volunteer Services

Under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058), receipt of volunteer services is recognised as an asset or expense when the fair value of those services can be reliably measured, and the services would have been purchased if not donated.

The operations of volunteer services are dependent on the services provided by volunteer firefighters, emergency service volunteers, and other volunteers. Their contributions are essential to the provision of comprehensive, efficient, and effective emergency services throughout NSW.

The contribution and cost of these volunteer services have not been recognised by the State as the services donated would not have been purchased. The State does not currently purchase alternative services when volunteer numbers fluctuate.

## Consolidated Statement of Financial Position Presentation

### Assets

Assets recognised in the Consolidated Statement of Financial Position are classified into financial and non-financial assets, in order of liquidity.

### Liabilities

Liabilities in the Consolidated Statement of Financial Position are presented in order of liquidity.

### Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the associated notes of the Consolidated Statement of Financial Position.

Assets are classified as 'current' when their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the controlled entity does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

## Valuation Techniques, Inputs and Processes

A number of the State's accounting policies and disclosures require the measurement of both financial and non-financial assets and liabilities at fair value. Agencies are responsible for determining the appropriate valuation techniques, inputs and processes to be undertaken to determine the fair value of their financial assets and liabilities in accordance with AASB 13 *Fair Value Measurement* (AASB 13).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value in accordance with AASB 13, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

Under AASB 13, the State categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the State can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly;
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The State recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to the relevant notes for further disclosures regarding fair value measurements of financial and non-financial assets. Transfers between levels within the fair value hierarchy during the year are disclosed in Note 14: Property, Plant and Equipment and Note 26: Financial Instruments.

## Significant Accounting Estimates and Judgements

Judgement, estimates and assumptions are required to be made that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on professional judgements derived from historical experience, independent valuations and/or various other factors that are believed to be reasonable under the circumstances. These results form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from market observable data. Actual results may differ from these estimates.

Judgements, key assumptions and estimations that have been made in the preparation of the financial statements are outlined below and/or disclosed in the relevant notes to the financial statements:

- the recognition and measurement of service concession assets, and associated service concession financial liabilities and grant of the right to operate (GORTO) liabilities (refer to Note 14: Property, Plant and Equipment);
- the recognition and classification of transactions that are/contain a donation or a contract with a customer (refer to Note 2: Revenue);
- the recognition of revenue and allocation of the transaction price for contracts with customers (refer to Note 2: Revenue);
- the accounting of equity investments including equity investments and transfers to the PNFC and PFC sectors (refer to Note 11: Equity Investments);
- the classification of non-current assets (or disposal groups) as held for sale (refer to Note 13: Assets Classified as Held for Sale);
- the fair value and useful lives of property, plant and equipment (including service concession assets) (refer to Note 14: Property, Plant and Equipment);
- recognition of impairment for non-financial assets (refer to Note 14: Property, Plant and Equipment, Note 15: Intangibles and Note 28: Leases);
- actuarial assumptions for employee benefit provisions and superannuation liabilities that are based on the likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 22: Employee Provisions and Note 23: Superannuation Provisions);
- the estimation of provisions for outstanding claims (refer to Note 24: Other Provisions);
- the estimation of fair value for certain financial assets and financial liabilities measured at level 3 of the fair value hierarchy, and the estimation of expected credit losses (ECLs) for receivables, contract assets and other financial assets at amortised cost (refer to Note 26: Financial Instruments);
- the estimation of uncertainties made in relation to lease accounting (refer to Note 28: Leases);
- recognition and classification of finance and operating leases by the State in its capacity as a lessor (refer to Note 28: Leases); and
- an assessment of contingent liabilities, commitments and guarantees (refer to Note 30: Contingent Assets and Contingent Liabilities).

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Estimates and judgements are continually evaluated.

## Transport Asset Holding Entity NSW

### The Purpose of TAHE

Transport Asset Holding Entity (TAHE) NSW is the custodian of the NSW rail network. Its role is to provide track access to rail operators, oversee asset and safety management, pursue commercial business opportunities, and oversee network capital investment.

The overarching intent of TAHE is a more commercial approach to funding and managing infrastructure assets, as outlined in the second reading speech for the 2017 amendments to the *Transport Administration Act 1988* (refer to the second reading speech for the *Transport Administration Amendments (Transport Entities) Bill 2017*).

TAHE has commercial track access arrangements with freight and passenger rolling stock operators. TAHE also has commercial arrangements for the licensing of stations and rollingstock with the passenger operators.

The State continues to subsidise passenger use of all modes of public transport, whether provided by private or public sector operators, on the basis that public transport achieves broad policy objectives and contributes to State outcomes.

### History of the TAHE Reform

RailCorp (a not-for-profit PNFC) was an integrated owner, maintainer and operator of NSW rail infrastructure. In 2012, the Government announced a restructure of RailCorp. NSW Trains and Sydney Trains were created in 2013, as subsidiaries of RailCorp responsible for the maintenance and operator functions previously undertaken by RailCorp. As a result, the functions of RailCorp changed significantly.

In 2015 Government determined that a Transport Asset Holding Entity (TAHE) would be established as a State-Owned Corporation (SOC). Implementation of this complex reform commenced immediately and resulted in Parliament passing legislation for the transition of RailCorp to TAHE in 2017. On 1 July 2020, the enabling legislation for TAHE commenced, the independent Board was appointed, and the transitional Implementation Deed was established to enable rail operators to access TAHE's assets under existing terms and conditions.

The NSW Government provides annual funding to TAHE for the acquisition of heavy rail infrastructure. Since 2015, such amounts have been recorded in the GGS Balance sheet as the acquisition of additional equity in the PNFC sector. Prior to 2015, capital funding provided to RailCorp was expensed by the State and recorded as an expense in the GGS operating statement. The change in treatment corresponded with the stated intention to effect reforms in heavy rail infrastructure management, including establishment of a SOC that would provide returns to its shareholders.

### The TAHE Reform in 2020-21

In 2020-21, the NSW Government provided funding to TAHE of \$2.4 billion for the construction of rail assets and acquisition of rolling stock. This funding has been treated as an equity contribution to TAHE, because there is a reasonable expectation of a return to the shareholders on this equity contribution.

During 2020-21 new commercial arrangements were negotiated between TAHE and public sector rail operators, reflecting the shareholders' expected rate of return of 1.5 per cent on contributed equity, based on the 10 Year Commonwealth bond yield. These commercial arrangements came into effect from 1 July 2021.

Since the commercial arrangements came into effect, the shareholders have communicated expectations of accelerated commerciality, moving the expected rate of return on contributed equity from the 10 Year Commonwealth bond yield to the expected long-term inflation rate, assessed as 2.5 per cent. TAHE entered into a Heads of Agreement on 18 December 2021 with its key customers. The Heads of Agreement reflects TAHE's intention to negotiate higher access and licence fees to deliver on shareholder's expectation of a return of 2.5 per cent and includes proposed indicative future access and licence fees.

As described in the 2020-21 Half Year Review, for the period to 2024-25 an additional \$1.1 billion has been allocated to Transport for NSW to be provided to rail operators consistent with the updated shareholder expectations for TAHE. While the Half Year Review does not embed approved funding beyond 2024-25, the Heads of Agreement attaches an indicative financial profile which indicates access and licence fees increase by an additional \$4.1 billion over the following 6 years.

Refer to Note 11: Equity Investments for more information about the treatment of the \$2.4 billion equity contribution to TAHE.

The transport asset structural reforms up to financial year 2020-21 resulted in a change in valuation

approach from a cost approach, which is based on replacement cost, to an income approach, which based on the expected cashflows. This in turn lead to a revaluation loss on TAHE's assets of \$20.3 billion in financial year 2020-21. An expert external valuer assessed that the value of TAHE's assets is \$17.2 billion (using an income approach to valuation), resulting in the revaluation loss. The service capacity of the assets is not affected. Refer to Note 11: Equity Investments and Note 14: Property, Plant and Equipment for more information.

The revaluation of TAHE's assets results in a similar downward movement in the value of the State's share in TAHE's net assets. Refer to Note 11: Equity Investments for more information.

### **Impact of COVID-19 and Natural Disaster Matters**

The State of NSW has been impacted by natural disasters and the global COVID-19 pandemic throughout the 2020-21 financial year.

Due to the COVID-19 pandemic, there has been a decline in expected hospital activities. Restrictions were imposed on health systems, including a suspension of non-urgent elective surgeries, to ensure increased public hospital capacity would be available. On-going critical resources in 2020-21 have been reassigned to prepare, test and treat for possible surges as a result of the outbreak. The Australian and State Governments have taken measures to mitigate the impact of COVID-19 on both the economy and health sector.

In February 2021, the Australian Government commenced a free COVID-19 vaccination program for all Australian citizens, permanent residents, and most visa-holders. The COVID-19 vaccines have been made accessible, dependent on vaccine delivery schedules and the identification of groups for most urgent vaccination. The Australian and State governments, including NSW are working collaboratively to deliver the COVID-19 vaccinations. As of 30 June 2021, the State has administered 851,229 doses of COVID-19 vaccines throughout NSW and held 265,553 units of COVID-19 vaccines.

The Commonwealth has entered a National Partnership Agreement in response to the COVID-19 pandemic, with States and Territories, including NSW. The agreement delivers funding to public hospitals and provides stability and certainty of funding while ensuring access to new life saving therapies in public hospitals.

The developing nature of the economic, societal, and policy outcomes that have continued to arise from natural disaster and COVID-19 events has required the State to re-evaluate balances requiring the use of judgement, estimates and assumptions. Revisions to judgements and estimates from this review have been applied in the recognition and measurement of the State's assets and liabilities for conditions that existed at the end of the reporting period and may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

The areas involving significant estimates or judgements that have been impacted by natural disaster matters and COVID-19 are as follows:

#### **Financial Assets Receivables, Advances Paid, and Other Financial Assets**

Credit risk has increased in the current environment. Government responses to natural disaster events and COVID-19 have also impacted expected credit losses (ECLs) of the State. In response to these events, the State has completed credit risk reviews of its receivables, advances paid and other financial assets at amortised cost including the ECLs recognised for each of these balances.

The methodology employed to calculate ECLs has remained unchanged from previous reporting periods. The inputs into these calculations, including forward-looking information on macroeconomic factors affecting the ability of debtors to settle outstanding amounts, continues to be reviewed and revised. There is no material impact on ECLs due to COVID-19 as at the financial reporting date.

#### **Financial Assets at Fair Value, and Borrowings and Derivatives at Fair Value**

COVID-19 has resulted in changes in market prices and cash flows forecasts, as well as greater risks and uncertainties in financial markets. In response, the State has reviewed the appropriateness of inputs used in the valuation of financial assets and liabilities measured at fair value.

#### **Inventories**

Inventories held for distribution have decreased by \$271 million (2019-20: \$875 million increase) for the State primarily due to impairment recognised for the loss of service potential of medical and surgical supplies since the outbreak of COVID-19. The State has written-off \$217 million (2019-20: Nil) of medical and surgical supplies that have expired or are not fit-for-purpose and has made an allowance for impairment of \$559 million (2019-20: Nil) for these inventories. The allowance for impairment is based on a consumption forecast model on inventory categories that are likely to expire before they are consumed. Refer to Note 3: Expenses

and Note 4: Other Economic Flows included in the Operating Statement respectively for the write-off and impairment amounts recognised in the 2020-21 financial year.

### **Property, Plant and Equipment**

Some property, plant and equipment of the State were destroyed or damaged by flooding events throughout the 2020-21 financial year and bushfire events in the comparative 2019-20 financial year. Additional stock-taking procedures continue to be completed to identify and dispose of destroyed assets. Impairment testing and revaluations reviews have been performed to recalculate the carrying amount of damaged property, plant and equipment where service potential has been reduced by natural disaster events. No material adjustments have been recorded for the 2020-21 and 2019-20 financial years.

In response to COVID-19, the State also reviewed the continual appropriateness of property, plant and equipment valuation approaches and techniques in the current economic environment.

### **Right-of-Use Assets**

The State's right-of-use assets include a portfolio of leased office and commercial building assets. COVID-19 continues to impact market rentals across the State and the value of these leased assets throughout the 2020-21 financial year. The State continues to perform impairment testing, including impairment reversal testing, to assess whether the carrying amount of these assets exceeds their recoverable amount.

Property NSW manages a large portion of the State's leased property and sub-leases them to other NSW government agencies. To assess whether right-of-use assets were impaired, Property NSW calculated the net replacement cost of these assets based on either the market rent forecasts from external valuers or Property NSW's historical rent data for regional markets. Impairment losses recognised in other economic flows - included in operating result as at 30 June 2021 are \$210 million for the General Government Sector (2019-20: \$459 million) and \$213 million for the Total State Sector (2019-20: \$478 million).

### **Employee, Superannuation and Other Provisions**

Given recent market volatility, the State continues to assess the continued appropriateness of inputs, including actuarial assumptions, used in the measurement of employee, superannuation and other provisions. This includes a review of discount rates, inflation, salary increases, employee departures / period of service, and mortality rate assumptions. The State has disclosed sensitivity analysis, where required, in response to the increased uncertainties relating to these assumptions. For superannuation provisions, the State has also reviewed the reasonableness of inputs used in the valuation of unlisted plan assets.

The NSW Government remains committed to fully funding its superannuation liabilities and, as per the 2020-21 Budget, a revised contribution plan has been adopted which includes a two-year contribution holiday and a re-anchoring of the superannuation target to 2040. Once the current period of heightened uncertainty is over, the NSW Government will table amendments to the *Fiscal Responsibility Act 2012*. Reprofiting the Government's contributions to the State's defined benefits superannuation schemes is one of the fiscal repair initiatives being considered in response to COVID-19 impacts.

### **Onerous Contracts**

In the economic climate created by COVID-19, the State continues to review whether existing contracts have become onerous, and identifying and assessing the impact of any force majeure clauses. The present obligations under onerous contracts identified from this review have been recognised and measured as provisions. There are no material impacts due to onerous contracts from COVID-19 as of 30 June 2021 and 30 June 2020.

### **Going Concern and Funding Considerations**

The financial statements continue to be prepared on a going concern basis.

The State has entered into new National Partnership Agreements with the Commonwealth Government in response to COVID-19. These agreements, along with pre-existing funding arrangements, continue to deliver funding to the State for public services. The State maintains a AAA credit rating with Moody's and AA+ credit rating with Standard and Poor's and accordingly continues to have access to funding through debt markets for its infrastructure asset construction programs at low market interest rates.

## Other Significant Accounting Policies

### Financial Instruments

#### Recognition and Initial Measurement

Financial assets are initially recognised when the State becomes a party to the contractual provisions of the instrument. All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

A financial asset, unless it is a trade receivable without a significant financing component, or financial liability, is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### Financial Assets - Classification and Subsequent Measurement

Financial assets of the State are classified at initial recognition under AASB 9 as either measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI) – debt investment;
- fair value through other comprehensive income (FVOCI) – equity investment; or
- fair value through profit or loss (FVTPL).

Financial assets are classified and measured at amortised cost if they are held for the collection of contractual cash flows, and those cash flows comprise of solely payments of principal and interest.

The State measures debt investments at FVOCI when they are held for both collection of contractual cash flows and for selling the financial asset, and where the asset's cash flows represent solely payments of principal and interest.

The State may irrevocably elect to classify equity investments at FVOCI, that would otherwise be measured at FVTPL. These equity investments meet the definition of equity instruments under AASB 132 *Financial Instruments: Presentation* (AASB 132) and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity investments are designated at FVOCI when the State intends to hold these investments for the medium to long-term or for policy purposes.

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value under AASB 9. Financial assets are held for trading if acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

#### Financial Assets - Subsequent Measurement and Gains and Losses

Financial assets at amortised cost are subsequently measured using the effective interest rate method, less any impairment. Impairment losses are presented in other economic flows – included in the operating result. Any gain or loss arising on derecognition is also recognised in other economic flows – included in the operating result together with foreign exchange gains and losses. Interest is presented as revenue in transactions and included in the net operating balance.

Debt investments at FVOCI are subsequently measured at fair value. Movements in the carrying amount are taken through other economic flows - other comprehensive income, except for the recognition of impairment and foreign exchange gains and losses which are recognised in other economic flows - included in the operating result, and interest revenue which is recognised using the effective interest method as revenue from transactions. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other economic flows - other comprehensive income is reclassified from equity to other economic flows - included in the operating result.

Equity investments at FVOCI are subsequently measured at fair value. Movements in the carrying amount are taken through other economic flows - other comprehensive income. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as income as part of revenues from transactions when the right of payment has been established.

Financial assets at FVTPL are subsequently measured at fair value. A gain or loss on a financial asset that is subsequently measured at FVTPL is recognised in other economic flows – included in the operating result. A change in fair value excludes interest and distributions, which are recognised as income and included as part of revenues from transactions.

### **Financial Assets - Impairment**

The State recognises an allowance for expected credit losses (ECLs) for all financial assets, contract assets, guarantees and loan commitments not held at fair value through profit and loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the State expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables (including leases receivable) and contract assets, the State applies a simplified approach in calculating ECLs. The State recognises a loss allowance based on lifetime ECLs at each reporting date. The State has established a provision matrix based on its historical credit loss experience for these receivables, adjusted for forward looking factors specific to the receivables.

Where the State has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the State has ceased enforcement activity.

ECLs for all other debt investments not held at fair value through profit or loss are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are based on default events that are possible within the next 12-months (a 12-month ECL). If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. A lifetime ECL allowance is recognised for financial assets that are credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

The State considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The State recognises impairment for statutory receivables when there is objective evidence that the State will not be able to collect all amounts due.

Equity instruments designated at FVOCI are not subject to impairment assessments.

### **Financial Liabilities – Recognition, Classification, Subsequent Measurement, and Gains and Losses**

Financial liabilities are recognised when the State becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value, and in the case of financial liabilities not at FVTPL, net of directly attributable transactions costs. Financial liabilities are subsequently classified either as measured at amortised cost or at FVTPL.

A financial liability is classified as FVTPL if it is held-for-trading, it is a derivative, or it is designated as such on initial recognition. Fair value changes of borrowings designated at FVTPL are recorded in other economic flows – included in the operating result, except for movements in fair value due to changes in the State's own credit risk which are recorded in other economic flows – other comprehensive income and are not recycled to the operating result. Interest expense is recorded as expenses from transactions and reported in the net operating balance.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in other economic flows – included in the operating result when the liabilities are derecognised. Interest expense is recorded as expenses from transactions and reported in the net operating balance.

### **Derivative Financial Instruments and Hedge Accounting**

Derivatives are initially recognised at fair value and are recognised on the Consolidated Statement of Financial Position at trade date (the date the State becomes party to the contractual provisions of the financial instrument concerned).

Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Where an active market exists, fair values are determined by reference to the specific market quoted prices/yields at reporting date. If no active market exists, judgement is used to select the valuation technique which best estimates fair value by discounting the expected future cash flows arising from the financial instruments to their present value using market yields and margins appropriate to the financial instruments. These margins take into account credit quality and liquidity of the financial instruments.

Gains and losses from derivatives mandatorily classified as held for trading are recognised in other economic flows – included in operating result.

Derivatives designated as hedges are measured at fair value and are accounted for either as a fair value hedge (i.e. hedge of exposures to changes in fair value) or a cash flow hedge (i.e. hedge of exposure to variability in cash flows). Gains or losses on fair value hedges are recognised in other economic flows – included in operating result. Gains or losses on the effective portion of cash flow hedges are recognised in other economic flows – other comprehensive income, until the forecast transaction affects profit or loss and is then recycled into other economic flows – included in operating result. The ineffective portion of cash flow hedges is also recognised in other economic flows – included in operating result.

### **Financial Assets and Financial Liabilities - Derecognition**

A financial asset (or a part of a financial asset or part of a group of similar financial assets) is derecognised when either the contractual rights to the cash flows from the financial asset expire, if the State transfers its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the State has transferred substantially all the risks and rewards of the asset; or
- the State has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

When the State has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the State has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the State's continuing involvement in the asset. In that case, the State also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that has been retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the State could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in other economic flows – included in the operating result.

### **Forestry Stock**

Forestry stock is measured on initial recognition and in subsequent periods at fair value less costs to sell in accordance with AASB 141 and AASB 13. The State's forestry stock primarily consists of plantation timber (softwood). Hardwood assets are currently impaired, and its tree crop value is not recognised in the financial statements.

### **Investment Properties**

The State owns properties to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Where an investment property is acquired at no cost or for nominal cost, its cost is deemed to be its fair value as at the date of acquisition. After initial recognition, investment properties are stated at fair value using the valuation technique that maximises the use of relevant observable inputs.

Gains or losses arising from changes in fair value are included in other economic flows – included in the operating result for the period in which they arise. No depreciation is charged on investment properties, however, where material, 'consumption of capital' is recognised as an expense from transactions.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in other economic flows – included in the operating result in the period of de-recognition.

Management has determined that the following be treated as property, plant and equipment, instead of investment properties:

- public housing is treated as property plant and equipment because the properties are held to provide a social service rather than for investment purposes; and
- properties sub-leased within the NSW public sector held by Property NSW are treated as property plant and equipment because the properties are held to provide a service rather than for investment purposes.

### **Accounting for the Goods and Services Tax (GST)**

In accordance with Interpretation 1031 *Accounting for the Goods and Services Tax*, revenues, expenses and assets are recognised net of the amount of GST, except:

- where the amount of GST incurred as a purchaser is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows. Therefore, cash flows arising from investing and financing activities are included net of GST recoverable from or payable to the ATO.

### **Foreign Currency Translation**

Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of the reporting date. Differences arising on settlement or translation of monetary items are recognised in other economic flows – included in the operating result.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or other economic flows – included in the operating result are also recognised in other comprehensive income or other economic flows – included in the operating result, respectively).

### **Changes in Accounting Policy, including New and Amended Standards and Interpretations**

The State has applied AASB 1059 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in the 2020-21 financial year, but do not have a material impact on the financial statements of the State.

#### **AASB 1059 *Service Concession Arrangements: Grantors***

AASB 1059 is effective for the State from 1 July 2020. At the same time NSW Treasury Policy TPP 06-8 was withdrawn effective from 1 July 2020. Service concession arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period and manages at least some of those services.

Under AASB 1059, the grantor recognises a service concession asset when the grantor obtains control of the asset and measures the service concession asset at current replacement cost. At the same time the grantor recognises a corresponding financial liability or unearned revenue liability, or a combination of both.

The State has adopted the modified retrospective approach permitted under AASB 1059 by recognising and measuring service concession assets and related liabilities at the date of initial application of 1 July 2019, with any net adjustments to the amounts of assets and liabilities recognised in accumulated funds at that date. Therefore, comparatives for 2019-20 have been restated to reflect the impact of AASB 1059.

Refer to Note 14: Property, Plant and Equipment for information on the effect of adopting AASB 1059 for the comparative 2019-20 financial year.

### **Withdrawal of TPP 06-8 *Accounting for Privately Financed Projects***

NSW Treasury Policy and Guideline Paper TPP 06-8 has been withdrawn from 1 July 2020 following the introduction of AASB 1059. This is because many arrangements to which TPP 06-8 applied now fall within the scope of AASB 1059.

The State has assessed that there are several privately financed project arrangements previously accounted for under TPP 06-8 that fall outside the scope of AASB 1059. Upon the withdrawal of TPP 06-8, the State has determined that these arrangements should either be accounted for under AASB 16 *Leases* or AASB 116 *Property, Plant and Equipment* and AASB 9, as a change in accounting policy. This is because the State has determined that adopting these Australian Accounting Standards best reflects the economic substance of the arrangements and provides the most reliable and relevant information about the effects of the arrangements on the State's consolidated financial position, financial performance and cash flows.

The State has applied these Australian Accounting Standards retrospectively from 1 July 2019 for these arrangements. Therefore, comparatives for 2019-20 have been restated to reflect the impact of the withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for information on the specific accounting treatments applied for each arrangement and the effect of the changes in accounting policy for the comparative 2019-20 financial year.

The effects of adopting AASB 1059 and withdrawing TPP 06-8 have not been disclosed for the current financial year. This is because the benefits of disclosing the impact of changes is expected to be minimal to users and does not justify the cost to the State to identify the impacts on amounts not otherwise presented in the financial statements.

### **New Accounting Standards Issued but Not Yet Effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period.

#### **AASB 17 *Insurance Contracts***

AASB 17 *Insurance Contracts* (AASB 17) replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 17 will fundamentally change the accounting by all entities that issue insurance contracts. AASB 17 is effective for annual reporting periods beginning on or after 1 January 2023.

The self-insurance agencies of the State have commenced a program to assess the impact of AASB 17 on financial result and position. This assessment is planned to be concluded by 30 June 2022.

There are no other standards that are not yet effective and that are expected to have a material impact on the State's financial statements in the current or future reporting periods and on foreseeable future transactions.

## Note 2: Revenue

### Taxation

Government-assessed and taxpayer-assessed taxation incomes is recognised under AASB 1058 when the underlying taxable event that results in a right to receive income has occurred unless it cannot be measured reliably until after the financial statements are authorised for issue. Taxpayer assessed revenues (including payroll tax and lotteries tax) are reliably measured when payments or returns are received.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Taxation - Non-Contractual Income from Statutory Requirements</b>				
Payroll Tax	8,926	8,508	8,781	8,342
Stamp Duties	11,742	8,815	11,742	8,815
Land Tax	4,875	4,477	4,846	4,430
Gambling and Betting	2,727	2,207	2,727	2,207
Motor Vehicle Taxes	2,451	2,344	2,451	2,344
Other	3,686	3,590	3,968	3,801
	<b>34,407</b>	<b>29,941</b>	<b>34,515</b>	<b>29,939</b>

### Grants and Subsidies

Revenue from grants with sufficiently specific performance obligations (SSPOs) is recognised under AASB 15 when the State satisfies a performance obligation by transferring the promised goods or services. Grant agreements with SSPOs include certain Commonwealth specific purpose and national partnership agreements (including National Health Reform Funding agreements). The State's obligations under these agreements primarily relate to the delivery of public health services including clinical trials, research, screening programs, disease surveillance, dental services, immunisation programs and other community health projects. These contractual services are to be provided by the State over the next one to four years.

Revenue from each distinct performance obligation in the agreement is primarily recognised over time based on the progress towards satisfaction of the performance obligation. Various methods are employed to recognise revenue over time, depending on the nature and terms and conditions of the grant contract. The most common method applied is the output method which is based on the milestones reached. Payments are provided upon completion of each milestone and submission of the performance report for each completed milestone by the due dates stipulated in the contract agreements and/or its schedules.

Revenue from grants with SSPOs are recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer to Note 8: Contract Balances for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and the time periods when it is expected to be recognised as revenue.

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the State is recognised under AASB 1058 when the State satisfies the obligation under the transfer. The State primarily satisfies performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. The percentage of cost incurred is used to recognise income, because this most closely reflects the progress of non-financial asset construction and completion. Grants to acquire/construct recognisable non-financial assets primarily relate to Commonwealth funding received for the construction and upgrade of road and transport infrastructure assets.

Income from grants without sufficiently specific performance obligations are recognised under AASB 1058 when the State obtains control over the granted assets recognised under applicable accounting standards (e.g. cash and cash equivalents). Such funding includes GST funding, national partnership payments, and certain recurrent specific purpose payments received from the Commonwealth.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Grants and Subsidies Revenue</b>				
Commonwealth General Purpose	18,897	18,073	18,897	18,073
Commonwealth Specific Purpose Payments	11,999	11,278	11,999	11,278
Commonwealth National Partnership Payments	3,618	3,886	3,618	3,886
Other Grants and Subsidies	1,132	1,068	1,080	990
	<b>35,646</b>	<b>34,306</b>	<b>35,594</b>	<b>34,228</b>
<b>Grants Dissected into Current and Capital Components</b>				
Current Grants and Subsidies Revenue from the Commonwealth				
General Purpose <sup>(a)</sup>	18,897	18,073	18,897	18,073
Specific Purpose	11,999	11,278	11,999	11,278
National Partnership Payments	1,377	1,746	1,377	1,746
Other Commonwealth Payments	451	454	452	455
Current Grants from the Commonwealth	32,725	31,551	32,725	31,552
Other Grants and Subsidies	636	601	585	531
Total Current Grant Revenue	33,361	32,152	33,310	32,083
Capital Grant Revenue from the Commonwealth				
National Partnership Payments	2,240	2,140	2,240	2,140
Other Commonwealth Payments	0	2	6	5
Capital Grants from the Commonwealth	2,240	2,142	2,247	2,145
Other Grants and Subsidies	45	12	37	(0)
Total Capital Grant Revenue	2,285	2,154	2,284	2,145
	<b>35,646</b>	<b>34,306</b>	<b>35,594</b>	<b>34,228</b>
<b>Grants and Subsidies Revenue and Income Recognition Approaches</b>				
Grants and Subsidies with Sufficiently Specific Performance Obligations	7,406	7,244	7,408	7,186
Grants and Subsidies Relating to the Acquisition or Construction of Recognisable Non-Financial Assets to be Controlled by the State	1,798	2,187	1,798	2,187
Grants and Subsidies without Sufficiently Specific Performance Obligations	26,442	24,875	26,388	24,855
	<b>35,646</b>	<b>34,306</b>	<b>35,594</b>	<b>34,228</b>

(a) General purpose recurrent grants mainly comprise the State's share of GST funding.

## Transfer Payments from the Commonwealth

Grant revenue and expenses exclude the following transfer payments from the Commonwealth that the State on-passes to third parties. They are not recorded as the State's revenue and expenses as the State has no control over the amounts that it on-passes.

Transfer Payments from the Commonwealth Government on-passed by NSW to Third Parties	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Transfer Receipts</b>				
Transfer Receipts for Specific Purposes	5,106	5,500	5,106	5,500
	<b>5,106</b>	<b>5,500</b>	<b>5,106</b>	<b>5,500</b>
<b>Transfer Payments</b>				
Transfer Payments to Local Government	792	796	792	796
Transfer Payments to the Private and Not-For-Profit Sector	4,314	4,704	4,314	4,704
	<b>5,106</b>	<b>5,500</b>	<b>5,106</b>	<b>5,500</b>

## Sale of Goods and Services

Sale of goods and rendering of other services are recognised in accordance with the requirements of AASB 15. Revenue is recognised when the State satisfies a performance obligation by transferring the promised goods or services. Revenue is measured based on the consideration specified in the contract with a customer.

The transaction price for sales of goods and rendering of services takes into account estimates of variable consideration such as discounts and refunds. The State does not expect to have any significant contracts where the period between the transfer of promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the State does not adjust transaction prices for the time value of money for most revenues from contracts with customers.

Non-intellectual property licence fees arising from statutory requirements, excluding short-term and low value licences, are recognised as revenue under AASB 15 when the licence is issued. The State has elected to not apply the requirements of AASB 15 and accompanying application guidance to short-term licences and licences for which the transaction price is of low value. Revenue for these licences is recognised on a straight-line basis or another systemic basis over the licence period.

Refer to Note 8: Contract Balances for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and the time periods when the State expects to recognise the unsatisfied portion as revenue.

Rental revenue arising from operating leases is recognised on a straight-line basis over the lease term under AASB 16.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Sale of Goods and Services Comprises Revenue from:</b>				
Revenue from Contracts with Customers				
Sale of Goods and Rendering of Other Services <sup>(a)(b)</sup>	8,659	7,643	11,742	12,036
Licence Fees	733	655	733	655
Rental Income				
Rentals from Public Housing and Non-Investment Properties <sup>(c)</sup>	360	375	1,174	1,224
Rentals from Investment Properties	6	6	48	63
Other	192	215	155	177
	<b>9,949</b>	<b>8,893</b>	<b>13,852</b>	<b>14,154</b>
(c) Includes revenues from the provision of public housing:				
Market Rent and Other Tenant Charges	85	85	1,986	1,983
Less: Rental Subsidies to Tenants	(29)	(29)	(1,202)	(1,185)
	<b>56</b>	<b>56</b>	<b>784</b>	<b>799</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) In 2020-21, there was \$2,251 million revenue (2019-20 restated: \$1,609 million) in the General Government Sector related to the Transport Asset Holding Entity of New South Wales (formerly the Rail Corporation of New South Wales) recognised in sale of goods and rendering of other services.

The following table provides information about the nature and timing of the satisfaction of performance obligations, significant payment terms and revenue recognition approaches for the State's key revenues generated from the sale of goods and rendering of other services.

Type of Good or Service	Nature of Timing of Satisfaction of Performance Obligation, Including Significant Payment Terms	Revenue Recognition Policies
<b>Sale of Goods</b>	<p>The State sells goods including forestry products, vehicle plates, pharmaceutical supplies and prosthesis. The State typically satisfies its performance obligations when customers obtain control of the goods.</p> <p>Payments are typically due when invoiced or within agreed billing terms.</p>	<p>Revenue is recognised when the customer obtains control of the goods, typically when the goods are delivered to the customer.</p>
<b>Electricity Distribution Services</b>	<p>The State provides electricity distribution, meter reading, and public lighting services. Customers simultaneously receive and consume distribution services as the State provides the service.</p> <p>Distribution services are billed to retailers based on energy consumption and tariff rates determined by the regulator. Invoices are issued monthly and are usually payable within 15-30 days.</p>	<p>Revenue is recognised over time as electricity distribution services are provided. Unbilled services are accrued based on the historical consumption of customers and prices per customer class.</p>
<b>Health Services</b>	<p>The State recognises revenue from health patient and non-patient services with performance obligations being fulfilled at health service completion.</p> <p>Customers of health services are either billed at the time-of-service delivery or in accordance with contractual agreements. The payments for these services are typically due when invoiced.</p>	<p>Revenue for patient services is recognised on the date on which the services are provided to the patient.</p> <p>Revenue from non-patient services are recognised when the service is provided by reference to the type and stage of services provided to date.</p>
<b>Transport Passenger Services</b>	<p>The State recognises revenue from passenger services including train, bus and ferries trips. These revenues include proceeds from OPAL cards and ticket sales. Passenger services revenue is measured at the transaction price which is the price per passenger trip and includes any discounts provided to customers.</p> <p>Payments from customers are received either in advance or at the time-of-service provision.</p>	<p>Revenue is recognised when passenger services are provided to the customer.</p>
<b>Water and Water Related Services</b>	<p>The State recognises revenue from water retail, wastewater and trade waste services consisting primarily of volumetric and fixed availability charges. Customers simultaneously consume those services when provided by the State.</p> <p>Water services are billed to customers based on water consumption and prices determined by the regulator or customer agreement. Invoices are issued monthly or quarterly and are usually payable within 30 days.</p>	<p>Revenue from volumetric charges is recognised over time with the transfer and consumption of water and water related services. The State recognises an estimate for the accrued revenue earned from unbilled consumption when meters have not been read as at the reporting date.</p> <p>Revenue from fixed service availability charges received in advance is recognised evenly over time as customers receive service connections.</p>
<b>Services - Other</b>	<p>The State recognises revenue from other services rendered including education, road tolls and transportation access charges, court and tribunal administration services, wharfage and pilotage services, event entry and management, and auxiliary administration support.</p> <p>Revenue is measured at the transaction price agreed under the contract. Payments are due either at service provision date, within agreed billing terms, or on key contract milestone dates.</p>	<p>Revenues from other services are recognised when the service is provided by reference to the type and stage of services provided to date.</p>

Refer to Note 8 Contract Balances for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the entity expects to recognise the unsatisfied portion as revenue.

## Interest

Interest revenue is recognised under AASB 9 by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Gains and losses on the revaluation of investments do not form part of revenue from transactions but are reported as part of other economic flows – included in the operating result in the Consolidated Statement of Comprehensive Income.

Refer to Note 26: Financial Instruments for further information on interest income classified by financial instrument measurement categories.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Interest Revenue comprises:</b>				
Interest from TCorpIM Cash Funds	11	4	...	...
Interest from Deposits with TCorp	5	5	...	...
Interest from Other Financial Assets <sup>(a)</sup>	292	357	483	612
	<b>307</b>	<b>366</b>	<b>483</b>	<b>612</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

## Dividend and Income Tax Equivalents from Other Sectors

The General Government Sector receives dividends and tax equivalent payments (pursuant to National Competition Policy, the National Tax Equivalent Regime and the Tax Equivalent Regime) from some of the State's PNFC and PFC agencies. On consolidation, dividend and income tax equivalent entries are eliminated for the Total State Sector.

Dividend income is recognised under AASB 9 in revenue from transactions during the period when the General Government Sector's right to receive the payment has been established. Dividends paid out of asset sale proceeds are recorded in other economic flows – included in the operating result.

Income tax equivalents (represented by the current tax payable/receivable by/from the PNFC and PFC sector) are recognised under AASB 1058 in revenue from transactions when the underlying taxable event that results in a right to receive income has occurred unless it cannot be measured reliably until after the financial statements are authorised for issue.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Dividend and Income Tax Equivalents from Other Sectors:</b>				
Dividends from the PNFC Sector	756	1,047	...	...
Dividends from the PFC Sector	94	76	...	...
Income Tax Equivalents from the PNFC Sector	193	210	...	...
Income Tax Equivalents from the PFC Sector	35	22	...	...
	<b>1,077</b>	<b>1,354</b>	<b>...</b>	<b>...</b>

## Other Dividends and Distributions

Distributions from managed funds are mainly from the State's investment in TCorpIM Funds. Other dividends include dividends received from investments in entities other than the PNFC and PFC sectors. Dividend income is recognised under AASB 9 in revenue from transactions in the period when the State's right to receive the payment have been established.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Other Dividends and Distributions:</b>				
Distributions from Managed Funds	2,536	2,339	2,820	2,554
Dividends from Associates	34	87	34	87
	<b>2,570</b>	<b>2,426</b>	<b>2,854</b>	<b>2,641</b>

## Fines, Regulatory Fees and Other Revenues

Fines, regulatory fees and other revenues are recognised and measured throughout the 2020-21 financial year as follows:

- Industry and developer contributions are recognised as revenue under AASB 15 at a point in time, being the time that the State takes control of the contribution / asset or when the customer is connected to a network.
- Royalties are recognised under AASB 1058 when the underlying event that results in a right to receive income has occurred unless it cannot be measured reliably until after the financial statements are authorised for issue.
- Fines issued by the courts are recognised as income under AASB 1058 when the fine is issued. Traffic infringement fines are recognised when the cash is received. Revenue from enforcement orders is regarded as being reliably measured when the order is issued.
- Donations and other volunteer contributions without SSPOs are recognised as income under AASB 1058 when the State obtains control over the financial or non-financial asset.
- Revenue from grant of a right to operator (GORTO) service concession arrangements is recognised under AASB 1059 according to the economic substance of each service concession arrangement.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Fines, Regulatory Fees and Other Revenues comprise:</b>				
Revenue from Contracts with Customers				
Developer Contributions	...	...	358	351
Non-Contractual Income Arising from Statutory Requirements				
Royalties from Mining	1,418	1,684	1,418	1,684
Fines	675	596	675	596
Regulatory Fees	93	174	98	182
Other Incomes				
Donations and Other Contributions <sup>(a)</sup>	556	505	565	507
Revenue Related to Service Concession Arrangements <sup>(a)(b)</sup>	600	407	600	407
Other Revenue <sup>(a)</sup>	668	742	762	840
	<b>4,009</b>	<b>4,108</b>	<b>4,475</b>	<b>4,567</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) This revenue reflects the progressive unwinding of grant of right to operate liabilities (Note 25: Other Liabilities) over the remaining period of the arrangements. Refer to Note 14: Property, Plant and Equipment for further details on service concession arrangements.

## Disaggregation of Revenue from Contracts with Customers

Revenue from contracts with customers is disaggregated by NSW Government function (policy area) in the following tables.

### General Government Sector

2020-21	Grants and Subsidies with Sufficiently Specific Performance Obligations	Sale of Goods and Rendering of Other Services	Licence Fees	Developer Contributions	Total
	\$m	\$m	\$m	\$m	\$m
<b>Disaggregation of Revenue from Contracts with Customers by Function (Policy Area)</b>					
General Public Services	0	415	39	...	454
Defence	...	...	...	...	...
Public Order and Safety	0	357	70	...	427
Economic Affairs	7	205	16	...	229
Environment Protection	...	93	...	...	93
Housing and Community Amenities	7	574	0	...	581
Health	7,299	2,618	9	...	9,926
Recreation, Culture and Religion	1	86	0	...	87
Education	15	672	...	...	687
Social Protection	...	25	...	...	25
Transport	77	3,615	597	...	4,289
<b>Total</b>	<b>7,406</b>	<b>8,659</b>	<b>733</b>	<b>...</b>	<b>16,797</b>

2019-20	Grants and Subsidies with Sufficiently Specific Performance Obligations	Sale of Goods and Rendering of Other Services Restated <sup>(a)</sup>	Licence Fees	Developer Contributions	Total Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m
<b>Disaggregation of Revenue from Contracts with Customers by Function (Policy Area)</b>					
General Public Services	1	335	49	...	384
Defence	...	...	...	...	...
Public Order and Safety	81	403	15	...	499
Economic Affairs	...	122	...	...	122
Environment Protection	5	113	...	...	118
Housing and Community Amenities	310	486	0	...	796
Health <sup>(a)</sup>	6,758	2,421	9	...	9,188
Recreation, Culture and Religion	1	114	0	...	115
Education	13	708	...	...	721
Social Protection	...	17	...	...	17
Transport <sup>(a)</sup>	76	2,924	582	...	3,582
<b>Total</b>	<b>7,244</b>	<b>7,643</b>	<b>655</b>	<b>...</b>	<b>15,542</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

## Total State Sector

2020-21	Grants and Subsidies with Sufficiently Specific Performance Obligations	Sale of Goods and Rendering of Other Services	Licence Fees	Developer Contributions	Total
	\$m	\$m	\$m	\$m	\$m
<b>Disaggregation of Revenue from Contracts with Customers by Function (Policy Area)</b>					
General Public Services	0	669	39	...	<b>708</b>
Defence	...	...	...	...	...
Public Order and Safety	0	349	70	...	<b>419</b>
Economic Affairs	7	2,538	16	125	<b>2,686</b>
Environment Protection	...	98	...	...	<b>98</b>
Housing and Community Amenities	8	2,954	0	233	<b>3,196</b>
Health	7,299	2,614	9	...	<b>9,923</b>
Recreation, Culture and Religion	1	351	0	...	<b>352</b>
Education	15	672	...	...	<b>687</b>
Social Protection	...	26	...	...	<b>26</b>
Transport	77	1,470	597	...	<b>2,145</b>
<b>Total</b>	<b>7,408</b>	<b>11,742</b>	<b>733</b>	<b>358</b>	<b>20,241</b>

2019-20	Grants and Subsidies with Sufficiently Specific Performance Obligations	Sale of Goods and Rendering of Other Services Restated <sup>(a)</sup>	Licence Fees	Developer Contributions	Total Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m
<b>Disaggregation of Revenue from Contracts with Customers by Function (Policy Area)</b>					
General Public Services	1	505	49	...	<b>554</b>
Defence	...	...	...	...	...
Public Order and Safety	81	396	15	...	<b>492</b>
Economic Affairs	...	2,369	...	104	<b>2,472</b>
Environment Protection	5	115	...	...	<b>120</b>
Housing and Community Amenities	253	3,116	0	248	<b>3,618</b>
Health <sup>(a)</sup>	6,757	2,422	9	...	<b>9,187</b>
Recreation, Culture and Religion	1	496	0	...	<b>496</b>
Education	13	707	...	...	<b>721</b>
Social Protection	...	20	...	...	<b>20</b>
Transport	76	1,890	582	...	<b>2,549</b>
<b>Total</b>	<b>7,186</b>	<b>12,036</b>	<b>655</b>	<b>351</b>	<b>20,228</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

## Note 3: Expenses

### Employee Expenses (excluding Superannuation)

The recognition and measurement policy for employee expenses is detailed in Note 22: Employee Provisions. Some employee-related expenses are capitalised as part of the construction costs of certain non-current physical assets. Payroll tax paid by NSW General Government Sector agencies is eliminated in the General Government Sector financial statements, along with the PNFC and PFC amounts, in the Total State Sector financial statements.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Employee Expenses Comprise:</b>				
Salaries and Wages (including Recreation Leave)	33,907	32,572	36,293	34,823
Long Service Leave	1,237	1,195	1,318	1,288
Workers' Compensation	1,365	1,251	1,396	1,282
Other	633	536	803	719
	<b>37,142</b>	<b>35,555</b>	<b>39,810</b>	<b>38,112</b>

### Superannuation Expense

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Superannuation Interest Costs Comprise:</b>				
Net Interest <sup>(a)</sup>	589	882	613	927
	<b>589</b>	<b>882</b>	<b>613</b>	<b>927</b>
<b>Other Superannuation Expenses Comprise:</b>				
Defined Benefit Plans, excluding Actuarial Gains/Losses <sup>(a)</sup>	358	400	390	436
Defined Contribution Plans	3,067	2,887	3,255	3,081
	<b>3,426</b>	<b>3,288</b>	<b>3,644</b>	<b>3,517</b>

(a) Refer to Note 23: Superannuation Provisions for a dissection of defined benefit superannuation expense by component.

## Depreciation Expense

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Depreciation and Amortisation Expense Comprise:</b>				
Depreciation on <sup>(b)</sup>				
Buildings <sup>(a)</sup>	1,888	1,752	2,847	2,692
Plant and Equipment <sup>(a)</sup>	943	905	1,309	1,255
Infrastructure Systems <sup>(a)</sup>	2,665	2,333	4,367	3,899
Right-of-Use Assets <sup>(a)(c)</sup>	832	780	1,047	987
Amortisation of <sup>(b)</sup>				
Intangibles	602	616	761	771
	<b>6,930</b>	<b>6,385</b>	<b>10,332</b>	<b>9,605</b>

- (a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.
- (b) Refer to Note 14: Property, Plant and Equipment and Note 28: Leases for the basis of useful lives applied to calculate depreciation of PP&E and right-of-use assets. Refer to Note 15: Intangibles for the basis of useful lives applied to calculate amortisation of intangibles.
- (c) Right-of-use assets depreciation expense is presented by class of underlying asset in Note 28: Leases. Amounts in Note 3 and Note 28 are different due to the capitalisation of depreciation.

## Interest Expense

Interest costs, including borrowing costs under AASB 123 *Borrowing Costs*, are recognised as expenses in the period in which they occur. Refer to Note 26: Financial Instruments for information on interest expense by financial instrument measurement categories.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Interest Expenses Comprise:</b>				
Interest on Borrowings and Advances <sup>(a)</sup>	1,771	1,561	2,339	2,325
Interest on Lease Liabilities <sup>(a)</sup>	223	192	423	394
Interest on Service Concession Financial Liabilities <sup>(a)</sup>	144	169	190	217
Unwinding of Discounts on Provision Liabilities	62	154	80	216
	<b>2,199</b>	<b>2,076</b>	<b>3,032</b>	<b>3,152</b>

- (a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

## Other Operating Expenses

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Other Operating Expenses Comprise:</b>				
Lease Expenses <sup>(b)</sup>	327	332	408	408
Contractor Fees	1,544	1,244	2,526	2,220
Consultancy Fees	147	121	186	155
Inventories Consumed <sup>(c)</sup>	274	10	415	149
Audit Fees <sup>(d)</sup>	...	...	...	...
Insurance Claims <sup>(e)</sup>	1,284	2,749	2,033	3,597
Supplies, Services and Other <sup>(a)(f)</sup>	19,176	16,807	18,502	16,840
External Maintenance (excluding Employee Costs associated with Maintenance)	1,809	2,075	3,380	3,556
	<b>24,560</b>	<b>23,336</b>	<b>27,450</b>	<b>26,924</b>

- (a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.
- (b) Lease expenses include lease payments not included in the measurement of lease liabilities. Expenses include payments for short-term leases, low-value leases and variable lease payments that do not depend on an index or rate.
- (c) Inventories consumed include medical and surgical supplies write-offs of \$217 million for the 2020-21 financial year.
- (d) Fees to the Audit Office of New South Wales have not been presented because they have been eliminated in the consolidation of the General Government Sector and Total State Sector. The audit fees eliminated total \$26 million for the General Government Sector (2019-20: \$26 million) and \$35 million for the Total State Sector (2019-20: \$32 million). In addition, performance and other audit fees eliminated total \$12 million (2019-20: \$14 million) for the General Government Sector and Total State Sector.
- (e) Higher insurance claims made in the comparative 2019-20 financial year related to natural disaster events occurring in that year (including bushfire events).
- (f) In 2020-21, there was \$2,251 million of expenses (2019-20 restated: \$1,609 million) in the General Government Sector related to the Transport Asset Holding Entity of New South Wales (formerly the Rail Corporation of New South Wales) recorded in supplies, services and other.

## Grants and Subsidies

Grants and subsidy expenses are generally comprised of cash contributions to local government authorities and non-government organisations. They are expensed when the State transfers control of the assets. For the General Government Sector, they also include grants and subsidies paid to PNFCs and PFCs, which are eliminated in the Total State Sector.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Grants, Subsidies and Transfers for</b>				
Recurrent Purposes	18,548	16,369	14,178	13,299
Capital Purposes	1,644	1,001	1,462	839
	<b>20,192</b>	<b>17,369</b>	<b>15,640</b>	<b>14,137</b>
<b>Recurrent and Capital Grants and Subsidies are Provided for<sup>(a)</sup></b>				
General Public Services	450	797	450	796
Public Order and Safety	288	172	288	172
Economic Affairs	2,519	1,799	1,873	1,718
Environmental Protection	291	293	246	278
Housing and Community Amenities	775	355	549	149
Health	1,532	1,433	1,531	1,433
Recreation, Culture and Religion	667	458	560	387
Education	2,471	2,078	2,245	1,984
Social Protection	6,647	6,610	6,035	6,127
Transport	4,553	3,372	1,863	1,094
	<b>20,192</b>	<b>17,369</b>	<b>15,640</b>	<b>14,137</b>

- (a) Refer to Note 35: Disaggregated Financial Statements for information on total expenses (excluding losses) by function.

## Note 4: Other Economic Flows Included in the Operating Result

Other economic flows mainly comprise of gains and losses on re-measurement of assets and liabilities. These gains or losses are other economic flows, which are included in the operating result or other comprehensive income.

Refer to Note 26: Financial Instruments for information on fair value adjustments to financial instruments by financial instrument measurement categories.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Gain/(Loss) from Liabilities</b>				
Changes in Discount Rates for Long Service Leave Liabilities <sup>(b)</sup>	519	(468)	528	(475)
Changes in Discount and Inflation Rates for Insurance Liabilities <sup>(c)</sup>	(24)	267	(222)	(151)
	<b>495</b>	<b>(201)</b>	<b>306</b>	<b>(626)</b>
<b>Other Net Gains/(Losses) in the Operating Result</b>				
Disposal of Property, Plant and Equipment	(201)	(140)	(144)	(145)
Disposal of Intangible Assets	(1)	(0)	(3)	(10)
Fair Value Adjustments to:				
Investment Properties	...	...	15	37
Net Gain / (Losses) on Forestry Stock and Other Biological Assets	...	...	(71)	(346)
Financial Instruments <sup>(a)(d)</sup>	3,263	(1,708)	6,108	(3,200)
Impairment Losses on Right-of-Use Assets	(210)	(459)	(213)	(478)
Assets Recognised for First Time	98	127	183	129
Infrastructure and Other Assets Written Off	(394)	(139)	(495)	(345)
Other <sup>(a)(e)</sup>	(470)	121	(583)	109
	<b>2,085</b>	<b>(2,199)</b>	<b>4,795</b>	<b>(4,249)</b>
<b>Share of Earnings from Equity Investments (excluding Dividends)</b>	<b>(82)</b>	<b>46</b>	<b>(82)</b>	<b>45</b>
<b>Dividends from Asset Sales Proceeds</b>	<b>...</b>	<b>31</b>	<b>...</b>	<b>...</b>
<b>Deferred Income Tax from Other Sectors<sup>(a)</sup></b>	<b>158</b>	<b>(117)</b>	<b>...</b>	<b>...</b>
<b>Other</b>				
Impairment Losses on Financial Assets	(7)	(212)	(13)	(218)
	<b>(7)</b>	<b>(212)</b>	<b>(13)</b>	<b>(218)</b>
<b>Discontinuing Operations</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>Other Economic Flows - included in Operating Result</b>	<b>2,649</b>	<b>(2,652)</b>	<b>5,006</b>	<b>(5,048)</b>

- (a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.
- (b) The gain on revaluation of long service leave liabilities was higher in the 2020-21 financial year due to increases in the Commonwealth bond rate compared to last year. The Commonwealth Government 10-year bond rate increased by 0.62 per cent from 0.87 per cent at 1 July 2020 to 1.49 per cent at 30 June 2021, compared to a reduction from 1.32 per cent at 1 July 2019 to 0.87 per cent at 30 June 2020.
- (c) Relates to changes in the discount rate used on outstanding claims liabilities for the NSW Self Insurance Corporation, and Lifetime Care and Support Schemes.
- (d) The \$4,971 million increase in General Government Sector fair value adjustments to financial instruments in the 2020-21 financial year is mainly driven by market valuation gains on TCorpIM Fund unit holdings. The increase of \$9,308 million for the Total State Sector in the 2020-21 financial year is due primarily to market value gains on investments held in TCorpIM Fund trusts, and unrealised valuation gains recognised on NSW TCorp bonds and borrowings resulting from market yield increases.
- (e) The General Government Sector and Total State Sector balances include write-downs on medical and surgical inventory supplies of \$559 million for the 2020-21 financial year offset by other gains.

## Note 5: Discontinued Operations

There were no discontinued operations in the 2020-21 financial year (2019-20: Nil).

## Note 6: Cash and Cash Equivalents

### Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank and in hand, short term deposits and other investments with an original maturity of three months or less (which are subject to an insignificant risk of a change in value), and deposits in NSW Treasury Corporation's TCorpIM Funds. Cash and cash equivalents are presented net of outstanding bank overdrafts for the purposes of the Consolidated Statement of Cash Flows.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
Cash and Short-Term Deposits <sup>(a)</sup>	3,569	5,944	9,198	10,434
Holdings in TCorpIM Cash Fund	212	191	...	...
	<b>3,781</b>	<b>6,134</b>	<b>9,198</b>	<b>10,434</b>

(a) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives for details of corrections to prior period.

The State's interest in the TCorpIM Cash Fund is brought to account as cash equivalents because deposits and withdrawals can be made daily and are not subject to significant risk of a change in value.

Total State Sector cash and deposits held at banks and other financial institutions include consolidated TCorpIM Fund Trust holdings in cash and short-term deposits amounting to \$2,727 million (2019-20: \$2,103 million).

### Reconciliation of Operating Result to Net Cash Flows from Operating Activities

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)(b)</sup>	2020-21	2019-20 Restated <sup>(a)(b)</sup>
	\$m	\$m	\$m	\$m
<b>Operating Result for the Year<sup>(a)</sup></b>	(4,423)	(10,148)	(3,743)	(15,282)
Adjust for:				
Non-Cash Items Added Back:				
Depreciation and Amortisation <sup>(a)</sup>	6,930	6,385	10,332	9,605
Donations and Contributions <sup>(a)</sup>	179	97	498	400
Capital Grant Expense	1,003	638	982	597
Revenue Related to Service Concession Arrangements <sup>(a)</sup>	600	407	600	407
Other Non-Cash Operating Activities <sup>(a)</sup>	225	191	1	307
Other Economic Flows - included in the Operating Result <sup>(a)</sup>	(2,649)	2,652	(5,006)	5,048
<b>Net Change in Operating Assets and Liabilities<sup>(a)(b)</sup></b>	<b>(947)</b>	<b>(2,698)</b>	<b>3,762</b>	<b>(3,580)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>916</b>	<b>(2,475)</b>	<b>7,425</b>	<b>(2,499)</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives for details of corrections to prior period.

## Reconciliation of Closing Cash and Cash Equivalents to the Statement of Cash Flows

Cash assets in the Consolidated Statement of Financial Position comprise of cash, deposits at call, and other investments. Deposits in TCorpIM Funds and TCorp deposits with a maturity of less than 90 days are reported as cash and deposits at call. Other investments readily convertible to a known cash amount, subject to an insignificant risk of changes in value, and with maturity of less than 90 days are reported as cash. Cash and cash equivalents recognised in the Consolidated Statement of Financial Position are agreed at the end of the financial year to the Consolidated Statement of Cash Flows, and are as follows:

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
Cash and Deposits	3,781	6,134	9,198	10,434
	<b>3,781</b>	<b>6,134</b>	<b>9,198</b>	<b>10,434</b>

(a) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

## Restricted Cash Assets

Cash assets in the Consolidated Statement of Financial Position also comprise cash and term deposits held by the Crown in right of the State of New South Wales (the Crown) in Special Deposit Accounts (SDA) for Restart NSW of \$403 million (2019-20: \$1,204 million) and can only be used in accordance with the legislation that established the account. Sales proceeds from major asset transactions are deposited in the State's dedicated infrastructure fund Restart NSW and/or the State's dedicated debt retirement fund, the New South Wales Generation Fund (NGF). Funds are withdrawn from the TCorpIM Fund investments and deposited into the Restart SDA bank account for anticipated infrastructure spend.

## Acquisition and Disposal of Entities

There were no acquisitions or disposals of entities throughout the current financial year ended 30 June 2021 (2019-20: Nil).

## Non-Cash Financing and Investing Activities

During 2020-21:

- Assets acquired through leasing arrangements totalled \$762 million (2019-20 Restated: \$2,933 million) for the General Government Sector and \$782 million (2019-20 Restated: \$3,008 million) for the Total State Sector. Further information on leasing arrangements is disclosed in Note 28: Leases.
- Assets acquired through service concession arrangements totalled \$3,184 million (2019-20: \$1,705 million) for the General Government Sector and \$3,202 million (2019-20: \$1,705 million) for the Total State Sector. Further information on service concession arrangements are disclosed in Note 14: Property, Plant and Equipment.
- In the General Government Sector and Total State Sector, a total of \$600 million (2019-20: \$407 million) was recognised for revenue related to service concession arrangements. This revenue relates to arrangements where the State has granted private sector operators the right to earn revenue from third-party users of the acquired service concession asset.
- Other assets acquired free of cost in the General Government Sector amounted to \$179 million (2019-20 Restated: \$97 million). In the Total State Sector, these assets amounted to \$498 million (2019-20 Restated: \$400 million). They include sub-divider/developer contributions of water assets of \$228 million (2019-20: \$240 million) and electricity assets of \$93 million in 2020-21 (2019-20: \$80 million).
- It is impracticable to report on the numerous other assets donated to NSW public sector agencies particularly dedicated for transport, health, education and cultural purposes. They are generally reported in individual agency financial statements.

## Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

The tables below reconcile movements of financial liabilities to cash flows arising from financing activities.

### General Government Sector

30 June 2021						
Note	Deposits Held 18 \$m	Other Borrowings at Amortised Cost <sup>(a)</sup> 21 \$m	Lease Liabilities 21 \$m	Service Concession Financial Liabilities 21 \$m	Advances Received \$m	Total \$m
<b>Carrying Amount at Start of Year</b>	<b>293</b>	<b>56,818</b>	<b>7,261</b>	<b>7,127</b>	<b>696</b>	<b>72,194</b>
Financing Net Cash Flows	(10)	18,668	(930)	(823)	(101)	<b>16,804</b>
<b>Non-Cash Items:</b>						
Lease and Non-Financial Asset Additions	...	...	762	281	...	<b>1,044</b>
Other Movements <sup>(a)</sup>	(0)	972	23	(27)	31	<b>998</b>
<b>Carrying Amount at End of Year</b>	<b>282</b>	<b>76,458</b>	<b>7,117</b>	<b>6,557</b>	<b>625</b>	<b>91,040</b>

(a) Includes borrowings from TCorp of \$1,053 million that were not settled on 30 June 2021.

30 June 2020						
Note	Deposits Held 18 Restated <sup>(a)</sup> \$m	Other Borrowings at Amortised Cost 21 Restated <sup>(b)</sup> \$m	Lease Liabilities 21 Restated <sup>(b)</sup> \$m	Service Concession Financial Liabilities 21 Restated <sup>(b)</sup> \$m	Advances Received \$m	Total Restated <sup>(a)(b)</sup> \$m
<b>Carrying Amount at Start of Year</b>	<b>67</b>	<b>35,066</b>	<b>2,590</b>	...	<b>756</b>	<b>38,478</b>
Prior Period Error Opening Balance Adjustments <sup>(a)</sup>	204	...	...	...	...	<b>204</b>
Net Adjustment on Adoption of AASB 16	...	...	3,997	...	...	<b>3,997</b>
Net Adjustment on Adoption of AASB 1059 / Withdrawal of TPP 06-8 <sup>(b)</sup>	...	(832)	(1,269)	7,066	...	<b>4,966</b>
<b>Restated Carrying Amount at Start of Year</b>	<b>271</b>	<b>34,234</b>	<b>5,317</b>	<b>7,066</b>	<b>756</b>	<b>47,644</b>
Financing Net Cash Flows <sup>(a)(b)</sup>	22	22,581	(732)	(200)	(76)	<b>21,595</b>
<b>Non-Cash Items:</b>						
Lease and Non-Financial Asset Additions <sup>(b)</sup>	...	...	2,758	800	...	<b>3,559</b>
Other Movements <sup>(b)</sup>	1	2	(83)	(539)	16	<b>(605)</b>
<b>Carrying Amount at End of Year</b>	<b>293</b>	<b>56,818</b>	<b>7,261</b>	<b>7,127</b>	<b>696</b>	<b>72,194</b>

(a) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives for details of corrections to prior period.

(b) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

## Total State Sector

30 June 2021							
Note	Deposits Held 18 \$m	Bonds and Other Borrowings Issued by TCorp 20 \$m	Other Borrowings at Amortised Cost 21 \$m	Lease Liabilities 21 \$m	Service Concession Financial Liabilities 21 \$m	Advances Received \$m	Total \$m
<b>Carrying Amount at Start of Year</b>	<b>369</b>	<b>96,970</b>	<b>1,032</b>	<b>9,955</b>	<b>8,716</b>	<b>696</b>	<b>117,738</b>
Financing Net Cash Flows	(4)	19,121	(75)	(1,044)	(907)	(101)	<b>16,990</b>
<b>Non-Cash Items:</b>							
Lease and Non-Financial Asset Additions	...	...	...	782	300	...	<b>1,082</b>
Fair Value Adjustments	...	(2,141)	...	...	...	...	<b>(2,141)</b>
Other Movements	(54)	(163)	53	35	(27)	31	<b>(125)</b>
<b>Carrying Amount at End of Year</b>	<b>311</b>	<b>113,787</b>	<b>1,009</b>	<b>9,727</b>	<b>8,082</b>	<b>625</b>	<b>133,542</b>

30 June 2020							
Note	Deposits Held 18 Restated <sup>(a)</sup> \$m	Bonds and Other Borrowings Issued by TCorp 20 \$m	Other Borrowings at Amortised Cost 21 Restated <sup>(b)</sup> \$m	Lease Liabilities 21 Restated <sup>(b)</sup> \$m	Service Concession Financial Liabilities 21 Restated <sup>(b)</sup> \$m	Advances Received \$m	Total Restated <sup>(a)(b)</sup> \$m
<b>Carrying Amount at Start of Year</b>	<b>293</b>	<b>71,777</b>	<b>1,864</b>	<b>5,287</b>	...	<b>756</b>	<b>79,977</b>
Prior Period Error Opening Balance Adjustments <sup>(a)</sup>	204	...	...	...	...	...	<b>204</b>
Net Adjustment on Adoption of AASB 16	...	...	...	4,651	...	...	<b>4,651</b>
Net Adjustment on Adoption of AASB 1059 / Withdrawal of TPP 06-8 <sup>(b)</sup>	...	...	(832)	(1,921)	8,747	...	<b>5,995</b>
<b>Restated Carrying Amount at Start of Year</b>	<b>497</b>	<b>71,777</b>	<b>1,032</b>	<b>8,017</b>	<b>8,747</b>	<b>756</b>	<b>90,827</b>
Financing Net Cash Flows <sup>(a)(b)</sup>	(28)	22,888	(100)	(827)	(291)	(77)	<b>21,565</b>
<b>Non-Cash Items:</b>							
Lease and Non-Financial Asset Additions <sup>(a)</sup>	...	...	0	2,837	800	...	<b>3,637</b>
Fair Value Adjustments	...	2,117	...	...	...	...	<b>2,117</b>
Other Movements <sup>(a)</sup>	(101)	187	99	(72)	(540)	17	<b>(408)</b>
<b>Carrying Amount at End of Year</b>	<b>369</b>	<b>96,970</b>	<b>1,032</b>	<b>9,955</b>	<b>8,716</b>	<b>696</b>	<b>117,738</b>

(a) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

## Note 7: Receivables

Receivables are recognised initially at fair value plus any directly attributable transaction costs. Receivables that do not contain a significant financial component are measured at the transaction price. Receivables are subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables, including taxation, fines and levy receivables, are not classified as financial instruments for financial reporting purposes.

Refer to Note 26: Financial Instruments for further information on the credit risk of receivables.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)(b)</sup>	2020-21	2019-20 Restated <sup>(a)(b)</sup>
	\$m	\$m	\$m	\$m
Current <sup>(a)</sup>	9,977	8,909	9,710	8,970
Non-Current <sup>(a)</sup>	2,590	2,559	2,267	2,181
	<b>12,567</b>	<b>11,468</b>	<b>11,977</b>	<b>11,151</b>
<b>Receivables Comprise:</b>				
Contractual Receivables:				
Sale of Goods and Services <sup>(a)(b)(c)</sup>	2,226	1,800	2,280	2,039
Dividends from the PNFC and PFC Sectors	437	1,122	(0)	0
Asset Sales	1,032	1,095	1,039	1,096
Interest	7	10	40	54
Other <sup>(b)(d)</sup>	2,585	1,652	2,531	2,377
Statutory Receivables:				
Taxation	5,221	4,967	5,061	4,792
Dust Disease Insurance Levies Accrued <sup>(e)</sup>	932	805	932	805
Fines	737	674	737	674
	<b>13,177</b>	<b>12,125</b>	<b>12,620</b>	<b>11,837</b>
Less: Loss Allowance <sup>(f)</sup>	(610)	(657)	(644)	(686)
	<b>12,567</b>	<b>11,468</b>	<b>11,977</b>	<b>11,151</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) The 2019-20 comparatives for sale of goods and services receivables and other receivables have been revised after publication of the 2019-20 TSSA.

(c) Sale of goods and services receivables comprise receivables from contracts with customers as per AASB 15.

(d) General Government Sector other receivables include borrowings funding receivable from TCorp of \$1,053 million that was not settled on 30 June 2021.

(e) Levies receivable under the *Workers' Compensation (Dust Diseases) Act 1942* reflect the full funding of total claim liabilities as estimated by actuaries at the reporting date. This recognises the legislative power given to the State to impose levies to meet the cost of claim obligations under this Act.

(f) The loss allowance in the Total State Sector mainly comprises doubtful debts related to the sales of goods and services of \$169 million (2019-20: \$147 million), the collection of fees and fines of \$341 million (2019-20: \$334 million) and payroll tax of \$53 million (2019-20: \$102 million).

## Note 8: Contract Balances

The following information represents contract assets and contract liabilities from contracts with customers accounted for under AASB 15 *Revenue from Contract with Customers*.

### Contract Assets

Contract assets relate to the State's right to consideration in exchange for goods transferred to customers/works completed, but right to payment is conditional on performance of other obligations. Contract asset balances primarily relate to revenue recognised from the sale of goods and services and grants and subsidies. Contract assets are transferred to receivables when the rights become unconditional. This occurs when the State has completed a contractual obligation and issues an invoice.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
Current	97	24	97	23
Non-Current	...	...	...	...
	<b>97</b>	<b>24</b>	<b>97</b>	<b>23</b>
<b>Contract Assets Recognised for:</b>				
Sales of Goods of Services Revenue	40	18	40	18
Grants and Subsidies Revenue	45	4	45	4
Other Revenues	12	2	12	2
	97	24	97	23
Less: Loss Allowance	...	...	...	...
	<b>97</b>	<b>24</b>	<b>97</b>	<b>23</b>

Contract assets increased throughout the reporting period by \$73 million (2019-20: \$14 million increase) for the General Government Sector and the Total State Sector. The growth in contract assets was primarily due to changes in the time frame for rights to consideration to become unconditional.

Refer to Note 26: Financial Instruments for disclosures regarding contract asset impairment.

### Contract Liabilities

Contract liabilities primarily relate to consideration received in advance from customers in respect of revenues recognised from the sale of goods and services and grants and subsidies with sufficiently specific performance obligations.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
Current	653	893	716	958
Non-Current	281	263	336	301
	<b>934</b>	<b>1,156</b>	<b>1,051</b>	<b>1,259</b>
<b>Contract Liabilities Relate to:</b>				
Sale of Goods and Services Revenue	804	766	891	812
Grants and Subsidies Revenue	130	390	130	390
Other	...	...	30	56
	<b>934</b>	<b>1,156</b>	<b>1,051</b>	<b>1,259</b>

Contract liabilities decreased throughout the reporting period by \$222 million (2019-20: \$374 million increase) for the General Government Sector and \$208 million (2019-20: \$381 million increase) for the Total State Sector. The reduction in contract liabilities was primarily due to changes in the time frame for performance obligations to be satisfied for the sale of goods and services revenue recognised within the Education and Transport clusters.

The following table provides information on contract liabilities and performance obligations in contracts with customers.

	General Government Sector		Total State Sector	
	2020-21 \$m	2019-20 \$m	2020-21 \$m	2019-20 \$m
Revenue Recognised that was Included in the Contract Liabilities Balance at the Beginning of the Year	772	488	824	540
Revenue Recognised from Performance Obligations Satisfied in Previous Periods	2	6	30	18
Transaction Price Allocated to the Remaining Performance Obligations from Contracts with Customers	1,001	846	1,033	919

The transaction price allocated to the remaining performance obligations relates primarily to sale of goods and services revenue. For the General Government Sector, 76% (2020: 84%) of this amount is expected to be recognised as revenue in the next financial year ending 30 June 2021 and 24% (2020: 16%) in subsequent financial years. For the Total State Sector, 74% (2020: 82%) of this amount is expected to be recognised as revenue in the next financial year ending 30 June 2022 and 26% (2020: 18%) in subsequent financial years.

No information is provided about remaining performance obligations on 30 June 2021 for contracts that have an original expected duration of one year or less. The disclosed amounts also do not include variable consideration which is constrained.

## Note 9: Investments, Loans and Placements

### Financial Assets at Fair Value

Investments, loans and placements measured at fair value comprise of debt investments, managed fund investments (including TCorpIM Funds) and derivative assets.

The State's debt investments and managed fund investments are initially and subsequently measured at FVTPL.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Debt and managed funds investments are managed, and their performance is evaluated on a fair value basis and therefore the business model is neither to hold to collect contractual cash flows or sell the financial asset. Hence these investments are mandatorily required to be measured at FVTPL.

Derivative assets are classified as held for trading and are measured at FVTPL unless they are designated as effective hedging instruments.

TCorpIM Funds are available to all NSW Government agencies holding an appropriate financial arrangements approval as defined in the *Government Sector Finance Act (2018)* and certain other public bodies, local councils and universities. Each TCorpIM Fund has been established as an individual unit trust and each trust has its own investment objective and strategy. As the majority unit holder in the TCorpIM Funds, the State has been assessed to control the Funds under AASB 10. Thus, the TCorpIM Funds' assets and liabilities are consolidated into the Consolidated Statement of Financial Position of the Total State Sector. The State has invested a major component of Restart NSW money and the established New South Wales Generation Fund (NGF) in TCorpIM Fund Trust investments.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
Current <sup>(a)</sup>	2,080	1,788	48,974	42,564
Non-Current <sup>(a)</sup>	45,582	39,086	3,470	3,345
	<b>47,662</b>	<b>40,874</b>	<b>52,444</b>	<b>45,909</b>
<b>Financial Assets at Fair Value comprise:</b>				
<b>Financial Assets Held for Trading</b>				
Derivative Assets	4	4	604	1,340
	<b>4</b>	<b>4</b>	<b>604</b>	<b>1,340</b>
<b>Designated and Effective Hedging Instruments</b>				
Derivative Assets	1	0	2	1
	<b>1</b>	<b>0</b>	<b>2</b>	<b>1</b>
<b>Financial Assets at FVTPL<sup>(b)</sup></b>				
Interest Bearing Securities <sup>(c)</sup>	255	251	31,927	30,708
TCorpIM Funds	47,337	40,571	...	...
Managed Funds and Other Investments	65	48	19,911	13,860
	<b>47,657</b>	<b>40,870</b>	<b>51,838</b>	<b>44,568</b>
<b>Total Financial Assets at Fair Value</b>	<b>47,662</b>	<b>40,874</b>	<b>52,444</b>	<b>45,909</b>

(a) The current and non-current classification is different in the General Government Sector and Total State Sector due to differing investment objectives.

(b) The State's financial assets at FVTPL are mandatorily measured at FVTPL under AASB 9.

(c) Interest bearing securities are debt investments and include bonds, certificates of deposit, floating rate notes and other debt securities.

## Other Financial Assets

Other financial assets are non-derivative financial assets comprising predominately of term deposits and leases receivable under finance lease arrangements. Other financial assets are initially measured at fair value plus any transaction costs and are subsequently measured at amortised cost using the effective interest method.

Amounts due from lessees under finance leases are classified at amortised cost and recognised at the amount of the State's net investment in the lease. Finance income is allocated to accounting periods to reflect a constant periodic rate of return on the State's net investment outstanding in respect of the leases.

Term deposits with a maturity of less than 3 months are classified as Cash and Cash Equivalents (Note 6: Cash and Cash Equivalents).

Further information regarding fair value measurement, credit risk, and market risk of other financial assets are described in Note 26: Financial Instruments.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
Current	82	212	231	294
Non-Current	1,354	1,396	1,552	1,564
	<b>1,436</b>	<b>1,608</b>	<b>1,783</b>	<b>1,858</b>
<b>Financial Assets at Amortised Cost Comprise:</b>				
Term Deposits - Maturity Greater Than 3 Months	20	157	167	230
Leases Receivable <sup>(a)(b)</sup>	1,320	1,359	1,516	1,530
Other	96	92	100	98
	<b>1,436</b>	<b>1,608</b>	<b>1,783</b>	<b>1,858</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 28: Leases for further details regarding leases receivable recognised under AASB 16.

## Note 10: Advances Paid

Advances paid are loans provided for government policy purposes rather than for liquidity management and are made with contractual interest rates intentionally set below the market interest rate that would otherwise apply.

Advances are initially measured at fair value (estimated as the present value of all future cash receipts discounted using Government bond rate) plus any transactions costs. The difference between the nominal value of the loan and its estimated fair value is recognised as the discount component, which is expensed immediately. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less impairment.

Refer to Note 26: Financial Instruments for further information on the credit risk and market risk of advances paid.

	General		Total	
	Government Sector		State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
Current	91	105	76	89
Non-Current	1,207	1,134	792	687
	<b>1,298</b>	<b>1,239</b>	<b>868</b>	<b>776</b>
<b>Advances Comprise:</b>				
Treasury Advances for Public Housing and Other Purposes	472	493	24	30
Loans for Rural Assistance	618	554	618	554
Loans for Road Transport Infrastructure	205	192	205	192
Other	3	0	21	0
	<b>1,298</b>	<b>1,239</b>	<b>868</b>	<b>776</b>

## Note 11: Equity Investments

### Equity Investments in Other Public Sector Entities

In the General Government Sector financial statements, the interest in the PNFC and PFC sectors is accounted for as an equity investment based on the State's proportional share of the carrying amount of net assets of those sectors (before consolidation adjustments), in accordance with AASB 1049.

The General Government Sector has irrevocably elected to account for the change in the carrying amount of these investments in a manner consistent with the treatment of equity instruments measured at FVOCI in AASB 9 that would otherwise be measured at FVTPL. Equity investments are designated at FVOCI when the State intends to hold these investments for the medium to long-term or for policy purposes.

Movements in the carrying amount are taken through other economic flows - other comprehensive income. These gains and losses on these investments are never reclassified to the operating result. Dividends are recognised as income as part of revenues from transactions when the right of payment has been established.

Equity injections into PNFC and PFC entities are recognised as an addition to the equity investment in entities in these sectors. The exception to this treatment is if there is no reasonable expectation of a sufficient rate of return on the injection, in which case, the transfer is recorded as a capital transfer expense.

Whether there is no reasonable expectation of a sufficient rate of return on the investment is a matter of judgement. This judgement is made based on the facts and circumstances relevant to the equity injection at the time it is made.

Note 37: Details of Consolidated Entities lists the entities of which the Government has control.

The carrying amounts of the investments at year end is summarised below:

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Investments in Other Public Sector Entities</b>				
Investments in Public Non-Financial Corporations (PNFC) <sup>(a)</sup>	89,983	106,429	...	...
Consolidation Adjustment to Investment in Net Assets	(121)	(197)	...	...
Investments in Public Financial Corporations	413	(51)	...	...
Consolidation Adjustment to Investment in Net Assets	(4,497)	(6,696)	...	...
	<b>85,778</b>	<b>99,485</b>	...	...

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

The annual movements of the investments are summarised below:

	General Government Sector	
	2020-21	2019-20 Restated <sup>(a)(b)</sup>
	\$m	\$m
Investment in Other Public Sector Entities at Start of Year	99,485	98,573
Net Adjustment on Initial Application of AASB 16 <sup>(a)</sup>	...	(66)
Net Adjustment on Initial Application of AASB 1059 <sup>(b)</sup>	...	(846)
<b>Restated Investment in Other Public Sector Entities at Start of Year</b>	<b>99,485</b>	<b>97,661</b>
Net Contributions to/(Returns from) Other Sectors by/(to) Owner <sup>(c)</sup>	3,332	6,655
Revaluation Gain/(Loss) for Period in Other Sectors <sup>(a)(b)</sup>	(19,314)	(3,788)
Movement for the Period in the Consolidation Adjustment	2,275	(1,043)
<b>Total Investments in Other Sector Entities at End of Year</b>	<b>85,778</b>	<b>99,485</b>

(a) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives for details of corrections to prior period.

(b) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(c) Net contributions to/(returns from) other sectors by/(to) owner comprise primarily of transfers of funding to PNFC sector rail and water sector agencies.

## Net Contributions to Other Sectors - TAHE

In 2020-21, net contributions to other sectors (i.e. the PNFC and PFC) by owners were \$3.3 billion (\$6.7 billion in 2019-20). This included equity contributions to TAHE of \$2.4 billion (\$6.7 billion in 2019-20) including funding for the construction of rail assets and acquisition of rolling stock.

Judgement has been exercised by management when determining that this funding is treated as equity contributions. Contributions into PNFC and PFC entities are recognised as an addition to the equity investment, unless there is no reasonable expectation of a return. At the date of making these equity injections to TAHE, management had a reasonable expectation of a sufficient rate of return on the investment as a result of:

- Projections TAHE will generate net profits before tax (NPBT) from 2022-23;
- An expectation that TAHE will remit dividends and income tax equivalents from 2022-23 onwards;
- An expectation of free cash flows that could be returned to shareholders or reinvested in TAHE; and
- An intention to generate sufficient returns to recover the revaluation loss.

As well as returns on the investment, projections indicate that the original investment value will be at least maintained.

### Reasonable Expectation

A key assumption underpinning management's judgement is that TAHE's projections for the next 10 years are reasonable and can be achieved. Management assessment is that the 10 year projections are reasonable, and that the projections can be achieved because:

- TAHE's projections of revenue from access and licence fees are underpinned by contractual arrangements that extend for 10 years. Shareholders have communicated expectations of accelerated commerciality, moving the expected rate of return to the expected long-term inflation rate of 2.5 per cent. TAHE has entered into a Heads of Agreement on 18 December 2021 with its key customers to ensure it will meet shareholder expectations. To facilitate these arrangements, future allocations of funds to Transport for NSW (TfNSW) will increase.
- TAHE's projections of depreciation expenses are based on carrying values of existing assets, estimated construction of rail assets and acquisition of rolling stock over the period of the projections and have regard to remaining useful lives.
- The application of the Commercial Policy Framework establishes expectations or remission of returns, including that TAHE needs to remit dividends and income tax equivalents to the Government shareholders.

Shareholder expectations further include that TAHE will generate revenue and profits from additional commercial development opportunities, some of which it is currently exploring. The current 10-year projections used by management to assess whether a reasonable return is expected, does not include amounts for these additional revenue sources. Detailed projections have not been performed beyond 2031.

### Sufficient Return

What is a sufficient level of returns on the contribution to TAHE is determined by shareholders and applicable financial reporting frameworks. The Government shareholder's current expected rate of return on equity contributions is the long-term inflation rate of 2.5 per cent (consistent with the centre of the Reserve Bank of Australia's target band).

Timeframes over which returns are expected by the shareholders on equity contributed are reasonable having regard to the long life of rail infrastructure assets and that the construction of rail assets, or acquisition of rolling stock, takes multiple years to complete. The current weighted average remaining useful life of TAHE's assets is 33.68 years.

The ability of TAHE to deliver a NPBT from 2022-23 is reasonable. An extrapolation of returns from 2031, indexed by CPI (2.5 per cent), indicates that the estimated cumulative value of the NPBT to 2052 is anticipated to exceed:

- The revaluation loss incurred in 2020-21; and
- A dollar value equal to 2.5 per cent projected equity invested.

There is an intent to generate sufficient returns to cover (a) and (b) above.

## Key Assumptions

In assessing whether the expected return on the equity contributions to TAHE were sufficient, management relied on projections of profitability. The table and notes below provide details of the key assumptions underpinning those projections.

Actual results are likely to be different from those projected since anticipated events or transactions frequently do not occur as expected.

	2021-22	2022-23 <sup>(a)</sup>	2023-24 <sup>(a)</sup>	2024-25 <sup>(a)</sup>	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Projected Annual Equity Contribution <sup>(b)</sup>	3,084	2,570	1,950	869	520	862	367	693	536	677
Projected Cumulative Equity Contribution <sup>(b)</sup>	14,178	16,748	18,698	19,566	20,086	20,948	21,315	22,009	22,544	23,221
Projected Access and Licence Fees <sup>(c)</sup>	680	1,081	1,236	1,399	1,646	1,826	2,023	2,209	2,405	2,629
Projected Net Profit before Tax of TAHE	(130)	152	177	217	359	473	637	799	966	1,182
Projected Dividends and income tax equivalents	...	120	140	171	284	374	503	631	763	934

- (a) As described in the 2020-21 Half Year Review, an additional \$1.1 billion to 2024-25 has been allocated to Transport for NSW to be provided to rail operators consistent with the updated shareholder expectations for TAHE
- (b) Projected annual equity contributions are expected to be used by TAHE to fund the construction of rail assets and acquisition of rolling stock, which increase the revenue earning capacity of TAHE's asset network. These are recorded by the GGS as acquisition of additional equity in the PNFC sector.
- (c) Projections of revenue from access and licence fees are underpinned by contractual arrangements that extend for 10 years, updated for the Heads of Agreement between TAHE and its key customers on 18 December 2021, which reflects proposed indicative future access and licence fees, which are currently not reflected in binding contracts. TAHE's projected access and licence fee revenue increase over the projected ten years to reflect the timing and extent of the State's investment in rail infrastructure over that period - construction of rail assets and acquisition of rolling stock increase the revenue earning capacity of TAHE's asset network, hence access and licence fees increase as newly constructed or purchased assets become operational.

## Uncertainty

Expectations about returns rely on projections of future revenues and expenses, which are based on assumptions about an entity's future and possible future actions, and is, by nature, highly subjective.

The information used to assess returns includes projections for the first 10 years. TAHE is a new business with no history of demonstrated results. While it is reasonable to expect a return, based on the assumptions described above, it is likely that actual results will differ from projections, especially as TAHE is a new business and TAHE's operating model is expected to evolve over time.

A key area of uncertainty for the first 10 years is that projected access and licence fees revenues are based on a Heads of Agreement executed on 18 December 2021, which reflects proposed indicative future access and licence fees, which are currently not reflected in contracts between the relevant parties. The Heads of Agreement demonstrates TAHE's intent to deliver on shareholder's expectations of a rate of return of 2.5 per cent. To facilitate these arrangements, future allocations of funds to Transport for NSW (TfNSW) are expected to increase by \$5.2 billion.

There is uncertainty beyond the 10 year period as there are no current contracts, Heads of Agreement, and no funding commitment from government beyond financial year 2025. The recovery of the revaluation loss occurs beyond financial year 2031. An extrapolation about what could happen in terms of shareholder returns beyond the initial 10-year projections was considered by management. This longer-term extrapolation assumes TAHE's business continues to make similar returns beyond the 10-year period, adjusted for CPI, reflecting the ongoing expectations of shareholders, and intentions of the TAHE Board, to continue to meet the expectations of shareholders. Whilst these extrapolations are reasonable for the purposes for which they have been used, it is likely that actual results will differ from these extrapolations. Key sources of uncertainty include that there are no agreements on which to base the extrapolation, there is no funding commitment from government beyond financial year 2025 and detailed projections have not been performed beyond 2031.

## Investments in Associates

Equity investments in associates are accounted for using the Equity Method.

Movements in the State's share of profits are recognised in the operating result, split between dividends recognised as revenue from transactions and the share of earnings excluding dividends recognised as other economic flows – included in the operating result based on the State's share of ownership. Revaluation movements in the State's share of equity are recognised as a change to reserves and recognised as other economic flows – other comprehensive income.

Investments in Associates Accounted for Using the Equity Method Comprise the State's Share in:	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
Ausgrid <sup>(a)</sup>	4,993	3,624	4,993	3,624
Endeavour Energy <sup>(a)</sup>	2,631	1,919	2,631	1,919
WestConnex Group <sup>(b)</sup>	5,734	6,322	5,734	6,322
	<b>13,358</b>	<b>11,866</b>	<b>13,358</b>	<b>11,866</b>

(a) This represents the State's retained interest of 49.6% in these entities.

(b) This represents the State's retained interest of 49.0% in this entity.

### Ausgrid

Ausgrid is the operator of one of the leading electricity networks in Australia, distributing electricity to the Sydney, Central Coast and Hunter regions of New South Wales.

The State holds 49.6 per cent of Ausgrid via a corporation constituted under the *Electricity Retained Interest Corporations Act 2015*, named Electricity Retained Interest Corporation - Ausgrid. The remaining 50.4 per cent is owned by the private sector by IFM Investors and Australian Super in equal shares, operating the network under a 99-year lease.

As the State does not control the entity, it has applied the equity method to account for its investment in Ausgrid. The following table summarises information on the State's investment in Ausgrid.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>The State's share of Ausgrid's assets and liabilities<sup>(a)</sup></b>				
Current Assets	322	395	322	395
Non-Current Assets	11,613	10,921	11,613	10,921
Current Liabilities	(953)	(279)	(953)	(279)
Non-Current Liabilities	(5,990)	(7,413)	(5,990)	(7,413)
<b>Equity</b>	<b>4,993</b>	<b>3,624</b>	<b>4,993</b>	<b>3,624</b>
<b>The State's share of Ausgrid's profit</b>				
<b>Revenue</b>	<b>1,156</b>	<b>1,136</b>	<b>1,156</b>	<b>1,136</b>
Profit/(Loss) Before Income Tax	116	95	116	95
Distribution Income Recognised	...	...	...	...
<b>Profit After Income Tax</b>	<b>116</b>	<b>95</b>	<b>116</b>	<b>95</b>
Other Comprehensive Income	1,252	(115)	1,252	(115)
<b>Total Comprehensive Income</b>	<b>1,368</b>	<b>(19)</b>	<b>1,368</b>	<b>(19)</b>

(a) During 2020-21, the State did not invest any additional monies into Ausgrid (2019-20: \$15 million).

## Endeavour Energy

Endeavour Energy is the operator of the electrical distribution network for Western Sydney, the Blue Mountains, the Southern Highlands and the Illawarra region of NSW.

New South Wales holds 49.6 per cent of Endeavour Energy via a corporation constituted under the *Electricity Retained Interest Corporations Act 2015*, named Electricity Retained Interest Corporation – Endeavour Energy. The remaining 50.4 per cent is owned by the private sector by the Edwards partner consortium, operating the network under a 99-year lease.

As the State does not control the entity, it has applied the equity method to account for its investment in Endeavour Energy. The following table summarises information on New South Wales' investment in Endeavour.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>The State's share of Endeavour's assets and liabilities<sup>(a)</sup></b>				
Current Assets	262	298	262	298
Non-Current Assets	5,657	5,173	5,657	5,173
Current Liabilities	(302)	(177)	(302)	(177)
Non-Current Liabilities	(2,986)	(3,375)	(2,986)	(3,375)
<b>Equity</b>	<b>2,631</b>	<b>1,919</b>	<b>2,631</b>	<b>1,919</b>
<b>The State's share of Endeavour's profit</b>				
<b>Revenue</b>	<b>691</b>	<b>667</b>	<b>691</b>	<b>667</b>
Profit/(Loss) Before Income Tax	130	113	130	113
Distribution Income Recognised	(33)	(85)	(33)	(85)
<b>Profit After Income Tax</b>	<b>97</b>	<b>28</b>	<b>97</b>	<b>28</b>
Other Comprehensive Income	612	(86)	612	(86)
<b>Total Comprehensive Income</b>	<b>710</b>	<b>(57)</b>	<b>710</b>	<b>(57)</b>

(a) During 2020-21, the State invested an additional \$3 million in Endeavour Energy (2019-20: Nil).

## WestConnex Group

WestConnex is the largest road infrastructure project in Australia, linking Western and South-Western Sydney with the City, airport and port in a 33-kilometre continuous motorway.

The State holds 49 per cent of the WestConnex Group via a corporation constituted under the *Corporations Act 2001*, named Roads Retained Interest Pty Ltd. The remaining 51 per cent is owned by the private sector by Sydney Transport Partners Consortium. The WestConnex Group is constructing and operating the road network under a concession agreement expiring in 2060.

As the State does not control the entity, it has applied the equity method to account for its investment in the WestConnex Group. The following table summarises information on the State's investment in the WestConnex Group.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>The State's share of WestConnex's assets and liabilities<sup>(a)</sup></b>				
Current Assets	488	495	488	495
Non-Current Assets	10,275	10,218	10,275	10,218
Current Liabilities	(104)	(103)	(104)	(103)
Non-Current Liabilities	(4,924)	(4,288)	(4,924)	(4,288)
<b>Equity</b>	<b>5,734</b>	<b>6,322</b>	<b>5,734</b>	<b>6,322</b>
<b>The State's share of WestConnex's profit</b>				
<b>Revenue</b>	<b>519</b>	<b>705</b>	<b>519</b>	<b>705</b>
Profit/(Loss) Before Income Tax	(284)	(68)	(284)	(68)
Income Tax Expense	(10)	(7)	(10)	(7)
Distribution Income Recognised	...	...	...	...
<b>Profit After Income Tax</b>	<b>(294)</b>	<b>(75)</b>	<b>(294)</b>	<b>(75)</b>
Other Comprehensive Income	146	(43)	146	(43)
<b>Total Comprehensive Income</b>	<b>(149)</b>	<b>(118)</b>	<b>(149)</b>	<b>(118)</b>

(a) During 2020-21, the State invested an additional \$218 million in WestConnex (2019-20: \$91 million).

## Other Equity Investments

The State's other equity investments comprise of investments in listed and unlisted equity securities measured at FVTPL.

Other equity investments are classified at initial recognition as either measured at FVTPL or are irrevocably elected by the State to be measured at FVOCI. These equity investments are measured at their fair value plus, in the case of an equity investments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the instrument. The State has not elected to measure any of these equity investments at FVOCI throughout the 2020-21 financial year (30 June 2020: Nil).

Other equity investments held by the Total State Sector predominately comprise of TCorpIM Fund Trust investments in equity securities. In total, TCorpIM Fund Trusts have investments in equity securities amounting to \$25,467 million (2019-20: \$21,553 million).

Further information regarding fair value measurement and market risk of other equity investments are described in Note 26: Financial Instruments.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Other Equity Investments Comprise:</b>				
Other Equity Investments - At Fair Value Through Profit and Loss <sup>(a)(b)(c)</sup>	5	7	25,629	21,741
	<b>5</b>	<b>7</b>	<b>25,629</b>	<b>21,741</b>

(a) Other equity investments are mandatorily measured at FVTPL.

(b) A portion of equity investments held within TCorpIM Fund Trusts are expected to be realised within 12 months, However, an estimate of that amount cannot be reliably determined as at the reporting date.

(c) Includes IMFund Trust equity instruments on loan through repurchase agreements.

## Note 12: Inventories

Inventories (other than those held for distribution) are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average cost or the 'first in first out' method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Land held for resale, for government agencies that trade in land, is recorded taking account of various acquisition costs, development and other costs.

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount, or any loss of operating capacity due to obsolescence.

The cost of inventories acquired at no cost or for nominal consideration on the date of acquisition is recognised at its current replacement cost. The current replacement cost is the cost the State would incur to acquire the asset on the reporting date.

	General Government Sector		Total State Sector	
	2020-21 \$m	2019-20 \$m	2020-21 \$m	2019-20 \$m
Current	791	1,062	1,062	1,251
Non-Current	587	126	486	492
	<b>1,378</b>	<b>1,188</b>	<b>1,547</b>	<b>1,743</b>
<b>Inventories Comprise:</b>				
Raw Materials	10	11	57	49
Work in Progress	33	7	39	11
Finished Goods	14	29	14	29
Consumable Stores	6	3	115	92
Land and Property Held for Resale <sup>(a)(b)</sup>	579	118	516	485
Inventories Held for Distribution				
Consumables <sup>(c)(d)</sup>	737	1,021	806	1,077
	<b>1,378</b>	<b>1,188</b>	<b>1,547</b>	<b>1,743</b>

(a) General Government Sector land and property held for resale has increased by \$461 million throughout the 2020-21 financial year primarily due to construction costs of \$405 million incurred on the Sydney Football Stadium recognised as inventories by the sector. This has been reclassified to property, plant and equipment in the Total State Sector.

(b) Includes work in progress specifically related to the construction of land and property held for resale.

(c) Consumables held for distribution primarily relate to medical and drug supplies used in the provision of public health services, firefighting consumables, and protective and operational clothing required due to COVID-19 and emergency services.

(d) An allowance of impairment of \$559 million (2019-20: Nil) has been recognised for medical and surgical supplies included as part of consumables.

Land and property held for resale, for government agencies that trade in land and property, has been recorded at:

	General Government Sector		Total State Sector	
	2020-21 \$m	2019-20 \$m	2020-21 \$m	2019-20 \$m
Acquisition Cost	31	27	79	135
Development Cost	547	90	436	349
	<b>579</b>	<b>118</b>	<b>516</b>	<b>485</b>

## Note 13: Assets Classified as Held for Sale

Non-current assets (or disposal groups) are classified as held for sale, where their carrying amount will be recovered principally through a sale transaction and not through continuing use.

For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

The assets classified as held for sale at 30 June 2021 were:

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Non-Current Assets Held for Sale</b>				
Land and Buildings	121	286	159	335
Plant and Equipment	1	1	1	1
Infrastructure Systems	0	...	0	...
	<b>123</b>	<b>286</b>	<b>160</b>	<b>335</b>

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Non-Current Assets Held for Sale</b>				
Infrastructure NSW <sup>(a)</sup>	28	165	28	165
Department of Communities and Justice	26	27	26	27
Transport for NSW	23	40	23	40
New South Wales Land and Housing Corporation	...	...	23	41
Department of Customer Service	19	19	19	19
Sydney Metro	14	16	14	16
Ministry of Health	3	9	3	9
Other	11	11	25	19
	<b>123</b>	<b>286</b>	<b>160</b>	<b>335</b>

(a) Non-current assets held for sale by Infrastructure NSW have decreased by \$137 million resulting from the release of land previously classified as held for sale, pertaining to the commencement of Barangaroo development.

## Note 14: Property, Plant and Equipment

Property, plant and equipment comprises three asset classes: land and buildings, plant and equipment, and infrastructure systems.

Property, plant and equipment is initially recognised at cost, in accordance with AASB 116 *Property, Plant and Equipment* (AASB 116). Those assets acquired at no cost or for nominal consideration are initially recognised at their fair value at the date of acquisition. The cost of assets constructed for own use includes the cost of materials, direct labour, and foreign exchange gains and losses arising during construction, as well as an appropriate proportion of variable and fixed overhead costs that can be reliably attributed to the assets.

Property, plant, and equipment is subsequently measured at fair value in accordance with AASB 116, AASB 13 and NSW Treasury Policy Paper 14-01 *Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value*.

In general, property, plant and equipment with a value greater than \$5,000 is capitalised except for computer equipment which is normally capitalised irrespective of the \$5,000 threshold where it is considered to be part of a network of assets. Assets are not recognised where they cannot be reliably measured.

### Service Concession Assets

The State has adopted AASB 1059 *Service Concession Arrangements: Grantors* from 1 July 2020. However, comparatives for the year ended 30 June 2020 have been adjusted retrospectively to reflect AASB 1059. This note provides disclosures required under the new accounting standard and relates to the State's service concession arrangements in place during the current and comparative financial years.

Service concession arrangements (SCAs) are contracts between a grantor and an operator where an operator provides public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and manages at least some of those services.

For arrangements within the scope of AASB 1059, the State recognises a service concession asset when it controls the asset. Where the asset is provided by the operator, or is an upgrade to or a major component replacement of an existing asset, the asset is recognised at current replacement cost based on AASB 13 principles.

Where the asset is an existing asset of the State, the asset is reclassified as a service concession asset and remeasured at current replacement cost at the date of reclassification. Any difference between the previous carrying amount and current replacement cost is recognised as if it is a revaluation of the asset.

Subsequent to the initial recognition or reclassification, service concession assets are measured at current replacement cost and accounted for in accordance with the depreciation and impairment requirements of AASB 116 and AASB 136.

At the end of the service concession arrangement:

- the State accounts for the asset in accordance with other Australian accounting standards, with the State reclassifying the asset based on its nature or function;
- reference to fair value reverts from the mandated current replacement cost under AASB 1059 to the appropriate approach under AASB 13; and
- the asset is only derecognised when the State loses control of the asset in accordance with AASB 116 and AASB 138.

### Revaluation of Property, Plant and Equipment

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at the reporting date. Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from the carrying value.

The market or income approach is used to fair value the following types of property, plant and equipment:

- Land under roads is valued using a market approach at existing use, based on an englobo valuation approach or proxy such as open space land. These valuation approaches are employed as land under roads generally has no feasible alternative use, is undeveloped and publicly accessible.
- Land under water is valued using a market approach with reference to adjacent land values, having regard to zoning restrictions, access, location, size, topography and other characteristics or with reference to land that has a low economic value adjusted for differences in location, restriction and uses.
- Other land, including Crown leasehold land, is valued using a market approach, based on a valuation per hectare per each land category type.
- Non-specialised buildings, which include commercial and general-purpose buildings for which there is a secondary market, are valued using either approach.
- Certain heritage assets, including artworks, book collections, philately and coin collections are valued using a market or cost approach.
- The fair value of cash generating assets, including water and energy distribution networks, is estimated using an income approach.

For assets valued using the income approach or market approach, any accumulated depreciation is eliminated against the gross carrying amount of the assets to which they relate, and the net asset carrying amount is increased or decreased by the revaluation increment or decrement.

The cost approach (i.e. current replacement cost) reflects the amount that would be required currently to replace the service capacity of an asset, adjusted for obsolescence. The cost approach is used to fair value the following types of assets:

- Specialised buildings designed for a specific, limited purpose with no feasible alternative use. This includes hospitals, schools, court houses, emergency services buildings, buildings to house specialised plant and infrastructure and some heritage properties.
- Heritage assets, including library and museum collections that are of a specialised nature with no feasible alternative use.

Where the State re-values non-current assets using the cost approach, the gross amount and accumulated depreciation are separately restated.

Revaluation increments increase the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement for that class of asset previously recognised as a loss in the operating result, the increment is recognised as a gain. Revaluation decrements are charged to the revaluation surplus to the extent that a credit exists in the revaluation surplus in respect of the same class of asset. Any remaining decrements are recognised as a loss. Where an asset that has previously been revalued is disposed of, the remaining balance in the revaluation surplus is transferred to accumulated funds.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an estimate for fair value.

### **Impairment of Property, Plant and Equipment**

As a not-for-profit entity, impairment under AASB 136 *Impairment of Assets* (AASB 136) arises for the State in rare circumstances.

The State assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired, in accordance with AASB 136. If such an indication exists, or when annual impairment testing for an asset is required, the State estimates the recoverable amount of the asset. An impairment loss is recognised where the carrying amount of property, plant and equipment exceeds the recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

Impairment losses are recognised in other economic flows – included in operating result or in other economic flows – other comprehensive income to the extent that an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in other economic flows – included in operating result unless the asset is carried at revalued amount. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase in accordance with AASB 116.

### Assets Acquired by Leases

AASB 16 requires a lessee to recognise a right-of-use asset for most leases. The State has elected to present right-of-use assets separately in the Consolidated Statement of Financial Position.

Further information on leases is contained in Note 28: Leases.

### Depreciation of Property, Plant and Equipment

Property, plant and equipment is depreciated (net of its residual value) over its useful life, in accordance with AASB 116. Depreciation is generally allocated on a straight-line basis.

Land is not a depreciable asset. Certain heritage assets, including original artworks and collections and heritage buildings, may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

The average useful lives for major assets (for both property, plant and equipment held and used by the State and where the State is a lessor under operating leases) are as follows<sup>(a)</sup>:

<b>Buildings</b>	
Public Housing	50 years
Schools and Colleges	20-105 years
Hospitals and Health Buildings	40 years
<b>Plant and Equipment</b>	
Computer Hardware	2-5 years
Rail Rolling Stock	30-42 years
<b>Infrastructure</b>	
Electricity System Assets	1-50 years
Water System Assets	3-200 years
Roads Pavements	4-100 years
Roads Earthworks	50 years
Roads Earthworks (other) – not depreciated	Indefinite life
Bridges and Tunnels	100 years

(a) The average useful life of assets can vary depending on the various asset classes, types and components of assets within a category. For example, structural components generally have a longer useful life than electrical and mechanical components.

## General Government Sector

### Total Property, Plant and Equipment

Fair Value	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems Restated <sup>(a)</sup> \$m	Total Restated <sup>(a)</sup> \$m
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)</sup>	129,216	19,113	185,098	<b>333,427</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(33,650)	(6,288)	(38,615)	<b>(78,553)</b>
<b>Net Carrying Amount</b>	<b>95,566</b>	<b>12,825</b>	<b>146,483</b>	<b>254,874</b>
<b>At 30 June 2021</b>				
Gross Carrying Amount	138,151	19,540	196,589	<b>354,281</b>
Accumulated Depreciation and Impairment	(35,870)	(6,428)	(39,924)	<b>(82,222)</b>
<b>Net Carrying Amount</b>	<b>102,282</b>	<b>13,112</b>	<b>156,665</b>	<b>272,058</b>
<b>Reconciliation:</b>				
	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems Restated <sup>(a)</sup> \$m	Total Restated <sup>(a)</sup> \$m
<b>Year Ended 30 June 2021</b>				
<b>Restated Net Carrying Amount at Start of Year<sup>(a)</sup></b>	<b>95,566</b>	<b>12,825</b>	<b>146,483</b>	<b>254,874</b>
Opening Balance Adjustments <sup>(b)</sup>	(73)	(8)	177	<b>95</b>
<b>Adjusted Net Carrying Amount at Start of Year</b>	<b>95,492</b>	<b>12,817</b>	<b>146,660</b>	<b>254,969</b>
Additions	5,720	1,268	13,553	<b>20,541</b>
Assets Reclassified To Held for Sale	(82)	(1)	(0)	<b>(83)</b>
Disposals	(276)	(87)	(1,087)	<b>(1,450)</b>
Net Revaluations Recognised In Reserves <sup>(c)</sup>	3,192	67	693	<b>3,951</b>
Depreciation Expense	(1,888)	(943)	(2,665)	<b>(5,496)</b>
Other Movements	124	(9)	(488)	<b>(374)</b>
<b>Net Carrying Amount at End of Year</b>	<b>102,282</b>	<b>13,112</b>	<b>156,665</b>	<b>272,058</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

(c) Includes revaluations of \$4,007 million offset by net impairment losses of \$56 million recognised in reserves for the current reporting period.

Fair Value	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems Restated <sup>(a)</sup> \$m	Total Restated <sup>(a)</sup> \$m
<b>At 30 June 2019</b>				
Gross Carrying Amount	122,980	18,751	161,887	<b>303,618</b>
Accumulated Depreciation and Impairment	(32,232)	(6,589)	(43,697)	<b>(82,518)</b>
<b>Net Carrying Amount</b>	<b>90,748</b>	<b>12,162</b>	<b>118,190</b>	<b>221,100</b>
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)</sup>	129,216	19,113	185,098	<b>333,427</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(33,650)	(6,288)	(38,615)	<b>(78,553)</b>
<b>Net Carrying Amount</b>	<b>95,566</b>	<b>12,825</b>	<b>146,483</b>	<b>254,874</b>

Reconciliation:	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems Restated <sup>(a)</sup> \$m	Total Restated <sup>(a)</sup> \$m
<b>Year Ended 30 June 2020</b>				
<b>Net Carrying Amount at Start of Year</b>	<b>90,748</b>	<b>12,162</b>	<b>118,190</b>	<b>221,100</b>
Derecognition of Finance Lease Assets on Initial Application of AASB 16	(651)	(701)	(1)	<b>(1,353)</b>
Net Adjustment on Initial Application of AASB 1059 <sup>(a)</sup>	793	106	23,147	<b>24,047</b>
Net Adjustment on Withdrawal of TPP 06-8 <sup>(a)</sup>	(147)	28	...	<b>(119)</b>
<b>Restated Net Carrying Amount at Start of Year</b>	<b>90,743</b>	<b>11,595</b>	<b>141,336</b>	<b>243,674</b>
Additions <sup>(a)</sup>	5,380	1,368	11,341	<b>18,089</b>
Assets Reclassified To Held for Sale	(129)	1	0	<b>(128)</b>
Disposals <sup>(a)</sup>	(195)	(114)	(1,078)	<b>(1,387)</b>
Net Revaluations Recognised In Reserves <sup>(a)(b)</sup>	1,598	125	2,682	<b>4,405</b>
Depreciation Expense <sup>(a)</sup>	(1,752)	(905)	(2,333)	<b>(4,989)</b>
Other Movements <sup>(a)</sup>	(80)	754	(5,464)	<b>(4,790)</b>
<b>Restated Net Carrying Amount at End of Year</b>	<b>95,566</b>	<b>12,825</b>	<b>146,483</b>	<b>254,874</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) Includes revaluations of \$4,400 million and net impairment reversals of \$4 million recognised in reserves for the current reporting period.

*Property, Plant and Equipment Held and Used by the GGS*

Fair Value	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems Restated <sup>(a)</sup>	Total Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)</sup>	122,287	18,818	184,629	<b>325,734</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(32,817)	(6,104)	(38,605)	<b>(77,526)</b>
<b>Net Carrying Amount</b>	<b>89,470</b>	<b>12,714</b>	<b>146,023</b>	<b>248,208</b>
<b>At 30 June 2021</b>				
Gross Carrying Amount	130,241	19,244	196,175	<b>345,660</b>
Accumulated Depreciation and Impairment	(34,857)	(6,231)	(39,911)	<b>(80,999)</b>
<b>Net Carrying Amount</b>	<b>95,384</b>	<b>13,012</b>	<b>156,264</b>	<b>264,660</b>
<b>Reconciliation:</b>				
	\$m	\$m	\$m	\$m
<b>Year Ended 30 June 2021</b>				
<b>Restated Net Carrying Amount at Start of Year<sup>(a)</sup></b>	<b>89,470</b>	<b>12,714</b>	<b>146,023</b>	<b>248,208</b>
Opening Balance Adjustments <sup>(b)</sup>	(655)	(8)	193	<b>(471)</b>
<b>Adjusted Net Carrying Amount at Start of Year</b>	<b>88,815</b>	<b>12,706</b>	<b>146,216</b>	<b>247,737</b>
Additions	5,605	1,268	13,549	<b>20,421</b>
Assets Reclassified To Held for Sale	(81)	(1)	(0)	<b>(82)</b>
Disposals	(249)	(87)	(1,087)	<b>(1,423)</b>
Net Revaluations Recognised In Reserves	2,984	64	668	<b>3,717</b>
Depreciation Expense	(1,796)	(930)	(2,664)	<b>(5,389)</b>
Other Movements	105	(9)	(417)	<b>(321)</b>
<b>Net Carrying Amount at End of Year</b>	<b>95,384</b>	<b>13,012</b>	<b>156,264</b>	<b>264,660</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

Fair Value	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems Restated <sup>(a)</sup> \$m	Total Restated <sup>(a)</sup> \$m
<b>At 30 June 2019</b>				
Gross Carrying Amount	117,501	18,671	161,788	<b>297,960</b>
Accumulated Depreciation and Impairment	(31,827)	(6,586)	(43,695)	<b>(82,108)</b>
<b>Net Carrying Amount</b>	<b>85,674</b>	<b>12,085</b>	<b>118,093</b>	<b>215,852</b>
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)</sup>	122,287	18,818	184,629	<b>325,734</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(32,817)	(6,104)	(38,605)	<b>(77,526)</b>
<b>Net Carrying Amount</b>	<b>89,470</b>	<b>12,714</b>	<b>146,023</b>	<b>248,208</b>

Reconciliation:	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems Restated <sup>(a)</sup> \$m	Total Restated <sup>(a)</sup> \$m
<b>Year Ended 30 June 2020</b>				
<b>Net Carrying Amount at Start of Year</b>	<b>85,674</b>	<b>12,085</b>	<b>118,093</b>	<b>215,852</b>
Derecognition of Finance Lease Assets on Initial Application of AASB 16	(651)	(701)	(1)	<b>(1,353)</b>
Net Adjustment on Initial Application of AASB 1059 <sup>(a)</sup>	793	106	23,147	<b>24,047</b>
Net Adjustment on Withdrawal of TPP 06-8 <sup>(a)</sup>	(328)	...	...	<b>(328)</b>
<b>Restated Net Carrying Amount at Start of Year</b>	<b>85,489</b>	<b>11,491</b>	<b>141,239</b>	<b>238,218</b>
Additions <sup>(a)</sup>	5,358	1,352	11,329	<b>18,038</b>
Assets Reclassified To Held for Sale	(129)	1	0	<b>(128)</b>
Disposals <sup>(a)</sup>	(181)	(114)	(1,078)	<b>(1,373)</b>
Net Revaluations Recognised In Reserves <sup>(a)</sup>	1,566	122	2,694	<b>4,382</b>
Depreciation Expense <sup>(a)</sup>	(1,652)	(892)	(2,332)	<b>(4,876)</b>
Other Movements <sup>(a)</sup>	(981)	754	(5,827)	<b>(6,055)</b>
<b>Net Carrying Amount at End of Year</b>	<b>89,470</b>	<b>12,714</b>	<b>146,023</b>	<b>248,208</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8 (and includes PPE assets transferred to SCA).

*Property, Plant and Equipment Where the GGS is the Lessor Under Operating Leases*

Fair Value	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems \$m	Total Restated <sup>(a)</sup> \$m
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)</sup>	6,929	295	470	<b>7,693</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(834)	(184)	(10)	<b>(1,028)</b>
<b>Net Carrying Amount</b>	<b>6,095</b>	<b>111</b>	<b>460</b>	<b>6,666</b>
<b>At 30 June 2021</b>				
Gross Carrying Amount	7,910	297	414	<b>8,621</b>
Accumulated Depreciation and Impairment	(1,012)	(197)	(13)	<b>(1,223)</b>
<b>Net Carrying Amount</b>	<b>6,898</b>	<b>99</b>	<b>401</b>	<b>7,398</b>

Reconciliation:	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems \$m	Total Restated <sup>(a)</sup> \$m
<b>Year Ended 30 June 2021</b>				
<b>Restated Net Carrying Amount at Start of Year<sup>(a)</sup></b>	<b>6,095</b>	<b>111</b>	<b>460</b>	<b>6,666</b>
Opening Balance Adjustments <sup>(b)</sup>	582	...	(16)	<b>566</b>
<b>Adjusted Net Carrying Amount at Start of Year</b>	<b>6,677</b>	<b>111</b>	<b>444</b>	<b>7,232</b>
Additions	115	...	5	<b>119</b>
Assets Reclassified To Held for Sale	(1)	...	...	<b>(1)</b>
Disposals	(28)	...	...	<b>(28)</b>
Net Revaluations Recognised In Reserves	208	2	25	<b>235</b>
Depreciation Expense	(92)	(13)	(1)	<b>(106)</b>
Other Movements	19	...	(71)	<b>(52)</b>
<b>Net Carrying Amount at End of Year</b>	<b>6,898</b>	<b>99</b>	<b>401</b>	<b>7,398</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

Fair Value	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems \$m	Total Restated <sup>(a)</sup> \$m
<b>At 30 June 2019</b>				
Gross Carrying Amount	5,479	80	99	<b>5,658</b>
Accumulated Depreciation and Impairment	(405)	(3)	(2)	<b>(410)</b>
<b>Net Carrying Amount</b>	<b>5,074</b>	<b>77</b>	<b>97</b>	<b>5,248</b>
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)</sup>	6,929	295	470	<b>7,693</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(834)	(184)	(10)	<b>(1,028)</b>
<b>Net Carrying Amount</b>	<b>6,095</b>	<b>111</b>	<b>460</b>	<b>6,666</b>

Reconciliation:	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems \$m	Total Restated <sup>(a)</sup> \$m
<b>Year Ended 30 June 2020</b>				
<b>Net Carrying Amount at Start of Year</b>	<b>5,074</b>	<b>77</b>	<b>97</b>	<b>5,248</b>
Net Adjustment on Withdrawal of TPP 06-8 <sup>(a)</sup>	180	28	...	<b>208</b>
<b>Restated Net Carrying Amount at Start of Year</b>	<b>5,254</b>	<b>105</b>	<b>97</b>	<b>5,456</b>
Additions	22	16	12	<b>50</b>
Assets Reclassified To Held for Sale	(0)	...	...	<b>(0)</b>
Disposals	(14)	...	...	<b>(14)</b>
Net Revaluations Recognised In Reserves <sup>(a)</sup>	31	3	(12)	<b>22</b>
Depreciation Expense <sup>(a)</sup>	(100)	(13)	(1)	<b>(113)</b>
Other Movements	902	...	363	<b>1,265</b>
<b>Net Carrying Amount at End of Year</b>	<b>6,095</b>	<b>111</b>	<b>460</b>	<b>6,666</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

## Total State Sector

### Total Property, Plant and Equipment

Fair Value	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems Restated <sup>(a)</sup> \$m	Total Restated <sup>(a)</sup> \$m
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)</sup>	209,906	28,300	281,970	<b>520,176</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(40,349)	(11,264)	(79,412)	<b>(131,025)</b>
<b>Net Carrying Amount</b>	<b>169,557</b>	<b>17,036</b>	<b>202,558</b>	<b>389,151</b>
<b>At 30 June 2021</b>				
Gross Carrying Amount	209,789	24,763	244,875	<b>479,426</b>
Accumulated Depreciation and Impairment	(37,306)	(8,034)	(43,205)	<b>(88,544)</b>
<b>Net Carrying Amount</b>	<b>172,483</b>	<b>16,729</b>	<b>201,670</b>	<b>390,882</b>

Reconciliation:	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems Restated <sup>(a)</sup> \$m	Total Restated <sup>(a)</sup> \$m
<b>Year Ended 30 June 2021</b>				
<b>Restated Net Carrying Amount at Start of Year<sup>(a)</sup></b>	<b>169,557</b>	<b>17,036</b>	<b>202,558</b>	<b>389,151</b>
Opening Balance Adjustments <sup>(b)</sup>	(47)	(0)	278	<b>231</b>
<b>Adjusted Net Carrying Amount at Start of Year</b>	<b>169,510</b>	<b>17,036</b>	<b>202,836</b>	<b>389,382</b>
Additions	7,289	2,109	17,055	<b>26,454</b>
Assets Reclassified To Held for Sale	(110)	(1)	(0)	<b>(111)</b>
Disposals	(429)	(91)	(1,084)	<b>(1,603)</b>
Net Revaluations Recognised In Reserves <sup>(c)</sup>	(1,086)	(997)	(12,278)	<b>(14,361)</b>
Depreciation Expense	(2,847)	(1,309)	(4,367)	<b>(8,524)</b>
Other Movements	156	(19)	(492)	<b>(355)</b>
<b>Net Carrying Amount at End of Year</b>	<b>172,483</b>	<b>16,729</b>	<b>201,670</b>	<b>390,882</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

(c) Includes net devaluations of \$14,306 million and net impairment losses of \$55 million recognised in reserves for the current reporting period. Net revaluation decrements include devaluations of \$20,137 million recognised on PNFC sector property, plant and equipment rail assets.

Fair Value	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems Restated <sup>(a)</sup>	Total Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>At 30 June 2019</b>				
Gross Carrying Amount	204,036	29,668	237,619	<b>471,323</b>
Accumulated Depreciation and Impairment	(37,690)	(11,594)	(70,784)	<b>(120,068)</b>
<b>Net Carrying Amount</b>	<b>166,346</b>	<b>18,075</b>	<b>166,835</b>	<b>351,255</b>
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)(b)</sup>	209,906	28,300	281,970	<b>520,176</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(40,349)	(11,264)	(79,412)	<b>(131,025)</b>
<b>Net Carrying Amount</b>	<b>169,557</b>	<b>17,036</b>	<b>202,558</b>	<b>389,151</b>

Reconciliation:	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems Restated <sup>(a)</sup>	Total Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Year Ended 30 June 2020</b>				
<b>Net Carrying Amount at Start of Year</b>	<b>166,346</b>	<b>18,075</b>	<b>166,835</b>	<b>351,255</b>
Corrections to Prior Period <sup>(b)</sup>	...	...	283	<b>283</b>
Derecognition of Finance Lease Assets on Initial Application of AASB 16	(961)	(2,608)	(1)	<b>(3,570)</b>
Net Adjustment on Initial Application of AASB 1059 <sup>(a)</sup>	979	106	23,147	<b>24,232</b>
Net Adjustment on Withdrawal of TPP 06-8 <sup>(a)</sup>	(147)	28	...	<b>(119)</b>
<b>Restated Net Carrying Amount at Start of Year</b>	<b>166,216</b>	<b>15,601</b>	<b>190,264</b>	<b>372,081</b>
Additions <sup>(a)</sup>	6,450	1,785	14,500	<b>22,735</b>
Assets Reclassified To Held for Sale	(173)	1	0	<b>(171)</b>
Disposals <sup>(a)</sup>	(429)	(120)	(1,113)	<b>(1,662)</b>
Net Revaluations Recognised In Reserves <sup>(a)(c)</sup>	649	129	3,904	<b>4,683</b>
Depreciation Expense <sup>(a)</sup>	(2,692)	(1,255)	(3,899)	<b>(7,847)</b>
Other Movements <sup>(a)</sup>	(465)	895	(1,097)	<b>(667)</b>
<b>Net Carrying Amount at End of Year</b>	<b>169,557</b>	<b>17,036</b>	<b>202,558</b>	<b>389,151</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) Refer to Note 32 Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior periods.

(c) Includes revaluations of \$4,680 million and net impairment reversals of \$3 million recognised in reserves for the current reporting period.

*Property, Plant and Equipment Held and Used by the TSS*

Fair Value	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems Restated <sup>(a)</sup>	Total Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)</sup>	152,186	27,915	281,500	<b>461,601</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(39,579)	(10,987)	(79,402)	<b>(129,968)</b>
<b>Net Carrying Amount</b>	<b>112,607</b>	<b>16,928</b>	<b>202,098</b>	<b>331,633</b>
<b>At 30 June 2021</b>				
Gross Carrying Amount	150,640	24,680	244,460	<b>419,780</b>
Accumulated Depreciation and Impairment	(36,522)	(7,993)	(43,191)	<b>(87,707)</b>
<b>Net Carrying Amount</b>	<b>114,117</b>	<b>16,686</b>	<b>201,269</b>	<b>332,072</b>
<b>Reconciliation:</b>				
	\$m	\$m	\$m	\$m
<b>Year Ended 30 June 2021</b>				
<b>Restated Net Carrying Amount at Start of Year<sup>(a)</sup></b>	<b>112,607</b>	<b>16,928</b>	<b>202,098</b>	<b>331,633</b>
Opening Balance Adjustments <sup>(b)</sup>	(415)	63	294	<b>(58)</b>
<b>Adjusted Net Carrying Amount at Start of Year</b>	<b>112,193</b>	<b>16,991</b>	<b>202,392</b>	<b>331,576</b>
Additions	6,977	2,109	17,051	<b>26,137</b>
Assets Reclassified To Held for Sale	(87)	(1)	(0)	<b>(88)</b>
Disposals	(293)	(91)	(1,084)	<b>(1,467)</b>
Net Revaluations Recognised In Reserves	(2,435)	(998)	(12,303)	<b>(15,736)</b>
Depreciation Expense	(2,220)	(1,306)	(4,366)	<b>(7,892)</b>
Other Movements	(17)	(19)	(421)	<b>(457)</b>
<b>Net Carrying Amount at End of Year</b>	<b>114,117</b>	<b>16,686</b>	<b>201,269</b>	<b>332,072</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

Fair Value	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems Restated <sup>(a)</sup>	Total Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>At 30 June 2019</b>				
Gross Carrying Amount	144,968	29,373	237,520	<b>411,861</b>
Accumulated Depreciation and Impairment	(37,088)	(11,370)	(70,782)	<b>(119,241)</b>
<b>Net Carrying Amount</b>	<b>107,880</b>	<b>18,003</b>	<b>166,738</b>	<b>292,621</b>
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)(b)</sup>	152,186	27,915	281,500	<b>461,601</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(39,579)	(10,987)	(79,402)	<b>(129,968)</b>
<b>Net Carrying Amount</b>	<b>112,607</b>	<b>16,928</b>	<b>202,098</b>	<b>331,633</b>

Reconciliation:	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems Restated <sup>(a)</sup>	Total Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Year Ended 30 June 2020</b>				
<b>Net Carrying Amount at Start of Year</b>	<b>107,880</b>	<b>18,003</b>	<b>166,738</b>	<b>292,621</b>
Corrections to Prior Period <sup>(b)</sup>	...	...	283	<b>283</b>
Derecognition of Finance Lease Assets on Initial Application of AASB 16	(961)	(2,608)	(1)	<b>(3,570)</b>
Net Adjustment on Initial Application of AASB 1059 <sup>(a)</sup>	979	106	23,147	<b>24,232</b>
Net Adjustment on Withdrawal of TPP 06-8 <sup>(a)</sup>	(328)	...	...	<b>(328)</b>
<b>Restated Net Carrying Amount at Start of Year</b>	<b>107,571</b>	<b>15,501</b>	<b>190,167</b>	<b>313,238</b>
Additions <sup>(a)</sup>	6,229	1,765	14,488	<b>22,482</b>
Assets Reclassified To Held for Sale	(134)	1	0	<b>(132)</b>
Disposals <sup>(a)</sup>	(257)	(120)	(1,113)	<b>(1,490)</b>
Net Revaluations Recognised In Reserves <sup>(a)</sup>	2,367	128	3,916	<b>6,411</b>
Depreciation Expense <sup>(a)</sup>	(2,094)	(1,240)	(3,899)	<b>(7,232)</b>
Other Movements <sup>(a)</sup>	(1,075)	893	(1,461)	<b>(1,643)</b>
<b>Net Carrying Amount at End of Year</b>	<b>112,607</b>	<b>16,928</b>	<b>202,098</b>	<b>331,633</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8 (and includes PPE assets transferred to SCA).

(b) Refer to Note 32 Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior periods.

*Property, Plant and Equipment Where the TSS is the Lessor Under Operating Leases*

Fair Value	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems \$m	Total Restated <sup>(a)</sup> \$m
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)</sup>	57,720	385	470	<b>58,575</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(771)	(276)	(10)	<b>(1,057)</b>
<b>Net Carrying Amount</b>	<b>56,950</b>	<b>108</b>	<b>460</b>	<b>57,518</b>
<b>At 30 June 2021</b>				
Gross Carrying Amount	59,149	83	415	<b>59,647</b>
Accumulated Depreciation and Impairment	(783)	(40)	(14)	<b>(837)</b>
<b>Net Carrying Amount</b>	<b>58,366</b>	<b>43</b>	<b>401</b>	<b>58,810</b>

Reconciliation:	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems \$m	Total Restated <sup>(a)</sup> \$m
<b>Year Ended 30 June 2021</b>				
<b>Restated Net Carrying Amount at Start of Year<sup>(a)</sup></b>	<b>56,950</b>	<b>108</b>	<b>460</b>	<b>57,518</b>
Opening Balance Adjustments <sup>(b)</sup>	367	(63)	(16)	<b>288</b>
<b>Adjusted Net Carrying Amount at Start of Year</b>	<b>57,317</b>	<b>46</b>	<b>444</b>	<b>57,807</b>
Additions	313	...	5	<b>317</b>
Assets Reclassified To Held for Sale	(23)	...	...	<b>(23)</b>
Disposals	(136)	...	...	<b>(136)</b>
Net Revaluations Recognised In Reserves	1,349	1	25	<b>1,375</b>
Depreciation Expense	(627)	(3)	(1)	<b>(631)</b>
Other Movements	173	...	(71)	<b>102</b>
<b>Net Carrying Amount at End of Year</b>	<b>58,366</b>	<b>43</b>	<b>401</b>	<b>58,810</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

Fair Value	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems \$m	Total Restated <sup>(a)</sup> \$m
<b>At 30 June 2019</b>				
Gross Carrying Amount	59,068	295	99	<b>59,462</b>
Accumulated Depreciation and Impairment	(602)	(223)	(2)	<b>(827)</b>
<b>Net Carrying Amount</b>	<b>58,466</b>	<b>72</b>	<b>97</b>	<b>58,635</b>
<b>At 30 June 2020</b>				
Gross Carrying Amount <sup>(a)</sup>	57,720	385	470	<b>58,575</b>
Accumulated Depreciation and Impairment <sup>(a)</sup>	(771)	(276)	(10)	<b>(1,057)</b>
<b>Net Carrying Amount</b>	<b>56,950</b>	<b>108</b>	<b>460</b>	<b>57,518</b>

Reconciliation:	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems \$m	Total Restated <sup>(a)</sup> \$m
<b>Year Ended 30 June 2020</b>				
<b>Net Carrying Amount at Start of Year</b>	<b>58,466</b>	<b>72</b>	<b>97</b>	<b>58,635</b>
Net Adjustment on Withdrawal of TPP 06-8 <sup>(a)</sup>	180	28	...	<b>208</b>
<b>Restated Net Carrying Amount at Start of Year</b>	<b>58,646</b>	<b>100</b>	<b>97</b>	<b>58,843</b>
Additions	221	21	12	<b>254</b>
Assets Reclassified To Held for Sale	(39)	...	...	<b>(39)</b>
Disposals	(172)	...	...	<b>(172)</b>
Net Revaluations Recognised In Reserves <sup>(a)</sup>	(1,717)	1	(12)	<b>(1,728)</b>
Depreciation Expense <sup>(a)</sup>	(599)	(15)	(1)	<b>(614)</b>
Other Movements	611	2	363	<b>976</b>
<b>Net Carrying Amount at End of Year</b>	<b>56,950</b>	<b>108</b>	<b>460</b>	<b>57,518</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

## Fair Value Measurement of Non-Financial Assets

The table below sets out the State's non-financial assets measured at fair value according to the fair value hierarchy at reporting date.

### Fair Value Hierarchy of Non-Financial Assets

#### General Government Sector

30 June 2021	Level 1 \$m	Level 2 \$m	Level 3 \$m	Historical Cost \$m	Total \$m
<b>Fair Value Hierarchy</b>					
<b>Property, Plant and Equipment</b>					
Land and Buildings	...	18,132	84,150	...	<b>102,282</b>
Plant and Equipment <sup>(a)</sup>	...	3,721	4,975	4,417	<b>13,112</b>
Infrastructure Systems	...	148	156,517	...	<b>156,665</b>
<b>Assets Held for Sale (Note 13)</b>	...	82	41	...	<b>123</b>
<b>Intangibles (Note 15)</b>	...	...	858	3,717	<b>4,575</b>
<b>Investment Properties</b>	...	...	...	...	...
<b>Forestry Stock and Other Biological Assets</b>	...	...	18	...	<b>18</b>
	...	<b>22,082</b>	<b>246,558</b>	<b>8,134</b>	<b>276,774</b>

(a) Assets measured using depreciated historical cost as a surrogate for fair value do not require fair value hierarchy disclosures under AASB 13.

30 June 2020	Level 1 \$m	Level 2 \$m	Level 3 Restated <sup>(a)</sup> \$m	Historical Cost \$m	Total Restated <sup>(a)</sup> \$m
<b>Fair Value Hierarchy</b>					
<b>Property, Plant and Equipment</b>					
Land and Buildings <sup>(a)</sup>	...	15,104	80,462	...	<b>95,566</b>
Plant and Equipment <sup>(a)(b)</sup>	...	3,898	4,916	4,012	<b>12,825</b>
Infrastructure Systems <sup>(a)</sup>	...	123	146,360	...	<b>146,483</b>
<b>Assets Held for Sale (Note 13)</b>	...	260	26	...	<b>286</b>
<b>Intangibles (Note 15)<sup>(a)</sup></b>	...	...	838	3,638	<b>4,476</b>
<b>Investment Properties</b>	...	...	...	...	...
<b>Forestry Stock and Other Biological Assets</b>	...	...	14	...	<b>14</b>
	...	<b>19,385</b>	<b>232,616</b>	<b>7,650</b>	<b>259,652</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) Assets measured using depreciated historical cost as a surrogate for fair value do not require fair value hierarchy disclosures under AASB 13.

## Total State Sector

30 June 2021	Level 1 \$m	Level 2 \$m	Level 3 \$m	Historical Cost \$m	Total \$m
<b>Fair Value Hierarchy</b>					
<b>Property, Plant and Equipment</b>					
Land and Buildings	...	19,777	152,706	...	<b>172,483</b>
Plant and Equipment <sup>(a)</sup>	...	3,782	7,965	4,982	<b>16,729</b>
Infrastructure Systems	...	148	201,522	...	<b>201,670</b>
<b>Assets Held for Sale (Note 13)</b>	...	82	78	...	<b>160</b>
<b>Intangibles (Note 15)</b>	...	...	884	4,571	<b>5,455</b>
<b>Investment Properties</b>	...	623	...	...	<b>623</b>
<b>Forestry Stock and Other Biological Assets</b>	...	...	771	...	<b>771</b>
	...	<b>24,412</b>	<b>363,927</b>	<b>9,553</b>	<b>397,892</b>

(a) Assets measured using depreciated historical cost as a surrogate for fair value do not require fair value hierarchy disclosures under AASB 13.

30 June 2020	Level 1 \$m	Level 2 \$m	Level 3 Restated <sup>(a)</sup> \$m	Historical Cost \$m	Total Restated <sup>(a)</sup> \$m
<b>Fair Value Hierarchy</b>					
<b>Property, Plant and Equipment</b>					
Land and Buildings <sup>(a)</sup>	...	16,978	152,580	...	<b>169,557</b>
Plant and Equipment <sup>(a)(b)</sup>	...	3,943	8,542	4,551	<b>17,036</b>
Infrastructure Systems <sup>(a)</sup>	...	123	202,435	...	<b>202,558</b>
<b>Assets Held for Sale (Note 13)</b>	...	259	75	...	<b>335</b>
<b>Intangibles (Note 15)<sup>(a)</sup></b>	...	...	865	4,693	<b>5,558</b>
<b>Investment Properties</b>	...	676	...	...	<b>676</b>
<b>Forestry Stock and Other Biological Assets</b>	...	...	841	...	<b>841</b>
	...	<b>21,979</b>	<b>365,339</b>	<b>9,244</b>	<b>396,561</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) Assets measured using depreciated historical cost as a surrogate for fair value do not require fair value hierarchy disclosures under AASB 13.

## Reconciliation of Recurring Level 3 Fair Value Measurements for Non-Financial Assets

### General Government Sector

	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems Restated <sup>(a)</sup>	Assets Held for Sale	Intangible Assets Restated <sup>(a)</sup>	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Year Ended 30 June 2021</b>							
<b>Restated Fair Value at Start of Year<sup>(a)</sup></b>	<b>80,462</b>	<b>4,916</b>	<b>146,360</b>	<b>26</b>	<b>838</b>	<b>14</b>	<b>232,616</b>
Opening balance fair value adjustments <sup>(b)</sup>	(1,323)	(202)	144	1	...	...	<b>(1,381)</b>
<b>Adjusted Fair Value at Start of Year</b>	<b>79,139</b>	<b>4,713</b>	<b>146,504</b>	<b>27</b>	<b>838</b>	<b>14</b>	<b>231,235</b>
Additions	4,830	210	13,611	8	...	...	<b>18,658</b>
Revaluations Recognised in Other Comprehensive Income	2,722	129	689	...	23	4	<b>3,566</b>
Transfers into Level 3	371	0	4	16	...	...	<b>390</b>
Transfers out of Level 3	(430)	(1)	(216)	...	...	...	<b>(647)</b>
Disposals	(260)	(3)	(1,087)	(15)	...	...	<b>(1,366)</b>
Depreciation Expense	(1,769)	(159)	(2,659)	...	(6)	...	<b>(4,593)</b>
Other Movements	(451)	86	(328)	6	3	...	<b>(685)</b>
<b>Fair Value at End of Year</b>	<b>84,150</b>	<b>4,975</b>	<b>156,517</b>	<b>41</b>	<b>858</b>	<b>18</b>	<b>246,558</b>

	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems Restated <sup>(a)</sup>	Assets Held for Sale	Intangible Assets Restated <sup>(a)</sup>	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Year Ended 30 June 2020</b>							
<b>Fair Value at Start of Year</b>	<b>75,383</b>	<b>4,513</b>	<b>118,046</b>	<b>19</b>	<b>...</b>	<b>10</b>	<b>197,971</b>
Opening balance fair value adjustments <sup>(b)</sup>	879	12	(269)	...	...	...	622
Derecognition of Finance Lease Assets on Initial Application of AASB 16	(344)	(701)	(1)	...	...	...	(1,046)
Net Adjustment on Initial Application of AASB 1059 <sup>(a)</sup>	793	106	23,147	...	854	...	24,901
Net Adjustment on Withdrawal of TPP 06-8 <sup>(a)</sup>	(147)	28	...	...	...	...	(119)
<b>Restated Fair Value at Start of Year</b>	<b>76,564</b>	<b>3,958</b>	<b>140,923</b>	<b>19</b>	<b>854</b>	<b>10</b>	<b>222,329</b>
Additions <sup>(a)</sup>	5,179	430	11,785	0	...	...	<b>17,394</b>
Revaluations Recognised in Other Comprehensive Income <sup>(a)</sup>	1,452	35	2,599	...	(23)	4	<b>4,066</b>
Transfers into Level 3	448	0	(46)	...	...	...	<b>402</b>
Transfers out of Level 3	(414)	(40)	(8)	(16)	...	...	<b>(478)</b>
Disposals <sup>(a)</sup>	(155)	(4)	(1,097)	(4)	...	...	<b>(1,260)</b>
Depreciation and Amortisation <sup>(a)</sup>	(1,654)	(131)	(2,361)	...	(3)	...	<b>(4,149)</b>
Other Movements <sup>(a)</sup>	(958)	667	(5,435)	27	10	...	<b>(5,689)</b>
<b>Fair Value at End of Year</b>	<b>80,462</b>	<b>4,916</b>	<b>146,360</b>	<b>26</b>	<b>838</b>	<b>14</b>	<b>232,616</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

## Total State Sector

	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems Restated <sup>(a)</sup>	Assets Held for Sale	Intangible Assets Restated <sup>(a)</sup>	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Year Ended 30 June 2021</b>							
<b>Restated Fair Value at Start of Year<sup>(a)</sup></b>	<b>152,580</b>	<b>8,542</b>	<b>202,435</b>	<b>75</b>	<b>865</b>	<b>841</b>	<b>365,339</b>
Opening balance fair value adjustments <sup>(b)</sup>	(1,111)	(201)	227	1	...	...	<b>(1,084)</b>
<b>Adjusted Fair Value at Start of Year</b>	<b>151,469</b>	<b>8,341</b>	<b>202,662</b>	<b>75</b>	<b>865</b>	<b>841</b>	<b>364,255</b>
Additions	6,431	882	17,131	8	2	...	<b>24,454</b>
Revaluations Recognised in Other Comprehensive Income	(1,663)	(944)	(12,282)	...	23	(68)	<b>(14,934)</b>
Transfers into Level 3	439	33	15	16	...	...	<b>503</b>
Transfers out of Level 3	(441)	(12)	(216)	...	...	...	<b>(669)</b>
Disposals	(415)	(6)	(1,083)	(54)	...	...	<b>(1,559)</b>
Depreciation Expense	(2,717)	(432)	(4,361)	...	(7)	...	<b>(7,517)</b>
Other Movements	(397)	103	(344)	34	1	(2)	<b>(605)</b>
<b>Fair Value at End of Year</b>	<b>152,706</b>	<b>7,965</b>	<b>201,522</b>	<b>78</b>	<b>884</b>	<b>771</b>	<b>363,927</b>

	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems Restated <sup>(a)</sup>	Assets Held for Sale	Intangible Assets Restated <sup>(a)</sup>	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Year Ended 30 June 2020</b>							
<b>Fair Value at Start of Year</b>	<b>148,961</b>	<b>9,875</b>	<b>166,691</b>	<b>78</b>	<b>...</b>	<b>1,181</b>	<b>326,786</b>
Corrections to Prior Period <sup>(b)</sup>	...	...	283	...	...	...	283
Opening balance fair value adjustments <sup>(c)</sup>	1,634	86	(264)	...	...	...	1,457
Derecognition of Finance Lease Assets on Initial Application of AASB 16	(654)	(2,594)	(1)	...	...	...	(3,249)
Net Adjustment on Initial Application of AASB 1059 <sup>(a)</sup>	1,024	106	23,147	...	878	...	25,155
Net Adjustment on Withdrawal of TPP 06-8 <sup>(a)</sup>	(147)	28	...	...	...	...	(119)
<b>Restated Fair Value at Start of Year</b>	<b>150,817</b>	<b>7,501</b>	<b>189,856</b>	<b>78</b>	<b>878</b>	<b>1,181</b>	<b>350,312</b>
Additions <sup>(a)</sup>	6,123	719	15,093	0	2	...	<b>21,937</b>
Revaluations Recognised in Other Comprehensive Income <sup>(a)</sup>	295	36	3,821	...	(23)	(342)	<b>3,787</b>
Transfers into Level 3	448	0	(46)	...	...	...	<b>402</b>
Transfers out of Level 3	(414)	(75)	(8)	(16)	...	...	<b>(512)</b>
Disposals <sup>(a)</sup>	(342)	(8)	(1,132)	(59)	...	...	<b>(1,540)</b>
Depreciation Expense <sup>(a)</sup>	(2,583)	(401)	(3,963)	0	(3)	...	<b>(6,950)</b>
Other Movements <sup>(a)</sup>	(1,764)	769	(1,186)	71	12	2	<b>(2,096)</b>
<b>Fair Value at End of Year</b>	<b>152,580</b>	<b>8,542</b>	<b>202,435</b>	<b>75</b>	<b>865</b>	<b>841</b>	<b>365,339</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8.

(b) Refer to Note 32 Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior periods.

(c) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

## Valuation techniques, inputs and processes

### Land and Buildings

Most of the State's land and buildings comprise of specialised assets such as public housing, schools, TAFE colleges, hospitals, railway stations and rail associated buildings, justice buildings (including court houses, prisons and juvenile justice centres), the Olympic Stadium and Arena, Sydney Opera House, police stations, Crown land and land under roads.

Non-specialised land and buildings are generally classified as Level 2. Specialised land and buildings are generally classified as Level 3. Market evidence is used where relevant and then adjusted to take account of factors such as the location, type and constraints around the use of the asset. The valuation approaches for the main types of assets within land and buildings are set out below.

#### *Public Housing*

Public housing (mainly classified as Level 3) is determined by applying a mass appraisal methodology with an annual rolling benchmark valuation approach whereby a third of benchmark properties are valued by accredited property valuers with reference to market sales comparisons to calculate a market movement index. The market movement index is applied to the remaining two-thirds of the benchmark properties. All benchmark properties are grouped within thirteen geographical reporting regions. The median value increase in each geographical group is applied to the respective group of properties within the property portfolio of the group. Adjustments to each property are made for any significant different characteristic from benchmark properties. The rolling benchmark valuation process is performed annually as at 31 December. An uplift market movement factor has been provided from a registered valuer for the six months ended 30 June.

#### *Schools and Education Facilities*

School and education land and buildings are mainly classified as Level 3. The valuers use current market sales evidence to determine the market value of land without restrictions and then apply a discount rate to these values, to adjust for the restricted use of the land. The valuations use the weighted average market value per square metre of land. School and TAFE buildings are valued using the current replacement cost method. Due to the size of the portfolio a mass appraisal technique is used. Replacement cost rates for the asset components of a building are determined based on the cost of recently built buildings. The valuation takes account of the weighted average replacement cost per square metre for the building shell, fit-outs, external services, landscaping and demountables. Adjustments are then made for location and special need requirements. Useful lives and depreciated rates are based on internal analysis.

#### *Hospitals*

Land is valued using a market approach, comparing similar assets and observable inputs. Where the land is restricted, a discount rate is applied to adjust for the restricted land usage. The value utilises a market sales comparison approach taking account of recent sales of comparable properties. Hospital buildings are mainly classified as Level 3 and are valued using the current replacement cost method. The current replacement cost per square metre is assessed by reference to external publications with allowances made for regional locations. Remaining economic life is assessed based on physical depreciation and obsolescence.

#### *Roads*

Land under roads is valued using the Urban Average Rateable Value (ARV) per hectare within each Local Government Area adjusted by an 'open space' ratio. The valuation takes account of Local Government Area rateable land values and the land area under roads.

### Sensitivity of the Fair Value Measurement

Public Housing	Higher/(lower) market sales values reflect higher/(lower) valuations.
Hospital, Schools and Education Facilities	The estimated fair value of land would increase/(decrease) if the value per square metre was higher/(lower). The estimated fair value of buildings would increase/(decrease) if the replacement cost per square metre for the asset components was higher/(lower).
Land under Roads	The estimated fair value would increase/(decrease) if the weighted current year Urban Average Rateable Value increases/(decreases).

### *Crown Land*

Crown land is generally classified as Level 2 and is valued using the market value approach by utilising market comparable land. Valuations take account of the sale price of comparable land and are adjusted for the size of the land and the long-term land appreciated rate. Discounts are applied as necessary, especially to land within waterways and those under undeveloped crown roads to reflect value in use. The estimated fair value would increase/(decrease) if the comparable land values increase/(decrease).

Refer to Note 30: Contingent Assets and Contingent Liabilities for further information on reserved Crown land claims under the *Aboriginal Land Rights Act 1983 (NSW)*.

### **Plant and Equipment**

Plant and equipment comprise both specialised and non-specialised assets. Non-specialised assets are generally classified as Level 2. The main specialised assets are rail rolling stock, public buses and ferries, and museum and library collections. The specialised assets are generally classified as Level 3. Assets measured using depreciated historical cost as an estimate for fair value do not require fair value hierarchy disclosures under AASB 13.

#### *Rail Rolling Stock*

Rolling stock is valued using a current replacement cost method. Replacement cost rates are based on domestic and international vehicles adjusted by an optimisation factor to reflect the technical and functional obsolescence of the fleet sub-types relative to the modern equivalent.

#### *Public Buses*

Public buses are valued using the Optimised Replacement Cost (ORC) which is the minimum that it would cost, in the normal course of business, to replace existing asset with a technologically modern equivalent new asset with the same economic benefits, allowing for any differences in the quantity and quality of input and in operating costs. The ORC estimates are based on recent cost prices for the buses and current pricing for Rural and Regional Urban and School bus types, as quoted by numerous chassis and bus providers.

#### *Ferries*

Ferries are valued using a current replacement cost method. Replacement cost rates are based on the quoted cost for replacing the vessels.

#### *Collection Assets*

Collection assets are classified as either Level 2 or Level 3 based on the level of inputs used in the valuation. Valuation methods vary depending on the type of collection assets. All assets regarded as highly significant are individually valued, with other assets valued by category of item using appropriately sized samples. In most instances, the sampling techniques are performed by professional statisticians. Market values are based on market evidence with reference to recent sales of items that are similar. Where there is a lack of market-based evidence, re-collection costs are used.

#### **Sensitivity of the Fair Value Measurement**

Rolling Stock	The estimated fair value would increase/(decrease) if the replacement cost rates were higher/(lower).
Buses	The estimated fair value would increase/(decrease) if the replacement cost rates for buses were higher/(lower).
Ferries	The estimated fair value would increase/(decrease) if the replacement cost rates were higher/(lower).
Collection Assets	The estimated fair value would increase/(decrease) if the market prices or recollection cost rates increased/(decreased).

## Infrastructure Systems

Infrastructure systems comprise the State’s electricity systems, dams and water system assets, road infrastructure and railway infrastructure. Most infrastructure assets are classified as Level 3 because they comprise specialised assets for the delivery of utility and transport services.

### *Dams and Water System Assets*

The majority of the State’s dams and water system networks are valued using an income valuation method. The discounted cash flow technique is used to perform the income approach valuation of the assets. The Regulatory Asset Based Value, determined by the Independent Pricing and Regulatory Tribunal (IPART), is used in conjunction with forecast cash flows and a discount rate.

Service concession assets included in dam and water system units of account are valued using the current replacement cost approach.

### *Road Infrastructure*

Road infrastructure is valued using the current replacement cost method. Due to the size of the portfolio a mass appraisal technique is used. Replacement cost rates for each significant asset component are determined based on the unit prices quoted in the most recent construction tender documents or road cost index. For service concession toll roads, fair value is determined by applying optimised unit rates to asset inventory listings sourced from private operators based on the modern equivalent capitalisation type. Asset inventory listings are supplemented by as-built drawings.

### *Rail Infrastructure*

General Government Sector rail infrastructure is valued using the current replacement cost method. Replacement cost rates for each significant asset component are determined based on the replacement cost of the various asset components.

Rail infrastructure and track work controlled by TAHE (a PNFC agency) is valued using an income valuation method. The discounted cash flow technique is used to perform the income approach valuation of the assets. Refer to Note 11: Equity Investments for the main inputs and assumptions used in this valuation.

### Sensitivity of the Fair Value Measurement

Electricity Systems	The higher the future net cash inflows, the higher the fair value. The higher the discount rate, the lower the fair value.
Dams and Water System Assets	The higher the future net cash inflows, the higher the fair value. The higher the discount rate, the lower the fair value.
Road Infrastructure	The estimated fair value would increase/(decrease) if current replacement cost, road index cost or current unit replacement cost for the component increases/(decreases).
Railway Infrastructure	The estimated fair value would increase/(decrease) if the replacement cost rates were higher/(lower). The higher the future net cash inflows, the higher the fair value. The higher the discount rate, the lower the fair value.

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### **Non-Current Assets Held for Sale**

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. Most assets are classified at Level 2 as their value has been determined on market observable inputs.

### **Investment Properties**

Investment properties are recognised at fair value in the Consolidated Statement of Financial Position. These assets are primarily recognised at Level 2 in the fair value hierarchy. Investment properties are comprehensively revalued every three years with interim revaluations performed in the year between comprehensive revaluations. Comprehensive valuations are performed by external valuers and are arrived at by references to market evidence of transactions prices for similar properties and by the capitalisation of the income approach.

### **Forestry Stock and Other Biological Assets**

Forestry softwood stock valuations are independently valued each financial year. These assets are valued using a market-based valuation approach, which involves a combination of the sales comparison method and income approach under a discounted cash flow framework. Forestry stock and other biological assets are primarily recognised at Level 3 in the fair value hierarchy.

### **Intangibles**

Intangibles measured at fair value comprise primarily of ICT and other assets transferred to the private sector operator under a 35-year concession to facilitate the provision of land titling and registry services. These service concession assets are valued using the current replacement cost method.

The valuation technique employed is based upon identifying the current cost in processing each record in a group of databases. Significant unobservable inputs used in valuing the database includes employee expenses to replicate records, corporate overheads and major project spend to enhance features of the databases. The estimated fair value would increase/(decrease) if the cost rates were higher/(lower).

## Service Concession Assets

The following tables present service concession assets included in the carrying amounts of property, plant and equipment and intangibles (Note 15).

### General Government Sector

	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Intangibles (Note 15) \$m	Total \$m
<b>At 30 June 2021</b>					
Gross Carrying Amount	3,321	1,726	43,730	884	<b>49,660</b>
Accumulated Depreciation and Amortisation	(520)	(134)	(6,334)	(26)	<b>(7,014)</b>
<b>Net Carrying Amount</b>	<b>2,801</b>	<b>1,592</b>	<b>37,396</b>	<b>858</b>	<b>42,647</b>

	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Intangibles (Note 15) \$m	Total \$m
<b>At 30 June 2020</b>					
Gross Carrying Amount	2,553	1,688	38,504	849	<b>43,593</b>
Accumulated Depreciation and Amortisation	(274)	(60)	(4,918)	(11)	<b>(5,264)</b>
<b>Net Carrying Amount</b>	<b>2,278</b>	<b>1,628</b>	<b>33,585</b>	<b>838</b>	<b>38,330</b>

During the current financial year, existing assets with net carrying amount of \$419 million (2019-20: \$265 million) of the General Government Sector have been reclassified as service concession assets.

### Total State Sector

	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Intangibles (Note 15) \$m	Total \$m
<b>At 30 June 2021</b>					
Gross Carrying Amount	5,088	2,044	45,050	912	<b>53,094</b>
Accumulated Depreciation and Amortisation	(991)	(379)	(6,334)	(28)	<b>(7,731)</b>
<b>Net Carrying Amount</b>	<b>4,097</b>	<b>1,665</b>	<b>38,717</b>	<b>884</b>	<b>45,363</b>

	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Intangibles (Note 15) \$m	Total \$m
<b>At 30 June 2020</b>					
Gross Carrying Amount	4,281	1,994	39,811	877	<b>46,962</b>
Accumulated Depreciation and Amortisation	(666)	(298)	(4,918)	(11)	<b>(5,893)</b>
<b>Net Carrying Amount</b>	<b>3,615</b>	<b>1,696</b>	<b>34,892</b>	<b>865</b>	<b>41,069</b>

During the current financial year, existing assets with net carrying amount of \$419 million (2019-20: \$265 million) of the Total State Sector have been reclassified as service concession assets.

## Service Concession Arrangements

The following tables list service concession arrangements falling within the scope of AASB 1059 for both the General Government Sector and Total State Sector (unless otherwise stated).

### Railway Infrastructure

Arrangement Terms and Conditions	
<b>Description</b>	<p><b>Light Rail Services:</b> The State has a contract with ALTRAC Light Rail Partnership (the operator) relating to the Sydney Light Rail project.</p> <p><b>Northwest Rapid Transit:</b> The State has entered a contract with the Northwest Rapid Transit Group (the operator) relating to the Sydney Metro North West Line, and the Sydney Metro City and Southwest project.</p> <p><b>Sydney Airport Link:</b> The State has entered into a contract with the Airport Link Company (the operator) to operate and maintain railway stations on the Sydney City Airport Link train line. (TSS only)</p>
<b>Funding Model</b>	<p><b>Light Rail Services:</b> Financial liability arrangement.</p> <p><b>Northwest Rapid Transit:</b> Financial liability arrangement.</p> <p><b>Sydney Airport Link:</b> Hybrid arrangement.</p>
<b>Arrangement Period</b>	<p><b>Light Rail Services:</b> 22 years (2014 - 2036)</p> <p><b>Northwest Rapid Transit:</b> 20 year (2014 - 2034)</p> <p><b>Sydney Airport Link:</b> 30 years (2000 - 2030)</p>
<b>Arrangement Terms</b>	<p><b>Light Rail Services:</b> The operator is responsible for the design, construction, operation and maintenance of the Sydney Light Rail. Upon construction completion and operational commencement, the operator is required to deliver light rail services. The State is required to pay consideration for the delivery phase across the project term (i.e. design and construction), and payments for operation and maintenance.</p> <p><b>Northwest Rapid Transit:</b> The operator is responsible for operation and maintenance of the North West Line which began operations in May 2019. The operator is also responsible for the design and construction of the Sydney Metro City Line with construction beginning in December 2019. The Sydney Metro Southwest line will be constructed by the State. The operator will be subsequently responsible for the operation and maintenance of both the Sydney Metro City and the Southwest lines.</p> <p><b>Sydney Airport Link:</b> The State has entered into agreements with the operator to operate and maintain four stations (Green Square, Mascot, Domestic and International) on the Sydney Airport Line until 2030. The State will take over operation of the stations in 2030. The State has granted the operator the right to charge passengers an access fee for two stations, the State pays access fees directly to the operator for the other two stations. The State also has a revenue sharing arrangement with the operator.</p>
<b>Rights and Obligations</b>	<p><b>Light Rail Services:</b> The operator is required to deliver light rail services upon construction completion on which the State is obligated to pay for. The operator is required to hand back the significant residual interest of the assets in the project at the end of the project term.</p> <p><b>Northwest Rapid Transit:</b> The operator is required to deliver metro passenger services which the State is obligated to pay for under the service concession. The operator is required to hand back the significant residual interest of the assets in the project at the end of the project term.</p> <p><b>Sydney Airport Link:</b> The operator is obliged to build, operate and maintain the four stations until 2030. The State has a right to receive a share of the net revenue generated by ALC once certain thresholds have been met. The State has the right to take over operation of the stations in 2030.</p>
<b>Changes to Arrangements</b>	<p><b>Light Rail Services:</b> During the 2020-21 financial year, the State entered into an amended contract with the operator to bring forward debt paydown payments. The interest rate component used for capital service payment calculations changed from a fixed interest rate to floating interest rate.</p> <p><b>Northwest Rapid Transit:</b> The contract was renegotiated throughout the comparative 2019-20 financial year resulting in the augmentation of operations and maintenance requirements for the Sydney Metro line into a single deed. The service concession financial liability in relation to the Sydney Metro North West line was refinanced which amended the cashflows payable by the State to the operator.</p> <p>During the 2020-21 financial year, the interest rate component used for capital service payment calculations changed from a fixed interest rate to floating interest rate.</p>
<b>Service Concession Assets (SCA) Carrying Amount</b>	<p><b>Light Rail Services:</b> \$2,652 million (2019-20: \$2,583 million)</p> <p><b>Northwest Rapid Transit:</b> \$10,091 million (2019-20: \$9,614 million)</p> <p><b>Sydney Airport Link:</b> \$167 million (2019-20: \$176 million) (TSS only)</p>

## Toll Roads – Motorways

Arrangement Terms and Conditions	
<b>Description</b>	<p>The State has contracts with various private sector operators relating to the design, construction, operation and maintenance of various motorway toll roads:</p> <p><b>M2 Motorway:</b> An arrangement is evident with Transurban (the operator) relating to the M2 Motorway.</p> <p><b>M5 Motorway:</b> A contract has been entered with Interlink Roads relating to the M5 Motorway.</p> <p><b>M7 Motorway:</b> An arrangement is evident with the NorthWestern Roads Group relating to the M7 Motorway.</p> <p><b>NorthConnex:</b> An agreement is evident with the NorthWestern Roads Group relating to the NorthConnex motorway.</p>
<b>Funding Model</b>	<p><b>M2 Motorway:</b> GORTO arrangement.</p> <p><b>M5 Motorway:</b> GORTO arrangement.</p> <p><b>M7 Motorway:</b> GORTO arrangement.</p> <p><b>NorthConnex:</b> Hybrid arrangement.</p>
<b>Arrangement Period</b>	<p><b>M2 Motorway:</b> 51 years (1997 - 2048)</p> <p><b>M5 Motorway:</b> 34 years (1992 - 2026)</p> <p><b>M7 Motorway:</b> 43 years (2005 - 2048)</p> <p><b>NorthConnex:</b> 28 years (2020 - 2048)</p>
<b>Arrangement Terms</b>	<p><b>M2 Motorway:</b> The State entered a contract with the original concession holder to design, construct, operate and maintain the M2 Motorway. Under the initial project deed, ownership of the M2 Motorway would revert to the State in 45 years from M2 Motorway operations commencement in May 1997. Additional construction work in 2013 and the integration of the M2 to connect with the NorthConnex Motorway in 2015 has further extended the term of the agreement to 51 years, subject to the provisions of the M2 Motorway Project Deed. The State has granted the current operator the right to levy and retain tolls on the motorway.</p> <p>The State leases land for the term of the agreement. Until the project achieves the required rate of return, rent is payable in cash or by promissory note at the lessee's discretion. On achievement of the required rate, the rent is payable in cash.</p> <p><b>M5 Motorway:</b> A contract was entered into with the concession holder to design, construct, operate and maintain the M5 Motorway. The initial concession period was for the period 14 August 1992 to 14 August 2022 but has been extended to 2026 with the additional construction of the interchange at Moorebank and the expansion of the M5 corridor. The State has granted the operator the right to levy and retain tolls on the motorway.</p> <p>The M5 South-West Motorway Call Option Deed provides that if, after at least 25 years from the M5 Western Link commencement date of 26 June 1994, the State determines that the expected financial return has been achieved, the State has the right to purchase either the business from the concession holder or the shares in the concession holder. The exercise price under the M5 Call Option Deed will be based on open market valuation of the business or shares.</p> <p><b>M7 Motorway:</b> An agreement was signed with the concession holder in 2003 to construct the Westlink M7 Motorway. The motorway was constructed and opened in 2005. The State has granted the operator the right to levy and retain tolls on the motorway. In consideration for building the NorthConnex motorway (refer below), the concession period on the Westlink M7 motorway has been extended from 2037 to 2048, after which the motorway will be transferred back to the State.</p> <p><b>NorthConnex:</b> An agreement was signed with the concession holder in 2015 to finance, design, construct, operate and maintain the NorthConnex motorway. The State's contribution is \$997 million in cash towards construction with the remaining balance being financed by the concession holder. NorthConnex was opened on October 2020 with the operator allowed to operate the motorway until 30 June 2048, after which the motorway will be transferred back to the State. The State has granted the operator the right to levy and retain tolls on the motorway. In consideration for building the NorthConnex motorway, the NorthConnex agreement also provides for an extension of the concession terms on the Westlink M7 motorway, Lane Cove Tunnel and M2 Motorway to 30 June 2048.</p>
<b>Rights and Obligations</b>	<p>The operators must keep all traffic lanes of the Motorways open to the public for the safe, efficient and continuous passage of vehicles. The operator must not levy or impose any charge, toll or fee for or in connection with the use of the motorways other than in accordance with the agreements. Upon the end of the agreement term, the operators must surrender to the State the motorways in a condition which is consistent with the operator's obligation to maintain and repair them in the Project Deed.</p>
<b>SCA Carrying Amount</b>	<p><b>Transport for NSW Toll Roads<sup>(a)</sup>:</b> \$26,820 million (2019-20: \$23,416 million)</p>

- (a) Toll roads managed by Transport for NSW for the State include the M2 Motorway, M5 Motorway, M7 Motorway, NorthConnex, Cross City Tunnel, Eastern Distributor, Lane Cove Tunnel, Sydney Harbour Tunnel, WestConnex 1A and 1B, WestConnex 2, and WestConnex 3.

## Toll Roads – Tunnels

Arrangement Terms and Conditions	
<b>Description</b>	<p>The State has contracts with various private sector operators relating to the design, construction, operation and maintenance of various toll roads – tunnels:</p> <p><b>Cross City Tunnel:</b> An agreement requiring Transurban (the operator) to operate and maintain the Cross City Tunnel located in Sydney.</p> <p><b>Eastern Distributor:</b> An agreement with Transurban (the operator) to operate and maintain the Eastern Distributor located in Sydney.</p> <p><b>Lane Cove Tunnel:</b> An agreement signed with Transurban (the operator) to operate and maintain the Lane Cove Tunnel located in Sydney.</p> <p><b>Sydney Harbour Tunnel:</b> The Sydney Harbour Tunnel concession arrangement is a partnership between the State and the Sydney Harbour Tunnel Company to construct and operate the underwater tunnel below Sydney Harbour.</p>
<b>Funding Model</b>	<p><b>Cross City Tunnel:</b> GORTO arrangement.</p> <p><b>Eastern Distributor:</b> GORTO arrangement.</p> <p><b>Lane Cove Tunnel:</b> GORTO arrangement.</p> <p><b>Sydney Harbour Tunnel:</b> Financial liability arrangement.</p>
<b>Arrangement Period</b>	<p><b>Cross City Tunnel:</b> 30 years (2005 - 2035)</p> <p><b>Eastern Distributor:</b> 48 years (2000 - 2048)</p> <p><b>Lane Cove Tunnel:</b> 41 years (2007 - 2048)</p> <p><b>Sydney Harbour Tunnel:</b> 30 years (1992 - 2022)</p>
<b>Arrangement Terms</b>	<p><b>Cross City Tunnel:</b> An agreement was signed with the concession holder in 2002 to construct the Cross City Tunnel. The tunnel was completed and opened to traffic on 28 August 2005. Under the terms of the agreement, the current operator will operate the tunnel until 18 December 2035, after which the motorway will be transferred back to the State. The State has granted the operator the right to levy and retain tolls on the tunnel.</p> <p>Reimbursement of certain development costs was received from the operators in the form of an upfront cash payment in August 2005. The amount of this payment was \$97 million.</p> <p><b>Eastern Distributor:</b> An agreement was signed with the concession holder in 1997 to build, own, operate and transfer the Eastern Distributor. The tunnel was opened to traffic on 23 July 2000. The operator is required to pay concession fees in accordance with the agreement in consideration of the State granting to the operator the right to levy and retain tolls.</p> <p><b>Lane Cove Tunnel:</b> An agreement was signed with the concession holder in 2003 to build and operate the Lane Cove Tunnel. The construction cost was \$1.1 billion, with the cost being met by the private sector. The tunnel was opened to traffic in 2007 with the current operator required to operate the tunnel until 30 June 2048, after which the motorway will be transferred back to the State. The State has granted the operator the right to levy and retain tolls on the tunnel. Reimbursement of certain development costs were received from the operator in the form of an upfront cash payment in April 2007. The amount of this payment was \$79 million.</p> <p><b>Sydney Harbour Tunnel:</b> The operator was contracted in 1987 to design, construct and operate the tunnel for 30 years. Interest-free loans of \$222 million were provided from the State to partially fund construction and are to be repaid at the conclusion of the operating contract in August 2022 when the tunnel will be transferred to public ownership. The State has also agreed to make payments under the Ensured Revenue Stream agreement, on the terms set out in the <i>Sydney Harbour Tunnel (Private Joint Venture) Act 1987</i>. These payments are to enable the operator to meet financial obligations in connection with the operation of the tunnel and the payment of principal and interest upon moneys borrowed by it for the design, construction and operation of the tunnel.</p>
<b>Rights and Obligations</b>	<p>The operators must keep all traffic lanes of the tunnels open to the public for the safe, efficient and continuous passage of vehicles. The operators must not levy or impose any charge, toll or fee for or in connection with the use of the motorways other than in accordance with agreements. Upon the term end, the operators must return to the State the motorways and associated assets in a fully functional condition which complies with contractual arrangements.</p>
<b>SCA Carrying Amount</b>	<p><b>Transport for NSW Toll Roads<sup>(a)</sup>:</b> \$26,820 million (2019-20: \$23,416 million)</p>

- (a) Toll roads managed by Transport for NSW for the State include the M2 Motorway, M5 Motorway, M7 Motorway, NorthConnex, Cross City Tunnel, Eastern Distributor, Lane Cove Tunnel, Sydney Harbour Tunnel, WestConnex 1A and 1B, WestConnex 2, and WestConnex 3.

## Toll Roads – WestConnex

## Arrangement Terms and Conditions

<b>Description</b>	<p><b>WestConnex 1A and 1B:</b> The Stage 1 Project Deed was signed with the concession holder requiring M4 widening (Stage 1A) and the construction of the new M4 tunnels and associated surface works (Stage 1B). Stage 1A was opened to traffic on 4 July 2017.</p> <p><b>WestConnex 2:</b> The Stage 2 Deed was signed on 20 November 2015 to develop and upgrade the existing M5 East from Beverly Hills to St Peters.</p> <p><b>WestConnex 3A:</b> The Stage 3 Project Deed was signed with the concession holder on 12 June 2018 to design, construct, operate and maintain the M4-M5 Link Tunnels.</p>
<b>Funding Model</b>	<p><b>WestConnex 1A:</b> GORTO arrangement.</p> <p><b>WestConnex 1B:</b> Hybrid arrangement.</p> <p><b>WestConnex 2:</b> Hybrid arrangement.</p> <p><b>WestConnex 3A:</b> Hybrid arrangement.</p>
<b>Arrangement Period</b>	<p><b>WestConnex 1A and 1B:</b> 43 years (2017 - 2060)</p> <p><b>WestConnex 2:</b> 41 years (2019 - 2060)</p> <p><b>WestConnex 3A:</b> 37 years (Expected 2023 to 2060)</p>
<b>Arrangement Terms</b>	<p><b>WestConnex 1A and 1B:</b> The Project Deed stipulates that the operator, Transurban, will operate the motorway until 2060, after which the motorway will be transferred back to the State at no cost. Up until the end of the concession period, the State has granted the concession holder the right to levy and retain tolls on the motorway. The State is entitled to a share of tolling revenue above the base revenue threshold.</p> <p><b>WestConnex 2:</b> The State granted motorway stratum land leases over New M5 Main Works and M5 East Lease when Stage 2 opened to traffic on 5 July 2020, and M5 West Lease from December 2026 to the termination date of 31 December 2060. The State is entitled to a share of tolling revenue with the operator, Transurban, above the base revenue threshold.</p> <p><b>WestConnex 3A:</b> The Project Deed stipulates that the operator will operate the M4-M5 Link until 31 December 2060, after which the motorway will be transferred to the State at no cost. Up until the end of the concession period, the State will grant the concession holder the right to levy and retain tolls on the motorway.</p>
<b>Rights and Obligations</b>	<p>The operator must keep all traffic lanes of the toll road open to the public for the safe, efficient and continuous passage of vehicles. The operator must not levy or impose any charge, toll or fee for or in connection with the use of the toll road other than in accordance with the Toll Calculation Schedule specified in the Deed. Upon the end of the term the operator must transfer to the State the toll road and associated assets in a fully functional condition which complies with contractual arrangements.</p>
<b>Changes to Arrangements</b>	<p><b>WestConnex 2:</b> In 2020-21, M5 East assets owned by the State were transferred to the M8's operator upon the M8 being open to traffic in July 2020. These assets now form part of the service concession asset.</p>
<b>SCA Carrying Amount</b>	<p><b>Transport for NSW Toll Roads<sup>(a)</sup>:</b> \$26,820 million (2019-20: \$23,416 million)</p>

- (a) Toll roads managed by Transport for NSW for the State include the M2 Motorway, M5 Motorway, M7 Motorway, NorthConnex, Cross City Tunnel, Eastern Distributor, Lane Cove Tunnel, Sydney Harbour Tunnel, WestConnex 1A and 1B, WestConnex 2, and WestConnex 3.

## Car Park Facilities

Arrangement Terms and Conditions	
<b>Description</b>	<p><b>B-Line Car Parks:</b> The State has entered arrangements with the Northern Beaches Council (the operator) for the use of car spaces for public commuter car parking at B-Line bus service car parks.</p> <p><b>Hospital Car Parks:</b> The State has entered into construction and operation arrangements with Infrashore (the operator) for car parks at the Royal North Shore Hospital (RNSH P1 and RNSH P2), and the International Parking Group (the operator) for car parks at the Prince of Wales Hospital and St George Hospital.</p>
<b>Funding Model</b>	<p><b>B-Line Car Parks:</b> GORTO arrangement.</p> <p><b>Hospital Car Parks:</b> RNSH P1: Hybrid arrangement, RNSH P2: Financial liability arrangement, Prince of Wales Hospital Car Park: GORTO arrangement, and St George Hospital Car Park: Hybrid arrangement.</p>
<b>Arrangement Period</b>	<p><b>B-Line Car Parks:</b> 30 to 50 years</p> <p><b>Hospital Car Parks:</b> RNSH P1: 26 years (2010 - 2036), RNSH P2: 22 years (2014 - 2036), Prince of Wales Hospital Car Park: 25 years (1997 - 2022), and St George Hospital Car Park: 25 years (1999 - 2024)</p>
<b>Arrangement Terms</b>	<p><b>B-Line Car Parks:</b> The operator is responsible for the provision of public commuter car parking, and maintenance of the car parks, while the State will bear a pro rata share of the operator's outgoings in connection with ownership, control, operation, management and maintenance of the premises.</p> <p><b>Hospital Car Parks:</b> The State has contracted the operator to build RNSH P2 carpark and manage both the RNSH P1 and P2 carparks. RNSH P2 carpark construction was funded by the State and paid in instalments under a financing arrangement for the duration of the term. The RNSH P1 carpark was an existing carpark of the State. The Prince of Wales hospital carpark and St George hospital carpark were funded by the operator which was contracted to build, manage and operate both carparks. The State has granted rights to the operator to operate and generate revenue from the carparks. Upon grant of this right, the operator has paid an upfront license fee to the State.</p>
<b>Rights and Obligations</b>	<p><b>B-Line Car Parks:</b> The operator can terminate the arrangement, but only in the event of a material breach by the State or if monies are outstanding. The State has the right to give three months' notice to terminate the arrangement and thereafter vacate after removing transport-related equipment and signage. At the end of the term, the State can continue to occupy the car park. The State can transfer or sublet the arrangement, including to another agency.</p> <p><b>Hospital Car Parks:</b> The State is obliged to provide the operators with access to the carparks and is obligated to pay for the construction of the RNSH P2 car park under the financing arrangement with the Operator. The operators are responsible for car park operations and at arrangement end will return all assets back to the State. There are no provisions for extension of the term in the contracts, however this can be separately negotiated.</p>
<b>SCA Carrying Amount</b>	<p><b>B-Line Car Parks:</b> \$39 million (2019-20: \$42 million)</p> <p><b>Hospital Car Parks:</b> RNSH P1 car park: \$24 million (2019-20: \$25 million), RNSH P2 car park: \$22 million (2019-20: \$22 million); St George Hospital car park: \$10 million (2019-20: \$10 million), and Prince of Wales Hospital car park: \$50 million (2019-20: \$50 million).</p>

## Correctional Centres

Arrangement Terms and Conditions	
<b>Description</b>	<p><b>Clarence Correctional Centre:</b> The State has an arrangement with the Serco Group (the operator) to construct, maintain and operate the Clarence Correctional Centre as part of NSW Corrective Services.</p> <p><b>Parklea and Junee Correctional Centres:</b> The State has separate arrangements with MTC-Broadspectrum and GEO Group Australia (the operators) to respectively maintain and operate the Parklea and Junee Correctional Centres.</p>
<b>Funding Model</b>	<p><b>Clarence Correctional Centre:</b> Financial liability arrangement.</p> <p><b>Parklea and Junee Correctional Centres:</b> N/A – the operator uses the State's existing assets.</p>
<b>Arrangement Period</b>	<p><b>Clarence Correctional Centre:</b> 20 years (2020 - 2040)</p> <p><b>Parklea Correctional Centre:</b> 7 years (2019 - 2026)</p> <p><b>Junee Correctional Centre:</b> 5 years (2019 - 2024)</p>
<b>Arrangement Terms</b>	<p><b>Clarence Correctional Centre:</b> The correctional centre was constructed by the operator on existing State-owned land and was completed for operational use on 1 July 2020. Construction is financed through the operator over the arrangement period. Commencing 1 July 2020, the State is obliged to make payments for ongoing service and asset maintenance fees, including transitional one-off fixed fees, interest and debt repayments.</p> <p><b>Junee and Parklea Correctional Centres:</b> The Correctional Centres were existing assets of the Department prior to 1 July 2019. Under the project deed arrangement, the State is obligated to pay ongoing services payments and asset maintenance fees to the operator over the arrangement period.</p>
<b>Rights and Obligations</b>	<p>The State is required to provide site access to all operators to operate the correctional centres. Following the contractual end dates, the State continues to own the assets managed by the operators. There is no early termination or option period after the contractual end dates stated above.</p>
<b>SCA Carrying Amount</b>	<p><b>Clarence Correctional Centre:</b> \$729 million (2019-20: \$760 million)</p> <p><b>Parklea Correctional Centre:</b> \$336 million (2019-20: \$172 million)</p> <p><b>Junee Correctional Centre:</b> \$324 million (2019-20: \$89 million)</p>

Public Hospitals and Health Facilities

Arrangement Terms and Conditions	
<b>Description</b>	<p><b>Northern Beaches and Hawkesbury Hospitals:</b> Two public hospitals built and operated under separate public private partnership arrangements by HealthScope (Northern Beaches Hospital operator) and St John of God Health Care (Hawkesbury Hospital operator).</p> <p><b>Far West Mental Health Recovery Centre:</b> A mental health sub-acute unit in Broken Hill (Far West Local Health District) owned by the State and operated by Neami Limited (the operator) under a service agreement.</p>
<b>Funding Model</b>	<p><b>Northern Beaches Public Hospital:</b> Hybrid arrangement, and Hospital Car Park - GORTO arrangement.</p> <p><b>Hawkesbury Hospital:</b> Financial liability arrangement.</p> <p><b>Far West Mental Health Recovery Centre:</b> N/A – the operator uses the State’s existing assets.</p>
<b>Arrangement Periods</b>	<p><b>Northern Beaches Public Hospital:</b> 20 years (2018 - 2038), and Hospital Car Park - 40 years (2018 - 2058)</p> <p><b>Hawkesbury Hospital:</b> 28 years (1994 - 2022)</p> <p><b>Far West Mental Health Recovery Centre:</b> 5 years (2019 - 2023)</p>
<b>Arrangement Terms</b>	<p><b>Northern Beaches Hospital and Hawkesbury Hospital:</b> The State has contracted the operators to separately build, operate, and manage the hospitals. The Northern Beaches Hospital was paid up front on completion of construction while the Hawkesbury Hospital was paid overtime under a financing arrangement with the operator. The operator funded Northern Beaches car park construction, and the State has granted the operator the right to operate and generate revenue from the car park. The State has entered service level arrangements with the operators for the delivery of public health services at the hospitals which is funded by the State and paid monthly.</p> <p><b>Far West Mental Health Recovery Centre:</b> The operator has been contracted to operate the Centre and is compensated under the agreement. Assets associated with the arrangement have been provided by the State.</p>
<b>Rights and Obligations</b>	<p><b>Northern Beaches Hospital and Hawkesbury Hospital:</b> The State is obligated to provide the operators access to the hospitals and the carpark. The operators are responsible for the delivery of public patient health services at the hospitals which the State is obligated to pay for. The operators are obligated to return all assets back to the State at the end of the arrangements. For Northern Beaches Hospital, the State will be sharing a portion of the hospital facilities with the private operator for an additional term of 20 years after the expiry of the concession period. The State has the right to extend the Northern Beaches Hospital arrangement for up to five years. For the Hawkesbury hospital, the right to extend has already been exercised prior to 1 July 2019.</p> <p><b>Far West Mental Health Recovery Centre:</b> The State is obligated to provide the operator with access to the Centre. The operator is responsible for the delivery of specified patient services at the Centre. The State is obligated to pay for services under the funding agreement. The operator is obliged to return all assets back to the State at arrangement end. There is no provision for arrangement term extension, however this can be negotiated.</p>
<b>SCA Carrying Amount</b>	<p><b>Northern Beach Public Hospital and Car Park:</b> \$641 million (2019-20: \$661 million)</p> <p><b>Hawkesbury Hospital:</b> \$63 million (2019-20: \$64 million)</p> <p><b>Mental Health Recovery Centre:</b> \$5 million (2019-20: \$5 million)</p>

Water System Assets

Arrangement Terms and Conditions	
<b>Description</b>	<p><b>Blue Mountains Sewage Transfer Scheme:</b> The State has a service agreement with the legal owner of a sewage tunnel in the Blue Mountains for the transfer of sewage to a sewage treatment plant owned by the State. (TSS only)</p> <p><b>Water Filtration Plants:</b> The State has contractual arrangements with the owners of water filtration plants at Prospect, Macarthur, Illawarra, and Woronora for the filtration of bulk water. (TSS only)</p> <p><b>Gerrington Gerroa Sewage Treatment Plant:</b> The State has entered a service agreement with the legal owner of the sewage treatment plant for the collection of sewage via pumping stations and its transport via pipe networks to the sewage treatment works and its subsequent transport for re-use on a dairy farm. (TSS only)</p> <p><b>St Mary’s Advanced Water Treatment Plant:</b> The State has an agreement with the legal owner of the advanced water treatment plant to produce treated recycled water for discharge to the Hawkesbury-Nepean River. (TSS only)</p>
<b>Funding Model</b>	<p><b>Blue Mountains Sewage Transfer Scheme / Water Filtration Plants:</b> Financial liability arrangement. (TSS only)</p> <p><b>Gerrington Gerroa Sewage Treatment Plant:</b> N/A – the operator uses the State’s existing assets. (TSS only)</p> <p><b>St Mary’s Advanced Water Treatment Plant:</b> N/A – the operator uses the State’s existing assets. (TSS only)</p>
<b>Arrangement Period</b>	<p><b>Blue Mountains Sewage Transfer Scheme:</b> 35 years (1993 to 2028) with the option to extend to 50 years</p> <p><b>Water Filtration Plants:</b> Illawarra: 21 years (2015 - 2036), Macarthur: 19 years (2011 - 2030), Prospect: 19 years (2016 - 2035), and Woronora: 21 years (2015 - 2036)</p> <p><b>Gerrington Gerroa Sewage Treatment Plant:</b> 20 years (2002 to 2022)</p> <p><b>St Mary’s Advanced Water Treatment Plant:</b> 10 years (2011 to 2021) with the option to extend by 2 to 10 years</p>
<b>Arrangement Terms</b>	<p>The legal owners are paid a tariff (separated into principal and interest components) on a quarterly basis for bulk water services.</p>
<b>Rights and Obligations</b>	<p>The legal owners are responsible for the delivery of filtration, transport and treatment services and transfer legal title of water system assets at the end of the agreements. The State is obligated to pay for service performed.</p>
<b>SCA Carrying Amount</b>	<p><b>Blue Mountains Sewage Transfer Scheme:</b> \$804 million (2019-20: \$792 million) (TSS only)</p> <p><b>Water Filtration Plants:</b> \$402 million (2019-20: \$398 million) (TSS only)</p> <p><b>Gerrington Gerroa Sewage Treatment Plant:</b> \$68 million (2019-20: \$68 million) (TSS only)</p> <p><b>St Mary’s Advanced Water Treatment Plant:</b> \$45 million (2019-20: \$48 million) (TSS only)</p>

## Other Arrangements

Arrangement Terms and Conditions	
<b>Description</b>	<p><b>Ferry Services:</b> A contract with Transdev (the operator) to operate ferry services in Sydney. (TSS only)</p> <p><b>International Convention Centre:</b> A public private partnership agreement with Darling Harbour Live Partnership (the operator) to design, construct and operate the International Convention Centre in Sydney. (TSS only)</p> <p><b>Land Title Registration System:</b> An arrangement to enable Australian Registry Investments (the operator) to operate the New South Wales Land Title Registration System for the State under a service agreement.</p>
<b>Funding Model</b>	<p><b>Ferry Services:</b> Financial liability arrangement.</p> <p><b>International Convention Centre:</b> Financial liability arrangement.</p> <p><b>Land Title Registration System:</b> GORTO arrangement.</p>
<b>Arrangement Period</b>	<p><b>Ferry Services:</b> 9 years (2019 - 2028)</p> <p><b>International Convention Centre:</b> 28 years (2013 - 2041)</p> <p><b>Land Title Registration System:</b> 35 years (2017 - 2052)</p>
<b>Arrangement Terms</b>	<p><b>Ferry Services:</b> The private operator Transdev is required to provide ferry services to public commuters on the Sydney Harbour and Parramatta River using ferries and other assets owned by the State. The State has entered into leases with the operator for the existing fleet and shipyard. The contract can be terminated at year five and eight at the State's discretion.</p> <p><b>International Convention Centre:</b> The operator has been contracted to design, construct and operate the International Convention Centre for the arrangement duration. Operation services commenced for 25 years from construction arrangement completion date of December 2016. The State processes quarterly payments to the operator as per the agreement. The operator's interests in the Centre will revert to the State for no consideration at the end of the arrangement term.</p> <p><b>Land Title Registration System:</b> The State has received up-front consideration of \$2.7 billion from the operator for the right to operate the NSW Land Titling Registry. The State has granted the operator the right to operate and generate revenue from land titling and registration services.</p>
<b>Rights and Obligations</b>	<p><b>Ferry Services:</b> The operator is responsible for the provision of end-to-end ferry services including maintenance of lease ferry and other leased assets. The operator is required to hand back all leased assets at the end of term at the required standard. The State is responsible for providing the operator with access to the core assets to provide ferry services.</p> <p><b>International Convention Centre:</b> The State is required to provide the operator access to the Centre. The operator is responsible for the continuing operation of the Centre which the State is obligated to pay for under the contractual agreements.</p> <p><b>Land Title Registration System:</b> The operator is responsible for maintenance and operation of the titling database. The State regulates and controls the maximum price chargeable by the operator for the core services and other price revisions. The State maintains control over the titling database as per the concession deed.</p>
<b>SCA Carrying Amount</b>	<p><b>Ferry Services<sup>(a)</sup>:</b> \$109 million (2019-20: \$105 million) (TSS only)</p> <p><b>International Convention Centre:</b> \$1,134 million (2019-20: \$1,150 million) (TSS only)</p> <p><b>Land Title Registration System<sup>(b)</sup>:</b> \$813 million (2019-20: \$790 million)</p>

(a) Ferry services service concession assets include intangible assets of \$27 million (2019-20: \$24 million) presented in Note 15: Intangibles.

(b) Land title registration system service concession assets include intangible assets of \$813 million (2019-20: \$790 million) presented in Note 15: Intangibles.

## Transition Impacts of Adopting AASB 1059 *Service Concession Arrangements: Grantors* and Withdrawing TPP 06-8 *Accounting for Privately Financed Projects*

### General Government Sector

The impact (increase/(decrease)) on the General Government Sector Consolidated Statement of Comprehensive Income from the adoption of AASB 1059 and withdrawal of TPP 06-8 for the year ended 30 June 2020 is as follows.

30 June 2020	Adjustments			
	As Published Restated for Corrections <sup>(a)</sup> \$m	AASB 1059 \$m	TPP 06-8 Withdrawal \$m	Restated \$m
<b>Revenue from Transactions</b>				
Sale of Goods and Services	8,713	(1)	181	8,893
Interest	364	...	2	366
Fines, Regulatory Fees and Other	4,262	(140)	(13)	4,108
Others	68,028	...	...	68,027
<b>Total Revenue from Transactions</b>	<b>81,367</b>	<b>(141)</b>	<b>171</b>	<b>81,395</b>
<b>Expenses from Transactions</b>				
Depreciation and Amortisation	5,948	432	4	6,385
Interest	2,084	(8)	...	2,076
Other Operating Expense	23,156	(1)	181	23,336
Others	57,094	...	...	57,094
<b>Total Expenses from Transactions</b>	<b>88,283</b>	<b>423</b>	<b>186</b>	<b>88,892</b>
<b>Transactions from Discontinuing Operations</b>	...	...	...	...
<b>NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE (BUDGET RESULT FOR THE GGS)</b>	<b>(6,916)</b>	<b>(564)</b>	<b>(15)</b>	<b>(7,495)</b>
<b>OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT</b>				
Other Net Gains/(Losses)	(2,553)	354	...	(2,199)
Deferred Income Tax from Other Sectors	(123)	6	...	(117)
Others	(337)	...	...	(337)
<b>Other Economic Flows - included in Operating Result</b>	<b>(3,013)</b>	<b>360</b>	<b>...</b>	<b>(2,652)</b>
<b>OPERATING RESULT</b>	<b>(9,929)</b>	<b>(204)</b>	<b>(15)</b>	<b>(10,148)</b>
<b>Items that will not be Reclassified to the Operating Result</b>				
Revaluations	4,263	129	7	4,398
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income	(4,913)	82	...	(4,831)
Others	(590)	...	...	(590)
<b>Items that may be Reclassified Subsequently to the Operating Result</b>				
Others	(251)	...	...	(251)
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>(1,491)</b>	<b>211</b>	<b>7</b>	<b>(1,273)</b>
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>(11,419)</b>	<b>7</b>	<b>(8)</b>	<b>(11,421)</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>(11,419)</b>	<b>7</b>	<b>(8)</b>	<b>(11,421)</b>
Less: Net Other Economic Flows	4,503	(571)	(7)	3,926
<b>NET OPERATING BALANCE</b>	<b>(6,916)</b>	<b>(564)</b>	<b>(15)</b>	<b>(7,495)</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>				
Purchases of Non-Financial Assets	18,070	(1,447)	...	16,624
Less: Depreciation and Amortisation	(5,948)	(432)	(4)	(6,385)
<b>Plus: Other Movements in Non-Financial Assets</b>				
Assets Acquired Using Leases	2,915	18	...	2,933
Assets Acquired Using Service Concession Arrangements	...	801	...	801
Financial Liability Model	...	904	...	904
Grant of a Right to the Operator Model	...	904	...	904
Other	(92)	(440)	(13)	(546)
Others	200	...	...	200
<b>Equals Total Net Acquisition of Non-Financial Assets</b>	<b>15,145</b>	<b>(596)</b>	<b>(17)</b>	<b>14,531</b>
<b>EQUALS: NET LENDING/(BORROWING)</b>	<b>(22,061)</b>	<b>32</b>	<b>2</b>	<b>(22,026)</b>

(a) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

The impact (increase/(decrease)) on the General Government Sector Consolidated Statement of Financial Position from the adoption of AASB 1059 and withdrawal of TPP 06-8 as at 1 July 2019 is as follows.

1 July 2019	Adjustments			
	As Published Restated for Corrections <sup>(a)</sup> \$m	AASB 1059 \$m	TPP 06-8 Withdrawal \$m	Restated \$m
<b>ASSETS</b>				
<b>Financial Assets</b>				
Investments, Loans and Placements				
Other Financial Assets	2,873	...	87	2,960
Deferred Tax Equivalents Asset	2,245	(83)	...	2,162
Equity Investments				
Investments in Other Public Sector Entities	98,507	(846)	...	97,661
Others	67,573	...	...	67,573
<b>Total Financial Assets</b>	<b>171,198</b>	<b>(929)</b>	<b>87</b>	<b>170,356</b>
<b>Non-Financial Assets</b>				
Property, Plant and Equipment				...
Land and Buildings	90,097	793	(147)	90,743
Plant and Equipment	11,461	106	28	11,595
Infrastructure Systems	118,189	23,147	...	141,336
Right-of-Use Assets	5,015	(10)	328	5,333
Intangibles	3,694	813	...	4,508
Other Non-Financial Assets	6,266	(5,440)	(186)	640
Others	641	...	...	641
<b>Total Non-Financial Assets</b>	<b>235,363</b>	<b>19,411</b>	<b>22</b>	<b>254,796</b>
<b>TOTAL ASSETS</b>	<b>406,562</b>	<b>18,482</b>	<b>109</b>	<b>425,151</b>
Borrowings at Amortised Cost	41,653	4,967	...	46,619
Other Liabilities	5,487	13,646	...	19,134
Others	109,312	...	...	109,313
<b>TOTAL LIABILITIES</b>	<b>156,452</b>	<b>18,613</b>	<b>...</b>	<b>175,066</b>
<b>NET ASSETS</b>	<b>250,107</b>	<b>(131)</b>	<b>109</b>	<b>250,085</b>
<b>NET WORTH</b>				
Accumulated Funds	76,825	(32)	292	77,084
Reserves	173,282	(99)	(183)	173,001
<b>TOTAL NET WORTH</b>	<b>250,107</b>	<b>(131)</b>	<b>109</b>	<b>250,085</b>
<b>OTHER FISCAL AGGREGATES</b>				
<b>Net Debt</b>	<b>(6,482)</b>	<b>4,967</b>	<b>(87)</b>	<b>(1,603)</b>
<b>Net Financial Liabilities</b>	<b>83,761</b>	<b>18,696</b>	<b>(87)</b>	<b>102,371</b>

(a) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

The impact (increase/(decrease)) on the General Government Sector Consolidated Statement of Financial Position from the adoption of AASB 1059 and withdrawal of TPP 06-8 for the year ended 30 June 2020 is as follows.

30 June 2020	Adjustments			
	As Published Restated for Corrections <sup>(a)</sup>	AASB 1059	TPP 06-8 Withdrawal	Restated
	\$m	\$m	\$m	\$m
<b>ASSETS</b>				
<b>Financial Assets</b>				
Receivables	11,281	...	186	11,468
Investments, Loans and Placements				
Other Financial Assets	1,533	...	74	1,608
Deferred Tax Equivalents Asset	2,127	(77)	...	2,050
Equity Investments				
Investments in Other Public Sector Entities	100,249	(764)	...	99,485
Others	60,135	...	...	60,135
<b>Total Financial Assets</b>	<b>175,326</b>	<b>(841)</b>	<b>261</b>	<b>174,746</b>
<b>Non-Financial Assets</b>				
Property, Plant and Equipment				
Land and Buildings	94,822	886	(143)	95,566
Plant and Equipment	12,538	260	27	12,825
Infrastructure Systems	124,406	22,078	...	146,483
Right-of-Use Assets	6,503	9	326	6,838
Intangibles	3,686	790	...	4,476
Other Non-Financial Assets	6,858	(5,603)	(189)	1,065
Others	1,512	...	...	1,512
<b>Total Non-Financial Assets</b>	<b>250,325</b>	<b>18,420</b>	<b>21</b>	<b>268,766</b>
<b>TOTAL ASSETS</b>	<b>425,651</b>	<b>17,579</b>	<b>282</b>	<b>443,512</b>
<b>LIABILITIES</b>				
Payables	7,031	(5)	181	7,207
Borrowings at Amortised Cost	67,885	3,320	...	71,205
Other Liabilities	4,790	14,388	...	19,178
Others	107,257	...	...	107,257
<b>TOTAL LIABILITIES</b>	<b>186,964</b>	<b>17,703</b>	<b>181</b>	<b>204,848</b>
<b>NET ASSETS</b>	<b>238,688</b>	<b>(124)</b>	<b>100</b>	<b>238,664</b>
<b>NET WORTH</b>				
Accumulated Funds	67,479	486	277	68,241
Reserves	171,209	(609)	(176)	170,423
<b>TOTAL NET WORTH</b>	<b>238,688</b>	<b>(124)</b>	<b>100</b>	<b>238,664</b>
<b>OTHER FISCAL AGGREGATES</b>				
<b>Net Debt</b>	<b>19,485</b>	<b>3,320</b>	<b>(74)</b>	<b>22,732</b>
<b>Net Financial Liabilities</b>	<b>111,887</b>	<b>17,780</b>	<b>(79)</b>	<b>129,587</b>

(a) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

The impact (increase/(decrease)) on the General Government Sector Consolidated Statement of Cash Flows from the adoption of AASB 1059 and withdrawal of TPP 06-8 for the year ended 30 June 2020 is as follows.

30 June 2020	Adjustments			
	As Published Restated for Corrections <sup>(a)</sup>	AASB 1059	TPP 06-8 Withdrawal	Restated
	\$m	\$m	\$m	\$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Total Receipts</b>	<b>82,762</b>	...	...	<b>82,762</b>
<b>Payments</b>				
Interest	(1,839)	55	...	(1,784)
Others <sup>(a)</sup>	(83,453)	...	...	(83,453)
<b>Total Payments</b>	<b>(85,292)</b>	<b>55</b>	...	<b>(85,237)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(2,530)</b>	<b>55</b>	...	<b>(2,475)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(17,029)</b>	...	...	<b>(17,029)</b>
<b>Net Cash Flows from Investments in Financial Assets (Policy Purposes)</b>	<b>(1,971)</b>	...	...	<b>(1,971)</b>
<b>Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)</b>	<b>4,045</b>	...	...	<b>4,045</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(14,955)</b>	...	...	<b>(14,955)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayments of Borrowings	(1,253)	(55)	...	(1,308)
Others <sup>(a)</sup>	22,903	...	...	22,903
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>21,650</b>	<b>(55)</b>	...	<b>21,595</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,165</b>	...	...	<b>4,165</b>
Opening Cash and Cash Equivalents	1,969	...	...	1,969
Reclassification of Cash Equivalents and Other Adjustments	(0)	...	...	(0)
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>6,134</b>	...	...	<b>6,134</b>
<b>DERIVATION OF CASH RESULT</b>				
Net Cash Flows from Operating Activities	(2,530)	55	...	(2,475)
Net Cash Flows from Investments in Non-Financial Assets	(17,029)	...	...	(17,029)
<b>CASH SURPLUS/(DEFICIT)</b>	<b>(19,558)</b>	<b>55</b>	...	<b>(19,504)</b>

(a) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

### Total State Sector

The impact (increase/(decrease)) on the Total State Sector Consolidated Statement of Comprehensive Income from the adoption of AASB 1059 and withdrawal of TPP 06-8 for the year ended 30 June 2020 is as follows.

30 June 2020	Adjustments			
	As Published Restated for Corrections <sup>(a)</sup> \$m	AASB 1059 \$m	TPP 06-8 Withdrawal \$m	Restated \$m
<b>Revenue from Transactions</b>				
Sale of Goods and Services	14,155	(1)	...	14,154
Interest	610	...	1	612
Fines, Regulatory Fees and Other	4,729	(149)	(13)	4,567
Others	66,808	...	...	66,808
<b>Total Revenue from Transactions</b>	<b>86,302</b>	<b>(151)</b>	<b>(11)</b>	<b>86,140</b>
<b>Expenses from Transactions</b>				
Depreciation and Amortisation	9,159	441	4	9,605
Interest	3,197	(45)	...	3,152
Other Operating Expense	26,961	(38)	0	26,924
Others	56,694	...	...	56,694
<b>Total Expenses from Transactions</b>	<b>96,011</b>	<b>359</b>	<b>5</b>	<b>96,374</b>
<b>Transactions from Discontinuing Operations</b>				
	...	...	...	...
<b>NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)</b>	<b>(9,709)</b>	<b>(511)</b>	<b>(15)</b>	<b>(10,234)</b>
<b>OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT</b>				
Other Net Gains/(Losses)	(4,603)	354	...	(4,249)
Others	(799)	...	...	(799)
<b>Other Economic Flows - included in Operating Result</b>	<b>(5,402)</b>	<b>354</b>	<b>...</b>	<b>(5,048)</b>
<b>OPERATING RESULT</b>	<b>(15,111)</b>	<b>(156)</b>	<b>(15)</b>	<b>(15,282)</b>
<b>OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be Reclassified to the Operating Result</i>				
Revaluations	4,540	161	7	4,708
Others	(591)	...	...	(591)
<i>Items that may be Reclassified Subsequently to the Operating Result</i>				
Others	(257)	...	...	(257)
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>3,692</b>	<b>161</b>	<b>7</b>	<b>3,859</b>
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>(11,419)</b>	<b>7</b>	<b>(9)</b>	<b>(11,421)</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>(11,419)</b>	<b>7</b>	<b>(9)</b>	<b>(11,421)</b>
Less: Net Other Economic Flows	1,710	(515)	(7)	1,189
<b>NET OPERATING BALANCE</b>	<b>(9,709)</b>	<b>(508)</b>	<b>(15)</b>	<b>(10,232)</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>				
Purchases of Non-Financial Assets	22,283	(1,447)	181	21,018
Less: Depreciation and Amortisation	(9,159)	(441)	(4)	(9,605)
Plus: Other Movements in Non-Financial Assets				
Assets Acquired Using Leases	2,990	18	...	3,008
Assets Acquired Using Service Concession Arrangements				
Financial Liability Model	...	801	...	801
Grant of a Right to the Operator Model	...	904	...	904
Other	259	(448)	(13)	(203)
Others	23	...	...	23
<b>Equals Total Net Acquisition of Non-Financial Assets</b>	<b>16,396</b>	<b>(613)</b>	<b>164</b>	<b>15,947</b>
<b>EQUALS: NET LENDING/(BORROWING)</b>	<b>(26,105)</b>	<b>105</b>	<b>(179)</b>	<b>(26,179)</b>

(a) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

The impact (increase/(decrease)) on the Total State Sector Consolidated Statement of Financial Position from the adoption of AASB 1059 and withdrawal for TPP 06-8 as at 1 July 2019 is as follows.

1 July 2019	Adjustments			
	As Published Restated for Corrections <sup>(a)</sup>	AASB 1059	TPP 06-8 Withdrawal	Restated
	\$m	\$m	\$m	\$m
<b>ASSETS</b>				
<b>Financial Assets</b>				
Investments, Loans and Placements				
Other Financial Assets	2,907	...	87	2,994
Others	99,516	...	...	99,517
<b>Total Financial Assets</b>	<b>102,423</b>	<b>(0)</b>	<b>87</b>	<b>102,510</b>
<b>Non-Financial Assets</b>				
Property, Plant and Equipment				
Land and Buildings	165,385	978	(147)	166,216
Plant and Equipment	15,467	106	28	15,601
Infrastructure Systems	167,117	23,147	...	190,264
Right-of-Use Assets	7,992	(10)	327	8,309
Intangibles	4,809	813	...	5,622
Other Non-Financial Assets	6,449	(5,524)	(186)	740
Others	2,997	...	...	2,997
<b>Total Non-Financial Assets</b>	<b>370,216</b>	<b>19,512</b>	<b>22</b>	<b>389,749</b>
<b>TOTAL ASSETS</b>	<b>472,639</b>	<b>19,512</b>	<b>109</b>	<b>492,259</b>
<b>LIABILITIES</b>				
Borrowings at Amortised Cost	11,802	5,996	...	17,798
Other Liabilities	16,614	13,646	...	30,260
Others	194,115	...	...	194,116
<b>TOTAL LIABILITIES</b>	<b>222,530</b>	<b>19,642</b>	<b>...</b>	<b>242,173</b>
<b>NET ASSETS</b>	<b>250,107</b>	<b>(130)</b>	<b>109</b>	<b>250,085</b>
<b>NET WORTH</b>				
Accumulated Funds	93,562	(878)	292	92,975
Reserves	156,545	747	(183)	157,109
<b>TOTAL NET WORTH</b>	<b>250,107</b>	<b>(131)</b>	<b>109</b>	<b>250,085</b>
<b>OTHER FISCAL AGGREGATES</b>				
<b>Net Debt</b>	<b>28,933</b>	<b>5,996</b>	<b>(87)</b>	<b>34,842</b>
<b>Net Financial Liabilities</b>	<b>120,107</b>	<b>19,642</b>	<b>(87)</b>	<b>139,663</b>

(a) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

The impact (increase/(decrease)) on the Total State Sector Consolidated Statement of Financial Position from the adoption of AASB 1059 and withdrawal for TPP 06-8 for the year ended 30 June 2020 is as follows.

30 June 2020	As Published Restated for Corrections <sup>(a)</sup>	Adjustments		Restated
		AASB 1059	TPP 06-8 Withdrawal	
	\$m	\$m	\$m	\$m
<b>ASSETS</b>				
<b>Financial Assets</b>				
Receivables	11,146	...	5	11,151
Investments, Loans and Placements				
Other Financial Assets	1,784	...	74	1,858
Others	90,726	...	...	90,727
<b>Total Financial Assets</b>	<b>103,656</b>	<b>...</b>	<b>79</b>	<b>103,736</b>
<b>Non-Financial Assets</b>				
Property, Plant and Equipment				
Land and Buildings	168,502	1,109	(53)	169,557
Plant and Equipment	16,657	260	119	17,036
Infrastructure Systems	180,480	22,078	...	202,558
Right-of-Use Assets	9,349	14	321	9,684
Intangibles	4,768	790	...	5,558
Other Non-Financial Assets	7,547	(5,713)	(184)	1,650
Others	3,619	...	...	3,619
<b>Total Non-Financial Assets</b>	<b>390,922</b>	<b>18,537</b>	<b>202</b>	<b>409,662</b>
<b>TOTAL ASSETS</b>	<b>494,580</b>	<b>18,537</b>	<b>282</b>	<b>513,398</b>
<b>LIABILITIES</b>				
Payables	8,148	(5)	181	8,324
Borrowings at Amortised Cost	15,425	4,278	...	19,703
Other Liabilities	15,083	14,388	...	29,471
Others	217,236	...	...	217,236
<b>TOTAL LIABILITIES</b>	<b>255,892</b>	<b>18,660</b>	<b>181</b>	<b>274,734</b>
<b>NET ASSETS</b>	<b>238,688</b>	<b>(124)</b>	<b>100</b>	<b>238,664</b>
<b>NET WORTH</b>				
Accumulated Funds	80,048	(310)	277	80,014
Reserves	158,639	187	(176)	158,650
<b>TOTAL NET WORTH</b>	<b>238,688</b>	<b>(124)</b>	<b>100</b>	<b>238,664</b>
<b>OTHER FISCAL AGGREGATES</b>				
<b>Net Debt</b>	<b>55,944</b>	<b>4,278</b>	<b>(74)</b>	<b>60,148</b>
<b>Net Financial Liabilities</b>	<b>152,236</b>	<b>18,660</b>	<b>102</b>	<b>170,998</b>

(a) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

The impact (increase/(decrease)) on the Total State Sector Consolidated Statement of Cash Flows from the adoption of AASB 1059 and withdrawal for TPP 06-8 for the year ended 30 June 2020 is as follows.

30 June 2020	Adjustments			
	As Published Restated for Corrections <sup>(a)</sup>	AASB 1059	TPP 06-8 Withdrawal	Restated
	\$m	\$m	\$m	\$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Total Receipts</b>	<b>88,609</b>	...	...	<b>88,609</b>
<b>Payments</b>				
Payments for Goods and Services	(24,779)	37	...	(24,742)
Interest	(2,806)	91	...	(2,715)
Others <sup>(a)</sup>	(63,651)	...	...	(63,651)
<b>Total Payments</b>	<b>(91,236)</b>	<b>128</b>	...	<b>(91,108)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(2,627)</b>	<b>128</b>	...	<b>(2,499)</b>
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(21,070)</b>	...	...	<b>(21,070)</b>
<b>Net Cash Flows from Investments in Financial Assets (Policy Purposes)</b>	<b>(63)</b>	...	...	<b>(63)</b>
<b>Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)</b>	<b>3,776</b>	...	...	<b>3,776</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(17,358)</b>	...	...	<b>(17,358)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayments of Borrowings	(80,950)	(128)	...	(81,078)
Others <sup>(a)</sup>	102,642	...	...	102,642
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>21,692</b>	<b>(128)</b>	...	<b>21,564</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,708</b>	...	...	<b>1,708</b>
Opening Cash and Cash Equivalents	8,696	...	...	8,696
Reclassification of Cash Equivalents and Other Adjustments	30	...	...	30
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>10,434</b>	...	...	<b>10,434</b>
<b>DERIVATION OF CASH RESULT</b>				
Net Cash Flows from Operating Activities	(2,627)	128	...	(2,499)
Net Cash Flows from Investments in Non-Financial Assets	(21,070)	...	...	(21,070)
<b>CASH SURPLUS/(DEFICIT)</b>	<b>(23,697)</b>	<b>128</b>	...	<b>(23,569)</b>

(a) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

The nature of the above adjustments is described below.

## **AASB 1059**

### *Consolidated Statement of Comprehensive Income*

The adoption of AASB 1059 impacted revenues and expenses reported in the 2019-20 net operating balance:

- Fines, regulatory fees, and other revenues (Note 2: Revenue) decreased as recognised revenue relating to service concession arrangements (GORTO liability amortisation income) was less than derecognised emerging asset income previously accounted for under TPP 06-8;
- Depreciation and amortisation expenses (Note 3: Expenses) increased because of the recognition of depreciable service concession assets in property, plant, and equipment; and
- Interest expenses (Note 3: Expenses) decreased as recognised service concession financial liability interest expenses were less than interest expense amounts recognised under previous accounting approaches.

The net operating balance decreased as additional expenses recognised under AASB 1059 exceeded the additional revenues recognised.

The comprehensive result (total change in net worth before transactions with owners as owner) was further impacted by the adoption of AASB 1059 with increased liability remeasurements gains recognised in 'other economic flows – included in operating result' and increased revaluation adjustments for service concession asset valuations recognised in 'other economic flows – other comprehensive income'.

### *Consolidated Statement of Financial Position*

The adoption of AASB 1059 resulted in the recognition of service concession assets in the carrying amounts of property, plant and equipment (Note 14: Property, plant and equipment) and intangibles (Note 15: Intangibles). Existing assets were also reclassified as service concession assets with these assets continued to be presented within existing asset line items.

Service concession financial liabilities were recognised in borrowings at amortised cost (Note 21: Borrowings at Amortised Cost) on adoption of AASB 1059. Existing financial liabilities included within borrowings at amortised cost, such as lease liabilities and public private partnership (PPP) financial liabilities, were derecognised or reclassified and remeasured at fair value as service concession financial liabilities.

Service concession GORTO liabilities were recognised in other liabilities (Note 25: Other Liabilities) for arrangements accounted for under the GORTO financing model. Existing balances included within other liabilities, such as PPP deferred revenues, were also reclassified as GORTO liabilities.

Emerging interest assets and PPP contribution prepayments reported as part of other non-financial assets (Note 16 Other Non-Financial Assets) were derecognised or reclassified as service concession assets on adoption of AASB 1059.

AASB 1059 restatements to the 2019-20 comparatives resulted in a decrease to total net assets and total net worth at the 30 June 2020 reporting date and 1 July 2019 transition date. The following material impacts to the Consolidated Statement of Financial Position were evident for the 2019-20 financial year:

- Increases to property, plant and equipment and intangibles;
- Decreases to investments in other public sector entities (General Government Sector only);
- Decreases to other non-financial assets; and
- Increases to borrowings at amortised cost and other liabilities.

### *Consolidated Statement of Cash Flows*

Total cash flows reported in the Consolidated Statement of Cash Flows were not impacted by the adoption of AASB 1059. The change in accounting standards only resulted in the reclassification of cash flows within the 2019-20 Consolidated Statement of Cash Flows. The remeasurement of financial liabilities under service concession arrangements with revised discount rates at the 1 July 2019 transition date resulted in a recalculation of interest and principal repayment cash flows. Reduced interest repayments increased net operating cash flows and increased financial liability principal repayments correspondingly decreased reported net financing cash flows.

## Withdrawal of TPP 06-8

### *Hospital Public Private Partnerships*

The State previously accounted for the Royal North Shore Hospital, Newcastle Mater Hospital, Long Bay Prison and Forensic Hospital and Orange and Associated Health Services Public Private Partnerships as finance lease assets and liabilities in accordance with TPP 06-8 and AASB 117 *Leases* (AASB 117). With the withdrawal of TPP 06-8, the State has assessed that these arrangements should be accounted for under AASB 116 and AASB 9. Finance lease assets were reclassified to property, plant and equipment and finance lease liabilities were reclassified as other borrowings at amortised cost. The reclassification did not change the asset or liability values or the presentation in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, and Consolidated Statement of Cash Flows.

### *New South Wales Public Private Partnership School Projects*

NSW Public Private Partnership Schools Projects were previously accounted for as finance lease assets and liabilities in accordance with TPP 06-8 and AASB 117. The State has assessed that these arrangements should now be accounted for under AASB 16 lessee accounting. Finance lease assets were reclassified as AASB 16 right-of-use assets and finance lease liabilities were reclassified as AASB 16 lease liabilities. This reclassification has resulted in increases to right-of-use assets and decreases to property, plant, and equipment presented on the Consolidated Statement of Financial Position. The reclassification did not change the presentation or values in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows.

### *Qudos Bank Arena*

The State previously recognised emerging interest and prepaid contribution assets for the Qudos Bank Arena rental contract in accordance with TPP 06-8. With the withdrawal of TPP 06-8, the State assessed that the arrangement should now be accounted for under AASB 16 lessor accounting as an operating lease. Emerging interest assets were reclassified as property, plant, and equipment and prepaid contribution assets were derecognised at 1 July 2019.

The change in accounting approach for this arrangement has resulted in increases to property, plant, and equipment and accumulated funds opening balances, and decreases to other non-financial assets included on the Consolidated Statement of Financial Position. Depreciation expense has been increased with decreases to fines, regulatory fees and other revenue reported in the Statement of Comprehensive Income. The change in accounting policy for this arrangement did not impact cash flows reported in the Consolidated Statement of Cash Flows.

### *Regional Rail*

The Regional Rail contract between the General Government Sector, Public Non-Financial Corporation Sector and private sector operator was reviewed by the State because of the revocation of TPP 06-8. As a result, the General Government Sector has recognised additional service fee revenue and operating expenses for the arrangement with the TSS recognising property, plant and equipment works in progress and a payable. The liability represents the costs incurred to date on the assets being constructed under the contract.

### *Other Arrangements*

The Opera House Carpark, Chris O'Brien Lifehouse Hospital and Sydney Eye Hospital Carpark private operator arrangements were accounted for as emerging interest assets in accordance with TPP 06-8. With the withdrawal of TPP 06-8, the State has assessed that these arrangements should now be accounted for under AASB 16 lessor accounting as finance leases. Upon withdrawal of TPP 06-8, finance lease receivables have been recognised at an amount equal to the net investment in the lease.

This change in accounting policy has resulted in increases to other financial assets (Note 9: Investments, Loans and Placements) and accumulated funds opening balances and decreases to other non-financial assets on the Consolidated Statement of Financial Position. Interest income has been increased and fines, regulatory fees and other revenue has been decreased in the Consolidated Statement of Comprehensive Income. The change in accounting policy for these arrangements did not impact cash flows reported in the Consolidated Statement of Cash Flows.

## Note 15: Intangibles

Intangible assets, excluding service concession assets, are measured initially at cost in accordance with AASB 138 *Intangible Assets* (AASB 138). Where an asset is acquired free of cost or at nominal cost, the cost is its fair value as at the date of acquisition. The State recognises intangible assets only if it is probable that future economic benefits will flow to the State and the cost of the asset can be measured reliably. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

Intangible assets are subsequently measured at fair value where there is an active market. If there is no active market, the assets are carried at cost less any accumulated amortisation and impairment losses.

Intangible assets with finite lives are amortised under the straight-line method and expensed in the Consolidated Statement of Comprehensive Income for the period, in accordance with AASB 138. Intangible assets with an indefinite life are not amortised but are tested for impairment annually either individually or at the cash generating unit level.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognised in other economic flows – included in the operating result.

Easements are treated as having an indefinite life as the access rights are considered to be permanent.

Service concession assets included in intangibles are measured at current replacement cost on initial recognition or date of reclassification in accordance with the cost approach to fair value in AASB 13. Subsequent to the initial recognition or reclassification, these assets are measured at current replacement cost and accounted for in accordance with the amortisation and impairment requirements of AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets*.

Refer to Note 14: Property, Plant and Equipment for further information on service concession arrangements that fall in scope of AASB 1059 and the fair value measurement of service concession assets.

### Assumptions

	Computer Software	Easements	Other	Service Concession Assets
<b>Useful lives</b>	Finite (2-10 years)	Indefinite	Finite (4-10 years)	Indefinite or finite (16-19 years)
<b>Amortisation method</b>	Straight line	Not amortised	Various	Not amortised or straight line
<b>Internally Generated/Acquired</b>	Both	Acquired	Both	Both
<b>Impairment test/Recoverable amount testing</b>	Where an indicator of impairment exists	Annually and where an indicator of impairment exists	Where an indicator of impairment exists	Annually and where an indicator of impairment exists

## General Government Sector

	Computer Software At Cost \$m	Easements <sup>(a)</sup> At Cost \$m	Other At Cost \$m	Service Concession Assets <sup>(b)</sup> At Fair Value \$m	Total \$m
<b>At 1 July 2020</b>					
Gross Carrying Amount <sup>(c)</sup>	6,223	349	2	849	<b>7,423</b>
Accumulated Amortisation and Impairment <sup>(c)</sup>	(2,933)	(6)	3	(11)	<b>(2,947)</b>
<b>Net Carrying Amount</b>	<b>3,290</b>	<b>343</b>	<b>5</b>	<b>838</b>	<b>4,476</b>
<b>At 30 June 2021</b>					
Gross Carrying Amount	6,509	356	125	884	<b>7,873</b>
Accumulated Amortisation and Impairment	(3,268)	(8)	3	(26)	<b>(3,298)</b>
<b>Net Carrying Amount</b>	<b>3,241</b>	<b>348</b>	<b>128</b>	<b>858</b>	<b>4,575</b>
<b>Reconciliation:</b>					
<b>Year ended 30 June 2021</b>					
<b>Net Carrying Amount at Start of Year</b>	<b>3,290</b>	<b>343</b>	<b>5</b>	<b>838</b>	<b>4,476</b>
Additions	605	0	159	...	<b>765</b>
Disposals	(26)	...	(6)	...	<b>(31)</b>
Reclassification (to) / from Property, Plant and Equipment	(30)	...	(2)	3	<b>(29)</b>
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations	(0)	(0)	...	23	<b>23</b>
Impairment	(9)	(1)	(22)	...	<b>(32)</b>
Amortisation	(596)	...	(0)	(6)	<b>(602)</b>
Other Movements	6	6	(7)	(0)	<b>5</b>
<b>Net Carrying Amount at End of Year</b>	<b>3,241</b>	<b>348</b>	<b>128</b>	<b>858</b>	<b>4,575</b>

(a) Includes easements over land, and water rights.

(b) Service concession assets comprise intangibles measured at current replacement cost including land and title registry databases, rights to receive inventories and stock, and easements under concessional arrangements.

(c) The opening balances for the 2020-21 financial year have been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

	Computer Software At Cost	Easements <sup>(a)</sup> At Cost Restated <sup>(b)</sup>	Other At Cost	Service Concession Assets <sup>(c)</sup> At Fair Value Restated <sup>(b)</sup>	Total Restated <sup>(b)</sup>
	\$m	\$m	\$m	\$m	\$m
<b>At 1 July 2019</b>					
Gross Carrying Amount	5,930	349	0	...	<b>6,279</b>
Accumulated Amortisation and Impairment	(2,577)	(8)	0	...	<b>(2,585)</b>
<b>Net Carrying Amount</b>	<b>3,352</b>	<b>342</b>	<b>0</b>	<b>...</b>	<b>3,694</b>
<b>At 30 June 2020</b>					
Gross Carrying Amount <sup>(b)</sup>	6,223	349	2	849	<b>7,423</b>
Accumulated Amortisation and Impairment <sup>(b)</sup>	(2,933)	(6)	3	(11)	<b>(2,947)</b>
<b>Net Carrying Amount</b>	<b>3,290</b>	<b>343</b>	<b>5</b>	<b>838</b>	<b>4,476</b>
<b>Reconciliation:</b>					
<b>Year ended 30 June 2020</b>					
<b>Net Carrying Amount at Start of Year</b>	<b>3,352</b>	<b>342</b>	<b>0</b>	<b>...</b>	<b>3,694</b>
Net Adjustment on Initial Application of AASB 1059 <sup>(b)</sup>	...	(41)	...	854	<b>813</b>
<b>Restated Net Carrying Amount at Start of Year</b>	<b>3,352</b>	<b>301</b>	<b>0</b>	<b>854</b>	<b>4,508</b>
Additions	568	...	37	...	<b>605</b>
Disposals	(8)	...	(13)	...	<b>(21)</b>
Reclassification (to) / from Property, Plant and Equipment <sup>(b)</sup>	(33)	41	(4)	10	<b>15</b>
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations <sup>(b)</sup>	...	...	...	(23)	<b>(23)</b>
Impairment	(4)	2	(1)	...	<b>(4)</b>
Amortisation <sup>(b)</sup>	(612)	0	(1)	(3)	<b>(616)</b>
Other Movements	27	0	(14)	0	<b>13</b>
<b>Net Carrying Amount at End of Year</b>	<b>3,290</b>	<b>343</b>	<b>5</b>	<b>838</b>	<b>4,476</b>

(a) Includes easements over land, and water rights.

(b) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(c) Service concession assets comprise intangibles measured at current replacement cost including land and title registry databases, rights to receive inventories and stock and easements.

## Total State Sector

	Computer Software At Cost \$m	Easements <sup>(a)</sup> At Cost \$m	Other At Cost \$m	Service Concession Assets <sup>(b)</sup> At Fair Value \$m	Total \$m
<b>At 1 July 2020</b>					
Gross Carrying Amount <sup>(c)</sup>	8,242	456	71	877	<b>9,646</b>
Accumulated Amortisation and Impairment <sup>(c)</sup>	(4,054)	(7)	(15)	(11)	<b>(4,088)</b>
<b>Net Carrying Amount</b>	<b>4,188</b>	<b>449</b>	<b>56</b>	<b>865</b>	<b>5,558</b>
<b>At 30 June 2021</b>					
Gross Carrying Amount	8,268	463	195	912	<b>9,837</b>
Accumulated Amortisation and Impairment	(4,324)	(9)	(22)	(28)	<b>(4,383)</b>
<b>Net Carrying Amount</b>	<b>3,944</b>	<b>454</b>	<b>173</b>	<b>884</b>	<b>5,455</b>
<b>Reconciliation:</b>					
<b>Year ended 30 June 2021</b>					
<b>Net Carrying Amount at Start of Year</b>	<b>4,188</b>	<b>449</b>	<b>56</b>	<b>865</b>	<b>5,558</b>
Additions	671	1	232	2	<b>906</b>
Disposals	(24)	(0)	(6)	...	<b>(30)</b>
Reclassification (to) / from Property, Plant and Equipment	(23)	(0)	(2)	3	<b>(22)</b>
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations	(0)	(0)	...	23	<b>23</b>
Impairment	(150)	(2)	(22)	(2)	<b>(175)</b>
Amortisation	(748)	(0)	(6)	(7)	<b>(761)</b>
Other Movements	29	7	(79)	(0)	<b>(43)</b>
<b>Net Carrying Amount at End of Year</b>	<b>3,944</b>	<b>454</b>	<b>173</b>	<b>884</b>	<b>5,455</b>

(a) Includes easements over land, and water rights.

(b) Service concession assets comprise intangibles measured at current replacement cost including land and title registry databases, rights to receive inventories and stock, and easements under concessional arrangements.

(c) The opening balances for the 2020-21 financial year have been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

	Computer Software At Cost	Easements <sup>(a)</sup> At Cost Restated <sup>(b)</sup>	Other At Cost Restated <sup>(b)</sup>	Service Concession Assets <sup>(c)</sup> At Fair Value Restated <sup>(b)</sup>	Total Restated <sup>(b)</sup>
	\$m	\$m	\$m	\$m	\$m
<b>At 1 July 2019</b>					
Gross Carrying Amount	7,917	455	71	...	<b>8,443</b>
Accumulated Amortisation and Impairment	(3,614)	(8)	(11)	...	<b>(3,634)</b>
<b>Net Carrying Amount</b>	<b>4,302</b>	<b>447</b>	<b>60</b>	...	<b>4,809</b>
<b>At 30 June 2020</b>					
Gross Carrying Amount <sup>(b)</sup>	8,242	456	71	877	<b>9,646</b>
Accumulated Amortisation and Impairment <sup>(b)</sup>	(4,054)	(7)	(15)	(11)	<b>(4,088)</b>
<b>Net Carrying Amount</b>	<b>4,188</b>	<b>449</b>	<b>56</b>	<b>865</b>	<b>5,558</b>
<b>Reconciliation:</b>					
<b>Year ended 30 June 2020</b>					
<b>Net Carrying Amount at Start of Year</b>	<b>4,302</b>	<b>447</b>	<b>60</b>	...	<b>4,809</b>
Net Adjustment on Initial Application of AASB 1059 <sup>(b)</sup>	...	(41)	(24)	878	<b>813</b>
<b>Restated Net Carrying Amount at Start of Year</b>	<b>4,302</b>	<b>406</b>	<b>36</b>	<b>878</b>	<b>5,622</b>
Additions	627	1	94	2	<b>724</b>
Disposals	(20)	...	(13)	...	<b>(32)</b>
Reclassification (to) / from Property, Plant and Equipment <sup>(a)</sup>	(19)	42	(4)	10	<b>29</b>
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations <sup>(b)</sup>	...	...	...	(23)	<b>(25)</b>
Impairment	(4)	(0)	...	2	<b>(2)</b>
Amortisation <sup>(a)</sup>	(760)	(0)	(8)	(3)	<b>(771)</b>
Other Movements	61	1	(50)	0	<b>13</b>
<b>Net Carrying Amount at End of Year</b>	<b>4,188</b>	<b>449</b>	<b>56</b>	<b>865</b>	<b>5,558</b>

(a) Includes easements over land, and water rights.

(b) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(c) Service concession assets comprises intangibles measured at current replacement cost including land and title registry databases, rights to receive inventories and stock and easements.

## Note 16: Other Non-Financial Assets

Other non-financial assets comprise primarily of prepayments recognised for payments made in advance for goods and services.

Prepayments are recognised on an accrual basis and are amortised over the period in which the economic benefits from these assets are received.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
Current <sup>(a)</sup>	1,008	920	1,207	1,075
Non-Current <sup>(a)</sup>	114	146	542	574
	<b>1,122</b>	<b>1,065</b>	<b>1,749</b>	<b>1,650</b>
<b>Other Non-Financial Assets Comprise:</b>				
Prepayments <sup>(a)</sup>	1,098	1,028	1,289	1,176
Other	24	37	461	474
	<b>1,122</b>	<b>1,065</b>	<b>1,749</b>	<b>1,650</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

## Note 17: Income Tax Equivalents

Commercial PNFCs and PFCs, excluding NSW Treasury Corporation (TCorp), are part of a National Tax Equivalent Regime (NTER). TCorp is part of a Tax Equivalent Regime (TER). Although exempt from income tax obligations to the Commonwealth, members of the NTER / TER accrue and pay income tax equivalents to the State and adopt tax effect accounting to maintain competitive neutrality for commercial government entities. The General Government Sector recognises accrued receivables and payables which equate to the amounts accrued by PNFCs and PFCs for income tax equivalents. These amounts are eliminated on consolidation of the Total State Sector.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20
	\$m	\$m	\$m	\$m
Tax Equivalents Receivable	35	15	...	...
Deferred Tax Equivalents Receivable <sup>(a)</sup>	2,291	2,050	...	...
<b>Receivable from the PNFC/PFC Sectors</b>	<b>2,326</b>	<b>2,066</b>	<b>...</b>	<b>...</b>
Tax Equivalents Payable	35	80	...	...
Deferred Tax Equivalents Provision	50	82	...	...
<b>Payable to the PNFC/PFC Sectors</b>	<b>86</b>	<b>162</b>	<b>...</b>	<b>...</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

## Note 18: Deposits Held

Deposits held represent liabilities for deposits and security deposits held on behalf of entities and individuals external to the State.

Deposits held by Public Financial Corporations are monies deposited with TCorp on an unsecured basis either at call or for fixed terms of one year or less, with interest payable at maturity. Deposits held by Public Financial Corporations are designated at FVTPL at initial recognition as they are managed on a fair value basis in accordance with a documented risk management strategy.

Other deposits held represent liabilities for customer and security deposits for transport services and utilities such as electricity and water. Customer and contractor deposits can be refunded at any time. Other deposits held are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. Deposits are recognised at no less than the amount payable on demand. Other deposits held are subsequently measured at amortised cost using the effective interest method.

Further information regarding fair value measurement, liquidity risk, including a maturity analysis of deposits held, and market risk are disclosed in Note 26: Financial Instruments.

	General		Total	
	Government Sector 2020-21	2019-20 Restated <sup>(a)</sup>	State Sector 2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
Current <sup>(a)</sup>	282	293	311	369
Non-Current	...	...	...	...
	<b>282</b>	<b>293</b>	<b>311</b>	<b>369</b>
<b>Deposits are Held for the Purposes of:</b>				
Held by Public Financial Corporations	...	...	2	55
Other <sup>(a)</sup>	282	293	309	314
	<b>282</b>	<b>293</b>	<b>311</b>	<b>369</b>

(a) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

## Note 19: Payables

Payables represent liabilities for goods and services provided to the State. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are initially measured at fair value, net of directly attributable transaction costs. Payables are subsequently measured at amortised cost using the effective interest method.

Further information regarding liquidity risk, including a maturity analysis of the below payables, are disclosed in Note 26: Financial Instruments.

	General		Total	
	Government Sector 2020-21	2019-20 Restated <sup>(a)</sup>	State Sector 2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
Current <sup>(a)</sup>	9,537	6,907	10,830	8,025
Non-Current <sup>(a)</sup>	515	300	515	300
	<b>10,052</b>	<b>7,207</b>	<b>11,345</b>	<b>8,324</b>
<b>Payables Comprise:</b>				
Payables Of A Capital Nature	2,992	906	3,225	1,117
Accrued Employee Benefits	749	900	866	998
Interest On Borrowings & Advances	480	398	5	2
Settlement Of Borrowings & Other Financial Instruments	...	...	0	1
Creditors & Other Accruals <sup>(a)</sup>	5,830	5,003	7,249	6,207
	<b>10,052</b>	<b>7,207</b>	<b>11,345</b>	<b>8,324</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

## Note 20: Borrowings and Derivative Liabilities at Fair Value

Borrowings at fair value are initially and subsequently measured at fair value with transaction costs recognised in the 'net operating balance'. Borrowings at fair value primarily consist of domestic and overseas interest-bearing loans and bonds raised by NSW TCorp. These borrowings are designated at FVTPL at initial recognition as they are managed on a fair value basis in accordance with a documented risk management strategy.

Derivative liabilities are classified as held for trading and are measured at FVTPL unless they are designated as effective hedging instruments.

Further information on fair value measurement, liquidity risk, including a maturity analysis, and market risk is disclosed in Note 26: Financial Instruments.

	General Government Sector		Total State Sector	
	2020-21 \$m	2019-20 \$m	2020-21 \$m	2019-20 \$m
Current	13	19	12,935	15,167
Non-Current	198	373	102,062	83,191
	<b>212</b>	<b>392</b>	<b>114,997</b>	<b>98,358</b>
<b>Borrowings and Derivative Liabilities at Fair Value Comprise:</b>				
<b>Borrowings at Fair Value</b>				
Bonds and Other Borrowings Issued by TCorp <sup>(a)</sup>	...	...	113,787	96,970
	...	...	<b>113,787</b>	<b>96,970</b>
<b>Financial Liabilities Held For Trading</b>				
Derivative Liabilities	212	392	1,210	1,380
	<b>212</b>	<b>392</b>	<b>1,210</b>	<b>1,380</b>
<b>Designated And Effective Hedging Instruments</b>				
Derivative Liabilities	...	...	0	8
	...	...	<b>0</b>	<b>8</b>
<b>Total Borrowings and Derivative Liabilities at Fair Value</b>	<b>212</b>	<b>392</b>	<b>114,997</b>	<b>98,358</b>

(a) Bonds and borrowings issued by TCorp have increased throughout the 2020-21 financial year primarily to fund infrastructure investment of the State and COVID-19 response and recovery measures.

## Note 21: Borrowings at Amortised Cost

Borrowings at amortised cost comprise of interest-bearing liabilities including General Government Sector borrowings with TCorp, lease liabilities, service concession arrangement financial liabilities and other interest-bearing arrangements.

Borrowings at amortised cost are recognised when the State becomes a party to the contractual provisions of the instrument.

Borrowings at amortised cost are initially measured at fair value net of directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in other economic flows – included in operating result when the liabilities are derecognised as well as through the amortisation process.

Lease liabilities are determined in accordance with AASB 16. Refer to Note 28: Leases for further information on leases.

Further information on fair value measurement, liquidity risk, including a maturity analysis, and market risk of borrowings at amortised cost is disclosed in Note 26: Financial Instruments.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
Current <sup>(a)</sup>	4,796	4,263	3,013	2,572
Non-Current <sup>(a)</sup>	85,337	66,942	15,805	17,130
	<b>90,133</b>	<b>71,205</b>	<b>18,818</b>	<b>19,703</b>
<b>Borrowings at Amortised Cost Comprise:</b>				
Other Borrowings at Amortised Cost <sup>(a)(b)(c)(d)</sup>	76,458	56,818	1,009	1,032
Lease Liabilities <sup>(a)</sup>	7,117	7,260	9,727	9,955
Service Concession Financial Liabilities <sup>(a)(e)</sup>	6,557	7,127	8,082	8,716
	<b>90,133</b>	<b>71,205</b>	<b>18,818</b>	<b>19,703</b>

- (a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.
- (b) Other borrowings at amortised cost for the General Government Sector comprise primarily of borrowings with NSW TCorp. These borrowings have increased throughout the financial year mainly to fund infrastructure investment of the General Government Sector and COVID-19 response and recovery measures.
- (c) Other borrowings at amortised cost for the General Government Sector includes \$1,053 million received in July 2021 from borrowings with TCorp that were unsettled trades as of 30 June 2021.
- (d) Other borrowings at amortised cost include borrowings with respect to public private partnerships in the Health cluster totalling to \$985 million (2019-20: \$997 million).
- (e) Service concession financial liabilities relate to contractual payments due to service concession operators. Refer to Note 14: Property, Plant and Equipment for further details on the State's service concession arrangements.

## Note 22: Employee Provisions

### Wages and Salaries, Annual Leave and Sick Leave

Liabilities for salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Annual leave is not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (AASB 119) (although short-cut methods are permitted).

Unused sick leave does not give rise to a liability. It is not considered probable that sick leave taken will be greater than the benefits accrued in the future.

Consequential costs to employment such as payroll tax, workers compensation insurance premiums and fringe benefits tax are recognised as liabilities and expenses when the employee benefits they relate to are recognised.

### Long Service Leave

A liability for long service leave is measured at the present value of future payments anticipated at the reporting date, using the projected unit credit method. An actuary calculates this using:

- expected future wage and salary levels;
- experience of employee departures; and
- periods of service.

Estimated future cash outflows are discounted using a discount rate based on the market yield on Commonwealth government bonds as published by the Reserve Bank of Australia, with terms to maturity that match, as closely as possible, the estimated future cash outflow.

A short-hand measurement technique is used as allowed by AASB 119 for leave relating to employees with five and more years of services, where it is not materially different from the present value, as confirmed periodically by an actuary.

### Self-Funded Worker's Compensation

Worker's compensation insurance is provided by the employer or by the State's self-insurance scheme, known as the Treasury Managed Fund.

Self-funded workers' compensation includes liabilities of the Treasury Managed Fund that have been actuarially calculated on a discounted cash flows basis using a 'central' estimate assuming a liability discount rate of -0.02 per cent (2019-20: 0.2 per cent) and a future inflation rate of 1.1 to 2.4 per cent (2019-20: 0.8 to 2.5 per cent) and a superimposed inflation rate of 0.0 to 0.3 per cent (2019-20: 0.1 to 0.7 per cent).

Employee provisions have been impacted by movements in the discount rate and growth in the volume and duration of claims as a result of NSW bushfire and COVID-19 events in current and previous reporting periods.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
Current <sup>(a)</sup>	16,564	16,360	17,689	17,412
Non-Current <sup>(a)</sup>	6,822	6,206	7,019	6,405
	<b>23,386</b>	<b>22,566</b>	<b>24,708</b>	<b>23,817</b>
<b>Employee Provisions Comprise:</b>				
Long Service Leave <sup>(a)</sup>	12,143	12,336	12,922	13,087
Annual and Other Leave Entitlements <sup>(a)</sup>	4,286	3,765	4,633	4,085
Self Funded Worker's Compensation	6,397	5,806	6,507	5,915
Other <sup>(a)</sup>	560	659	646	730
	<b>23,386</b>	<b>22,566</b>	<b>24,708</b>	<b>23,817</b>

(a) The 2019-20 comparatives for employee provisions have been revised after publication of the 2019-20 TSSA.

### Note 23: Superannuation Provisions

Superannuation provisions comprise unfunded superannuation liabilities recognised in the State's defined benefit schemes, in accordance with AASB 119.

The liability or asset, recognised in the Consolidated Statement of Financial Position, for defined benefit schemes is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets plus the impact of asset ceiling.

The defined benefit obligation is calculated annually by independent actuaries (Mercer Consulting (Australia) Pty Ltd) using the projected unit credit method. The liability is assessed using the latest triennial review of actuarial economic and demographic assumptions and subsequent economic and market forecasts. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the 10-year Commonwealth government bond rate as at 30 June.

The present value of the defined benefit obligation is based on future payments arising from service of current and past scheme members up to the reporting date. It is calculated using expected future wage and salary levels, expected future inflation levels as per the growth rate in the Consumer Price Index, superannuation contribution tax, and the experience of employee departures and their periods of service.

Net interest expense is calculated by applying the discount rate to the net defined benefit liability or asset. Net interest and other expenses related to the defined benefit plans are recognised as part of superannuation expense in expenses from transactions (refer to Note 3: Expenses).

Actuarial gains and losses resulting from changes in measurement assumptions, returns on plan assets in excess of the government bond rate and any change in the effect of the asset ceiling are recognised as re-measurements of post-employment benefits in other economic flows – other comprehensive income.

### Net Liability Recognised on the Consolidated Statement of Financial Position

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
Current	58	99	59	99
Non-Current	57,533	67,791	59,797	70,852
<b>Total</b>	<b>57,591</b>	<b>67,890</b>	<b>59,855</b>	<b>70,951</b>

## State Public Sector Superannuation Schemes

The State public sector superannuation liability comprises the following schemes:

- State Sector Schemes<sup>(a)(d)</sup>:
    - State Authorities Superannuation Scheme (SASS)
    - State Authorities Non-Contributory Superannuation Scheme (SANCS)
    - State Superannuation Scheme (SSS)
    - Police Superannuation Scheme (PSS)
  - Parliamentary Contributory Superannuation Scheme (PCSS)<sup>(b)(d)</sup>
  - Judges' Pension Scheme (JPS)<sup>(c)(d)</sup>
  - Energy Industries Superannuation Schemes (EISS)<sup>(e)</sup>
- (a) These Schemes are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *Police Regulation (Superannuation) Act 1906*, *State Authorities Non-Contributory Superannuation Act 1987*, and their associated regulations. The SAS Trustee Corporation (STC) is responsible for the governance of the State Sector Schemes.
- (b) The Parliamentary Contributory Superannuation Scheme (PCSS) was established by and is governed by the *Parliamentary Contributory Superannuation Act 1971* and its associated regulations. The PCSS trustee is a statutory body comprising of two trustees from the Legislative Council, five trustees from the Legislative Assembly, and the Treasury Secretary (or Treasury official appointed in their absence).
- (c) Judges' Pension Scheme (JPS), was established by and is governed by *Judges' Pensions Act 1953 No 41*. The JPS does not have a trustee.
- (d) The State Sector Schemes, PCSS and JPS are exempt public sector superannuation schemes under the *Superannuation Industry (Supervision) Act 1993 (Cth) (the SIS Act)*. The SIS Act treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.
- (e) EISS was established on the 30 June 1997 by a Trust Deed made under an Act of the NSW Parliament for the purpose of providing retirement benefits for employees from certain energy industries bodies in New South Wales. EISS is regulated primarily by the *Superannuation Industry (Supervision) Act 1993 (Cth) (the SIS Act)* but is also subject to regulation under the *Superannuation Administration Act 1996 (NSW)*. The Energy Industries Superannuation Scheme Pty Limited, as trustee, is responsible for the governance of the EISS.

These schemes are all defined benefit schemes, whereby at least a part of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. Except for JPS, all of the above schemes are closed to new entrants.

The NSW Government:

- ensures that the State Sector Schemes and PCSS conform to the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that member benefits are adequately protected.
- prudentially monitors and audits the State Sector Schemes and PCSS and the activities of each of the Trustees in a manner consistent with the prudential controls of the SIS Act. These activities are in addition to other legislative obligations on the Trustees.
- remains committed to fully funding its superannuation liabilities and is reviewing the timing of contributions to achieve full funding. As noted in the Budget, the economic shock caused by COVID-19 put the State's finances under significant pressure. In order to ease some pressure on the State's borrowing requirements, a revised contribution plan was adopted which included a two-year contribution holiday and a re-anchoring of the superannuation target to 2040. Once the current period of heightened uncertainty is over, the NSW Government will table amendments to the *Fiscal Responsibility Act 2012*.

The Trustees of the schemes:

- have a legal obligation to act solely in the best interests of fund beneficiaries.
- are responsible for administration of the fund and payment to the beneficiaries in accordance with the fund rules.
- are responsible for the management and investment of the fund assets.
- are responsible for compliance with other applicable regulations; and compliance with the Trust Deeds (EISS).

## Regulatory Framework

The *Superannuation Industry (Supervision) Act 1993 (Cth)* (the SIS Act) governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS Regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every three years, or every year if the plan pays defined benefit pensions, unless an exemption has been obtained. The State Sector Schemes, PCSS and JPS have an actuarial investigation performed every three years, with the last actuarial investigation performed at 30 June 2018 for the State Sector Schemes (note the 30 June 2021 triennial review is currently being performed), at 30 June 2020 for PCSS, and at 1 January 2021 for JPS. EISS received an exemption from annual actuarial valuation and thus actuarial valuations are only required triennially.

## Scheme Member Numbers

Scheme membership numbers are as follows:

General Government Sector Member Numbers	----- NSW Public Sector Superannuation Schemes -----					Total
	SASS	SANCS	SSS	PSS	Other Schemes <sup>(a)</sup>	
<b>For the 2020-21 Financial Year</b>						
Contributors	12,293	13,844	1,033	518	151	<b>27,839</b>
Deferred Benefits	8,737	9,273	487	14	17	<b>18,528</b>
Pensioners	3,944	...	46,963	7,831	1,079	<b>59,817</b>
Pensions Fully Commuted	...	...	13,251	...	...	<b>13,251</b>
<b>For the 2019-20 Financial Year</b>						
Contributors	13,627	15,691	1,427	637	143	<b>31,525</b>
Deferred Benefits	9,052	9,711	568	20	21	<b>19,372</b>
Pensioners	3,539	...	47,155	6,709	1,085	<b>58,488</b>
Pensions Fully Commuted	...	...	13,520	...	...	<b>13,520</b>

(a) Other schemes are the EISS, JPS and PCSS.

Total State Sector Member Numbers	----- NSW Public Sector Superannuation Schemes -----					Total
	SASS	SANCS	SSS	PSS	Other Schemes <sup>(a)</sup>	
<b>For the 2020-21 Financial Year</b>						
Contributors	13,983	15,613	1,112	518	449	<b>31,675</b>
Deferred Benefits	8,737	9,273	534	14	18	<b>18,576</b>
Pensioners	4,567	...	49,173	6,752	1,191	<b>61,683</b>
Pensions Fully Commuted	...	...	14,214	...	...	<b>14,214</b>
<b>For the 2019-20 Financial Year</b>						
Contributors	15,463	17,624	1,524	637	449	<b>35,697</b>
Deferred Benefits	9,052	9,711	621	20	22	<b>19,426</b>
Pensioners	4,483	...	49,405	6,752	1,195	<b>61,835</b>
Pensions Fully Commuted	...	...	14,499	...	...	<b>14,499</b>

(a) Other schemes are the EISS, JPS and PCSS.

## Net Liability Recognised in the Consolidated Statement of Financial Position

The net liability recognised in the Consolidated Statement of Financial Position comprises the following Scheme net defined benefit obligation balances.

	General Government Sector		Total State Sector	
	2020-21 \$m	2019-20 \$m	2020-21 \$m	2019-20 \$m
<b>SASS</b>				
Present Value of Defined Benefit Obligation	15,247	15,226	17,525	17,853
Plan Assets	(10,236)	(9,753)	(11,613)	(11,177)
Impact of Asset Ceiling	20	17	21	18
<b>Net Liability</b>	<b>5,031</b>	<b>5,491</b>	<b>5,932</b>	<b>6,693</b>
<b>SANCS</b>				
Present Value of Defined Benefit Obligation	2,223	2,355	2,412	2,563
Plan Assets	(1,520)	(1,535)	(1,628)	(1,632)
<b>Net Liability</b>	<b>703</b>	<b>820</b>	<b>785</b>	<b>931</b>
<b>SSS</b>				
Present Value of Defined Benefit Obligation	58,160	64,193	60,885	67,264
Plan Assets	(20,968)	(20,381)	(22,508)	(21,850)
Impact of Asset Ceiling	0	0	33	21
<b>Net Liability</b>	<b>37,192</b>	<b>43,812</b>	<b>38,409</b>	<b>45,435</b>
<b>PSS</b>				
Present Value of Defined Benefit Obligation	17,776	20,241	17,776	20,241
Plan Assets	(5,227)	(5,036)	(5,227)	(5,036)
<b>Net Liability</b>	<b>12,549</b>	<b>15,205</b>	<b>12,549</b>	<b>15,205</b>
<b>Other Schemes<sup>(a)</sup></b>				
Present Value of Defined Benefit Obligation	2,974	3,342	3,351	3,740
Plan Assets	(858)	(780)	(1,172)	(1,054)
<b>Net Liability</b>	<b>2,115</b>	<b>2,562</b>	<b>2,180</b>	<b>2,686</b>
<b>Total</b>				
Present Value of Defined Benefit Obligation <sup>(b)</sup>	96,379	105,357	101,949	111,661
Plan Assets	(38,808)	(37,484)	(42,148)	(40,749)
Impact of Asset Ceiling <sup>(c)</sup>	20	17	54	39
<b>Total Net Liability</b>	<b>57,591</b>	<b>67,890</b>	<b>59,855</b>	<b>70,951</b>

(a) Other schemes comprise of defined net benefit obligation balances of the PCSS, JPS and EISS.

(b) The defined benefit obligation includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%. The JPS defined benefit obligation is projected from 2021 data (2020: from 2018 data).

(c) The Future Service Liability (FSL) used to determine if an asset ceiling limit should be imposed does not have to be recognised by the State in accordance with AASB 119.

The decrease in net liabilities over the 12 months to 30 June 2021 of \$10,299 million (2019-20: \$194 million increase) for the General Government Sector and \$11,096 million (2019-20: \$240 million increase) for the Total State Sector is largely as a result of the increase in the liability discount rate for the State Sector Schemes and EISS from 0.87 per cent to 1.50 per cent (2019-20: decrease from 1.32 per cent to 0.87 per cent).

## Reconciliation of the Net Defined Benefit Obligation

The movements in the net defined benefit obligation over the year are as follows:

### General Government Sector

	Present Value of Obligation \$m	Fair Value of Plan Assets \$m	Total \$m	Impact of Asset Ceiling \$m	Total Net Liability \$m
<b>Balance at 1 July 2020</b>	<b>105,357</b>	<b>(37,484)</b>	<b>67,873</b>	<b>17</b>	<b>67,890</b>
Opening Balance Adjustments <sup>(a)</sup>	(214)	...	(214)	...	(214)
<b>Adjusted Balance at 1 July 2020</b>	<b>105,143</b>	<b>(37,484)</b>	<b>67,659</b>	<b>17</b>	<b>67,676</b>
Current Service Cost	358	...	358	...	<b>358</b>
Net Interest Expense (Interest Expense/(Income))	897	(308)	588	0	<b>589</b>
<b>Superannuation Interest Cost - Expenses from Transactions</b>	<b>1,255</b>	<b>(308)</b>	<b>947</b>	<b>0</b>	<b>947</b>
Remeasurements:					
Actual Return on Fund Assets Excluding Interest Income	...	(4,381)	(4,381)	...	<b>(4,381)</b>
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	(399)	...	(399)	...	<b>(399)</b>
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(4,881)	...	(4,881)	...	<b>(4,881)</b>
Actuarial (Gains)/Losses Arising from Liability Experience	(1,429)	...	(1,429)	...	<b>(1,429)</b>
Change in Asset Ceiling Excluding Interest Expense	...	...	...	3	<b>3</b>
<b>Superannuation Recognised in Other Economic Flows - Other Comprehensive Income</b>	<b>(6,709)</b>	<b>(4,381)</b>	<b>(11,090)</b>	<b>3</b>	<b>(11,088)</b>
(Gains)/Losses Arising from Settlements	...	...	...	...	...
Contributions:					
Employer Contributions	...	(122)	(122)	...	<b>(122)</b>
Contributions by Participants	128	(128)	...	...	...
Payments:					
Benefits Paid	(4,207)	4,207	...	...	...
Taxes, Premiums & Expenses Paid	405	(405)	...	...	...
Effects of Transfers In/Out Due to Business Combinations and Disposals	366	(187)	179	...	<b>179</b>
<b>Balance at 30 June 2021</b>	<b>96,379</b>	<b>(38,808)</b>	<b>57,571</b>	<b>20</b>	<b>57,591</b>

(a) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

	Present Value of Obligation \$m	Fair Value of Plan Assets \$m	Total \$m	Impact of Asset Ceiling \$m	Total Net Liability \$m
<b>Balance at 1 July 2019</b>	<b>106,474</b>	<b>(38,795)</b>	<b>67,679</b>	<b>17</b>	<b>67,696</b>
Current Service Cost	400	...	400	...	<b>400</b>
Net Interest Expense (Interest Expense/(Income))	1,376	(494)	882	0	<b>882</b>
<b>Superannuation Interest Cost - Expenses from Transactions</b>	<b>1,777</b>	<b>(494)</b>	<b>1,283</b>	<b>0</b>	<b>1,283</b>
Remeasurements:					
Actual Return on Fund Assets Excluding Interest Income	...	(346)	(346)	...	<b>(346)</b>
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	(0)	...	(0)	...	<b>(0)</b>
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	1,204	...	1,204	...	<b>1,204</b>
Actuarial (Gains)/Losses Arising from Liability Experience	(185)	...	(185)	...	<b>(185)</b>
Change in Asset Ceiling Excluding Interest Expense	...	...	...	0	<b>0</b>
<b>Superannuation Recognised in Other Economic Flows - Other Comprehensive Income</b>	<b>1,019</b>	<b>(346)</b>	<b>673</b>	<b>0</b>	<b>673</b>
(Gains)/Losses Arising from Settlements	(0)	...	(0)	...	<b>(0)</b>
Contributions:					
Employer Contributions	...	(1,761)	(1,761)	...	<b>(1,761)</b>
Contributions by Participants	144	(144)	...	...	...
Payments:					
Benefits Paid	(3,914)	3,914	...	...	...
Taxes, Premiums & Expenses Paid	(142)	142	...	...	...
Effects of Transfers In/Out Due to Business Combinations and Disposals	(2)	...	(2)	...	<b>(2)</b>
<b>Balance at 30 June 2020</b>	<b>105,357</b>	<b>(37,484)</b>	<b>67,873</b>	<b>17</b>	<b>67,890</b>

## Total State Sector

	Present Value of Obligation \$m	Fair Value of Plan Assets \$m	Total \$m	Impact of Asset Ceiling \$m	Total Net Liability \$m
<b>Balance at 1 July 2020</b>	<b>111,662</b>	<b>(40,749)</b>	<b>70,912</b>	<b>39</b>	<b>70,951</b>
Opening Balance Adjustments <sup>(a)</sup>	(214)	...	(214)	...	(214)
<b>Adjusted Balance at 1 July 2020</b>	<b>111,447</b>	<b>(40,749)</b>	<b>70,698</b>	<b>39</b>	<b>70,737</b>
Current Service Cost	390	...	390	...	<b>390</b>
Net Interest Expense (Interest Expense/(Income))	948	(335)	613	0	<b>613</b>
<b>Superannuation Interest Cost - Expenses from Transactions</b>	<b>1,338</b>	<b>(335)</b>	<b>1,003</b>	<b>0</b>	<b>1,003</b>
Remeasurements:					
Actual Return on Fund Assets Excluding Interest Income	...	(4,775)	(4,775)	...	<b>(4,775)</b>
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	(285)	...	(285)	...	<b>(285)</b>
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(5,210)	...	(5,210)	...	<b>(5,210)</b>
Actuarial (Gains)/Losses Arising from Liability Experience	(1,453)	...	(1,453)	...	<b>(1,453)</b>
Change in Asset Ceiling Excluding Interest Expense	...	...	...	15	<b>15</b>
<b>Superannuation Recognised in Other Economic Flows - Other Comprehensive Income</b>	<b>(6,948)</b>	<b>(4,775)</b>	<b>(11,722)</b>	<b>15</b>	<b>(11,708)</b>
(Gains)/Losses Arising from Settlements	...	...	...	...	...
Contributions:					
Employer Contributions	...	(176)	(176)	...	<b>(176)</b>
Contributions by Participants	143	(143)	...	...	...
Payments:					
Benefits Paid	(4,460)	4,460	...	...	...
Taxes, Premiums & Expenses Paid	430	(430)	...	...	...
Effects of Transfers In/Out Due to Business Combinations and Disposals	(1)	...	(1)	...	<b>(1)</b>
<b>Balance at 30 June 2021</b>	<b>101,949</b>	<b>(42,148)</b>	<b>59,801</b>	<b>54</b>	<b>59,855</b>

(a) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

	Present Value of Obligation \$m	Fair Value of Plan Assets \$m	Total \$m	Impact of Asset Ceiling \$m	Total Net Liability \$m
<b>Balance at 1 July 2019</b>	<b>112,915</b>	<b>(42,242)</b>	<b>70,673</b>	<b>37</b>	<b>70,711</b>
Current Service Cost	436	...	436	...	<b>436</b>
Net Interest Expense (Interest Expense/(Income))	1,465	(538)	927	0	<b>927</b>
<b>Superannuation Interest Cost - Expenses from Transactions</b>	<b>1,901</b>	<b>(538)</b>	<b>1,363</b>	<b>0</b>	<b>1,364</b>
Remeasurements:					
Actual Return on Fund Assets Excluding Interest Income	...	(374)	(374)	...	<b>(374)</b>
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	(0)	...	(0)	...	<b>(0)</b>
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	1,306	...	1,306	...	<b>1,306</b>
Actuarial (Gains)/Losses Arising from Liability Experience	(244)	...	(244)	...	<b>(244)</b>
Change in Asset Ceiling Excluding Interest Expense	...	...	...	2	<b>2</b>
<b>Superannuation Recognised in Other Economic Flows - Other Comprehensive Income</b>	<b>1,063</b>	<b>(374)</b>	<b>688</b>	<b>2</b>	<b>690</b>
(Gains)/Losses Arising from Settlements	(7)	6	(1)	...	<b>(1)</b>
Contributions:					
Employer Contributions	...	(1,810)	(1,810)	...	<b>(1,810)</b>
Contributions by Participants	161	(161)	...	...	...
Payments:					
Benefits Paid	(4,212)	4,212	...	...	...
Taxes, Premiums & Expenses Paid	(157)	157	...	...	...
Effects of Transfers In/Out Due to Business Combinations and Disposals	(2)	...	(2)	...	<b>(2)</b>
<b>Balance at 30 June 2020</b>	<b>111,662</b>	<b>(40,749)</b>	<b>70,912</b>	<b>39</b>	<b>70,951</b>

## Significant Actuarial Assumptions

The significant defined benefit liability actuarial assumptions at the reporting dates are as per the following table.

Significant Actuarial Assumptions	At 30 June 2021		At 30 June 2020	
	State Super Schemes, JPS, PCSS	EISS	State Super Schemes, JPS, PCSS	EISS
Discount Rate	1.50% pa	1.50% pa	0.87% pa	0.87% pa
CPI Growth Rate	1.50% pa <sup>(a)</sup>	1.50% pa <sup>(a)</sup>	1.00% pa <sup>(b)</sup>	1.00% pa <sup>(b)</sup>
Salary Growth Rate	2.74% pa <sup>(c)</sup>	2.00% pa <sup>(d)</sup>	3.20% pa	2.20% pa <sup>(e)</sup>
Pensioner Mortality Rate	As per the 2021 actuarial investigation for State Super Schemes, as per 2021 triennial valuation for JPS, as per 2020 triennial actuarial valuation for PCSS, as per 2018 triennial actuarial valuation for EISS		As per the 30 June 2018 triennial valuation for State Super Schemes, as per 1 January 2018 triennial valuation for JPS, as per 2017 triennial actuarial valuation for PCSS, as per 2018 triennial actuarial valuation for EISS	

- (a) Rate of CPI increase for State Super Funds Schemes and EISS in forward years are: 1.75% for 2021-22 and 2022-23; 2.25% for 2023-24 to 2025-26; 2.50% for 2026-27; 2.75% for 2027-28; 3.00% for 2028-29; 2.75% for 2029-30; 2.50% pa thereafter.
- (b) Rate of CPI increase for State Super Funds Schemes and EISS in forward years are: 0.25% for 2020-21; 1.50% for 2021-22; 1.25% for 2022-23; 1.75% for 2023-24; 2.00% for 2024-25 and 2025-26; 2.25% pa to 2029-30; 2.50% pa thereafter.
- (c) Salary Increase rate (excluding promotional increases) for State Super Funds Schemes are 2.74% for 2020-21, except for PCSS at 0.00%. Salary Increase rate to 30 June 2026 is 2.74%; then 3.20% pa thereafter.
- (d) Salary Increase rate (excluding promotional increases) for EISS is for Essential Energy only. Salary Increase rate until 30 June 2026 is 2.00%; 2.25% for 2026-27; 2.50% for 2027-28; 3.00% for 2028-29; 3.25% for 2029-30; then 2.50% pa thereafter.
- (e) Salary increase rate (excluding promotional increases) for EISS is for Essential Energy only. Salary increase rate until 30 June 2021 is 2.20%; then 2.50% pa thereafter.

## Sensitivity Analysis

There is increased volatility in terms of expected outcomes, especially in the short to medium term, in the current environment due to COVID-19. Information on sensitivities provides a guide to how this could affect the defined benefit obligation.

The defined benefit obligation for the Total State Sector is presented below under several scenarios. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2021.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

30 June 2021	Base Case	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F	Scenario G	Scenario H
		-0.5% Discount Rate	+0.5% Discount Rate	+0.5% Rate of CPI increase	-0.5% Rate of CPI increase	+0.5% Salary Increase Rate	-0.5% Salary Increase Rate	Lower Pensioner Mortality Rates	Higher Pensioner Mortality Rates
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Defined Benefit Obligation Value</b>									
State Sector Schemes <sup>(a)</sup>	98,595	105,277	92,576	104,926	92,836	98,929	98,273	100,014	97,519
Other Schemes <sup>(a)(b)(c)(d)(e)</sup>	3,351	3,592	3,116	1,082	981	3,531	3,169	3,461	3,236

- (a) For State Sector Schemes and EISS, the lower pensioner mortality rate sensitivity assumes that State Sector Scheme (EISS) short-term pensioner mortality improvement factors continue into the long term after 2023 (EISS: 2024). The higher pensioner mortality rate sensitivity assumes that State Sector Scheme (EISS) long term pensioner mortality improvement factors for years post 2023 (EISS: 2024) are also applicable for years in the short term.
- (b) Other Schemes comprise EISS, JPS and PCSS.
- (c) For EISS, the lower mortality demographic assumption sensitivity assumes that the short-term pensioner mortality improvement factors for years 2018 to 2024 also apply for years after 2024. The higher mortality demographic assumption sensitivity assumes that long term pensioner mortality improvement factors for years post 2024 also apply for years 2018 to 2024.
- (d) For JPS and PCSS, the lower pensioner mortality sensitivity assumes a 10 per cent decrease in pensioner mortality rates. The higher pensioner mortality sensitivity assumes a 10 per cent increase in pensioner mortality rates.
- (e) CPI sensitivity analysis information is not available for JPS and PCSS.

30 June 2020	Base Case	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F	Scenario G	Scenario H
		-0.5% Discount Rate	+0.5% Discount Rate	+0.5% Rate of CPI increase	-0.5% Rate of CPI increase	+0.5% Salary Increase Rate	-0.5% Salary Increase Rate	Lower Pensioner Mortality Rates	Higher Pensioner Mortality Rates
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m

#### Defined Benefit Obligation Value

State Sector Schemes <sup>(a)</sup>	107,920	115,821	100,843	115,364	101,183	108,312	107,540	109,970	106,649
Other Schemes <sup>(a)(b)(c)(d)(e)</sup>	3,740	4,006	3,481	1,187	1,078	3,966	3,517	3,859	3,613

- (a) For State Sector Schemes and EISS, the lower pensioner mortality rate sensitivity assumes that State Sector Scheme (EISS) short-term pensioner mortality improvement factors continue into the long term after 2023 (EISS: 2024). The higher pensioner mortality rate sensitivity assumes that State Sector Scheme (EISS) long term pensioner mortality improvement factors for years post 2023 (EISS: 2024) are also applicable for years in the short term.
- (b) Other Schemes comprise EISS, JPS and PCSS.
- (c) For EISS, the lower mortality demographic assumption sensitivity assumes that the short term pensioner mortality improvement factors for years 2018 to 2024 also apply for years after 2024. The higher mortality demographic assumption sensitivity assumes that long term pensioner mortality improvement factors for years post 2024 also apply for years 2018 to 2024.
- (d) For JPS and PCSS, the lower pensioner mortality sensitivity assumes a 10 per cent decrease in pensioner mortality rates. The higher pensioner mortality sensitivity assumes a 10 per cent increase in pensioner mortality rates.
- (e) CPI sensitivity analysis information is not available for JPS and PCSS.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit net liability recognised in the Consolidated Statement of Financial Position.

#### Fair Value of Fund Assets

For the Total State Sector, the major categories of plan assets for the State Sector Schemes are as follows:

Asset Category	2020-21				2019-20			
	Quoted \$m	Unquoted \$m	Total \$m	in %	Quoted \$m	Unquoted \$m	Total \$m	in %
Short Term Securities	2,399	2,710	5,109	12.2%	1,890	2,207	4,096	10.2%
Australian Fixed Interest	...	904	904	2.2%	...	1,066	1,066	2.7%
International Fixed Interest	45	1,710	1,755	4.2%	30	1,879	1,909	4.8%
Australian Equities	8,308	2	8,311	19.9%	6,902	392	7,294	18.1%
International Equities	13,885	5	13,890	33.2%	11,487	463	11,950	29.7%
Property	627	2,661	3,288	7.9%	645	2,708	3,352	8.3%
Alternatives	1	8,529	8,530	20.4%	23	10,499	10,523	26.2%
<b>Total<sup>(a)</sup></b>	<b>25,264</b>	<b>16,521</b>	<b>41,785</b>	<b>100.0%</b>	<b>20,977</b>	<b>19,215</b>	<b>40,192</b>	<b>100.0%</b>

- (a) Additional to the assets disclosed above, at 30 June 2021 the State Sector Schemes Pooled Fund has provisions for receivables / (payables) estimated to be around \$1,370 million (2020: \$1,690 million). This gives total estimated assets of around \$43,160 million (2020: \$41,880 million). The total includes assets for schemes outside NSW government.

The State Sector Schemes' assets are invested at arm's length through independent fund managers and have a diversified asset mix. The assets of the State Sector Schemes are pooled together in the Pooled Fund and are not separately invested for each scheme. It is therefore not possible or appropriate to disaggregate and attribute fund assets to individual schemes. The fair value of the Pooled Fund assets as at 30 June 2021 includes \$41.4 million (2020: \$36.9 million) in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$328 million (2020: \$340 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value of \$443 million (2020: \$343 million).

The major categories of plan assets for EISS are as follows:

Asset Category	2020-21				2019-20			
	Quoted \$m	Unquoted \$m	Total \$m	in %	Quoted \$m	Unquoted \$m	Total \$m	in %
Australian Equities	...	364	<b>364</b>	<b>18.1%</b>	...	262	<b>262</b>	<b>14.3%</b>
International Equities	...	590	<b>590</b>	<b>29.3%</b>	...	464	<b>464</b>	<b>25.3%</b>
Property	...	252	<b>252</b>	<b>12.5%</b>	...	235	<b>235</b>	<b>12.8%</b>
Private Equity	...	20	<b>20</b>	<b>1.0%</b>	...	17	<b>17</b>	<b>0.9%</b>
Infrastructure	...	219	<b>219</b>	<b>10.9%</b>	...	139	<b>139</b>	<b>7.6%</b>
Alternatives	...	155	<b>155</b>	<b>7.7%</b>	...	147	<b>147</b>	<b>8.0%</b>
Fixed Income	...	233	<b>233</b>	<b>11.6%</b>	...	332	<b>332</b>	<b>18.1%</b>
Cash	...	179	<b>179</b>	<b>8.9%</b>	...	239	<b>239</b>	<b>13.0%</b>
<b>Total</b>	...	<b>2,012</b>	<b>2,012</b>	<b>100.0%</b>	...	<b>1,835</b>	<b>1,835</b>	<b>100.0%</b>

The fair value of EISS Scheme plan assets includes no amounts relating to any of the State's own financial instruments, or any property occupied by, or other assets used by, the State.

There are no assets in the JPS. The State makes regular contributions to meet the scheme's obligations. For PCSS the asset categories split was not available at 30 June 2021.

### Description of the Risks Arising from the Schemes

There are a number of risks arising from the schemes. The more significant risks are:

Risk Description	
Investment risk	The risk that investment returns will be lower than assumed and the employer will need to increase contributions to offset this shortfall.
Longevity risk	The risk that pensioners live longer than assumed, increasing future pensions.
Pension indexation risk	The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
Salary growth risk	The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
Legislative risk	The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The major potential for volatility arises from movements in the fair value of plan assets and the risk-free rate which is used to discount defined benefit obligations.

Plan assets are invested with independent fund managers and have a diversified asset mix. The Schemes do not have significant concentrations of investment risk or liquidity risk.

For State Sector Schemes, the Trustee monitors asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Derivative instruments may be used by investment managers in the management of the portfolio but must not be used for speculative purposes, investment portfolio gearing or to create net short positions.

## AASB 1056 Valuation

The following is a summary of the 30 June financial position of the fund calculated in accordance with AASB 1056 *Superannuation Entities*.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
Accrued Benefits	52,821	52,216	56,126	55,625
Net Market Value of Fund assets	(38,808)	(37,484)	(42,148)	(40,749)
<b>Net (Surplus)/Deficit</b>	<b>14,012</b>	<b>14,731</b>	<b>13,978</b>	<b>14,875</b>

The primary difference between the net deficit calculated in accordance with AASB 1056 compared with AASB 119 (and brought to account in the TSSA Consolidated Statement of Financial Position) is that the accrued benefits discount rate is based on the more volatile and currently significantly lower 30 June long-term Commonwealth government bond rate for the AASB 119 calculation, whereas the AASB 1056 calculation uses a less volatile long-term earnings rate. As the current long-term earning rate exceeds the Commonwealth government bond rate by a large margin, liabilities valued under AASB 1056 are significantly lower than liabilities valued under AASB 119.

Economic assumptions adopted for the 30 June 2021 AASB 1056 valuation are as follows:

	At 30 June 2021		At 30 June 2020	
	State Sector Schemes	EISS	State Sector Schemes	EISS
Expected Rate of Return on Assets Backing Current Pension Liabilities	6.50% pa	5.00% pa	7.00% pa	5.00% pa
Expected Rate of Return on Assets Backing Other Liabilities	5.70% pa	5.00% pa	6.00% pa	5.00% pa
Expected Salary Increase Rate	2.74% pa <sup>(a)</sup>	2.40% pa <sup>(b)</sup>	3.20% pa	2.30% pa <sup>(c)</sup>
Expected Rate of CPI Increase	2.00% pa	1.90% pa	2.00% pa	1.90% pa

(a) State Sector Schemes salary increase rate until 30 June 2026 is 2.74% pa; then 3.20% pa thereafter.

(b) EISS (for Essential Energy only) salary increase rate until 30 June 2022 is 2.40% pa; 2.50% for 2022-23; then 2.90% pa thereafter.

(c) EISS (for Essential Energy only) salary increase rate until 30 June 2021 is 2.30% pa; 2.40% for 2021-22; 2.50% for 2022-23; then 2.90% pa thereafter.

The assumptions for CPI, salary and demographics are broadly the same under both AASB 119 and AASB 1056. Therefore, separate sensitivities are not included for the AASB 1056 measurement of the accrued benefits. Whilst the underlying liability amounts for AASB 1056 are lower than for AASB 119, the sensitivity of results under AASB 119 gives an indication to the directional and proportional impact of the changes in these assumptions.

The one assumption that differs substantially under the two standards is the expected rate of return on the fund assets (discount rate). Due to this variation and the potential for material variation in the rate of return on fund assets in current financial conditions, the sensitivities to this assumption for the AASB 1056 measured accrued benefits for the Total State Sector is provided in the table below.

	At 30 June 2021			At 30 June 2020		
	Base Case	Scenario A	Scenario B	Base Case	Scenario A	Scenario B
		-0.5% Discount Rate	+0.5% Discount Rate		-0.5% Discount Rate	+0.5% Discount Rate
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Defined Benefit Obligation Value</b>						
State Sector Schemes	54,225	56,340	52,270	53,702	55,766	51,793
Other Schemes <sup>(a)</sup>	1,901	1,996	1,814	1,923	2,031	1,823

(a) Other schemes comprise EISS, JPS and PCSS.

## Funding Levels

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Funding positions are reviewed annually, and funding arrangements may be adjusted as required after each annual review. Contribution rates are set after discussions between the employer, Trustees and the State.

The State makes regular contributions for the JPS to meet the scheme's obligations as it holds no assets.

The method used to determine the employer contribution recommendations at last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the costs to the State. Employer contributions rates are determined so that sufficient assets will be available to meet benefit payments to existing members considering the current value of assets, future contributions and the maturity profile of the funds.

The table below summarises the expected contributions to each plan for the next annual reporting period and the maturity profile of the defined benefit obligation of the plans.

	Expected	Maturity		Recommended Contribution Rates
	Contributions	Profile		
	2020-21	2020-21	2019-20	
	\$m	Years	Years	
SASS	55	12.5	14.0	multiple of member contributions
SANCS	19	12.5	14.0	% member salary
SSS	6	12.5	14.0	multiple of member contributions
PSS	1	12.5	14.0	% of member salary
PCSS	...	18.0	17.0	multiple of member contributions
JPS	50	14.0	14.0	% member salary
EISS	4	12.3	12.8	multiple of member contributions / % of member salary

The NSW Government's commitment under the Fiscal Responsibility Act 2012 to fully fund the State Sector Schemes is measured in accordance with AASB 1056.

## Note 24: Other Provisions

### Other Provisions

Other provisions exist when:

- the State has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the unwinding of the discount rate in the current period is recognised as interest expense in expenses from transactions. The impact of any discount rate changes on the provisions at the end of the period, due to the revaluation of future liabilities, is recognised in other economic flows.

In regard to outstanding claims, the liabilities are measured as the present value of the expected future payments, including claims incurred but not yet reported. Expected future payments are estimated on the basis of the ultimate cost of settling claims.

The amount and timing of the actual outflows in relation to the above provisions have a degree of uncertainty. Actual results may depend on a number of factors specific to the type of claim, for example, future economic and environmental conditions may be different to those assumed.

Actuarial gains and losses resulting from changes in measurement assumptions are recognised as part of other economic flows – included in the operating result. The other components of the expense are recognised in expenses from transactions.

	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m
Current	3,581	3,743	4,016	4,119
Non-Current	10,599	10,358	18,715	17,667
	<b>14,180</b>	<b>14,101</b>	<b>22,731</b>	<b>21,786</b>

#### Other Provisions Comprise:

##### Outstanding Claims:

Self Insurance Corporation (Excluding Self Funded Worker's Compensation)	6,373	6,011	6,373	6,011
Workers' Compensation (Dust Diseases)	2,248	2,084	2,248	2,084
Lifetime Care And Support Scheme	...	...	8,206	7,354
State Insurance Regulatory Authority	282	290	282	290
Long Service Corporation Schemes	1,631	1,662	1,631	1,662
HIH Loss Compensation	...	4	...	4
Victims Support Fund	403	193	403	193
NSW Share of University Superannuation	1,258	1,381	1,258	1,381
Provision for Land Remediation, Restoration Costs and Other Claims	1,985	2,477	2,331	2,808
	<b>14,180</b>	<b>14,101</b>	<b>22,731</b>	<b>21,786</b>

#### Insurance Recoveries Receivable Include those Accrued by:

Self Insurance Corporation - for Reinsurance and Other Recoveries Receivable	323	303	323	303
Workers' Compensation (Dust Diseases) Authority - Insurance Levies Accrued	932	805	932	805
	<b>1,255</b>	<b>1,107</b>	<b>1,255</b>	<b>1,107</b>

- The provision for Self Insurance Corporation (excluding self-funded worker's compensation) exists to provide self-insurance coverage for general government agencies and state-owned corporations under the *NSW Self Insurance Corporation Act 2004*. The liabilities for these outstanding claims are measured as the present value of the expected future payments. The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors such as normal inflation and 'superimposed inflation' (refers to inflation above normal inflation, including factors such as trends in court awards). This provision is actuarially assessed in consultation with the claims managers of 'NSW Self Insurance Corporation' (SICorp) at each 30 June. The discount rate used is based on Commonwealth government bond yields. The provision comprises outstanding claims from the:
  - NSW Treasury Managed Fund (TMF). This is a self-insurance scheme which protects the insurable assets and exposures of all public hospitals, all public sector agencies that are financially dependent on the Consolidated Fund, and various other statutory authorities.
  - Pre-Managed Fund Reserve (PMF). This is used to fund claims incurred by the NSW Government, prior to 1 July 1989, which were previously in the Fire Risks Account, the Fidelity Fund and the Public Liability Fund.
  - Governmental Workers Compensation Account (GWC). This is used to fund outstanding workers compensation claims liabilities as at 30 June 1989.
  - Transport Accidents Compensation Fund (TAC). This is used to fund motor transport accident claims until 30 June 1987 and TransCover system claims costs from 1 July 1987 to 30 June 1989. This was replaced as of 1 July 1989 by the Motor Accidents Scheme.

Key actuarial assumptions adopted for the provision for outstanding claims in SICorp (excluding worker's compensation) are:

	TMF		GWC		TAC	
	2020-21 %	2019-20 %	2020-21 %	2019-20 %	2020-21 %	2019-20 %
Not Later Than One Year						
Inflation Rate	1.06 - 1.56	0.70 - 1.37	1.10	1.05	1.06 - 1.12	0.83 - 1.37
Discount Rate	-0.06 - 0.04	0.18 - 0.28	-0.01	0.23	-0.06 - 0.04	0.18 - 0.28
Superimposed Inflation <sup>(a)</sup>	1.50 - 6.00	1.50 - 3.00	0.00 - 1.75	0.00 - 1.75	2.00	3.50
Later Than One Year						
Inflation Rate	1.13 - 3.00	0.50 - 3.50	1.19 - 3.00	0.58 - 3.50	1.13 - 3.00	0.50 - 3.50
Discount Rate	-0.05 - 4.00	0.25 - 4.50	0.06 - 4.00	0.26 - 4.50	-0.05 - 4.00	0.25 - 4.50
Superimposed Inflation <sup>(a)</sup>	1.50 - 6.00	1.50 - 3.00	0.00 - 1.75	0.00 - 1.75	2.00	3.50

(a) Dependent on payment type.

- The provision for Workers' Compensation (Dust Diseases) covers claims to workers in New South Wales who develop a dust disease from occupational exposure to dust. The Workers' Compensation (Dust Diseases) Authority provides a no-fault compensation scheme to victims under the *Workers' Compensation (Dust Diseases) Act 1942*. As at 30 June 2021, this liability was actuarially assessed by the agencies' consulting actuaries.
- The provision for Lifetime Care and Support covers the care and support services for persons catastrophically injured from motor accidents in New South Wales, regardless of who was at fault in the accident, as per the *Motor Accidents (Lifetime Care and Support) Act 2006*. As at 30 June 2021, this liability was actuarially assessed by the agencies' consulting actuaries.
- The provision for State Insurance Regulatory Authority covers claims assumed by the State from some failed insurance companies. The liabilities cover claims incurred but not yet paid, incurred but not yet reported and the anticipated fund management fees in respect of the management of those claims. As at 30 June 2021, liabilities for compensation payments and estimated compensation for future claims were actuarially assessed by the agencies' consulting actuaries.

- The provision for Long Service Corporation Schemes include the provisions for long service leave levies to be paid under the *Building and Construction Industry Long Service Payments Act 1986* and the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*. As at 30 June 2021, this liability was actuarially assessed by the agencies' consulting actuaries.
- A provision exists for the Victims' Support Scheme (VSS), which was created on 3 June 2013 through legislation known as the *Victims' Rights and Support Act 2013*. This Act replaced the Victims' Compensation Scheme (VCS), legislated through the *Victims' Support and Rehabilitation Act 1996*, and was closed to new applications for support on 7 May 2013. The VSS provides victims of violent crime, upon application after 7 May 2013 and within an eligibility period of 2 to 10 years from the date of the occurrence of a violent act of crime, support in the form counselling services, financial assistance and recognition payments. Violent acts can include assault, sexual assault, child sexual assault, domestic violence, robbery, homicide and other eligible violent acts.

The Department of Communities and Justice has obtained actuarial advice from an independent actuary to determine a liability provision as at 30 June 2021 in respect to Lodged But Unresolved Claims. However, the amount attributable for Incurred But Not Reported (IBNR) claims in relation to child sex assault are unable to be reliably estimated by the actuary due to a range of key uncertainties (refer to Note 30: Contingent Assets and Contingent Liabilities). The IBNR liabilities for domestic violence, sexual assault (adult), assault, robbery, homicide and other offences have been included in the provision for the first time in 2020-21. Prior to this, the provision included only an estimate of the liability associated with the cost of lodged but not yet paid claims.

- A provision for universities superannuation has been recognised for the funding of staff from NSW universities who are members of State Super's defined benefit schemes (SASS, SANCS and SSS). As at 30 June 2021, this liability for universities superannuation was actuarially assessed by the agencies consulting actuaries.

Key actuarial assumptions adopted for other Schemes are as follows:

Scheme	Discount Rate %		Inflation Rate %	
	2020-21	2019-20	2020-21	2019-20
<b>Claims expected to be paid not later than one year</b>				
Workers' Compensation (Dust Diseases)	-0.01	0.23	1.10	1.05
Lifetime Care and Support	-0.06 - 0.04	0.18 - 0.28	1.06 - 1.12	0.83 - 1.37
State Insurance Regulatory Authority	-0.02	0.22	0.92	0.60
Building and Construction Industry Long Service Payment Scheme	1.50	0.90	4.00	3.00
HIH Loss Compensation	...	0.19	...	0.83
<b>Claims expected to be paid later than one year</b>				
Workers' Compensation (Dust Diseases)	2.21	1.71	2.27	1.73
Lifetime Care and Support	-0.05 - 4.00	0.25 - 4.50	1.13 - 2.50	0.50 - 3.00
State Insurance Regulatory Authority	0.19-4.00	0.56 - 4.00	1.49 - 2.90	0.59 - 2.90
Building and Construction Industry Long Service Payments Scheme	1.50	0.90	4.00	3.00
HIH Loss Compensation	...	0.19	...	2.26 - 2.30

The discount rate for each scheme reflects current market assessments of the time value of money, and the risks specific to the liability.

## General Government Sector

### 2020-21 Movement in Other Provisions

	Carrying Amount 1 July 2020	Additional Provisions	Amounts Used	Unused Amounts Reversed	Actuarial (Gain)/Loss	Unwinding/ Change In Discount Rate	Carrying Amount 30 June 2021
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	6,011	903	(1,229)	...	677	12	<b>6,373</b>
Workers' Compensation (Dust Diseases)	2,084	314	(154)	...	...	4	<b>2,248</b>
State Insurance Regulatory Authority	290	59	(66)	...	2	(2)	<b>282</b>
Long Service Corporation	1,662	189	(123)	...	(50)	(47)	<b>1,631</b>
HIH Loss Compensation	4	2	(6)	...	...	...	...
Victims Support Fund	193	283	(72)	...	(1)	0	<b>403</b>
NSW Share of University Superannuation	1,381	...	(71)	...	(64)	12	<b>1,258</b>
Land Remediation, Restorations and Other Claims	2,477	315	(542)	(217)	(40)	(8)	<b>1,985</b>
<b>Total Other Provisions</b>	<b>14,101</b>	<b>2,065</b>	<b>(2,263)</b>	<b>(217)</b>	<b>524</b>	<b>(29)</b>	<b>14,180</b>

### 2019-20 Movement in Other Provisions

	Carrying Amount 1 July 2019	Additional Provisions	Amounts Used	Unused Amounts Reversed	Actuarial (Gain)/Loss	Unwinding/ Change In Discount Rate	Carrying Amount 30 June 2020
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	4,103	1,432	(671)	...	1,112	36	<b>6,011</b>
Workers' Compensation (Dust Diseases)	1,949	237	(120)	...	...	18	<b>2,084</b>
State Insurance Regulatory Authority	258	70	(23)	...	(18)	2	<b>290</b>
Long Service Corporation	1,458	199	(118)	...	57	66	<b>1,662</b>
HIH Loss Compensation	7	...	(1)	(2)	...	0	<b>4</b>
Victims Support Fund	135	115	(65)	...	7	1	<b>193</b>
NSW Share of University Superannuation	1,442	...	(67)	...	(13)	19	<b>1,381</b>
Land Remediation, Restorations and Other Claims	2,253	616	(306)	(71)	(26)	12	<b>2,477</b>
<b>Total Other Provisions</b>	<b>11,604</b>	<b>2,669</b>	<b>(1,371)</b>	<b>(73)</b>	<b>1,118</b>	<b>153</b>	<b>14,101</b>

## Total State Sector

### 2020-21 Movement in Other Provisions

	Carrying Amount 1 July 2020 \$m	Additional Provisions \$m	Amounts Used \$m	Unused Amounts Reversed \$m	Actuarial (Gain)/Loss \$m	Unwinding/ Change In Discount Rate \$m	Carrying Amount 30 June 2021 \$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	6,011	903	(1,229)	...	677	12	<b>6,373</b>
Workers' Compensation (Dust Diseases)	2,084	314	(154)	...	...	4	<b>2,248</b>
Lifetime Care and Support Scheme	7,354	838	(211)	...	33	192	<b>8,206</b>
State Insurance Regulatory Authority	290	59	(66)	...	2	(2)	<b>282</b>
Long Service Corporation	1,662	189	(123)	...	(50)	(47)	<b>1,631</b>
HIH Loss Compensation	4	2	(6)	...	...	...	...
Victims Support Fund	193	283	(72)	...	(1)	0	<b>403</b>
NSW Share of University Superannuation	1,381	...	(71)	...	(64)	12	<b>1,258</b>
Land Remediation, Restorations and Other Claims	2,809	459	(667)	(225)	(39)	(6)	<b>2,331</b>
<b>Total Other Provisions</b>	<b>21,787</b>	<b>3,047</b>	<b>(2,601)</b>	<b>(225)</b>	<b>558</b>	<b>166</b>	<b>22,731</b>

### 2019-20 Movement in Other Provisions

	Carrying Amount 1 July 2019 \$m	Additional Provisions \$m	Amounts Used \$m	Unused Amounts Reversed \$m	Actuarial (Gain)/Loss \$m	Unwinding/ Change In Discount Rate \$m	Carrying Amount 30 June 2020 \$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	4,103	1,432	(671)	...	1,112	36	<b>6,011</b>
Workers' Compensation (Dust Diseases)	1,949	237	(120)	...	...	18	<b>2,084</b>
Lifetime Care and Support Scheme	6,186	750	(180)	...	164	434	<b>7,354</b>
State Insurance Regulatory Authority	258	70	(23)	...	(18)	2	<b>290</b>
Long Service Corporation	1,458	199	(118)	...	57	66	<b>1,662</b>
HIH Loss Compensation	7	...	(1)	(2)	...	0	<b>4</b>
Victims Support Fund	135	115	(65)	...	7	1	<b>193</b>
NSW Share of University Superannuation	1,442	...	(67)	...	(13)	19	<b>1,381</b>
Land Remediation, Restorations and Other Claims	2,647	779	(526)	(78)	(26)	13	<b>2,808</b>
<b>Total Other Provisions</b>	<b>18,185</b>	<b>3,582</b>	<b>(1,771)</b>	<b>(81)</b>	<b>1,283</b>	<b>588</b>	<b>21,787</b>

## Note 25: Other Liabilities

### Other Liabilities

Grant of right to operate (GORTO) liabilities are recognised for service concession arrangements where the State grants to operators the right to earn revenue from third-party users or access to another revenue-generating asset. Liabilities are recognised for the unearned portion of the revenue arising from the exchange of assets between the State and the operator. These liabilities are reduced, with revenue recognised according to the economic substance of the relevant service concession arrangement. Refer to Note 14: Property, Plant and Equipment for further information on service concession arrangements.

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the State are initially recognised at the fair value of the consideration received and are either subsequently amortised over time as the non-financial assets are being constructed, or at a point of time when non-financial assets are acquired. Refer to Note 2: Revenue for further details.

Other liabilities in the Total State Sector are comprised primarily of the interests in TCorpIM Funds of investors that are not controlled by the State such as universities, local government authorities, and the Workers Compensation Nominal Insurer. These interests represent units redeemable at the option of these investors and are classified as financial liabilities. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if these investors exercised their right to put the units back to the funds.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)(b)</sup>	2020-21	2019-20 Restated <sup>(a)(b)</sup>
	\$m	\$m	\$m	\$m
Current <sup>(a)(b)</sup>	1,732	1,349	16,310	11,565
Non-Current <sup>(a)</sup>	20,296	17,829	20,374	17,906
	<b>22,028</b>	<b>19,178</b>	<b>36,685</b>	<b>29,471</b>
<b>Other Liabilities Comprise:</b>				
Grant of Right to Operate Liabilities Under Service Concessions <sup>(a)</sup>	19,996	17,670	19,996	17,670
Liabilities Under Transfers to Acquire or Construct Non-Financial Assets to Be Controlled by the State	504	98	504	98
Other Deferred Revenues <sup>(a)(c)</sup>	1,223	1,039	1,454	1,227
Other <sup>(b)(d)</sup>	305	372	14,731	10,476
	<b>22,028</b>	<b>19,178</b>	<b>36,685</b>	<b>29,471</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

(c) Other deferred revenues include amounts for lease receipts in advance of \$375 million (2019-20: \$341 million) in relation to Central Barangaroo.

(d) Other liabilities of the Total State Sector include interests in TCorpIM Funds of investors that are not controlled by the State of \$14,349 million (2020: \$9,765 million).

## Reconciliation of Financial Assets and Corresponding Liabilities Under Transfers to Acquire or Construct Non-Financial Assets to Be Controlled by the State

A reconciliation of financial assets and corresponding liabilities under transfers to acquire or construct non-financial assets to be controlled by the State is provided below for the current reporting period.

	General		Total	
	Government Sector 2020-21	2019-20	State Sector 2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Opening Balance at 1 July</b>	98	729	98	729
Opening Balance Adjustments <sup>(a)</sup>	257	...	257	...
Receipt of Cash During the Year	1,889	1,336	1,889	1,336
Income Recognised During the Year	(1,741)	(1,967)	(1,741)	(1,967)
<b>Closing Balance at 30 June</b>	<b>504</b>	<b>98</b>	<b>504</b>	<b>98</b>

(a) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

The State expects to recognise income for unsatisfied obligations associated with liabilities under transfers to acquire or construct non-financial assets to be controlled by the State in future reporting periods as detailed in the table below.

	General		Total	
	Government Sector 2020-21	2019-20	State Sector 2020-21	2019-20
	\$m	\$m	\$m	\$m
<b>Financial Year which Income will be Recognised</b>				
Within One Year	449	52	449	52
Later Than One Year	55	46	55	46
<b>Total</b>	<b>504</b>	<b>98</b>	<b>504</b>	<b>98</b>

Refer to Note 2: Revenue for a description of the State's obligations under transfers received to acquire or construct non-financial assets to be controlled by the State.

## Note 26: Financial Instruments

The principal financial instruments of the State are outlined below. These financial instruments arise directly from the State's operations or are used to finance the State's operations.

The note reports on the main risks as they affect the State's financial instruments classified into:

- credit risk, which affects financial assets;
- liquidity risk, which affects financial liabilities; and
- market risk, which affects financial assets and liabilities because of changes in market prices.

A reference to 'financial instruments' in this note excludes prepayments and statutory receivables/payables in accordance with AASB 7 *Financial Instruments: Disclosures*.

### Risk Management Framework

The Treasury, acting for the Treasurer, has overall responsibility for the establishment and oversight of risk management guidelines for the New South Wales public sector. This includes establishing Treasury Management Policy to strengthen the framework for managing risks associated with public sector agency treasury functions, including borrowings, cash, investments, derivatives, debt and investment management.

As part of this framework, the Treasury administers the *Government Sector Finance Act 2018* which is the sole source of legal power for government authorities to enter into financial arrangements.

Under this Act, the Treasurer is given responsibility for exercising a central supervisory role in respect of the investment and liability management activities of authorities to ensure that the NSW public sector's financial risks and exposures are known, properly assessed and prudently managed. This role is affected through the requirement to have borrowing, investment and associated activities of each authority approved by the Treasurer.

NSW Treasury Corporation (TCorp) is the State's central borrowing and investing authority. TCorp holds a level of investments for liquidity management purposes and, as the State's central investing authority, manages the majority of the State's investments. Bondholders include local and overseas individuals and financial institutions. TCorp manages credit risk associated with its financial assets through the selection of counterparties, establishment of minimum credit rating criteria and monitoring of credit utilisation against limits. Government agencies typically set debt / investment strategies which are then delegated to TCorp to execute on their behalf.

The State also holds borrowings that have not been made through TCorp but were made directly by individual State agencies under the authority of the *Government Sector Finance Act 2018*. This includes lease liabilities.

The NSW Government Asset and Liability Committee (ALCO) has been established to advise the Treasury Secretary and Government regarding State Significant Financial Risks (SSFRs). SSFRs are financial risks which have the potential to materially impact one or more of the following:

- the State's triple-A credit rating with Moody's and double-A plus credit rating with Standard and Poor's;
- the State's reputation; and
- the financial capacity of the State to carry out its commitments.

## Accounting Classifications and Fair Values

### Financial Instrument Categories

The State's financial instruments are classified at 30 June 2021, under AASB 9 Financial Instruments, as follows:

	Category	Note	General Government Sector		Total State Sector	
			2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)(b)</sup>
			\$m	\$m	\$m	\$m
<b>Financial Assets</b>						
Cash and Cash Equivalents <sup>(b)</sup>	Amortised Cost	6	3,781	6,134	9,198	10,434
Receivables <sup>(a)(c)</sup>	Amortised Cost	7	6,072	5,478	5,643	5,337
Advances Paid	Amortised Cost	10	1,298	1,239	868	776
<b>Investments, Loans and Placements</b>						
<b>Financial Assets at Fair Value</b>						
Derivatives (Held for Trading)	Mandatorily at FVTPL	9	4	4	604	1,340
Derivatives (Designated Hedging Instrument)	Fair Value - Hedging Instrument	9	1	...	2	1
Interest Bearing Securities	Mandatorily at FVTPL	9	255	251	31,927	30,708
TCorpIM Funds	Mandatorily at FVTPL	9	47,337	40,571	...	...
Managed Funds and Other Investments	Mandatorily at FVTPL	9	65	48	19,911	13,860
<b>Other Financial Assets</b>						
Term Deposits	Amortised Cost	9	20	157	167	230
Leases Receivable <sup>(a)(d)</sup>	Amortised Cost	9	916	980	1,002	1,048
Other	Amortised Cost	9	96	92	100	98
Equity Investments in Other Public Sector Entities <sup>(a)(e)(f)</sup>	Designated at FVOCI	11	85,778	99,485	...	...
Other Equity Investments	Mandatorily at FVTPL	11	5	7	25,629	21,741
<b>Financial Liabilities</b>						
<b>Deposits Held<sup>(b)</sup></b>						
	Designated at FVTPL	18	...	...	2	55
	Amortised Cost	18	282	293	309	314
<b>Payables<sup>(a)(g)</sup></b>	Amortised Cost	19	9,801	6,988	11,073	8,083
Advances	Amortised Cost		625	696	625	696
<b>Borrowings<sup>(a)</sup></b>						
	Designated at FVTPL	20	...	...	113,787	96,970
	Amortised Cost <sup>(a)</sup>	21	90,133	71,205	18,818	19,703
Derivatives (Held for Trading)	Mandatorily at FVTPL	20	212	392	1,210	1,380
Derivatives (Designated Hedging Instrument)	Fair Value - Hedging Instruments	20	...	0	0	8
<b>Other Liabilities</b>						
Interests in TCorpIM Funds of Investors Not Controlled by the State	Designated at FVTPL	25	...	...	14,349	9,765

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior periods.

(c) Financial instrument disclosures exclude statutory receivables not within the scope of AASB 7. Statutory receivables include taxation, fines and levies receivable totalling \$6,495 million (2019-20: \$5,990 million) for the General Government Sector and \$6,335 million (2019-20: \$5,815 million) for the Total State Sector.

(d) Financial instrument disclosures exclude lease receivables which only represent the unguaranteed residual value totalling \$404 million (2019-20: \$378 million) for the General Government Sector and \$514 million (2019-20: \$482 million) for the Total State Sector.

Comparatives have been revised due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

(e) Changes in the carrying amount of Equity Investments in Other Public Sector Entities are accounted for in a manner consistent with Equity Investments at FVOCI under AASB 9.

(f) Financial instrument disclosures exclude investments in associates of \$13,358 million (2019-20: \$11,866 million) for the General Government Sector and Total State Sector not within the scope of AASB 7.

(g) Financial instrument disclosures exclude statutory payables not within the scope of AASB 7. Statutory payables include fringe benefits tax, goods and services tax payables and insurance fund scheme balances repayable totalling \$251 million (2019-20: \$219 million) for the General Government Sector and \$273 million (2019-20: \$241 million) for the Total State Sector.

The State determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

## Net Gains and Losses by Financial Instrument Measurement Categories

The following table summarises financial instrument net gains and losses ('other economic flows') recognised in the operating result by AASB 9 financial instrument measurement classifications.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Non-Derivative Financial Assets</b>				
Mandatorily at FVTPL	3,106	(1,922)	3,719	(2,197)
Amortised Cost	...	...	1	1
<b>Total</b>	<b>3,106</b>	<b>(1,922)</b>	<b>3,720</b>	<b>(2,196)</b>
<b>Non-Derivative Financial Liabilities</b>				
Designated at FVTPL	...	...	2,115	(1,180)
Amortised Cost	(13)	397	143	439
<b>Total</b>	<b>(13)</b>	<b>397</b>	<b>2,258</b>	<b>(741)</b>
<b>Derivative Financial Instruments</b>				
FVTPL – Held for Trading	172	(192)	132	(272)
Fair Value - Hedging Instrument	(2)	9	(3)	9
<b>Total</b>	<b>170</b>	<b>(183)</b>	<b>129</b>	<b>(263)</b>
<b>Net Total<sup>(b)(c)(d)</sup></b>	<b>3,263</b>	<b>(1,708)</b>	<b>6,108</b>	<b>(3,200)</b>

- (a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.
- (b) The net total equates to the sum of 'fair value adjustments to financial instruments' in Note 4: Other Economic Flows Included in the Operating Result.
- (c) Refer to 'other dividends and distributions' in Note 2: Revenue for distributions from managed funds mandatorily measured at FVTPL.
- (d) Refer to 'other economic flows – other comprehensive income' in the Consolidated Statement of Comprehensive Income for gains and losses deferred to equity in the hedging reserve for fair value – hedging financial instruments ('net gain/(loss) on financial instruments at fair value') and in the financial assets at fair value through other comprehensive income reserve for equity investments designated at FVOCI ('net gain/(loss) on equity instruments at fair value through other comprehensive income').

## Interest Revenue and Interest Expense by Financial Instrument Measurement Category

The following table summarises recognised interest revenue and expense amounts by AASB 9 financial instrument measurement classifications.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Interest Income From<sup>(b)</sup></b>				
Financial Assets at Amortised Cost <sup>(a)</sup>	302	361	338	367
Financial Assets at FVTPL	5	5	145	245
<b>Total<sup>(a)</sup></b>	<b>307</b>	<b>366</b>	<b>483</b>	<b>612</b>
<b>Interest Expense From<sup>(c)</sup></b>				
Financial Liabilities at Amortised Cost <sup>(a)</sup>	2,138	1,922	772	784
Financial Liabilities at FVTPL	...	...	2,180	2,151
<b>Total<sup>(c)</sup></b>	<b>2,138</b>	<b>1,922</b>	<b>2,952</b>	<b>2,935</b>

- (a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.
- (b) Interest revenue of \$307 million (2019-20: \$366 million) for the General Government Sector and \$483 million (2019-20: \$612 million) for the Total State Sector equates to total interest revenue reported as part of 'interest' in Note 2: Revenue.
- (c) Interest expense of \$2,138 million (2019-20: \$1,922 million) for the General Government Sector equates to the sum of interest on borrowings of \$1,771 million (2019-20: \$1,561 million), interest on lease liabilities of \$223 million (2019-20: \$192 million) and interest on service concession financial liabilities of \$144 million (2019-20: \$169 million) reported in Note 3: Expenses ('interest expense'). Interest expense of \$2,952 million (2019-20: \$2,935 million) for the Total State Sector equates to the sum of interest on borrowings of \$2,339 million (2019-20: \$2,325 million) and interest on lease liabilities of \$423 million (2019-20: \$394 million) and interest on service concession financial liabilities of \$190 million (2019-20: \$217 million) reported in Note 3: Expenses ('interest expense').

## Valuation of Financial Instruments

Except where specified below, the amortised cost of financial instruments recognised in the Consolidated Statement of Financial Position approximates the fair value because of the short-term nature of many of the financial instruments.

### Fair Value Hierarchy of Financial Assets and Liabilities

The following tables set out the State's financial assets and liabilities measured at fair value according to the fair value hierarchy at reporting date.

#### General Government Sector

2020-21	Note	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial Assets</b>					
Investments, Loans and Placements					
Derivatives					
Held for Trading	9	4	0	...	4
Designated and Effective Hedging Instruments	9	...	1	...	1
Financial Assets at Fair Value					
Interest Bearing Securities	9	18	237	...	255
TCorpIM Funds	9	0	47,337	(0)	47,337
Managed Funds and Other Investments	9	46	19	...	65
Other Equity Investments	11	0	5	...	5
<b>Total</b>		<b>69</b>	<b>47,599</b>	<b>(0)</b>	<b>47,668</b>
<b>Financial Liabilities</b>					
Derivatives					
Held for Trading	20	210	2	...	212
<b>Total</b>		<b>210</b>	<b>2</b>	<b>...</b>	<b>212</b>
<b>Net Total</b>		<b>(141)</b>	<b>47,597</b>	<b>(0)</b>	<b>47,456</b>

2019-20	Note	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial Assets</b>					
Investments, Loans and Placements					
Derivatives					
Held for Trading	9	4	...	...	4
Financial Assets at Fair Value					
Interest Bearing Securities	9	14	237	...	250
TCorpIM Funds	9	...	40,571	...	40,571
Managed Funds and Other Investments	9	42	6	...	48
Other Equity Investments	11	...	7	0	7
<b>Total</b>		<b>60</b>	<b>40,821</b>	<b>0</b>	<b>40,881</b>
<b>Financial Liabilities</b>					
Derivatives					
Held for Trading	20	18	373	...	392
<b>Total</b>		<b>18</b>	<b>373</b>	<b>0</b>	<b>392</b>
<b>Net Total</b>		<b>41</b>	<b>40,448</b>	<b>(0)</b>	<b>40,489</b>

## Total State Sector

2020-21	Note	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial Assets</b>					
Investments, Loans and Placements					
Derivatives					
Held for Trading	9	15	589	...	604
Designated and Effective Hedging Instruments	9	0	2	...	2
Financial Assets at Fair Value					
Interest Bearing Securities	9	2,974	28,474	479	31,927
Managed Funds and Other Investments	9	1,200	12,802	5,909	19,911
Other Equity Investments	11	25,477	10	142	25,629
<b>Total</b>		<b>29,667</b>	<b>41,876</b>	<b>6,530</b>	<b>78,073</b>
<b>Financial Liabilities</b>					
Deposits Held					
Held by Public Financial Corporations	18	2	...	...	2
Derivatives					
Held for Trading	20	32	1,177	0	1,210
Designated and Effective Hedging Instruments	20	...	0	...	0
Borrowings at Fair Value					
Bonds and Other Borrowings Issued by TCorp	20	98,593	13,894	1,300	113,787
Other Liabilities					
Interests in TCorpIM Funds of Investors Not Controlled by the State	25	...	14,349	...	14,349
<b>Total</b>		<b>98,627</b>	<b>29,421</b>	<b>1,300</b>	<b>129,348</b>
<b>Net Total</b>		<b>(68,961)</b>	<b>12,455</b>	<b>5,230</b>	<b>(51,275)</b>

2019-20	Note	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial Assets</b>					
Investments, Loans and Placements					
Derivatives					
Held for Trading	9	22	1,317	...	1,340
Designated and Effective Hedging Instruments	9	...	1	...	1
Financial Assets at Fair Value					
Interest Bearing Securities	9	2,860	27,425	423	30,708
Managed Funds and Other Investments <sup>(a)</sup>	9	1,048	8,679	4,133	13,860
Other Equity Investments	11	21,595	6	140	21,741
<b>Total</b>		<b>25,525</b>	<b>37,428</b>	<b>4,696</b>	<b>67,650</b>
<b>Financial Liabilities</b>					
Deposits Held					
Held by Public Financial Corporations	18	55	...	...	55
Derivatives					
Held for Trading	20	8	1,372	...	1,380
Designated and Effective Hedging Instruments	20	1	7	...	8
Borrowings at Fair Value					
Bonds and Other Borrowings Issued by TCorp	20	80,852	14,984	1,134	96,970
Other Liabilities					
Interests in TCorpIM Funds of Investors Not Controlled by the State	25	...	9,765	...	9,765
<b>Total</b>		<b>80,915</b>	<b>26,128</b>	<b>1,134</b>	<b>108,178</b>
<b>Net Total</b>		<b>(55,390)</b>	<b>11,300</b>	<b>3,563</b>	<b>(40,529)</b>

## Annual Movement Reconciliation of Level 3 Fair Value Measurements

The following tables set out the State's change in exposure throughout the reporting period to financial instruments categorised as Level 3 in the fair value measurement hierarchy.

### General Government Sector

Note	Managed Funds and Other Investments 9		Derivative Assets - Designated and Effective Hedging Instruments 9		Other Equity Instruments 11		Total Recurring Level 3 Fair Value		
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
<b>Financial Assets</b>									
Opening Balance	...	...	...	1	...	8	...	<b>9</b>	
Gains or Loss Recognised in Other Economic Flows									
Included in the Operating Result	...	...	...	...	...	(1)	...	<b>(1)</b>	
Included in Other Comprehensive Income	...	...	...	(1)	...	0	...	<b>(1)</b>	
Purchases	...	...	...	...	...	0	...	<b>0</b>	
Transfers out of Level 3	...	...	...	...	...	(7)	...	<b>(7)</b>	
<b>Closing Balance</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	

### Total State Sector

Note	Derivative Assets - Designated and Effective Hedging Instruments 9		Interest Bearing Securities 9		Managed Funds and Other Investments 9		Other Equity Instruments 11		Bonds and Other Borrowings Issued by TCorp 20		Total Recurring Level 3 Fair Value	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Financial Assets</b>												
Opening Balance	...	1	423	135	4,133	3,200	140	140	...	...	<b>4,696</b>	<b>3,476</b>
Gains or Loss Recognised in Other Economic Flows												
Included in the Operating Result	...	...	17	(7)	539	(222)	2	7	...	...	<b>558</b>	<b>(222)</b>
Included in Other Comprehensive Income	...	(1)	...	...	...	...	...	...	...	...	...	<b>(1)</b>
Purchases	...	...	155	296	1,239	1,291	...	0	...	...	<b>1,394</b>	<b>1,586</b>
Sales / Settlements	...	...	(117)	(1)	(2)	(135)	...	...	...	...	<b>(119)</b>	<b>(135)</b>
Transfers into Level 3	...	...	1	...	...	...	...	...	...	...	<b>1</b>	<b>...</b>
Transfers out of Level 3	...	...	...	...	...	...	...	(7)	...	...	...	<b>(7)</b>
<b>Closing Balance</b>	<b>...</b>	<b>...</b>	<b>479</b>	<b>423</b>	<b>5,909</b>	<b>4,133</b>	<b>142</b>	<b>140</b>	<b>...</b>	<b>...</b>	<b>6,531</b>	<b>4,697</b>
<b>Financial Liabilities</b>												
Opening Balance	...	...	...	...	...	...	...	...	1,134	727	<b>1,134</b>	<b>727</b>
Gains or Loss Recognised in Other Economic Flows												
Included in the Operating Result	...	...	...	...	...	...	...	...	(117)	21	<b>(117)</b>	<b>21</b>
Purchases	...	...	...	...	...	...	...	...	301	400	<b>301</b>	<b>400</b>
Sales / Settlements	...	...	...	...	...	...	...	...	(17)	(14)	<b>(17)</b>	<b>(14)</b>
<b>Closing Balance</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>1,300</b>	<b>1,134</b>	<b>1,300</b>	<b>1,134</b>

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the transfer has occurred. Transfers into level 3 of the fair value hierarchy for the 2020-21 financial year totalled nil (2019-20: Nil) for the General Government Sector and \$1 million (2019-20: Nil) for the Total State Sector. Transfers out of level 3 of the fair value hierarchy for the 2020-21 financial year totalled nil for both the General Government Sector and Total State Sector (2019-20: \$7 million).

Valuation policies and procedures of the State are developed, reviewed, and enforced by management of the respective agencies.

## Measurement of Fair Values

### Financial Instruments Measured at Fair Value – Level 2

Financial instruments measured at fair value that are classified at level 2 of the fair value hierarchy comprise derivatives, interest bearing securities, TCorpIM Funds, managed funds and other investments, borrowings measured at fair value, and other equity investments. The valuation techniques and inputs for these financial instruments are as follows:

- **Derivatives (Held for Trading and Effective Hedging Instruments)** - The fair values are based on market quoted prices of similar instruments or discounted cash flow analysis depending on whether the derivatives are traded in an active market. Primary valuation inputs include spot FX rates, swap rates and basis curves.
- **Interest Bearing Securities** – The fair value is based on market comparisons of quoted prices of comparable securities or discounting of expected future cash flows to their present value using benchmark market yields and margins appropriate to the securities.
- **TCorpIM Funds** – The value of TCorpIM Funds is based on the State’s share of the value of the underlying assets of the fund, based on the market value. All of the TCorpIM Funds are valued using ‘redemption’ pricing.
- **Managed Funds and Other Investments** – The fair value of unlisted managed fund investments is based on the State’s share of the unit values using ‘redemption’ pricing provided by external fund managers.
- **Borrowings Measured at Fair Value (Bonds and Other Borrowings Issued by TCorp)** – The fair value is based on discounting of expected future cash flows to their present value using benchmark market yields and margins appropriate to the borrowings.

### Financial Instruments Measured at Fair Value – Level 3

The valuation techniques and inputs for financial instruments classified at level 3 of the fair value hierarchy are summarised in the following table:

Type	Valuation technique	Significant unobservable inputs	Relationship between inputs and fair value
Managed funds and other investments (Note 9: Investments, Loans and Placements)	Unlisted managed investment funds and unit trusts held in TCorpIM Fund Trusts, that are classified at level 3, are infrequently traded. These investments directly hold assets such as unlisted property or unlisted infrastructure which require significant valuation estimation and judgement by the fund manager and their valuer.	The funds’ investment in unlisted managed investment funds is carried at fair value based on redemption value per unit reported by the manager of the funds. The unobservable inputs are published redemption prices.	There were no significant inter-relationships between unobservable inputs that materially affect fair value.
Other equity investments (Note 11: Equity Investments) and interest-bearing securities (Note 9: Investments, Loans and Placements)	Unlisted equity securities and loan notes held in TCorpIM Fund Trusts, that are classified at level 3, are infrequently traded. As observable prices are not available for these investments, valuation techniques are used to derive fair value. The valuation technique employed in most cases is the discounted cashflows technique (the income approach).	The significant unobservable inputs for these investments are the inflation rate, discount rate and terminal growth rates used in the discounted cashflows valuation.	There were no significant inter-relationships between unobservable inputs that materially affect fair value.
Borrowings measured at fair value - bonds and other borrowings issued by TCorp (Note 20: Borrowings and Derivative Liabilities at Fair Value)	Euro medium term notes held by TCorp are classified at level 3 in the fair value hierarchy. These instruments are foreign currency denominated fixed interest borrowings. The fair value of these borrowings is derived from quoted market prices of the underlying securities adjusted by unobservable inputs for risk.	The quoted prices obtained for these securities are subject to a buy/sell spread (also known as a risk adjustment) in recognition of the limited trading activity of these bonds. This ‘spread’ is unobservable.	There were no significant inter-relationships between unobservable inputs that materially affect fair value.

### Financial Instruments Not Measured at Fair Value

The State has financial assets and liabilities which are not measured at fair value in the Consolidated Statement of Financial Position but for which the fair value is disclosed in this note. The amortised cost of cash and cash equivalents, receivables, advances paid, finance leases receivable, term deposits, other financial assets (other), payables, deposits held, advances held, lease liabilities and service concession financial liabilities are assumed to approximate fair value.

Other borrowings at amortised cost held by the General Government Sector is the only financial instrument category where fair value significantly differs from the carrying amount. The fair value is based on the State's share of the value of the underlying assets of the facility, based on the market value. Other borrowings at amortised cost are primarily included in the fair value hierarchy at level 2.

2020-21	Note	General Government Sector		Total State Sector	
		Carrying Amount \$m	Fair Value \$m	Carrying Amount \$m	Fair Value \$m
<b>Financial Liabilities</b>					
Borrowings at Amortised Cost					
	21	76,458	79,909	1,009	1,009
<b>Total</b>		<b>76,458</b>	<b>79,909</b>	<b>1,009</b>	<b>1,009</b>

2019-20	Note	General Government Sector		Total State Sector	
		Carrying Amount Restated <sup>(a)</sup> \$m	Fair Value Restated <sup>(a)</sup> \$m	Carrying Amount Restated <sup>(a)</sup> \$m	Fair Value Restated <sup>(a)</sup> \$m
<b>Financial Liabilities</b>					
Borrowings at Amortised Cost					
	21	56,818	61,978	1,032	1,032
<b>Total</b>		<b>56,818</b>	<b>61,978</b>	<b>1,032</b>	<b>1,032</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

### Offsetting Financial Instruments

Financial instruments are offset, and the net amount is reported in the Consolidated Statement of Financial Position if the State currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The State also enters into various derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. Under these agreements, the amounts owed by each counterparty in respect of all transactions outstanding are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, such as when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the Consolidated Statement of Financial Position. This is because the State does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events.

The following tables set out the carrying amounts of recognised financial instruments for the Total State Sector that are offset in the Consolidated Statement of Financial Position and those that are not offset but are subject to master netting agreements. The General Government Sector has not offset any material financial instrument balances in the Consolidated Statement of Financial Position or entered into any significant master netting arrangements as at 30 June 2021 (2019-20: Nil).

## Total State Sector

2020-21	Effects of Offsetting on the Balance Sheet			Related Amounts Not Offset			
	Note	Gross	Gross Amounts	Net Amounts	Amounts	Financial	Net
		Amounts	Offset in the	Presented in the	Subject to	Instrument	Amount
	\$m	Statement of	Statement of	Master Netting	Collateral	\$m	
		\$m	\$m	Arrangements	\$m	\$m	
<b>Financial Assets</b>							
Cash and Cash Equivalents	6	9,198	...	9,198	...	...	<b>9,198</b>
Investments, Loans and Placements							
Financial Assets at Fair Value							
Derivatives - Held for Trading	9	645	(41)	604	(435)	(80)	<b>89</b>
Receivables							
Other <sup>(a)</sup>	7	2,531	...	2,531	...	(33)	<b>2,498</b>
<b>Total</b>		<b>12,374</b>	<b>(41)</b>	<b>12,333</b>	<b>(435)</b>	<b>(113)</b>	<b>11,785</b>
<b>Financial Liabilities</b>							
Borrowings and Derivatives at Fair Value							
Bonds and Borrowings Issued by TCorp	20	(113,787)	...	(113,787)	...	...	<b>(113,787)</b>
Derivatives - Held for Trading	20	(1,251)	41	(1,210)	435	410	<b>(365)</b>
<b>Total</b>		<b>(115,038)</b>	<b>41</b>	<b>(114,997)</b>	<b>435</b>	<b>410</b>	<b>(114,152)</b>

(a) Amounts offset as part of Receivables (Other) relate to margin account amounts receivable.

2019-20	Effects of Offsetting on the Balance Sheet			Related Amounts Not Offset			
	Note	Gross	Gross Amounts	Net Amounts	Amounts	Financial	Net
		Amounts	Offset in the	Presented in the	Subject to	Instrument	Amount
	Restated <sup>(a)</sup>	Statement of	Statement of	Master Netting	Collateral	Restated <sup>(a)</sup>	
	\$m	\$m	\$m	Arrangements	\$m	\$m	
<b>Financial Assets</b>							
Cash and Cash Equivalents <sup>(a)</sup>	6	10,434	...	10,434	...	...	<b>10,434</b>
Investments, Loans and Placements							
Financial Assets at Fair Value							
Derivatives - Held for Trading	9	1,361	(21)	1,340	(795)	(152)	<b>393</b>
Receivables							
Other <sup>(b)(c)</sup>	7	2,377	...	2,377	...	(8)	<b>2,369</b>
<b>Total</b>		<b>14,172</b>	<b>(21)</b>	<b>14,151</b>	<b>(795)</b>	<b>(160)</b>	<b>13,196</b>
<b>Financial Liabilities</b>							
Borrowings and Derivatives at Fair Value							
Bonds and Borrowings Issued by TCorp	20	(96,970)	...	(96,970)	...	1,002	<b>(95,968)</b>
Derivatives - Held for Trading	20	(1,401)	21	(1,380)	795	491	<b>(94)</b>
<b>Total</b>		<b>(98,371)</b>	<b>21</b>	<b>(98,350)</b>	<b>795</b>	<b>1,493</b>	<b>(96,062)</b>

(a) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(c) Amounts offset as part of Receivables (Other) relate to margin account amounts receivable.

## Credit Risk of Financial Assets

Credit risk arises when there is the possibility of the State's counterparties defaulting on their contractual obligations, resulting in a financial loss to the State. Credit risk arises from cash and cash equivalents, contractual cash flows of interest-bearing securities and other financial assets at amortised cost, term deposits with banks and financial institutions, derivative financial assets, as well as credit exposures to commercial entities and individuals, including outstanding receivables and finance leases receivable.

The carrying amount of financial assets and contract assets represents the State's maximum credit exposure (net of any allowance for credit losses or allowance for impairment) at the end of the reporting period.

Credit risk associated with the State's financial assets, other than receivables, is managed through the selection and monitoring of counterparties and establishment of minimum credit rating standards.

All financial assets, except for those measured at FVTPL, are subject to an annual review for impairment.

The State controls the borrowing and investing powers of its authorities through the *Government Sector Finance Act 2018*. The provision for the Treasurer to schedule authorities under this Act restricts the ability and amount that public authorities can borrow and invest and directs most authorities to finance through TCorp. Agencies with approved investing powers outside of TCorp are restricted to invest in classes of investments in accordance with the *Government Sector Finance Act 2018*.

The State holds various security deposits in the General Government Sector to the value of \$282 million (2019-20 restated: \$293 million) and in the Total State Sector to the value of \$311 million (2019-20 restated: \$369 million).

The State may obtain, or provide, collateral to support amounts due under derivative transactions with certain counterparties. The collateral may include cash or eligible securities obtained, or provided, when agreed market value thresholds are exceeded. There was \$85 million of collateral received under these arrangements at the reporting date (2019-20: \$338 million). The State paid \$385 million of collateral under these arrangements throughout the year (2019-20: \$486 million).

## Cash and Cash Equivalents

Cash and cash equivalents (Note 6: Cash and Cash Equivalents) comprises cash on hand, cash invested in the TCorpIM Funds, and cash and deposits held at financial institutions. Interest is earned on daily bank balances at agreed rates. The TCorpIM Cash Fund is discussed in market risk below. The credit ratings of other institutions holding non TCorpIM cash is within acceptable credit risk parameters.

## Trade Receivables, Contract Assets and Lease Receivables

Receivables (Note 7: Receivables) and contract assets (Note 8: Contract Asset and Liabilities) exist for the settlement of services that the State provides across the range of its public services. All debtors are recognised at amounts receivable at reporting date. Sales are made on terms appropriate to the sector providing the public service. Collectability of debtors is reviewed on an ongoing basis. Established procedures are followed to recover outstanding debt amounts, including letters of demand.

In addition, amounts due from lessees to the State under finance leasing arrangements are recorded as leases receivable (Note 9: Investments, Loans & Placements). The State has issued finance leases over land and buildings and infrastructure property, plant and equipment.

The annual movement in the contractual receivables expected credit losses allowance for the current reporting period is summarised below.

	General Government Sector		Total State Sector	
	2020-21 \$m	2019-20 \$m	2020-21 \$m	2019-20 \$m
<b>Opening Balance at 1 July</b>	<b>201</b>	<b>177</b>	<b>230</b>	<b>202</b>
Amounts Written Off to the Net Operating Balance During the Year	(69)	(64)	(67)	(69)
Amounts Previously Provided for Recovered During the Year	9	5	8	5
Increase/(Decrease) in Allowance Recognised in Other Economic Flows - Operating Result	74	82	78	92
<b>Closing Balance at 30 June<sup>(a)</sup></b>	<b>216</b>	<b>201</b>	<b>249</b>	<b>230</b>

(a) Excludes impairment on statutory receivables (i.e. not within the scope of AASB 7).

The State did not recognise any impairment on contract assets throughout the 2020-21 financial year (2019-20: Nil impairment).

The State has assessed that leases receivable are not impaired at 30 June 2021 (2019-20: Nil impairment). The State's investments in these instruments are low risk and are with counterparties with low levels of default.

To measure the expected credit losses, these assets have been grouped based on shared credit risk characteristics and the days past due.

The State determines the expected credit losses for these assets by using a provision matrix, with the expected loss rates based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The State has identified the unemployment rate, wages growth rate and CPI inflation to be the most relevant factors and has accordingly adjusted the historical loss rates based on expected changes in these factors.

Receivables, contracts assets and lease receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 90 days past due.

The State provides services to a broad spectrum of the NSW economy, for example for water and public housing. Debtors include individual households and commercial businesses with various credit ratings. The State is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

### **Investments, Loans and Placements and Advances Paid**

The State is also subject to credit risk from interest bearing securities, term deposits, advances paid, and other financial assets at amortised cost.

The credit quality of these investments is managed using Standard and Poor's ratings categories. Exposure in each grade is monitored to ensure that it is in accordance with mandated parameters. To be eligible for investment, counterparties must satisfy minimum credit worthiness criteria.

The following tables present an analysis of the credit quality of these investments. The tables also detail whether investments classified at amortised cost were subject to a 12-month expected credit losses allowance or lifetime expected credit losses allowance and, in the latter case, whether they were credit-impaired.

General Government Sector

30 June 2021										
Credit Rating <sup>(a)</sup>	Note	AAA \$m	AA+ \$m	AA \$m	AA- \$m	A+ \$m	A \$m	Other Ratings <sup>(b)</sup> \$m	Loss Allowance \$m	Carrying Amount \$m
<b>Financial Assets at Carrying Amount</b>										
Financial Assets at Fair Value										
Interest Bearing Securities	9	217	...	15	...	...	...	24	...	<b>255</b>
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	9	...	...	...	15	4	1	1	...	<b>20</b>
Other	9	...	...	...	...	...	...	95	...	<b>95</b>
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	10	...	...	...	...	...	...	1,312	(14)	<b>1,298</b>
		<b>217</b>	<b>...</b>	<b>15</b>	<b>15</b>	<b>4</b>	<b>1</b>	<b>1,432</b>	<b>(14)</b>	<b>1,669</b>

30 June 2020										
Credit Rating <sup>(a)</sup>	Note	AAA \$m	AA+ \$m	AA \$m	AA- \$m	A+ \$m	A \$m	Other Ratings <sup>(b)</sup> \$m	Loss Allowance \$m	Carrying Amount \$m
<b>Financial Assets at Carrying Amount</b>										
Financial Assets at Fair Value										
Interest Bearing Securities	9	174	57	...	0	...	...	19	...	<b>250</b>
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	9	30	...	...	92	32	...	3	...	<b>157</b>
Other	9	4	...	...	...	...	...	88	...	<b>92</b>
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	10	...	...	...	...	...	...	1,251	(12)	<b>1,239</b>
		<b>208</b>	<b>57</b>	<b>...</b>	<b>92</b>	<b>32</b>	<b>...</b>	<b>1,361</b>	<b>(12)</b>	<b>1,738</b>

- (a) Amounts are assigned to the credit ratings categories based on information provided by individual agencies who use rankings assigned by S&P. 'AAA', 'AA+', 'AA', 'AA-', 'A+', 'A' displayed in the column headings are ratings categories by S&P that are comparable with 'Aaa', 'Aa1', 'Aa2', 'Aa3', 'A1', 'A2' ratings given by Moody's.
- (b) Short term ratings of A2 or better, when the counterparty has no long term rating or the long term rating is A- or lower.

## Total State Sector

30 June 2021										
Credit Rating <sup>(a)</sup>	Note	AAA \$m	AA+ \$m	AA \$m	AA- \$m	A+ \$m	A \$m	Other Ratings <sup>(b)</sup> \$m	Loss Allowance \$m	Carrying Amount \$m
<b>Financial Assets at Carrying Amount</b>										
Financial Assets at Fair Value										
Interest Bearing Securities	9	5,695	1,364	804	4,595	2,895	1,707	14,867	...	<b>31,927</b>
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	9	...	38	...	75	4	1	49	...	<b>167</b>
Other		...	...	...	...	...	...	100	...	<b>100</b>
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	10	...	...	...	...	...	...	882	(14)	<b>868</b>
		<b>5,695</b>	<b>1,402</b>	<b>804</b>	<b>4,670</b>	<b>2,899</b>	<b>1,708</b>	<b>15,898</b>	<b>(14)</b>	<b>33,062</b>

30 June 2020										
Credit Rating <sup>(a)</sup>	Note	AAA \$m	AA+ \$m	AA \$m	AA- \$m	A+ \$m	A \$m	Other Ratings <sup>(b)</sup> \$m	Loss Allowance \$m	Carrying Amount \$m
<b>Financial Assets at Carrying Amount</b>										
Financial Assets at Fair Value										
Interest Bearing Securities	9	5,304	1,643	2,272	8,872	3,283	1,214	8,119	...	<b>30,708</b>
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	9	...	...	...	148	32	...	50	...	<b>230</b>
Other	9	4	...	...	...	...	...	94	...	<b>98</b>
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	10	...	...	...	...	...	...	788	(12)	<b>776</b>
		<b>5,308</b>	<b>1,643</b>	<b>2,272</b>	<b>9,020</b>	<b>3,316</b>	<b>1,214</b>	<b>9,051</b>	<b>(12)</b>	<b>31,812</b>

(a) Amounts are assigned to the credit ratings categories based on information provided by individual agencies who use rankings assigned by S&P. 'AAA', 'AA+', 'AA', 'AA-', 'A+', 'A' displayed in the column headings are ratings categories by S&P that are comparable with 'Aaa', 'Aa1', 'Aa2', 'Aa3', 'A1', 'A2' ratings given by Moody's.

(b) Short term ratings of A2 or better, when the counterparty has no long term rating or the long term rating is A- or lower.

The State has placed funds on deposit with various financial institutions consisting of money market or bank deposits and can be placed 'at call' or for a fixed term. These term deposits are considered to have low credit risk, and the loss allowance calculated for these investments during the period was therefore limited to 12 months expected credit losses. The State did not recognise any expected credit losses on term deposits for the 2020-21 financial year (2019-20: Nil impairment).

The State has recognised expected credit losses for advances paid in the General Government Sector and Total State Sector to the value of \$14 million for the 2020-21 financial year (2019-20: \$12 million). Lifetime expected credit losses have been recognised for advances provided given increases in credit risk since initial recognition. This assessment has been performed based on reviews of actual and expected changes in external market indicators, internal factors and debtor-specific information.

The maximum exposure at the end of the reporting period for interest bearing securities is the fair value carrying amount of the investments.

## Derivatives

The majority of derivative financial assets of the State are entered with banking and financial institution counterparties, which are predominately rated AA- to A+, based on Standard and Poor's ratings categories.

**Liquidity Risk of Liabilities**

Liquidity risk is the risk that the State will be unable to meet its payment obligations when they fall due. The State, through its agencies, continuously manages risk through monitoring future cash flows and maturities and planning to ensure adequate holdings of high-quality liquid assets are maintained.

The State is exposed to liquidity risk mainly through the maturity of its external borrowings raised by TCorp. TCorp maintains adequate levels of liquidity within approved minimum prudential and maximum ranges. The minimum prudential level is defined as a percentage of total liabilities and is held to meet unanticipated calls and to cover temporary market disruptions. Additional levels of liquidity are maintained up to the maximum approved range to satisfy a range of circumstances, including agency funding requirements, maturing commitments, and balance sheet management activities.

There were no defaults of borrowings throughout the current and comparative reporting periods.

The State has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2021 and as at 30 June 2020. However, refer to Note 30: Contingent Assets and Contingent Liabilities regarding disclosures on guarantee arrangements.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Trade terms vary, depending upon the service performed and the agreement made with the debtor.

## Maturity Analysis of Financial Liabilities

The table below summarises the maturity profile of the State's financial liabilities prepared using contractual undiscounted cash flows. This comprises loan commitments which include both borrowings at face value and future interest commitments.

### General Government Sector

2020-21	Note	Contract maturity:			Nominal Amount <sup>(a)</sup> \$m	Carrying Amount \$m
		1 year or less \$m	1 to 5 years \$m	Over 5 years \$m		
<b>Contractual Maturities of Financial Liabilities</b>						
<b>Non-Derivatives</b>						
Deposits Held	18	282	0	...	282	282
Payables <sup>(b)</sup>	19	9,446	355	(0)	9,801	9,801
Advances Received		129	455	841	1,425	625
Borrowings						
Other Borrowings at Amortised Cost	21	3,014	27,649	58,919	89,582	76,458
Lease Liabilities	21	939	2,864	5,745	9,549	7,117
Service Concession Financial Liabilities	21	1,987	2,218	3,495	7,700	6,557
<b>Total Non-Derivatives</b>		<b>15,797</b>	<b>33,542</b>	<b>69,000</b>	<b>118,339</b>	<b>100,842</b>
<b>Derivatives</b>						
Derivative Liabilities <sup>(c)</sup>						
Held for Trading	20	29	67	170	266	212
<b>Total Derivatives</b>		<b>29</b>	<b>67</b>	<b>170</b>	<b>266</b>	<b>212</b>

2019-20	Note	Contract maturity:			Nominal Amount <sup>(a)</sup> Restated <sup>(d)</sup> \$m	Carrying Amount Restated <sup>(d)</sup> \$m
		1 year or less \$m	1 to 5 years \$m	Over 5 years \$m		
<b>Contractual Maturities of Financial Liabilities</b>						
<b>Non-Derivatives</b>						
Deposits Held <sup>(e)</sup>	18	293	0	...	293	293
Payables <sup>(b)(d)</sup>	19	6,988	...	...	6,988	6,988
Advances Received		118	282	576	976	696
Borrowings						
Other Borrowings at Amortised Cost <sup>(d)</sup>	21	2,917	22,664	42,543	68,125	56,818
Lease Liabilities <sup>(d)</sup>	21	996	2,992	6,106	10,094	7,260
Service Concession Financial Liabilities <sup>(d)</sup>	21	1,665	3,340	4,102	9,106	7,127
<b>Total Non-Derivatives</b>		<b>12,977</b>	<b>29,278</b>	<b>53,327</b>	<b>95,583</b>	<b>79,182</b>
<b>Derivatives</b>						
Derivative Liabilities <sup>(c)</sup>						
Held for Trading	20	32	77	341	450	392
<b>Total Derivatives</b>		<b>32</b>	<b>77</b>	<b>341</b>	<b>450</b>	<b>392</b>

- (a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the Consolidated Statement of Financial Position, which is based on fair value or amortised cost. The balances presented here include gross finance lease obligations, contractual amounts to be exchanged in a derivative financial instrument for which gross cash flows are exchanged, and gross loan commitments, i.e. borrowings at face value plus future interest commitments.
- (b) Excludes statutory payables (i.e. not within the scope of AASB 7).
- (c) The contractual maturity analysis and liquidity risk of derivative liabilities is the best approximation derived from reasonable estimates that were calculated from information sourced from major NSW agencies. These balances include estimated interest payments and exclude the impact of offsetting arrangements.
- (d) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.
- (e) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

## Total State Sector

2020-21	Note	Contract maturity:			Nominal Amount <sup>(a)</sup> \$m	Carrying Amount \$m
		1 year or less \$m	1 to 5 years \$m	Over 5 years \$m		
<b>Contractual Maturities of Financial Liabilities</b>						
<b>Non-Derivatives</b>						
Deposits Held	18	311	0	...	311	311
Payables <sup>(b)</sup>	19	10,718	355	(0)	11,073	11,073
Advances Received		129	455	841	1,426	625
Borrowings						
Bonds and Other Borrowings Issued By TCorp	20	14,934	43,069	66,406	124,409	113,787
Other Borrowings at Amortised Cost	21	120	523	1,479	2,122	1,009
Lease Liabilities	21	1,238	3,882	9,960	15,081	9,727
Service Concession Financial Liabilities	21	2,119	2,748	4,767	9,635	8,082
Other Liabilities						
Interests in TCorpIM Funds of Investors Not Controlled by the State	25	14,349	...	...	14,349	14,349
<b>Total Non-Derivatives</b>		<b>43,919</b>	<b>51,032</b>	<b>83,453</b>	<b>178,405</b>	<b>158,964</b>
<b>Derivatives</b>						
Derivative Liabilities <sup>(c)(d)</sup>						
Held for Trading	20	637	535	964	2,136	1,210
Designated and Effective Hedging Instruments	20	...	...	...	...	0
<b>Total Derivatives</b>		<b>637</b>	<b>535</b>	<b>964</b>	<b>2,136</b>	<b>1,210</b>

2019-20	Note	Contract maturity:			Nominal Amount <sup>(a)</sup> Restated <sup>(e)</sup> \$m	Carrying Amount Restated <sup>(e)</sup> \$m
		1 year or less \$m	1 to 5 years \$m	Over 5 years \$m		
<b>Contractual Maturities of Financial Liabilities</b>						
<b>Non-Derivatives</b>						
Deposits Held <sup>(f)</sup>	18	369	0	...	369	369
Payables <sup>(b)(e)</sup>	19	8,083	...	1	8,084	8,083
Advances Received		118	282	576	976	696
Borrowings						
Bonds and Other Borrowings Issued By TCorp	20	16,998	34,302	51,593	102,893	96,970
Other Borrowings at Amortised Cost <sup>(e)</sup>	21	121	510	1,616	2,247	1,032
Lease Liabilities <sup>(e)</sup>	21	1,290	4,024	10,585	15,899	9,955
Service Concession Financial Liabilities <sup>(e)</sup>	21	1,770	3,777	5,381	10,929	8,716
Other Liabilities						
Interests in TCorpIM Funds of Investors Not Controlled by the State	25	9,765	...	...	9,765	9,765
<b>Total Non-Derivatives</b>		<b>38,516</b>	<b>42,895</b>	<b>69,753</b>	<b>151,163</b>	<b>135,586</b>
<b>Derivatives</b>						
Derivative Liabilities <sup>(c)(d)</sup>						
Held for Trading	20	292	782	1,017	2,091	1,380
Designated and Effective Hedging Instruments	20	37	21	...	58	8
<b>Total Derivatives</b>		<b>328</b>	<b>803</b>	<b>1,017</b>	<b>2,149</b>	<b>1,388</b>

- (a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the Consolidated Statement of Financial Position, which is based on fair value or amortised cost. The balances presented here include gross finance lease obligations, contractual amounts to be exchanged in a derivative financial instrument for which gross cash flows are exchanged, and gross loan commitments, i.e. borrowings at face value plus future interest commitments.
- (b) Excludes statutory payables (i.e. not within the scope of AASB 7).
- (c) The contractual maturity analysis and liquidity risk of derivative liabilities is the best approximation derived from reasonable estimates that were calculated from information sourced from major NSW agencies. These balances include estimated interest payments and exclude the impact of offsetting arrangements.
- (d) Total State Sector derivative liabilities have corresponding contractual undiscounted cash inflows of \$1,135 million (2019-20: \$1,770 million).
- (e) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.
- (f) Refer to Note 32: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

## Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The State's exposures to market risk are primarily through:

- interest rate risk on the State's borrowings and investments;
- price risks associated with the movement in price of TCorpIM Funds, managed fund investments, and equity instruments; and
- foreign exchange risk that could affect borrowings, investments and the value of overseas purchases.

The State does not have material exposures to commodity price risk.

For market risk, the effect on the 'operating result' and 'net worth' to a reasonably possible change in a risk variable is outlined in the information below. A reasonably possible change in a risk variable has been determined after taking into account the economic environment in which the State operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the reporting date.

## Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the State's interest-bearing assets and liabilities including interest bearing securities and borrowings.

### Total State Sector – TCorp Debt Funding Holdings in Interest Bearing Securities and Borrowings

TCorp manages the debt portfolio for most of the agencies of the State. TCorp measures its exposure to interest rate risk in terms of cash flows or notional cash flows generated from holdings in interest bearing securities (Note 9: Investments, Loans and Placements) and borrowings at fair value (Note 20: Borrowings and Derivatives at Fair Value). The boundaries within which interest rate risk is undertaken and managed are established under approved TCorp policies, management guidelines and client defined mandates. Derivatives are also employed by TCorp to manage interest rate risk for interest bearing assets and liabilities.

TCorp employs a Value at Risk (VaR) model to measure the market risk exposures of TCorp borrowings and investments in the Consolidated Statement of Financial Position. VaR is calculated daily and represents an estimate of the loss that can be expected over a 10-day period, with a one per cent probability that this amount may be exceeded. Given TCorp's financial position at 30 June 2021, the maximum potential loss for the Total State Sector expected over a 10-day period is \$6.0 million (2019-20: \$5.6 million), with a one per cent probability that this maximum may be exceeded. The average VaR over the year ended 30 June 2021 was \$10.3 million (2019-20: \$5.8 million).

### Total State Sector – TCorpIM Fund Trust Investments in Interest Bearing Securities

The Total State Sector is exposed to interest rate risk through TCorpIM Fund Trust investments in interest bearing securities (Note 9). Interest rate risk exposures arising from these investments are primarily measured and managed using duration and mandated limits specified in investment agreements.

The Total State Sector's exposure to interest rate risk arising from these investments is set out in the tables below. A reasonably possible change of +/- 1.0 per cent is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

#### Total State Sector

	2020-21		2019-20	
	-1%	1%	-1%	1%
	\$m	\$m	\$m	\$m
Operating Result	(410)	410	(345)	345
Net Worth	(410)	410	(345)	345

**General Government Sector and Total State Sector – Other Financial Assets and Liabilities**

The State’s remaining exposure to interest rate risk is primarily from cash and cash equivalents (Note 6: Cash and Cash Equivalents), borrowings at amortised cost (Note 21: Borrowings at Amortised Cost) and term deposits (Note 9: Investments, Loans and Placements). The State predominately manages this risk by undertaking mainly fixed rate borrowings with TCorp. A small number of agencies engage private sector financial institutions to manage or advise on the management of their debt portfolios or manage their own portfolios.

The State’s exposure to interest rate risk from remaining financial assets and liabilities is set out in the tables below. A reasonably possible change of +/- 1 per cent is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

2020-21	General Government Sector		Total State Sector	
	-1%	1%	-1%	1%
	\$m	\$m	\$m	\$m
Operating Result	(37)	37	(89)	89
Net Worth	(37)	37	(89)	89

2019-20	General Government Sector		Total State Sector	
	-1%	1%	-1%	1%
	\$m	\$m	\$m	\$m
Operating Result	(66)	66	(111)	111
Net Worth	(66)	66	(111)	111

## Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will change because of movements in market prices. This risk arises from investments held by the State for which prices in the future are uncertain.

### Total State Sector – TCorpIM Fund Trust Investments in Equities and Managed Fund Investments

The Total State Sector is primarily subject to price risk from consolidated TCorpIM Fund Trust holdings in managed funds (Note 9) and other equity investments (Note 11). These investments are categorised as financial assets at FVTPL with the carrying amount of these investments representing the State's maximum price risk at the reporting date. Any change in the price of these investments impacts directly on the operating result.

TCorp, as Trustee, mitigates price risk from listed equity instruments by diversifying exposure across a range of investment managers and markets. Benchmarks are established for each investment manager with TCorp monitoring performance relative to those benchmarks. Price risk from holdings in managed investment funds and other unlisted equity investments are managed by ensuring that investments are managed in accordance with stated objectives and by monitoring the performance of the investments.

TCorp examines the sensitivity of the 'operating result' and 'net worth' attributable to price risk from these investments. The Total State Sector's exposure to price risk from these investments is set out in the table below. The table reports the estimated sensitivity of 10 per cent (2019-20: 10 per cent) movement in price to the 'operating result' and 'net worth' of the Total State Sector.

#### Total State Sector

	2020-21		2019-20	
	-10%	+10%	-10%	+10%
	\$m	\$m	\$m	\$m
Operating Result	(4,549)	4,549	(3,549)	3,549
Net Worth	(4,549)	4,549	(3,549)	3,549

### General Government Sector – Unit Holdings in TCorpIM Funds

The General Government Sector is primarily exposed to price risk through its unit holdings in TCorpIM Fund Trusts (Note 9: Investments, Loans and Placements). Investments in TCorpIM Funds are held for strategic rather than trading purposes. The funds comprise a series of managed funds which are subject to volatility in their unit prices. Each fund comprises a different underlying type of investment, with associated risks and investment horizons.

TCorpIM Fund investments held by agencies operating in the Total State Sector are eliminated on consolidation of the sector.

The General Government Sector holds units in the following TCorpIM Funds trusts:

Trust	Investment Sectors	Investment Horizon	General Government Sector	
			2020-21	2019-20
			\$m	\$m
Cash Fund	Cash and money market instruments	Up to 1.5 years	218	195
Short Term Income Fund	Cash, money market instruments, Australian government debt, Australian corporate debt and international corporate debt	1.5 years to 3 years	273	296
Medium Term Growth Fund	Cash, money market instruments, Australian equities, developed market equities, emerging market equities, government debt, corporate debt, currencies, commodities, and derivatives	3 years to 7 years	770	224
Long Term Growth Fund	Cash, money market instruments, Australian equities, developed market equities, emerging market equities, government debt, corporate debt, currencies, commodities, and derivatives	7 years and over	1,395	1,146
Insurers' Guarantee Fund Investment Trust	Cash, money market instruments, Australian equities, developed market equities, emerging market equities, government debt, corporate debt, currencies, commodities, derivatives, global property, and global infrastructure	20 years and over	223	208
Treasury Managed Fund Investment Portfolio	Cash, money market instruments, Australian equities, developed market equities, emerging market equities, government debt, corporate debt, currencies, commodities, derivatives, global property, and global infrastructure	10 years and over	12,803	9,450
ICNSW Australian Equities Fund	Listed Australian equities	5 years and over	...	74
Australian Share Fund	Listed Australian equities	5 years and over	138	...
ICNSW International Equities Fund	Listed global (ex-Australia) equities	5 years and over	...	144
Developed Markets Equities (Sovereign Investor - Hedged) Fund	Developed market equities	5 years and over	281	...
ICNSW International Equities Hedged Fund	Listed global (ex-Australia) equities, FX contracts	5 years and over	...	47
Emerging Market Shares Fund	Emerging market shares	5 years and over	69	63
Unlisted Property Fund	Retail, office and industrial property assets	10 years and over	121	112
Unlisted Infrastructure Fund	Unlisted managed investment funds	10 years and over	65	66
NSW Infrastructure Future Fund	Cash, money market instruments, Australian equities, developed market equities, emerging market equities, government debt, corporate debt, currencies, commodities, and derivatives	10 years and over	12,028	13,845
Long Service Corporation Investment Fund	Cash, money market instruments, Australian equities, developed market equities, emerging market equities, government debt, corporate debt, currencies, commodities, derivatives, global property, and global infrastructure	10 years and over	2,054	1,782
Alternatives Risk Premia Fund	Australian equities, developed market equities, emerging market equities, government debt, corporate debt, currencies, commodities, and derivatives	5 years and over	21	30
Social and Affordable Housing Fund Investment Trust	Cash, money market instruments, Australian equities, developed market equities, emerging market equities, government debt, corporate debt, currencies, commodities, derivatives, global property, and global infrastructure	10 years and over	1,659	1,484
Cyclical Growth Australian Share Fund	Listed Australian equities	5 years and over	...	48
Cyclical Growth International Share Fund	Listed global (ex Australia) equities	5 years and over	...	73
Opportunistic Fund B	High yield corporate debt	2 years to 3 years	0	...
Opportunistic Fund C	Global property	4 years and over	2	...
Bank Loan Fund	Global bank loans	5 years and over	61	62
Emerging Market Debt Fund	Emerging market government and corporate bonds	5 years and over	66	48

Trust	Investment Sectors	Investment Horizon	General	
			Government Sector	
			2020-21	2019-20
			\$m	\$m
NSW Generations (Debt Retirement) Fund Investment Trust	Cash, money market instruments, Australian equities, developed market equities, emerging market equities, government debt, corporate debt, currencies, commodities, derivatives, global property, and global Infrastructure	10 years and over	15,171	11,262
Absolute Return Multi Asset Class Fund	Cash, money market instruments, Australian equities, government debt, corporate debt, currencies, commodities, and derivatives	5 years and over	9	22
Liquidity Cash Fund	Cash, money market instruments, Australian government debt and Australian corporate debt	Up to 1.5 years	80	68
Small Cap Australian Share Fund	Listed Australian equities	5 years and over	...	11
Core Alternatives Fund	Australian equities, developed market equities, emerging market equities, government debt, corporate debt, currencies, commodities, and derivatives	5 years and over	43	...
<b>GGs Total TCorpIM Funds<sup>(a)</sup></b>			<b>47,550</b>	<b>40,760</b>

(a) The General Government Sector unit holdings in TCorpIM Funds of \$47.5 billion (2019-20: \$40.8 billion) comprises of TCorpIM Cash Funds of \$212 million (2019-20: \$191 million) presented in Note 6: Cash and Cash Equivalents and \$47.3 billion (2019-20: \$40.6 billion) of TCorpIM Fund investments disclosed as part of Financial Assets at Fair Value included in Note 9: Investments, Loans and Placements.

TCorpIM investment facilities are mandatorily measured at FVTPL by the General Government Sector and therefore any change in unit price impacts directly on the operating result. The unit price of each trust is equal to the total fair value of the net assets held by the trust divided by the number of units on issue for that trust. Unit prices are calculated and published daily.

TCorpIM Fund investments are available to all NSW public authorities, including universities and local government authorities. Each TCorpIM Funds investment has been established as an individual unit trust and each trust has its own investment objective and strategy.

TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the TCorpIM Funds facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the TCorpIM Funds limits the State's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

The General Government Sector's exposure to price risk from these investments is set out in the table below. The table reports the estimated sensitivity of 10 per cent (2019-20: 10 per cent) movement in price to the value of the investments of the General Government Sector.

A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value at 30 June each year for each trust.

## Price Risk Sensitivity Analysis of the TCorpIM Funds

Trust	Change in Unit Price		General Government Sector	
	2020-21	2019-20	2020-21	2019-20
	%	%	\$m	\$m
Cash Fund	+/-10.0%	+/-10.0%	22	20
Short Term Income Fund	+/-10.0%	+/-10.0%	27	30
Medium Term Growth Fund	+/-10.0%	+/-10.0%	77	22
Long Term Growth Fund	+/-10.0%	+/-10.0%	140	115
Insurers' Guarantee Fund Investment Trust	+/-10.0%	+/-10.0%	22	21
Treasury Managed Fund Investment Portfolio	+/-10.0%	+/-10.0%	1,280	945
ICNSW Australian Equities Fund	+/-10.0%	+/-10.0%	...	7
Australian Share Fund	+/-10.0%	+/-10.0%	14	...
ICNSW International Equities Fund	+/-10.0%	+/-10.0%	...	14
Developed Markets Equities (Sovereign Investor - Hedged) Fund	+/-10.0%	+/-10.0%	28	...
ICNSW International Equities Hedged Fund	+/-10.0%	+/-10.0%	...	5
Emerging Market Shares Fund	+/-10.0%	+/-10.0%	7	6
Unlisted Property Fund	+/-10.0%	+/-10.0%	12	11
Unlisted Infrastructure Fund	+/-10.0%	+/-10.0%	6	7
NSW Infrastructure Future Fund	+/-10.0%	+/-10.0%	1,203	1,385
Long Service Corporation Investment Fund	+/-10.0%	+/-10.0%	205	178
Alternatives Risk Premium Fund	+/-10.0%	+/-10.0%	2	3
Social and Affordable Housing Fund Investment Trust	+/-10.0%	+/-10.0%	166	148
Cyclical Growth Australian Share Fund	+/-10.0%	+/-10.0%	...	5
Cyclical Growth International Share Fund	+/-10.0%	+/-10.0%	...	7
Opportunistic Fund B	+/-10.0%	+/-10.0%	...	...
Opportunistic Fund C	+/-10.0%	+/-10.0%	...	...
Bank Loan Fund	+/-10.0%	+/-10.0%	6	6
Emerging Market Debt Fund	+/-10.0%	+/-10.0%	7	5
NSW Generations (Debt Retirement) Fund Investment Trust	+/-10.0%	+/-10.0%	1,517	1,126
Absolute Return Multi Asset Class Fund	+/-10.0%	+/-10.0%	1	2
Liquidity Cash Fund	+/-10.0%	+/-10.0%	8	7
Small Cap Australian Share Fund	+/-10.0%	+/-10.0%	..	1
Core Alternatives Funds	+/-10.0%	+/-10.0%	4	...
<b>Total</b>			<b>4,755</b>	<b>4,076</b>

The table shows that the General Government Sector's exposure to TCorpIM Fund price risk can be relatively significant, particularly for its holdings in the Long Term Growth Fund, Treasury Managed Fund Facilities, NSW Infrastructure Future Fund, NSW Generations (Debt Retirement) Fund Investment Trust and Long Service Corporation Investment Fund. These funds are underpinned by heavier weightings in share and property growth assets. It should be expected that, while there can be short-term volatility in annual returns, they will return higher long-term returns than the Cash or Short Term Income Fund. In particular, the Treasury Managed Fund investments are held beyond the short-term to reflect the longer-term payment horizon for insurance claims, which can extend beyond many years.

## Foreign Exchange Risk

The State undertakes transactions denominated in foreign currencies which result in exposures to changes in foreign exchange rates. The State, through its consolidated agencies, has policies and procedures in place and utilises foreign exchange derivatives to minimise foreign exchange risk.

### *Total State Sector - Securities Denominated in Foreign Currencies*

The Total State Sector is exposed to foreign exchange risk through monetary securities denominated in foreign currencies held by TCorpIM Fund Trusts. Foreign exchange risk arises as the value of these securities fluctuate when foreign exchange rates change.

TCorp, as trustee, examines the possible effects of movements in exchange rates against the Australian dollar on the financial position as at the reporting date. The most probable changes in the foreign exchange variables have been selected based on estimations, considering historical changes in the correlation of the Fund's investments with the relevant benchmark and market volatility.

The Total State Sector's exposure to foreign exchange risk from these financial assets and liabilities is set out in the table below. The table reports the estimated sensitivity range of 10 per cent movement in exchange rates to the 'operating result' and 'net worth' of the Total State Sector.

#### Total State Sector

	2020-21		2019-20	
	-10%	10%	-10%	10%
	\$m	\$m	\$m	\$m
Operating Result	(34)	34	(35)	35
Net Worth	(34)	34	(35)	35

#### Total State Sector - Borrowings at Fair Value

The Total State Sector is exposed to foreign exchange risk through TCorp borrowings issued in foreign currencies and overseas markets undertaken as part of the funding program of the State's debt.

Foreign exchange risk is managed by TCorp by entering into Australian dollar cross-currency swaps and forward foreign exchange contracts. Forward foreign exchange contracts with clients are covered by corresponding forward exchange contracts with market counterparties.

#### Other Purchase and Sale Commitments

State agencies enter into forward foreign exchange contracts to hedge certain purchase and sale commitments entered in the normal course of business. These contracts cover the purchase of capital equipment and supplies. The following table summarises foreign currency contract cash flows outstanding in Australian dollars for the State at the reporting date.

Currency	General Government Sector		Total State Sector	
	2020-21	2019-20	2020-21	2019-20
	Contract Value AUD (\$m)	Contract Value AUD (\$m)	Contract Value AUD (\$m)	Contract Value AUD (\$m)
US Dollars	45	137	72	178
Euro	6	1	12	10
Other	...	...	0	2
<b>Total</b>	<b>51</b>	<b>138</b>	<b>84</b>	<b>190</b>

This foreign currency risk is not considered to be material in terms of a possible impact on the operating result and total net worth and, as such, a sensitivity analysis has not been completed.

## Note 27: Trusts Under Management

Trusts under management are held on behalf of beneficiaries and are not controlled by the State. Therefore, in principle, these trusts are not recognised as assets or liabilities on the Consolidated Statement of Financial Position. However, \$396 million (2019-20: \$357 million) of these trust funds are invested in TCorpIM Funds.

As the State controls TCorpIM Funds, the portion of these trusts that are invested in TCorpIM Funds are recognised as assets in the State accounts, while liabilities of the same amounts are also recognised to reflect the interest not controlled by the State, as trusts under management are not attributable, directly or indirectly, to the State.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Trust Funds:</b>				
NSW Trustee and Guardian <sup>(b)</sup>	3,407	2,969	3,407	2,969
Rental Bond Board	1,700	1,673	1,700	1,673
State Insurance Regulatory Authority	1,546	1,430	1,546	1,430
The Treasury	239	211	239	211
Biodiversity Conservation Trust of NSW	176	142	176	142
Regional NSW <sup>(a)</sup>	109	85	109	85
Department of Customer Service	71	51	71	51
Department of Communities and Justice <sup>(a)</sup>	55	40	55	40
Ministry of Health	53	51	53	51
Other <sup>(a)(c)</sup>	100	108	100	108
	<b>7,456</b>	<b>6,760</b>	<b>7,456</b>	<b>6,760</b>

(a) Trust balances of Regional NSW and the Department of Communities and Justice were presented as part of other trust funds in the 2019-20 Total State Sector Accounts.

(b) The trust balances exclude certain property assets administered by the NSW Trustee and Guardian as they cannot be reliably measured.

(c) Other trust funds include balances under the management of the NSW Police Force, Transport for NSW, Department of Planning, Industry and Environment, Crown Solicitor's Office and Sydney Metro.

## Note 28: Leases

### State as a Lessee

#### Lessee Arrangements Under AASB 16

The State has leases of various land, buildings, infrastructure, equipment, and motor vehicles. Lease contracts of the State typically range from periods of 3 to 15 years and may also include extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets generally may not be used as security for borrowing purposes.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the State and not by the respective lessor. In determining the lease term, the State considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

The State assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The State recognises lease liabilities (which are reported as part of borrowings at amortised cost on the Consolidated Statement of Financial Position) to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

The State recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings: 1 to 100 years
- Plant and equipment: 1 to 43 years
- Infrastructure systems: 3 to 20 years

If ownership of the leased asset transfers to the State at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are also subject to impairment. The State assesses, at each reporting date, whether there is an indication that right-of-use assets may be impaired. If any indication exists, or when annual impairment testing of the asset is required, the State estimates the asset's recoverable amount. When the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversals are recognised in the operating result.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the State to further its objectives, are also measured at cost. These right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, subject to impairment. These arrangements are not significant in number or value for the State.

At the commencement date of the lease, the State recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- Fixed payments (including in substance fixed payments) less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate;
- Amounts expected to be paid under residual value guarantees;
- Exercise price of purchase options reasonably certain to be exercised by the State; and
- Payments of penalties for lease termination, if the lease term reflects the exercising of the termination option.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce or construct recognisable non-financial assets) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the State's leases, the State's incremental borrowing rate is used, being the rate that the State would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a lease modification, including a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The State's lease liabilities are included in Note 21: Borrowings at Amortised Cost.

The State has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis over the lease term, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new.

## Right-of-Use Assets

The following tables present right-of-use assets that do not meet the definition of investment property.

### General Government Sector

	Land and Buildings <sup>(a)</sup> \$m	Plant and Equipment <sup>(a)</sup> \$m	Infrastructure Systems \$m	Total <sup>(a)</sup> \$m
<b>Year Ended 30 June 2021</b>				
<b>Restated Net Carrying Amount at Start of Year<sup>(a)</sup></b>	<b>5,542</b>	<b>1,298</b>	<b>...</b>	<b>6,838</b>
Additions	490	247	26	<b>763</b>
Disposals	(33)	(4)	...	<b>(37)</b>
Net Impairment Recognised In the Operating Result	(210)	(0)	...	<b>(210)</b>
Depreciation Expense <sup>(b)</sup>	(585)	(278)	(7)	<b>(870)</b>
Other Movements	(26)	(11)	66	<b>30</b>
<b>Net Carrying Amount at End of Year</b>	<b>5,178</b>	<b>1,251</b>	<b>85</b>	<b>6,513</b>

(a) 1 July 2019 opening balances for the 2019-20 financial year have been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Depreciation amounts included in the above reconciliation differ from depreciation expenses disclosed in Note 3: Expenses due to the capitalisation of depreciation expenses on right-of-use assets used for the construction of property, plant and equipment.

	Land and Buildings Restated <sup>(a)</sup> \$m	Plant and Equipment Restated <sup>(a)</sup> \$m	Infrastructure Systems \$m	Total Restated <sup>(a)</sup> \$m
<b>Year Ended 30 June 2020</b>				
<b>Net Carrying Amount at Start of Year on Adoption of AASB 16</b>	<b>3,722</b>	<b>1,293</b>	<b>...</b>	<b>5,015</b>
Net Adjustment on Initial Application of AASB 1059 <sup>(a)</sup>	(10)	...	...	<b>(10)</b>
Net Adjustment on Withdrawal of TPP 06-8 <sup>(a)</sup>	328	0	...	<b>328</b>
<b>Restated Net Carrying Amount at Start of Year</b>	<b>4,040</b>	<b>1,293</b>	<b>...</b>	<b>5,333</b>
Additions <sup>(a)</sup>	2,656	278	...	<b>2,933</b>
Disposals	(142)	(9)	...	<b>(151)</b>
Net Impairment Recognised In the Operating Result	(459)	(0)	...	<b>(459)</b>
Depreciation Expense <sup>(a)(b)</sup>	(545)	(260)	...	<b>(805)</b>
Other Movements <sup>(a)</sup>	(7)	(3)	...	<b>(12)</b>
<b>Restated Net Carrying Amount at End of Year</b>	<b>5,542</b>	<b>1,298</b>	<b>...</b>	<b>6,838</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Depreciation amounts included in the above reconciliation differ from depreciation expenses disclosed in Note 3: Expenses due to the capitalisation of depreciation expenses on right-of-use assets used for the construction of property, plant and equipment.

## Total State Sector

	Land and Buildings <sup>(a)</sup>	Plant and Equipment <sup>(a)</sup>	Infrastructure Systems	Total <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Year Ended 30 June 2021</b>				
<b>Restated Net Carrying Amount at Start of Year<sup>(a)</sup></b>	<b>6,299</b>	<b>3,212</b>	<b>172</b>	<b>9,684</b>
Additions	500	257	26	<b>783</b>
Disposals	(32)	(7)	...	<b>(39)</b>
Net Impairment Recognised In the Operating Result	(213)	0	...	<b>(213)</b>
Depreciation Expense <sup>(b)</sup>	(681)	(382)	(22)	<b>(1,085)</b>
Other Movements	(22)	(2)	67	<b>43</b>
<b>Net Carrying Amount at End of Year</b>	<b>5,851</b>	<b>3,079</b>	<b>243</b>	<b>9,173</b>

(a) 1 July 2019 opening balances for the 2019-20 financial year have been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Depreciation amounts included in the above reconciliation differ from depreciation expenses disclosed in Note 3: Expenses due to the capitalisation of depreciation expenses on right-of-use assets used for the construction of property, plant and equipment.

	Land and Buildings Restated <sup>(a)</sup>	Plant and Equipment Restated <sup>(a)</sup>	Infrastructure Systems	Total Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Year Ended 30 June 2020</b>				
<b>Net Carrying Amount at Start of Year on Adoption of AASB 16</b>	<b>4,536</b>	<b>3,271</b>	<b>185</b>	<b>7,992</b>
Net Adjustment on Initial Application of AASB 1059 <sup>(a)</sup>	(10)	...	...	<b>(10)</b>
Net Adjustment on Withdrawal of TPP 06-8 <sup>(a)</sup>	328	...	...	<b>328</b>
<b>Restated Net Carrying Amount at Start of Year</b>	<b>4,853</b>	<b>3,271</b>	<b>185</b>	<b>8,309</b>
Additions <sup>(a)</sup>	2,710	300	...	<b>3,009</b>
Disposals	(142)	(10)	...	<b>(152)</b>
Net Impairment Recognised In the Operating Result	(478)	(0)	...	<b>(478)</b>
Depreciation Expense <sup>(a)(b)</sup>	(636)	(362)	(15)	<b>(1,012)</b>
Other Movements <sup>(a)</sup>	(9)	13	2	<b>7</b>
<b>Restated Net Carrying Amount at End of Year</b>	<b>6,299</b>	<b>3,212</b>	<b>172</b>	<b>9,684</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Depreciation amounts included in the above reconciliation differ from depreciation expenses disclosed in Note 3: Expenses due to the capitalisation of depreciation expenses on right-of-use assets used for the construction of property, plant and equipment.

## Lease Liabilities

The following table presents lease liabilities accounted for under AASB 16.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Lease Liabilities</b>				
Current <sup>(a)</sup>	830	769	945	885
Non-Current <sup>(a)</sup>	6,288	6,491	8,782	9,070
	<b>7,117</b>	<b>7,260</b>	<b>9,727</b>	<b>9,955</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP-06-8. Refer to Note 14: Property, Plant and Equipment for further information.

The total cash outflow for leases is \$1,420 million (2019-20 restated: \$1,225 million) for the General Government Sector and \$1,787 million (2019-20 restated: \$1,571 million) for the Total State Sector.

Potential undiscounted future cash outflows relating to extension and termination options of \$1,085 million (2019-20 restated: \$1,117 million) for the General Government Sector and \$1,093 million (2019-20 restated: \$1,117 million) for the Total State Sector have not been included in the carrying amount of lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated). During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$22 million (2019-20 restated: \$366 million) for the General Government Sector and \$24 million (2019-20 restated: \$366 million) for the Total State Sector.

The State in limited circumstances provides residual value guarantees in relation to leases to optimise lease costs throughout the lease term. The State initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. When the expected residual value at lease commencement is equal to or higher than the guaranteed amount, the State estimates that it will not pay any amounts under the guarantees. The expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices at the end of each reporting period.

The State is committed to short-term leases at 30 June 2021. These commitments do not expose the State to any material exposures at the 30 June reporting date.

Refer to Note 3: Expenses for interest expense on lease liabilities and expenditure amounts recognised for lease payments not recognised in the carrying amount of lease liabilities.

Further information regarding liquidity risk, including a maturity analysis of lease liabilities is disclosed in Note 26: Financial Instruments.

## Sales and Leaseback Transactions

The State has not entered into any significant sale and leaseback transactions in the current financial year ending 30 June 2021 (2019-20: Nil).

## State as a Lessor

The State leases out its infrastructure, land and buildings under finance and operating leases with rentals typically payable monthly. Lease payments for contracts include CPI increases, and in limited circumstances variable lease payments may be evident that depend on an index or rate.

Leases where the State transfers substantially all the risks and rewards incidental to ownership of an asset, are classified as finance leases. Subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

At the lease commencement date, the State recognises a receivable for assets held under a finance lease in the Consolidated Statement of Financial Position at an amount equal to the net investment in the lease. The net investment in leases is classified as a financial asset measured at amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease. Finance leases receivable also include residual interests in port and electricity network assets where payments have been received upfront by the State. Where considered necessary to reduce credit risk, the State may obtain guarantees or deposits for the lease term.

Although the State is exposed to changes in the residual value of leased assets at the end of the current leases, the State typically enters into new leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the carrying amount of the underlying leased asset. Payment has also been received upfront for finance lease arrangements where the State has exposure to unguaranteed residual values.

Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. Refer to Note 2: Revenue for interest income recognised for finance leases receivable.

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue from transactions in the Consolidated Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and depreciated over the lease term on the same basis as rental income. Contingent rents are recognised as revenue from transactions in the period in which they are earned.

## Finance Leases

The following table sets out a maturity analysis of leases receivable under finance lease arrangements, showing the undiscounted lease payments to be received after the 30 June 2021 reporting date.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)(b)</sup>	2020-21	2019-20 Restated <sup>(a)(b)</sup>
	\$m	\$m	\$m	\$m
Finance Leases Receivable <sup>(a)</sup>	1,320	1,359	1,516	1,530
	<b>1,320</b>	<b>1,359</b>	<b>1,516</b>	<b>1,530</b>
<b>Future Minimum Lease Receipts Under Non-Cancellable Finance Leases<sup>(b)</sup>:</b>				
Less Than One Year	55	47	70	53
One to Two Years	49	540	45	538
Two to Three Years	39	44	30	36
Three to Four Years	39	37	29	30
Four to Five Years	404	37	395	33
More Than Five Years	3,908	3,098	9,711	8,897
<b>Total</b>	<b>4,494</b>	<b>3,803</b>	<b>10,281</b>	<b>9,588</b>
Unguaranteed Residual Values - Undiscounted <sup>(a)(b)</sup>	218,726	218,922	272,257	272,453
(Less) Unearned Finance Income <sup>(a)(b)(c)</sup>	(221,900)	(221,367)	(281,021)	(280,511)
<b>Net Investment In Finance Leases<sup>(a)</sup></b>	<b>1,320</b>	<b>1,359</b>	<b>1,516</b>	<b>1,530</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP-06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) These adjustments have been made due to information becoming available after the release of the 2019-20 Total State Sector Accounts.

(c) Unearned finance income relates to future non-cancellable minimum lease receipts and the unguaranteed residual values.

The net investment in finance leases decreased by \$39 million (2019-20 restated: \$301 million increase) for the General Government Sector and decreased by \$14 million (2019-20 restated: \$89 million increase) for the Total State Sector. The change for 2020-21 was driven by the receipt of lease payments by the State throughout the reporting period.

The unguaranteed residual value within the net investment in finance leases contains the State's residual emerging interests in port assets and electricity network assets. Residual emerging interests in port assets amounted to \$266 million (2019-20: \$249 million) for the General Government Sector and \$376 million (2019-20 restated: \$352 million) for the Total State Sector, and in electricity network assets amounted to \$236 million (2019-20 restated: \$222 million) for the General Government Sector and Total State Sector in 2020-21.

## Operating Leases

Future minimum lease payments receivable (undiscounted) under AASB 16 non-cancellable operating leases as at 30 June 2021 are as follows:

	General Government Sector		Total State Sector	
	2020-21 \$m	2019-20 Restated <sup>(a)</sup> \$m	2020-21 \$m	2019-20 Restated <sup>(a)</sup> \$m
<b>Future Minimum Lease Receipts Under Non-Cancellable Operating Leases<sup>(a)</sup>:</b>				
Not Later Than One Year	190	231	1,013	1,059
One to Two Years	156	221	977	1,060
Two to Three Years	122	200	949	1,036
Three to Four Years	121	171	955	972
Four to Five Years	102	165	905	973
More Than Five Years	1,597	1,753	6,694	6,846
<b>Total</b>	<b>2,288</b>	<b>2,741</b>	<b>11,494</b>	<b>11,945</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP-06-8. Refer to Note 14: Property, Plant and Equipment for further information.

Refer to Note 2: Revenue for operating lease income amounts recognised throughout the reporting period.

## Note 29: Expenditure Commitments

The following information represents expenditure contracted for at the reporting date, but not recognised in the financial statements.

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Capital Expenditure</b> (including expenditure for private sector financed infrastructure assets):				
Transport for NSW <sup>(b)</sup>	9,682	8,269	9,578	8,268
Sydney Metro	5,071	4,805	5,071	4,805
Sydney Water Corporation	...	...	1,355	1,306
Ministry of Health <sup>(c)</sup>	1,346	2,214	1,346	2,214
Department of Education	1,160	1,194	1,159	1,194
Infrastructure NSW <sup>(a)</sup>	846	692	846	692
New South Wales Land and Housing Corporation	...	...	292	246
TAFE Commission	142	70	142	70
Water NSW	...	...	138	143
Regional Growth NSW Development Corporation	117	...	117	...
New South Wales Government Telecommunications Authority	103	79	103	79
Essential Energy	...	...	76	83
Sydney Opera House Trust <sup>(a)</sup>	...	...	70	135
Hunter Water Corporation	...	...	66	121
Department of Communities and Justice	48	142	48	142
Newcastle Port Corporation <sup>(d)</sup>	...	...	44	11
Sydney Ferries <sup>(d)</sup>	...	...	42	12
Aboriginal Housing Office <sup>(d)</sup>	42	9	41	9
Department of Customer Service <sup>(d)</sup>	30	14	30	14
NSW Police Force	28	91	28	91
Other <sup>(a)</sup>	145	135	171	147
	<b>18,760</b>	<b>17,715</b>	<b>20,765</b>	<b>19,783</b>
<b>Goods and Services Tax (GST) on Commitments:</b> <sup>(e)</sup>				
GST Input Tax Credits Included in the Above Capital Expenditure Commitments	1,705	1,610	1,861	1,776
	<b>1,705</b>	<b>1,610</b>	<b>1,861</b>	<b>1,776</b>
<b>Capital Expenditure Commitments:</b>				
Not Later Than One Year	11,047	9,804	12,236	11,028
Later Than One Year and Not Later Than Five Years	7,674	7,909	8,401	8,669
Later Than Five Years	39	2	127	87
	<b>18,760</b>	<b>17,715</b>	<b>20,765</b>	<b>19,783</b>

(a) General Government Sector and Total State Sector comparatives for commitments have been restated on receipt of revised information after the 2019-20 TSSA.

(b) Transport for NSW's increase in capital commitments is driven by M6 Stage 1, WCX Rozelle Interchange, and Sydney Gateway (Planning & Development) projects.

(c) Ministry of Health's reduction in capital commitments predominately relates to the amounts utilised in 2021 for Campbelltown Hospital Redevelopment Stage 2 (\$253 million), Nepean Hospital and Integrated Ambulatory Services Redevelopment (\$219 million), New Maitland Hospital (\$210 million) and Randwick Campus Reconfiguration and Expansion (\$183 million).

(d) These agencies were included in 'Other' in the 2019-20 TSSA.

(e) The expenditure commitments are inclusive of GST except for NSW Land and Housing Corporation (LAHC). For LAHC they relate primarily to properties used to provide rental accommodation, which are input taxed activity where GST cannot be claimed from the ATO. GST input tax credits (debits) are expected to be recoverable from (payable to) the Australian Taxation Office.

## Note 30: Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are possible future assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the State. Contingent liabilities also include present obligations that do not meet the criteria for recognition as liabilities. In this note, contingent assets and liabilities have been classified into quantifiable (where its financial effect is able to be estimated) or non-quantifiable.

Guarantees are provided to facilitate the provision of certain services and the construction of several infrastructure assets may give rise to contingent liabilities.

### Contingent Liabilities

#### Quantifiable Contingent Liabilities

	General		Total	
	Government Sector 2020-21	2019-20	State Sector 2020-21	2019-20
	\$m	\$m	\$m	\$m
Roads Retained Interest Pty Ltd <sup>(a)(b)</sup> (Equity Commitment Deed)	227	445	227	445
Transport for NSW <sup>(c)</sup> (Land acquisitions, contractual disputes)	578	1,435	578	1,435
Department of Communities and Justice <sup>(d)</sup> (Victims Support Scheme, Current Litigation)	998	566	998	566
Other Agencies	177	220	184	226
	<b>1,980</b>	<b>2,667</b>	<b>1,987</b>	<b>2,672</b>

- (a) The Corporation is a party to the Equity Commitment Deed with the WestConnex Group. There is currently no present obligation to contribute to equity. Depending on the extent of the borrowings, and the future construction profile of the WestConnex Group, a call may be made on the Corporation for an equity contribution.
- (b) The 2019-20 comparatives have been revised after publication of the 2019-20 TSSA.
- (c) Transport for NSW has several contractual disputes with an estimated total contingent liability of \$450 million (2019-20: \$399 million) and an estimated \$128 million (\$1,037 million) contingent liabilities due to a number of compulsory property acquisition matters currently under litigation where claims differ from the Valuer General's determined amount.
- (d) The Victims' Support Scheme (VSS) was created on 3 June 2013 through legislation known as the *Victims' Rights and Support Act 2013*. The amount attributable under the VSS could reasonably lie within the range of \$493 million to \$997 million (2019-20 restated: \$333 million to \$564 million).

## Non-Quantifiable Contingent Liabilities

Details are summarised in the table below of the most significant contingent liabilities which are all fully disclosed in the accounts of individual agencies.

Unless otherwise stated, the General Government Sector contingent liabilities are also applicable to the Total State Sector.

Non-Quantifiable Contingent Liabilities	
Underpayment Related to Employee Award Entitlements	A claim has been lodged against the State for unspecified compensation in respect of alleged underpayment of employee award entitlements within the Health Cluster. The State is defending the action.
Native Title Act	<p>The State has a contingent liability under the Native Title Act 1993 (Cth). The liability arises because the State has an obligation to pay compensation to native title holders where the State commits an action that extinguishes or impairs the native title holders' rights. There have been a number of claims filed with the Federal Court under the Native Title Act 1993 (Cth), however it is not possible to reliably estimate the State's liability in respect of these and any future claims</p> <p>At 30 June 2021, 768,739 hectares (2020: 757,887 hectares) of operational timber reserves were subject to claims under the Native Title Act. The impact of these claims cannot be quantified at this time.</p>
Aboriginal Land Claims	The assets of the State in the form of reserved Crown land may be reduced in value by operation of the Aboriginal Land Rights Act 1983 (NSW). Applications may result in land being transferred for no consideration. The State has approximately 38,095 Aboriginal Land Claims (ALC) to review (2019-20: 36,769). As at 30 June 2021, 467 ALCs were resolved (2019-20: 1,505). The increased staffing will enable a more proactive and outcomes focused engagement with Local Aboriginal Land Councils to identify and prioritise claims for determination. The detriment in land values due to potentially successful claims cannot be estimated at this point of time.
Claims and Litigation - Transport	<p>There are a number of significant disputes which have been notified to and by Transport for NSW in relation to its activities.</p> <ul style="list-style-type: none"> <li>A statement of claim was filed on 28 August 2018 in the Supreme Court of NSW alleging public and private nuisance as a result of the Sydney Light Rail Project. The proceedings have been brought as representative proceedings. The project specific insurers are managing the conduct of Transport for NSW's defence. It is not possible at this stage to estimate any potential financial effect in excess of the insurance coverage from these proceedings.</li> <li>Transport for NSW has several environmental matters emerging from its normal road construction works. There is significant uncertainty as to whether any future liability will emerge in respect of these matters as they are in early state of works and cannot be reliably measured at this time.</li> <li>Other than the contingent liabilities listed above, there are a number of other contractual claims that have arisen from the normal course of business. The amount of the liability that may arise from these claims cannot be measured reliably at this time. There is significant uncertainty as to whether a future liability will arise in respect to these items.</li> </ul>
Land Remediation	The State has engaged experts to assess the risk of the existence of contamination on sites. There were several sites where the risk of existing contamination is high. These sites are being assessed to determine existence and extent of contamination. The assessment provides the extent of work and the related costs necessary to remediate the sites. A limited number of sites have been assessed to date, with a provision made for estimated remediation costs. The extent of contamination and cost of remediation of the remaining sites cannot yet be reliably estimated.
Land Contamination	In accordance with the State's Contaminated Land Management Strategy, the State is proactively assessing high risk categories of potentially contaminated land across the whole Crown land portfolio. This process identifies sites where further investigation is required, leading to remediation plans and where appropriate on ground remediation actions with future management determined by way of long-term management plans.
Unclaimed Money – Consolidated Fund	The State treats the receipt of unclaimed money to the Consolidated Fund as income. However, claims can be legally lodged for several years after the money is paid into the Fund. Future claims for the return of these monies cannot be estimated and thus, is a contingent liability for the State.
TAB Totalizator Licence	NSW TAB, a wholly owned subsidiary of Tabcorp, holds a 99-year licence to conduct totalizator betting in New South Wales. The licence included a 15-year 'exclusivity period' which expired on 22 June 2013. The State has agreed to extend TAB's exclusivity licence for a further 20 years to 2033 for \$75 million. Under the agreement, the State must compensate Tabcorp if any adverse regulatory event occurs. The amount to be refunded is the initial payment reduced by \$2.5 million for each year between the year of receipt and when the adverse regulatory event occurs.

### Non-Quantifiable Contingent Liabilities

Natural Disaster Events	An inspection program to estimate the damage to physical assets and repairs/clean up works as a result of March 2021 floods is in progress. A high-level estimate of impairment has been included in the TSSA. Bushfires across national parks in previous reporting periods have also resulted in extensive property damages, which are being assessed and will require make safe, rectification and replacement works over the next few years. The financial impact of the above cannot be reliably estimated at this point of time.
Cemeteries Management	The TSS includes a number of cemetery managers. There is a general expectation on the part of the public that the cemeteries managed by them will be maintained in perpetuity and the State is aware that there may be significant on-going cash outflows for this future maintenance. No liability has crystallised for future maintenance, hence no liability has been recognised.
Claims and Litigation - Other	State agencies and corporations are subject to various claims and litigation in the normal course of operations. The quantum of these claims cannot accurately be determined.

### Warranties, Guarantees and Indemnities

Guarantees have been provided to facilitate the provision of certain services and the construction of several infrastructure assets, which may give rise to contingent liabilities. Details are summarised in the table below of the most significant contingent liabilities which are all fully disclosed in the accounts of individual agencies.

Unless otherwise stated, the General Government guarantees are also applicable to the Total State Sector.

### Warranties, Guarantees and Indemnities

Guarantee of TCorp Borrowing Program	Issued securities, borrowing and derivative liabilities of TCorp with a market value of \$116.8 billion (2019-20: \$99.3 billion) have been guaranteed by the NSW Government under the Government Sector Finance Act 2018.
TCorp Local Government Lending Facility	The State Government has guaranteed TCorp loans to NSW Local councils, with value of \$942.1 million (2019-20: \$842.6 million), in connection with local government reform programs.
TCorp Undertakings	TCorp has undertakings for other government authorities for their performance under contracts with third parties. At the reporting date they were valued at \$54.8 million (2019-20: \$65.4 million).
Co-Operative Housing Societies	The State has given guarantees to various organisations under statute relating to certain co-operative housing societies. The maximum exposure as at 30 June 2021 is \$17 million (2019-20: \$19 million).
Delta, Eraring Energy, Vales Point Power Station, and Colongra Power Station and Macquarie Generation - Warranties	<p>The State made several warranties in relation to the sale of Delta Electricity's Western Assets, Eraring Energy, Vales Point Power Station, Colongra Power Station, Macquarie Generation and the 99-year leases of TransGrid, Ausgrid and Endeavour Energy network assets:</p> <p><i>Pre-existing contamination liability</i></p> <p>The State retains the costs for remediating pre-existing contamination at the Eraring, Shoalhaven, Mt Piper, Vales Point, Colongra, Bayswater and Liddell power stations sites to minimum legal standards. Contamination is determined by reference to base line study or studies within certain time restrictions.</p> <p><i>General warranties</i></p> <p>Under the various Sale and Purchase and Lease transactions, the State has potential liabilities under various warranties, indemnities and guarantees provided to the purchaser and lessees. Warranties are subject to various caps, carve-outs and time restrictions.</p> <p><i>Coal haul road liability</i></p> <p>If existing Aboriginal land right claims affect Crown Land titles over the coal haul road from Newstan Colliery to the Eraring Power station, compensation will be payable by the State to the native title holders to negotiate a continued right to use. The State's obligations end (in respect of each existing Aboriginal Land Claim) twelve months after the date on which the Minister or Court (as applicable) determines that Crown Land subject to an existing Aboriginal Land Claim is not claimable land or an easement or similar for the purposes of the Coal Haul Road is granted to the indemnified party, or the date on which an existing Aboriginal Land Claim is withdrawn or terminated.</p>

## Warranties, Guarantees and Indemnities

### *Ash dam liability*

As part of the Eraring Sale, the State will pay half the incremental cost of implementing an alternative arrangement for ash disposal if the existing proposal (as at 1 August 2013) for further backfilling at the ash dam cannot be implemented.

Vales Point Power Station, Colongra Power Station and Macquarie Generation – Guarantees and Indemnities

In addition to the warranties, the State made the following guarantees and indemnities in relation to the sale of Vales Point Power Station, Colongra Power Station and Macquarie Generation:

### *Vales Point Hand Back Deed*

The State will be responsible for the demolition and remediation of Vales Point and the Site Land if an option is exercised under the Hand Back Deed.

### *Land remediation indemnity*

The State has indemnified the purchasers in relation to the cost to remediate land at the various power station sites, subject to various conditions and time frames.

### *Barnard River Scheme native title indemnity*

The State has indemnified AGL for costs related to any native title claims affecting a parcel of Crown land related to the Barnard River Scheme.

Contracts with Private Sector Parties

The State has guaranteed the obligations and performance of various statutory authorities under contracts with private sector parties. These guarantees are considered unlikely to ever be exercised and, in some cases, are limited to financial obligations only. The current guarantees in place are:

- Cross City Tunnel
- Eastern Creek Alternative Waste Treatment Plant (The Crown Entity holds a guarantee, a contingent asset, which fully offsets this contingent liability)
- Eastern Distributor
- Illawarra and Woronora Water Treatment Plant
- Lane Cove Tunnel
- Long Bay Prison and Forensic Hospital
- M2 Motorway
- Macarthur Water Filtration Plant
- Mater Hospital
- New Grafton Correctional Centre
- Newcastle Integrated Service Operator
- North West Rail Link – Operations, Trains and Systems
- NorthConnex
- Northern Beaches Hospital
- Olympic Multi-Use Arena
- Orange Hospital Redevelopment
- Prospect Water Filtration Plant and Treatment Works
- Regional Rail
- Royal North Shore Hospital Redevelopment
- Sydney Harbour Tunnel
- Sydney International Convention, Exhibition and Entertainment Precinct
- Sydney Light Rail
- Sydney Metro City & Southwest: Operations, Trains and Systems, Trains & Systems
- VISY Mill: Tumut Timber Supply Agreement
- Waratah Rolling Stock
- WestConnex
- Western Sydney Orbital

Employer's Superannuation Guarantee Contributions – Ex-Public Sector Employees

The State bears the risk of the employer's superannuation guarantee contributions being insufficient to fund the defined employee benefits (in respect of past and future service liabilities) for certain ex-public sector employees following the State's decision to sell a number of former State controlled public trading enterprises (PTE) in past reporting periods. The State must pay the contribution shortfall on an annual basis and is obliged to make good any employer reserve shortfall upon the insolvency of the employer. Indemnities have also been provided to the private sector employer in respect of loss suffered, for example, from non-payment of an unfunded amount or tax losses suffered due to payments by the State.

Deeds of Indemnity – State Owned Corporation Directors and Senior Management

The State has provided a Deed of Indemnity to the directors and designated senior management of some state-owned corporations (SOC). This deed indemnifies them against claims and liabilities in connection with the Energy Industry Reform Transactions (Transaction Process).

The directors and designated senior management covered by this indemnity are the directors and designated senior management of Essential Energy and the former directors and designated senior management of Eraring Energy, Ausgrid, Macquarie Generation, Endeavour Energy and Delta Electricity. To the extent permitted by law, the indemnity covers each indemnified party, in their capacity as directors or senior management, against:

- civil liability arising in respect of the Transaction Process if such liability is or was not due to conduct which involved a lack of good faith on the part of the indemnified party, and

## Warranties, Guarantees and Indemnities

- costs in defending proceedings, whether civil or criminal, in which judgement is or was given in favour of the indemnified party or in which the indemnified party is or was acquitted or where the proceedings are discontinued or in connection with any application in relation to a proceeding in which a court grants or granted relief to the indemnified party.

The indemnified parties have a duty to maintain in force comprehensive directors' and officers' insurance policies which cover all of the risks indemnified by the State under the indemnities until:

- the completion of the Transaction Process, and
- for seven years following the completion of the Transaction Process for any acts or omissions of the Indemnified Party occurring before completion of the Transaction Process.

The indemnity does not apply in respect of a liability which arises out of any act or omission on the part of the indemnified party that involves, among others as detailed in the Deed of Indemnity, gross negligence, recklessness and conduct contrary to any written direction or instructions to the indemnified party made by or on behalf of the State. It is not possible to estimate the amount of contingent liability exposure at this time. There are no known claims as at the reporting date.

Transactions related to facilities at Port Kembla, Port Botany, Enfield, and the Port of Newcastle.	In entering the 99-year lease of land and fixtures at Port Kembla, Port Botany and Enfield and 98-year lease at Port of Newcastle the State has indemnified the Port lessees in respect of pre-existing environmental damage or contamination at relevant sites (no known claims as at the reporting date) and the State has guaranteed limited compensation to financiers if the Port Leases are terminated for any reason.
Guarantees of Energy Distributors	State owned electricity distributors have provided guarantees to regulatory and statutory authorities to the value of \$19.7 million (2019-20: \$20.9 million).
Contaminated Land	State's Fire and Rescue has undertaken site assessments at its training centres located in Armidale, Albion Park, Deniliquin, Alexandria and Greenacre. The assessment results confirmed the presence of perfluorooctane sulfonate (PFOS), perfluorooctanoic acid (PFOA) and Perfluorohexane Sulfonic Acid (PFHxS) chemicals. Plans for remediation are now in place. Leased properties will be remediated in accordance with these plans and subsequent reimbursement of the costs will be sought from the insurer. The final remediation costs of the impacted properties owned by the State remain uncertain.
Sydney Football Stadium	In January 2019, control of Sydney Football Stadium was handed over to Infrastructure NSW to commence demolition for the redevelopment of a new stadium funded by the NSW Government. As such, events previously hosted at Allianz Stadium have been relocated to either the Sydney Cricket Ground and other venues within NSW. During the redevelopment period of the Sydney Football Stadium the State has entered contractual commitments for relocation costs, disruption costs and training facilities for sports partners/tenants and reinstatement of member and ancillary facilities.
Myuna Bay Sport and Recreation Centre	On 29 March 2019 the Myuna Bay Sport and Recreation Centre was closed due to safety concerns relating to the nearby Eraring Ash Dam. The Office of Sport has been advised by Origin Energy Limited that if the dam wall breaks in the event of a major earthquake, there is a significant risk to the Myuna Bay Sport and Recreation Centre. The Minister has requested an independent review of the Origin Energy report. On 12 December 2019 it was announced that the decision to close the Centre was reasonable and that the Centre would be permanently closed. This has resulted in the Centre buildings value being impaired to nil (impact \$10 million) and the land impaired to \$0.6 million (impact \$2.9 million). The financial impacts of these impairments have been recognised in the financial statements of the State Sporting Venues Authority. Negotiations are continuing with Origin Energy Ltd over compensation related to the closure and building a new facility at a different location. The financial impact on the State relating to continued operating costs incurred while the new facility is built, related forgone revenue, and costs relating to the environmental management and making good of the closed site are still to be quantified and agreed on with Origin Energy as at 30 June 2021.

## Contingent Assets

Details are summarised in the table below of the most significant contingent assets which are all fully disclosed in the accounts of individual agencies.

Unless otherwise stated, the General Government contingent assets are also applicable to the Total State Sector.

Contingent Assets	
Outstanding claims, caveats, or rights on assets	The Land and Housing Corporation has contingent assets from outstanding claims, caveats or rights on assets which are subject to third party conditions and long-term leases which the State has granted to third parties. Whilst the outcomes of these are uncertain and cannot be reliably measured at balance date, the net outstanding claims to the State from private sector parties and property caveats have been estimated at \$7.4 million (2019-20: \$11.9 million) and the long-term leases at \$22.5 million (2019-20: \$23.6 million).
Housing Aboriginal Communities Program (HACP)	As part of the HACP program, there were seven properties that the AHO does not have definitive control over as at 30 June 2021 (2019-20 – fifteen properties). As a result, they will not be recognised until such time as full control is established. The estimated value of these properties is \$2.54 million (2019-20: \$4.8 million).
Business Interruption Claims	The Newcastle Port Corporation has a business interruption claim with its insurer due to the impacts from the COVID-19 pandemic. The Corporation has received \$52.0 million (2019-20: \$5.0 million) during the financial year. With the extension of the Federal Government cruise ban, the business interruption claim is expected to continue in the following financial year. The State is not able to reliably estimate the amount of any future recovery payments.

## Note 31: Events after the Reporting Period

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### Sale of WestConnex

During the year, the State commenced a sales process of its 49 per cent stake in WestConnex Group (WCX). The sales transaction was conducted in two tranches of 24.5 per cent each with unconditional bids received in September. In September 2021 the NSW Government announced Sydney Transport Partners was the successful bidder with \$11.1 billion for the two 24.5 per cent tranches.

The State currently recognises its retained interest in WCX as an investment in an associate at the 30 June 2021 reporting date (refer to Note 11: Equity Investments). The sale completion of WCX is expected to occur at the end of October 2021. These assets will be reclassified as non-current assets held for sale with the gain or loss on sale expected to be recognised in the 2021-22 financial year.

### COVID-19

As at 30 June 2021, the State continues to assess the impact of COVID-19 on the carrying amount of assets and liabilities included in the Consolidated Statement of Financial Position. Given the uncertainty around the continuing effect of the current COVID-19 Delta variant and its impact on much of the economic recovery, it is possible that post 30 June 2021 there may be new evidence that impacts this carrying amount measurement assessment materially.

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## Note 32: Restatement/Corrections to Prior Years

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### (a) Changes in Accounting Standards – AASB 15, AASB 16 and AASB 1058

The State adopted AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income of Not-for-Profit Entities* on 1 July 2019. In accordance with the transition provisions of these accounting standards, the State elected to adopt these standards retrospectively with the cumulative effect of initially applying the standards recognised at the date of initial application, being 1 July 2019. The State incorrectly recognised adjustments to 1 July 2019 net worth opening balances as income in the 2019-20 Consolidated Statement of Comprehensive Income on adoption of these accounting standards. The error resulted in a material overstatement of other comprehensive income – other economic flows and a corresponding understatement of opening net worth and net assets on 1 July 2019.

### (b) Opal Card Holding Accounts

The State presented Opal card holding account customer deposits in the 2019-20 TSSA as other liabilities. The State has reviewed the presentation of this item and subsequently reclassified these amounts in the Consolidated Statement of Financial Position as deposits held. This classification difference resulted in an overstatement of other liabilities and a corresponding understatement of deposits held.

### (c) Infrastructure Work-in-Progress

A consolidation adjustment reclassifying infrastructure work-in-progress to cash and cash equivalents was not removed as part of published 2019-20 TSSA. The correction of this adjustment in the Consolidation Statement of Financial Position decreased 1 July 2019 opening balance cash and cash equivalents by \$283 million and increased property, plant and equipment by \$283 million.

### (d) Distribution Reinvestment Cash Flows

The State receives distributions from financial investments that are accrued directly into investment account balances. The State incorrectly included these distribution reinvestments as part of the cash flows of the State. This exception resulted in an overstatement of operating activities and investing activities cash flows contained within the 2019-20 Consolidated Statement of Cash Flows.

### (e) Machinery of Government Transfer Cash Flows

Cash balances were transferred between agencies as part of machinery of government changes occurring throughout the 2019-20 financial year. These transfers were not eliminated and were presented as part of the cash flows of the State. This resulted in an overstatement of financial assets (policy purposes) receipts and payments cash flows contained within investing activities cash flows of the 2019-20 Consolidated Statement of Cash Flows.

These errors have been corrected by restating each of the affected financial statement line items for the prior periods as disclosed in the following tables.

## Consolidated Statement of Comprehensive Income (Extract)

For the Financial Year Ended 30 June 2020		General Government Sector			Total State Sector		
		2019-20	2019-20	2019-20	2019-20	2019-20	2019-20
		Published	Adjustment	Restated for Corrections	Published	Adjustment	Restated for Corrections
FROM CONTINUING OPERATIONS	Note	\$m	\$m	\$m	\$m	\$m	\$m
<b>Revenue from Transactions</b>							
Total Revenue from Transactions		81,367	...	81,367	86,302	...	86,302
<b>Expenses from Transactions</b>							
Total Expenses from Transactions		88,283	...	88,283	96,011	...	96,011
<b>Transactions from Discontinuing Operations</b>							
		...	...	...	...	...	...
<b>NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE</b>							
<b>(BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)</b>							
		(6,916)	...	(6,916)	(9,709)	...	(9,709)
Other Economic Flows - included in Operating Result		(3,013)	...	(3,013)	(5,402)	...	(5,402)
<b>OPERATING RESULT</b>		<b>(9,929)</b>	...	<b>(9,929)</b>	<b>(15,111)</b>	...	<b>(15,111)</b>
<b>OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME</b>							
<i>Items that will not be Reclassified to the Operating Result</i>							
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income	(a)	(4,979)	66	(4,913)	0	...	0
Other	(a)	1,171	(1,103)	68	1,136	(1,037)	99
<b>Other Economic Flows - Other Comprehensive Income</b>		<b>(454)</b>	<b>(1,037)</b>	<b>(1,491)</b>	<b>4,729</b>	<b>(1,037)</b>	<b>3,692</b>
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>							
		<b>(10,382)</b>	<b>(1,037)</b>	<b>(11,419)</b>	<b>(10,382)</b>	<b>(1,037)</b>	<b>(11,419)</b>
<b>KEY FISCAL AGGREGATES</b>							
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>							
		<b>(10,382)</b>	<b>(1,037)</b>	<b>(11,419)</b>	<b>(10,382)</b>	<b>(1,037)</b>	<b>(11,419)</b>
Less: Net Other Economic Flows	(a)	3,466	1,037	4,503	673	1,037	1,710
<b>NET OPERATING BALANCE</b>		<b>(6,916)</b>	...	<b>(6,916)</b>	<b>(9,709)</b>	...	<b>(9,709)</b>
<b>EQUALS: NET LENDING/(BORROWING)</b>		<b>(22,061)</b>	...	<b>(22,061)</b>	<b>(26,105)</b>	...	<b>(26,105)</b>

## Consolidated Statement of Financial Position (Extract)

As at 30 June 2020

30 June 2020		General Government Sector			Total State Sector		
		30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020
		Published	Adjustment	Restated for	Published	Adjustment	Restated for
	Note	\$m	\$m	Corrections	\$m	\$m	Corrections
				\$m			\$m
<b>ASSETS</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	(c)	6,134	...	6,134	10,717	(283)	10,434
<b>Total Financial Assets</b>		<b>175,326</b>	...	<b>175,326</b>	<b>103,940</b>	<b>(283)</b>	<b>103,656</b>
<b>Non-Financial Assets</b>							
Property, Plant and Equipment							
Infrastructure Systems	(c)	124,406	...	124,406	180,197	283	180,480
<b>Total Non-Financial Assets</b>		<b>250,325</b>	...	<b>250,325</b>	<b>390,640</b>	<b>283</b>	<b>390,922</b>
<b>TOTAL ASSETS</b>		<b>425,651</b>	...	<b>425,651</b>	<b>494,580</b>	...	<b>494,580</b>
<b>LIABILITIES</b>							
Deposits Held	(b)	69	224	293	144	224	369
Other Liabilities	(b)	5,015	(224)	4,790	15,307	(224)	15,083
<b>TOTAL LIABILITIES</b>		<b>186,964</b>	...	<b>186,964</b>	<b>255,892</b>	...	<b>255,892</b>
<b>NET ASSETS</b>		<b>238,688</b>	...	<b>238,688</b>	<b>238,688</b>	...	<b>238,688</b>
<b>NET WORTH</b>							
Accumulated Funds		67,479	...	67,479	80,048	...	80,048
Reserves		171,209	...	171,209	158,639	...	158,639
<b>TOTAL NET WORTH</b>		<b>238,688</b>	...	<b>238,688</b>	<b>238,688</b>	...	<b>238,688</b>
<b>OTHER FISCAL AGGREGATES</b>							
<b>Net Debt</b>		<b>19,261</b>	<b>224</b>	<b>19,485</b>	<b>55,437</b>	<b>507</b>	<b>55,944</b>
<b>Net Financial Liabilities</b>		<b>111,887</b>	...	<b>111,887</b>	<b>151,954</b>	<b>283</b>	<b>152,236</b>

## Consolidated Statement of Financial Position (Extract)

As at 1 July 2019

1 July 2019	Note	General Government Sector			Total State Sector		
		1 July 2019 Published \$m	Adjustment \$m	1 July 2019 Restated for Corrections \$m	1 July 2019 Published \$m	Adjustment \$m	1 July 2019 Restated for Corrections \$m
<b>ASSETS</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	(c)	1,969	...	1,969	8,979	(283)	8,696
Receivables	(a)	7,491	1,492	8,983	7,527	1,493	9,020
Investments, Loans and Placements							
Other Financial Assets	(a)	2,591	282	2,873	2,793	114	2,907
Equity Investments							
Investments in Other Public Sector Entities	(a)	98,573	(66)	98,507	...	...	...
<b>Total Financial Assets</b>		<b>169,490</b>	<b>1,708</b>	<b>171,198</b>	<b>101,099</b>	<b>1,324</b>	<b>102,423</b>
<b>Non-Financial Assets</b>							
Contract Assets	(a)	...	10	10	...	10	10
Property, Plant and Equipment							
Land and Buildings	(a)	90,748	(651)	90,097	166,346	(961)	165,385
Plant and Equipment	(a)	12,162	(701)	11,461	18,075	(2,608)	15,467
Infrastructure Systems	(a)(c)	118,190	(1)	118,189	166,835	282	167,117
Right-of-Use Assets	(a)	...	5,015	5,015	...	7,992	7,992
<b>Total Non-Financial Assets</b>		<b>231,690</b>	<b>3,672</b>	<b>235,363</b>	<b>365,499</b>	<b>4,715</b>	<b>370,216</b>
<b>TOTAL ASSETS</b>		<b>401,181</b>	<b>5,380</b>	<b>406,562</b>	<b>466,598</b>	<b>6,040</b>	<b>472,639</b>
<b>LIABILITIES</b>							
Deposits Held	(b)	67	204	271	293	204	497
Contract Liabilities	(a)	...	782	782	...	878	878
Borrowings at Amortised Cost	(a)	37,656	3,997	41,653	7,151	4,651	11,802
Other Provisions	(a)	11,604	6	11,610	18,185	6	18,191
Other Liabilities	(a)(b)	6,134	(645)	5,487	17,350	(737)	16,614
<b>TOTAL LIABILITIES</b>		<b>152,110</b>	<b>4,344</b>	<b>156,452</b>	<b>217,528</b>	<b>5,002</b>	<b>222,530</b>
<b>NET ASSETS</b>		<b>249,070</b>	<b>1,037</b>	<b>250,107</b>	<b>249,070</b>	<b>1,038</b>	<b>250,107</b>
<b>NET WORTH</b>							
Accumulated Funds	(a)	75,722	1,102	76,825	92,503	1,059	93,562
Reserves	(a)	173,348	(66)	173,282	156,567	(22)	156,545
<b>TOTAL NET WORTH</b>		<b>249,070</b>	<b>1,037</b>	<b>250,107</b>	<b>249,070</b>	<b>1,037</b>	<b>250,107</b>
<b>OTHER FISCAL AGGREGATES</b>							
<b>Net Debt</b>		<b>(10,401)</b>	<b>3,919</b>	<b>(6,482)</b>	<b>23,909</b>	<b>5,024</b>	<b>28,933</b>
<b>Net Financial Liabilities</b>		<b>81,194</b>	<b>2,569</b>	<b>83,761</b>	<b>116,429</b>	<b>3,679</b>	<b>120,107</b>

## Consolidated Statement of Cash Flow (Extract)

For the Financial Year Ended 30 June 2020							
	Note	General Government Sector			Total State Sector		
		2019-20 Published \$m	Adjustment \$m	2019-20 Restated for Corrections \$m	2019-20 Published \$m	Adjustment \$m	2019-20 Restated for Corrections \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Other	(d)	12,559	(2,226)	10,333	13,914	(2,226)	11,688
<b>Total Receipts</b>		<b>84,988</b>	<b>(2,226)</b>	<b>82,762</b>	<b>90,835</b>	<b>(2,226)</b>	<b>88,609</b>
<b>Payments</b>							
Other	(b)	(7,231)	(20)	(7,251)	(9,207)	(20)	(9,227)
<b>Total Payments</b>		<b>(85,272)</b>	<b>(20)</b>	<b>(85,292)</b>	<b>(91,216)</b>	<b>(20)</b>	<b>(91,236)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(284)</b>	<b>(2,246)</b>	<b>(2,530)</b>	<b>(381)</b>	<b>(2,246)</b>	<b>(2,627)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Net Cash Flows from Investments in Non-Financial Assets</b>		<b>(17,029)</b>	<b>...</b>	<b>(17,029)</b>	<b>(21,070)</b>	<b>...</b>	<b>(21,070)</b>
<b>Financial Assets (Policy Purposes)</b>							
Receipts	(e)	2,768	(2,533)	235	2,711	(2,533)	178
Payments	(e)	(4,739)	2,533	(2,206)	(2,775)	2,533	(242)
<b>Net Cash Flows from Investments in Financial Assets (Policy Purposes)</b>		<b>(1,971)</b>	<b>...</b>	<b>(1,971)</b>	<b>(63)</b>	<b>...</b>	<b>(63)</b>
<b>Financial Assets (Liquidity Purposes)</b>							
Proceeds from Sale of Investments	(d)	6,131	127	6,258	4,298	127	4,425
Purchase of Investments	(d)	(4,313)	2,099	(2,214)	(2,749)	2,099	(650)
<b>Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)</b>		<b>1,818</b>	<b>2,226</b>	<b>4,045</b>	<b>1,549</b>	<b>2,226</b>	<b>3,776</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(17,181)</b>	<b>2,226</b>	<b>(14,955)</b>	<b>(19,584)</b>	<b>2,226</b>	<b>(17,358)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Deposits Received/(Paid) - Net	(b)	2	20	22	(47)	20	(27)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>21,630</b>	<b>20</b>	<b>21,650</b>	<b>21,672</b>	<b>20</b>	<b>21,692</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>4,165</b>	<b>...</b>	<b>4,165</b>	<b>1,708</b>	<b>...</b>	<b>1,708</b>
Opening Cash and Cash Equivalents	(c)	1,969	...	1,969	8,979	(283)	8,696
Reclassification of Cash Equivalents and Other Adjustments		(0)	...	(0)	30	...	30
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>6,134</b>	<b>...</b>	<b>6,134</b>	<b>10,717</b>	<b>(283)</b>	<b>10,434</b>
<b>DERIVATION OF CASH RESULT</b>							
Net Cash Flows from Operating Activities	(b)(d)	(284)	(2,246)	(2,530)	(381)	(2,246)	(2,627)
Net Cash Flows from Investments in Non-Financial Assets		(17,029)	...	(17,029)	(21,070)	...	(21,070)
<b>CASH SURPLUS/(DEFICIT)</b>		<b>(17,312)</b>	<b>(2,246)</b>	<b>(19,558)</b>	<b>(21,451)</b>	<b>(2,246)</b>	<b>(23,697)</b>

## Note 33: Related Party Disclosures

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the State. As New South Wales (NSW) Cabinet is the decision-making body for the State, all NSW Cabinet Ministers are considered KMP of the State. Information on KMP of each individual agency can be found in individual agency accounts. Only Cabinet exercises the role of KMP over the whole State.

### Key Management Personnel Compensation

KMP compensation is as follows:

	Total State Sector 2020-21 \$000	Total State Sector 2019-20 \$000
<b>KMP Compensation Comprises:</b>		
Short-term Employee Benefits		
Salaries	6,454	6,373
Other Monetary Allowances	2,970	2,917
Non-monetary Benefits <sup>(a)</sup>	1,655	2,111
Post-Employment Benefits	747	647
<b>Total KMP Compensation</b>	<b>11,826</b>	<b>12,047</b>

(a) The reduction in non-monetary benefits is due to the COVID-19 restrictions impact and the review of FBT calculations.

### Related Party Transactions

As a KMP of the State, each Cabinet Minister is considered a related party to all NSW government-controlled entities. The definition of related parties extends to each Cabinet Minister's close family members and entities controlled or jointly controlled by the Cabinet Minister and/or close family members.

During the year, there were no material transactions with the Cabinet Ministers, their close family members or entities controlled or jointly controlled thereof.

## Note 34: Budgetary Information on 2020-21 General Government Sector Financial Statements

The budgeted amounts for the General Government Sector are drawn from the original 2020-21 Budget presented to Parliament on the 17 November 2020. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

### The NSW General Government Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2021

	Original Budget \$m	Actual \$m	Budget Variance \$m
<b>Revenue from Transactions</b>			
Taxation	31,711	34,407	2,696
Grants and Subsidies			
Commonwealth General Purpose	16,308	18,897	2,589
Commonwealth Specific Purpose Payments	11,740	11,999	259
Commonwealth National Partnership Payments	3,996	3,618	(378)
Other Grants and Subsidies	1,282	1,132	(150)
Sale of Goods and Services	9,560	9,949	389
Interest	302	307	5
Dividend and Income Tax Equivalents from Other Sectors	1,070	1,077	7
Other Dividends and Distributions	1,779	2,570	791
Fines, Regulatory Fees and Other	4,402	4,009	(393)
<b>Total Revenue from Transactions</b>	<b>82,149</b>	<b>87,965</b>	<b>5,816</b>
<b>Expenses from Transactions</b>			
Employee Expenses	37,087	37,142	55
Superannuation			
Superannuation Interest Cost	585	589	4
Other Superannuation	3,303	3,426	123
Depreciation and Amortisation	7,042	6,930	(112)
Interest	2,549	2,199	(350)
Other Operating Expenses	24,824	24,560	(264)
Grants and Subsidies			
Recurrent Grants and Subsidies	20,230	18,548	(1,682)
Capital Grants	2,514	1,644	(870)
<b>Total Expenses from Transactions</b>	<b>98,133</b>	<b>95,038</b>	<b>(3,095)</b>
<b>TRANSACTIONS FROM DISCONTINUING OPERATIONS</b>	...	...	...
<b>NET RESULT FROM TRANSACTIONS</b>			
<b>NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)</b>	<b>(15,984)</b>	<b>(7,072)</b>	<b>8,912</b>

## The NSW General Government Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2021 (continued)

	Original Budget \$m	Actual \$m	Budget Variance \$m
<b>NET OPERATING BALANCE</b>	<b>(15,984)</b>	<b>(7,072)</b>	<b>8,912</b>
<b>OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT</b>			
Gain/(Loss) from Other Liabilities	(11)	495	506
Other Net Gains/(Losses)	113	2,085	1,972
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	127	(82)	(209)
Dividends from Asset Sale Proceeds	(0)	...	...
Deferred Income Tax from Other Sectors	10	158	148
Other	(39)	(7)	32
<b>Other Economic Flows - included in Operating Result</b>	<b>201</b>	<b>2,649</b>	<b>2,448</b>
<b>OPERATING RESULT</b>	<b>(15,782)</b>	<b>(4,423)</b>	<b>11,359</b>
<b>OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be Reclassified to the Operating Result</i>			
Revaluations	3,882	3,948	66
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to the Operating Result	(0)	1,611	1,611
Remeasurements of Post-Employment Benefits	1,934	11,088	9,154
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income	(1,844)	(17,039)	(15,195)
Deferred Tax Direct to Equity	(86)	112	198
Other	2,208	227	(1,981)
<i>Items that may be Reclassified Subsequently to the Operating Result</i>			
Net Gain/(Loss) on Financial Instruments at Fair Value	0	0	...
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to the Operating Result	...	399	399
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>6,094</b>	<b>346</b>	<b>(5,748)</b>
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>(9,688)</b>	<b>(4,077)</b>	<b>5,611</b>
<b>KEY FISCAL AGGREGATES</b>			
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>(9,688)</b>	<b>(4,077)</b>	<b>5,611</b>
Less: Net Other Economic Flows	(6,295)	(2,995)	3,300
<b>NET OPERATING BALANCE</b>	<b>(15,984)</b>	<b>(7,072)</b>	<b>8,912</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>			
Purchases of Non-Financial Assets	21,209	17,775	(3,434)
Sales of Non-Financial Assets	(617)	(238)	379
Less: Depreciation and Amortisation	(7,042)	(6,930)	112
Plus: Change in Inventories	(119)	626	745
Plus: Other Movements in Non-Financial Assets			
Assets Acquired Using Leases	864	762	(102)
Assets Acquired Using Service Concession Arrangements			
Financial Liability Model	572	281	(291)
Grant of a Right to the Operator Model	696	2,902	2,206
Other	(727)	(833)	(106)
<b>Equals Total Net Acquisition of Non-Financial Assets</b>	<b>14,835</b>	<b>14,345</b>	<b>(490)</b>
<b>EQUALS: NET LENDING/(BORROWING)</b>	<b>(30,819)</b>	<b>(21,418)</b>	<b>9,401</b>

## Analysis of the General Government Sector Consolidated Statement of Comprehensive Income

Significant variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

### Net Operating Balance (Budget Result)

The budget result for the financial year ended 30 June 2021 was a deficit of \$7.1 billion, \$8.9 billion lower than the forecast deficit in the 2020-21 original budget of \$16.0 billion.

An analysis of the result compared to the original budget is outlined below.

### Total Revenues

Total revenues were \$5.8 billion higher than the original budget forecasts as outlined below.

#### *Taxation*

Taxation was \$2.7 billion higher than the original budget forecast mainly due to:

- Transfer Duty, which was \$1.7 billion higher than the original budget estimate, due to stronger than expected growth in property prices and sales volumes as a result of historically low mortgage interest rates.
- Payroll tax was \$400 million higher than the original budget estimate due to stronger-than-expected growth in wages.
- Land tax revenues were \$236 million higher than the original budget estimate, due to higher than expected residential land values and number of assessments issued.
- Other taxes and levies were higher than in the 2020-21 Budget estimates by \$196 million. This was mainly due to higher-than-expected contributions to the Dust Diseases Compensation Scheme based on recent liability valuations.

#### *Grants and Subsidies*

Grants and subsidies revenue was higher than the original budget forecasts by \$2.3 billion:

- Commonwealth general purpose grants were \$2.6 billion higher than in the 2020-21 Budget estimate, primarily driven by GST revenue. GST payments were higher than budgeted, as a result of a higher-than-expected GST pool and an increase in NSW's GST share.
- Commonwealth specific purpose and other payments were \$259 million higher than forecast in the 2020-21 Budget. This was primarily driven by National Partnership Agreement grant payments to support the COVID-19 response.
- These increases were partially offset by lower-than-expected results in:
  - Commonwealth national partnership payments, which were \$378 million lower than forecast in the 2020-21 Budget, largely due to lower spend on the Infrastructure Investment Program including Woolgoolga to Ballina and Fixing Local Roads, and WestConnex.
  - Other Commonwealth payments, which were \$150 million lower than forecast in the 2020-21 Budget, mainly due to lower-than-expected Commonwealth payments to the Ministry of Health primarily due to reduced activity levels and changes in associated programs.

### *Sale of Goods and Services*

Sale of goods and services includes revenue from the use of government assets as well as revenue generated by agencies in their normal trading activities.

Sale of goods and services was higher than forecast in the 2020-21 Budget by \$389 million, mainly attributable to:

- Fees for service paid to Transport for NSW from the Public Non-Financial Corporation Sector for major rail projects was \$197 million higher than the 2020-21 Budget estimate.
- Treasury revenue was \$108 million higher than the 2020-21 Budget estimate, primarily relating to quarantine costs recovered from other states and territories.
- Sale of goods and services revenue was \$99 million higher than the 2020-21 Budget estimate in the Department of Communities and Justice, mainly due to higher than budgeted contract revenues.
- Sale of goods and services was \$98 million higher than the 2020-21 Budget estimate in the Ministry of Health primarily due to an increase in other hospital charges.
- These higher-than-expected revenues were partially offset by sale of goods and services revenue in the Department of Education, which was \$130 million lower than the 2020-21 Budget estimate, primarily associated with reduced school related revenues due to COVID-19 restrictions.

### *Interest Income*

Interest income includes returns on advances to public non-financial corporation enterprises, along with returns on deposits held with NSW Treasury Corporation and other financial institutions.

Interest income was largely in line with the 2020-21 Budget estimate at \$307 million, with a small variance of \$5 million.

### *Financial Distributions (Dividends and Income Tax Equivalentents)*

Dividends and income tax equivalent payments are paid by commercial government businesses to ensure competitive neutrality with the private sector and encourage these businesses to make commercial investment decisions.

Dividends and income tax equivalentents were largely in line with the 2020-21 Budget estimate at \$1,077 million, with a small variance of \$7 million.

### *Other Dividends and Distributions*

Other dividends and distributions were \$791 million higher than forecast in the 2020-21 Budget, mainly driven by higher-than-expected investment income from:

- Higher distributions from NSW Treasury Corporation Investment Management funds (\$370 million).
- Higher dividends and distributions (\$365 million) on NSW Self Insurance Corporation's investments due to improved financial market performance.

### *Fines, Regulatory Fees and Other*

Revenue from fines, regulatory fees and other revenues were \$393 million lower than forecast in the original budget. This was mainly driven by the following reasons:

- Non-cash grant revenue was \$293 million lower than the 2020-21 Budget estimate in the Western Parkland City Authority, because the transfer of land from the Commonwealth to the State was delayed to a future year.
- The residual variances were due to minor variances across several General Government agencies.

## Expenses

Total expenses were lower than forecast in the original budget by \$3.1 billion as outlined below.

### *Employee Expenses (excluding Superannuation)*

Employee expenses were largely in line with the 2020-21 Budget estimate at \$37.1 billion, with a small variance of \$55 million.

### *Superannuation Interest Cost and Other Superannuation Expenses*

- Superannuation interest costs were largely in line with the 2020-21 Budget estimate at \$589 million, with a small variance of \$4 million.
- Other superannuation expense was \$123 million higher than the original budget estimate due to minor variances across several General Government agencies.

### *Depreciation and Amortisation Expenses*

- Depreciation and amortisation expenses were \$112 million lower than forecast in the 2020-21 Budget, mainly due to minor variances across several General Government agencies.

### *Interest Expenses*

Interest expenses were \$350 million lower than forecast in the 2020-21 Budget:

- Financing costs were \$155 million lower than the Budget forecasts in Transport for NSW, because financing costs on service concession financial liabilities and lease liabilities was lower than expected.
- Interest expenses were \$89 million lower in NSW Treasury Administered Items due to lower than budgeted borrowings.
- The residual variances were due to minor variances across several General Government agencies.

### *Other Operating Expenses*

Other operating expenses were \$264 million lower than forecast in the 2020-21 Budget. This was mainly driven by the following:

- Transport for NSW, which was \$181 million lower than the 2020-21 Budget estimate, mainly due to project scheduled delays, impacted by COVID-19.
- Infrastructure NSW, which was \$168 million lower than the 2020-21 Budget estimate, mainly due to delays in delivering major projects on behalf of other agencies. Delays have been incurred as a result of time delays for asbestos removal, increased need for remediation works, increased public and stakeholder consultation, delays in planning approvals and COVID-19.
- Department of Planning, Industry and Environment, which was \$151 million lower than the 2020-21 Budget estimate, mainly due to delays in program delivery across a range of programs as a result of the COVID-19 lockdowns and natural disasters (bushfires and floods).
- TAFE Commission, which was \$125 million lower than the 2020-21 Budget estimate, due to lower than budgeted spend on contractor expenses, teaching resources, agent commissions, fees and other provisions.
- Department of Education, which was \$116 million lower than the 2020-21 Budget estimate, due to reduced contractor expenses and deferral of expenditure for existing programs.
- These decreases were partially offset by an increase of \$539 million in the NSW Self Insurance Corporation's operating expenses, mostly driven by the impacts of the 31 December 2020 and 30 June 2021 valuations for outstanding claims liabilities of the Treasury Managed Fund self-insurance scheme. Key underlying factors in the valuations include: amendments to the Civil Liability Act 2002 (\$244m), COVID-19 pandemic disruptions (\$141m), the March 2021 floods (\$142m), and higher than expected sensitive claims and medical indemnity claims.

### *Grants and Subsidies Expenses*

Recurrent and capital grants, subsidies and other transfers expenses were \$2.6 billion lower than the 2020-21 Budget forecasts. This lower-than-expected spending in 2020-21 was largely because COVID-19 and March 2021 floods caused delayed spending on grant programs and deferral of expenditure to future years.

Major reprofiling of grant expenses in 2020-21 includes the following lower than forecasted expenditures in:

- \$652 million in NSW Treasury Administered Items;
- \$513 million in Resilience NSW;
- \$395 million in Department of Education;
- \$379 million in Department of Planning, Industry and Environment;
- \$296 million in Regional NSW;
- \$195 million in Office of Sport; and
- \$105 million in NSW Rural Fire Service.

In addition, NSW Self Insurance Corporation grant expenses were \$310 million lower than expected in the 2020-21 Budget, due to the actuarially assessed liabilities of the Home Building Compensation Fund and the Transport Accident Compensation scheme in NSW Self Insurance Corporation being lower than budgeted.

### **Operating Result**

The operating result is the budget result (net operating balance) plus the sum of other economic flows included in the operating result.

The operating result for 2020-21 was a deficit of \$4.4 billion, a \$11.4 billion improvement against the original budget estimate. This result captures the sum of the budget result variance of \$8.9 billion explained above, and a net positive variance in other economic flows included in the operating result of \$2.4 billion, mainly driven by realised gains on managed fund investments that were higher than expected due to the favourable market movements.

### **Comprehensive Result**

The comprehensive result is the operating result plus the sum of other economic flows - other comprehensive income.

The comprehensive result for 2020-21 was a deficit of \$4.1 billion, a \$5.6 billion improvement on the budget estimate. This result was attributable to the operating result variance of \$11.4 billion explained above, offset by variances in other economic flows – other comprehensive income of \$5.7 billion primarily due to reductions in the value of equity investments in other public sector entities offset by actuarial adjustment gains to superannuation provisions.

### **Net Lending**

The net lending result is the budget result (net operating balance) adjusted for the net acquisition and sale of non-financial assets.

The net lending position improved against the original budget by \$9.4 billion, mainly due to an improved operating position resulting from stronger-than-expected economic activity.

## The NSW General Government Sector Consolidated Statement of Financial Position as at 30 June 2021

	Original Budget \$m	Actual \$m	Budget Variance \$m
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalent Assets	1,063	3,781	2,718
Receivables	10,716	12,567	1,851
Investments, Loans and Placements			
Financial Assets at Fair Value	41,870	47,662	5,792
Other Financial Assets	1,793	1,436	(357)
Advances Paid	1,303	1,298	(5)
Tax Equivalents Receivable	35	35	...
Deferred Tax Equivalents Asset	2,171	2,291	120
Equity Investments			
Investments in Other Public Sector Entities	101,962	85,778	(16,184)
Investments in Associates	12,163	13,358	1,195
Other Equity Investments	7	5	(2)
<b>Total Financial Assets</b>	<b>173,081</b>	<b>168,211</b>	<b>(4,870)</b>
<b>Non-Financial Assets</b>			
Contract Assets	24	97	73
Inventories	1,150	1,378	228
Forestry Stock and Other Biological Assets	14	18	4
Assets Classified as Held for Sale	131	123	(8)
Investment Properties	...	...	...
Property, Plant and Equipment			
Land and Buildings	100,827	102,282	1,455
Plant and Equipment	13,099	13,112	13
Infrastructure Systems	158,563	156,665	(1,898)
Right-of-Use Assets	6,853	6,513	(340)
Intangibles	4,496	4,575	79
Other Non-Financial Assets	1,492	1,122	(370)
<b>Total Non-Financial Assets</b>	<b>286,649</b>	<b>285,884</b>	<b>(765)</b>
<b>TOTAL ASSETS</b>	<b>459,731</b>	<b>454,096</b>	<b>(5,635)</b>
<b>LIABILITIES</b>			
Deposits Held	69	282	213
Payables	7,428	10,052	2,624
Contract Liabilities	1,149	934	(215)
Borrowings and Derivatives at Fair Value	387	212	(175)
Borrowings at Amortised Cost	98,174	90,133	(8,041)
Advances Received	585	625	40
Employee Provisions	23,315	23,386	71
Superannuation Provision	66,776	57,591	(9,185)
Tax Equivalents Payable	40	35	(5)
Deferred Tax Equivalent Provision	95	50	(45)
Other Provisions	13,457	14,180	723
Other Liabilities	19,255	22,028	2,773
<b>TOTAL LIABILITIES</b>	<b>230,731</b>	<b>219,509</b>	<b>(11,222)</b>
<b>NET ASSETS</b>	<b>228,999</b>	<b>234,587</b>	<b>5,588</b>

## The NSW General Government Sector Consolidated Statement of Financial Position as at 30 June 2021 (continued)

	Original Budget \$m	Actual \$m	Budget Variance \$m
<b>NET WORTH</b>			
Accumulated Funds	54,818	75,365	20,547
Reserves	174,181	159,222	(14,959)
<b>TOTAL NET WORTH</b>	<b>228,999</b>	<b>234,587</b>	<b>5,588</b>
<b>OTHER FISCAL AGGREGATES</b>			
<b>Net Debt</b>	<b>53,187</b>	<b>37,076</b>	<b>(16,111)</b>
<b>Net Financial Liabilities</b>	<b>159,612</b>	<b>137,076</b>	<b>(22,536)</b>

## Analysis of the General Government Sector Consolidated Statement of Financial Position

### Net Debt

Net debt was \$37.1 billion at 30 June 2021. This was \$16.1 billion lower than forecast in the 2020-21 Budget, primarily driven by less than forecasted borrowings of \$8.2 billion and increased investments on-hand of \$5.8 billion included in financial assets at fair value. Less borrowings were required due to the better revenue position of the State and lower recurrent and capital expenditure compared to the original budget.

### Net Financial Liabilities

Net financial liabilities were \$137.1 billion at 30 June 2021. This was a \$22.5 billion improvement against the budget estimate. This change was primarily driven by reductions to superannuation provision carrying amounts due to higher discount rates applied and less than forecasted borrowings required for the year.

### Net Worth

Net worth was \$234.6 billion at 30 June 2021. This was \$5.6 billion higher than the original budget. Net worth increased as decreases to liabilities, such as borrowings and superannuation provisions, were greater than reductions to assets including the value of investments in other public sector entities.

## The NSW General Government Sector Consolidated Statement of Cash Flows for the Year Ended 30 June 2021

	Original Budget \$m	Actual \$m	Budget Variance \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Taxation	31,900	34,344	2,444
Sale of Goods and Services	9,893	10,268	375
Grants and Subsidies	33,289	35,421	2,132
Interest	192	217	25
Dividends and Income Tax Equivalents from Other Sectors	1,659	1,582	(77)
Other	8,499	9,948	1,449
<b>Total Receipts</b>	<b>85,432</b>	<b>91,780</b>	<b>6,348</b>
<b>Payments</b>			
Employee Related	(36,321)	(35,904)	417
Superannuation	(3,054)	(3,191)	(137)
Payments for Goods and Services	(25,776)	(23,817)	1,959
Grants and Subsidies	(21,407)	(19,035)	2,372
Interest	(2,543)	(2,201)	342
Other	(4,013)	(6,717)	(2,704)
<b>Total Payments</b>	<b>(93,114)</b>	<b>(90,864)</b>	<b>2,250</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(7,683)</b>	<b>916</b>	<b>8,599</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Non-Financial Assets</b>			
Proceeds from Sale of Non-Financial Assets	617	305	(312)
Purchases	(21,473)	(16,395)	5,078
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(20,855)</b>	<b>(16,090)</b>	<b>4,765</b>
<b>Financial Assets (Policy Purposes)</b>			
Receipts	253	787	534
Payments	(3,952)	(3,315)	637
<b>Net Cash Flows from Investments in Financial Assets (Policy Purposes)</b>	<b>(3,700)</b>	<b>(2,528)</b>	<b>1,172</b>
<b>Financial Assets (Liquidity Purposes)</b>			
Proceeds from Sale of Investments	6,699	2,956	(3,743)
Purchase of Investments	(7,570)	(4,416)	3,154
<b>Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)</b>	<b>(871)</b>	<b>(1,460)</b>	<b>(589)</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(25,426)</b>	<b>(20,078)</b>	<b>5,348</b>

## The NSW General Government Sector Consolidated Statement of Cash Flows for the Year Ended 30 June 2021 (continued)

	Original Budget \$m	Actual \$m	Budget Variance \$m
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Advances Received	194	0	(194)
Advances Repaid	(169)	(101)	68
Proceeds from Borrowings	29,891	18,853	(11,038)
Repayments of Borrowings	(1,805)	(1,945)	(140)
Deposits Received/(Paid) - Net	0	(10)	(10)
Other - Net	(86)	8	94
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>28,026</b>	<b>16,805</b>	<b>(11,221)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Opening Cash and Cash Equivalents	6,134	6,134	...
Reclassification of Cash Equivalents and Other Adjustments	12	4	(8)
<b>CLOSING CASH BALANCE</b>	<b>1,063</b>	<b>3,781</b>	<b>2,718</b>
<b>DERIVATION OF CASH RESULT</b>			
Net Cash Flows from Operating Activities	(7,683)	916	8,599
Net Cash Flows from Investments in Non-Financial Assets	(20,855)	(16,090)	4,765
<b>CASH SURPLUS/(DEFICIT)</b>	<b>(28,538)</b>	<b>(15,174)</b>	<b>13,364</b>

### Analysis of the General Government Sector Consolidated Statement of Cash Flows

#### Cash Result

The cash deficit was \$15.2 billion at 30 June 2021, a \$13.4 billion improvement against the estimated budget cash deficit of \$28.5 billion. This was mainly driven by higher taxation and grants and subsidies cash flow combined with less than budgeted capital acquisition spend.

## Note 35: Disaggregated Financial Statements

### Disaggregated Sector Information

Disaggregated primary financial statements are provided for the General Government Sector, Public Non-Financial Corporations sector and Public Financial Corporations sector as a note to the TSSA. These financial statements are prepared consistent with the accounting policies adopted in the TSSA. This sector information is determined before consolidation eliminations, and includes GFS type fiscal aggregates and reconciliations.

The Total State Sector comprises a consolidation of three sectors:

- General Government Sector (GGS);
- Public Non-Financial Corporations (PNFC) sector, also referred to as the PTE sector; and
- Public Financial Corporations (PFC) sector, also referred to as the PFE sector.

The broad sectors have been determined in accordance with the GFS of the ABS.

The General Government Sector comprises all government agencies that are controlled and mainly financed by taxation that:

- Undertake policy and regulatory functions;
- Redistribute income and wealth;
- Provide or distribute goods and services on a non-market basis to individuals and the community; and/or
- Provide services to General Government agencies.

PNFCs are government-controlled entities that are either commercial or non-commercial in nature and largely self-funded from user charges. However, they may also receive funding from the General Government Sector for social programs (non-commercial activities).

PFCs are government-controlled entities that perform central bank functions, or accept demand, time or savings deposits, or have the authority to incur liabilities and acquire financial assets in the market on their own account. This sector includes NSW Treasury Corporation. This note presents the following statements for each sector included in the Total State Sector:

- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Cash Flows; and
- Statement of Changes in Equity.

For the purpose of this disclosure, transactions and balances between sectors have not been eliminated, but those between entities within each sector have been eliminated.

Pursuant to National Competition Policy, the State has implemented a National Tax Equivalents Regime (NTER) for Public Corporations and some General Government agencies.

Tax effect accounting principles have therefore been adopted by all agencies that are part of the NTER. On consolidation, all NTER related income tax entries are eliminated for the Total State Sector.

The comparative year columns in the following tables have been restated for any corrections of errors and changes in accounting policies, for consistency with the 2019-20 presentation.

In addition, this note also presents information on total expenses and total assets by function for the General Government and Total State Sectors. 'Functions' are broad policy areas, which the ABS refers to as Classifications of the Functions of Government (COFOG).

## The NSW Total State Sector Accounts Consolidated Statement of Comprehensive Income by Sector for the Year Ended 30 June 2021

	General Government 2020-21	General Government 2019-20 Restated <sup>(a)(b)</sup>	Public Non-Financial Corporations 2020-21	Public Non-Financial Corporations 2019-20 Restated <sup>(a)(b)</sup>
FROM CONTINUING OPERATIONS	\$m	\$m	\$m	\$m
<b>Revenue from Transactions</b>				
Taxation	34,407	29,941	...	...
Grants and Subsidies				
Commonwealth General Purpose	18,897	18,073	...	...
Commonwealth Specific Purpose Payments	11,999	11,278	...	...
Commonwealth National Partnership Payments	3,618	3,886	...	...
Other Grants and Subsidies	1,132	1,068	4,568	3,156
Sale of Goods and Services <sup>(a)</sup>	9,949	8,893	7,006	7,836
Interest <sup>(a)</sup>	307	366	30	51
Dividend and Income Tax Equivalents from Other Sectors	1,077	1,354	...	...
Other Dividends and Distributions	2,570	2,426	43	6
Fines, Regulatory Fees and Other <sup>(a)</sup>	4,009	4,108	647	612
<b>Total Revenue from Transactions</b>	<b>87,965</b>	<b>81,395</b>	<b>12,294</b>	<b>11,661</b>
<b>Expenses from Transactions</b>				
Employee Expenses	37,142	35,555	2,911	2,859
Superannuation				
Superannuation Interest Cost	589	882	25	45
Other Superannuation	3,426	3,288	200	215
Depreciation and Amortisation <sup>(a)</sup>	6,930	6,385	3,402	3,214
Interest <sup>(a)</sup>	2,199	2,076	897	1,003
Income Tax Equivalents	...	...	193	210
Other Property Expense	...	...	...	...
Other Operating Expense <sup>(a)</sup>	24,560	23,336	5,498	5,545
Grants and Subsidies				
Recurrent Grants and Subsidies	18,548	16,369	68	60
Capital Grants	1,644	1,001	45	...
<b>Total Expenses from Transactions</b>	<b>95,038</b>	<b>88,892</b>	<b>13,238</b>	<b>13,151</b>
<b>TRANSACTIONS FROM DISCONTINUING OPERATIONS</b>	...	...	...	...
<b>NET RESULT FROM TRANSACTIONS -</b>				
<b>NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)</b>	<b>(7,072)</b>	<b>(7,495)</b>	<b>(944)</b>	<b>(1,490)</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

Public Financial Corporations 2020-21	2019-20	Eliminations 2020-21	2019-20 Restated <sup>(a)(b)</sup>	Total State Sector 2020-21	2019-20 Restated <sup>(a)(b)</sup>
\$m	\$m	\$m	\$m	\$m	\$m
573	532	(465)	(534)	34,515	29,939
...	...	...	...	18,897	18,073
...	...	...	...	11,999	11,278
...	...	...	...	3,618	3,886
...	...	(4,620)	(3,234)	1,080	990
975	871	(4,078)	(3,446)	13,852	14,154
2,437	2,388	(2,292)	(2,193)	483	612
...	...	(1,077)	(1,354)	...	...
2,796	2,478	(2,555)	(2,270)	2,854	2,641
6	1	(187)	(155)	4,475	4,567
<b>6,787</b>	<b>6,269</b>	<b>(15,274)</b>	<b>(13,186)</b>	<b>91,772</b>	<b>86,140</b>
250	207	(493)	(510)	39,810	38,112
0	0	...	...	613	927
20	16	(1)	(1)	3,644	3,517
22	20	(22)	(14)	10,332	9,605
2,207	2,222	(2,272)	(2,149)	3,032	3,152
35	22	(228)	(232)	...	...
...	...	...	...	...	...
4,162	3,832	(6,771)	(5,789)	27,450	26,924
22	22	(4,460)	(3,152)	14,178	13,299
...	...	(227)	(162)	1,462	839
<b>6,718</b>	<b>6,341</b>	<b>(14,473)</b>	<b>(12,009)</b>	<b>100,521</b>	<b>96,374</b>
...	...	...	...	...	...
<b>69</b>	<b>(71)</b>	<b>(802)</b>	<b>(1,177)</b>	<b>(8,749)</b>	<b>(10,234)</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

## The NSW Total State Sector Accounts Consolidated Statement of Comprehensive Income by Sector for the Year Ended 30 June 2021 (continued)

	General 2020-21	Government 2019-20 Restated <sup>(a)(b)</sup>	Public Non-Financial Corporations 2020-21	2019-20 Restated <sup>(a)(b)</sup>
	\$m	\$m	\$m	\$m
<b>NET OPERATING BALANCE</b>	<b>(7,072)</b>	<b>(7,495)</b>	<b>(944)</b>	<b>(1,490)</b>
<b>OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT</b>				
Gain/(Loss) from Liabilities	495	(201)	9	(7)
Other Net Gains/(Losses) <sup>(a)</sup>	2,085	(2,199)	(175)	(655)
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	(82)	46	...	...
Dividends from Asset Sale Proceeds	...	31	...	...
Deferred Income Tax from Other Sectors <sup>(a)</sup>	158	(117)	(12)	114
Other	(7)	(212)	(6)	(6)
Discontinuing Operations - Other Economic Flows	...	...	...	...
<b>Other Economic Flows - included in Operating Result</b>	<b>2,649</b>	<b>(2,652)</b>	<b>(184)</b>	<b>(553)</b>
<b>OPERATING RESULT</b>	<b>(4,423)</b>	<b>(10,148)</b>	<b>(1,128)</b>	<b>(2,044)</b>
<b>OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME</b>				
<b>Items that will not be Reclassified to the Operating Result</b>				
Revaluations <sup>(a)</sup>	3,948	4,398	(18,306)	310
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to the Operating Result	1,611	...	...	...
Remeasurements of Post-Employment Benefits	11,088	(673)	619	(17)
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income <sup>(a)(b)</sup>	(17,039)	(4,831)	...	0
Deferred Tax Direct to Equity	112	15	(112)	(15)
Other <sup>(b)</sup>	227	68	(103)	(30)
<b>Items that may be Reclassified Subsequently to the Operating Result</b>				
Net Gain/(Loss) on Financial Instruments at Fair Value	0	(8)	8	(6)
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to the Operating Result	399	(243)	...	...
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>346</b>	<b>(1,273)</b>	<b>(17,894)</b>	<b>241</b>
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>(4,077)</b>	<b>(11,421)</b>	<b>(19,022)</b>	<b>(1,803)</b>
Dividends Distributed	...	...	(756)	(1,077)
Net Equity Injections/(Transfers)	...	...	3,332	6,654
<b>Total Change in Net Worth</b>	<b>(4,077)</b>	<b>(11,421)</b>	<b>(16,446)</b>	<b>3,774</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>(4,077)</b>	<b>(11,421)</b>	<b>(19,022)</b>	<b>(1,803)</b>
Less: Net Other Economic Flows <sup>(a)</sup>	(2,995)	3,926	18,078	312
<b>NET OPERATING BALANCE</b>	<b>(7,072)</b>	<b>(7,495)</b>	<b>(944)</b>	<b>(1,490)</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>				
Purchases of Non-Financial Assets <sup>(a)</sup>	17,775	16,624	5,204	4,386
Sales of Non-Financial Assets	(238)	(639)	(263)	(264)
Less: Depreciation and Amortisation <sup>(a)</sup>	(6,930)	(6,385)	(3,402)	(3,214)
Plus: Change in Inventories	626	839	116	108
Plus: Other Movements in Non-Financial Assets				
Assets Acquired Using Leases <sup>(a)</sup>	762	2,933	42	75
Assets Acquired Using Service Concession Arrangements				
Financial Liability Model <sup>(a)</sup>	281	801	18	...
Grant of a Right to the Operator Model <sup>(a)</sup>	2,902	904	...	...
Other <sup>(a)</sup>	(833)	(546)	346	348
<b>Equals Total Net Acquisition of Non-Financial Assets</b>	<b>14,345</b>	<b>14,531</b>	<b>2,062</b>	<b>1,440</b>
<b>EQUALS: NET LENDING/(BORROWING)</b>	<b>(21,418)</b>	<b>(22,026)</b>	<b>(3,006)</b>	<b>(2,930)</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

Public Financial Corporations		Eliminations		Total State Sector	
2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
			Restated <sup>(a)(b)</sup>		Restated <sup>(a)(b)</sup>
\$m	\$m	\$m	\$m	\$m	\$m
69	(71)	(802)	(1,177)	(8,749)	(10,234)
(198)	(418)	...	...	306	(626)
2,884	(1,446)	1	51	4,795	(4,249)
...	(2)	...	...	(82)	45
...	...	...	(31)	...	...
...	...	(146)	3	...	...
...	...	...	...	(13)	(218)
...	...	...	...	...	...
<b>2,686</b>	<b>(1,866)</b>	<b>(145)</b>	<b>23</b>	<b>5,006</b>	<b>(5,048)</b>
<b>2,755</b>	<b>(1,937)</b>	<b>(947)</b>	<b>(1,154)</b>	<b>(3,743)</b>	<b>(15,282)</b>
1	(1)	...	...	(14,357)	4,708
...	...	...	...	1,611	...
1	0	...	...	11,708	(690)
...	...	17,039	4,831	0	(0)
...	...	...	...	...	...
(0)	(0)	173	62	297	100
...	...	...	...	8	(14)
...	...	...	...	399	(243)
<b>2</b>	<b>(1)</b>	<b>17,212</b>	<b>4,892</b>	<b>(334)</b>	<b>3,859</b>
<b>2,757</b>	<b>(1,938)</b>	<b>16,265</b>	<b>3,740</b>	<b>(4,077)</b>	<b>(11,421)</b>
(94)	(76)	850	1,153	...	...
...	...	(3,332)	(6,654)	...	...
<b>2,663</b>	<b>(2,013)</b>	<b>13,783</b>	<b>(1,761)</b>	<b>(4,077)</b>	<b>(11,421)</b>
<b>2,757</b>	<b>(1,938)</b>	<b>16,265</b>	<b>3,740</b>	<b>(4,077)</b>	<b>(11,421)</b>
(2,688)	1,866	(17,067)	(4,918)	(4,672)	1,187
<b>69</b>	<b>(71)</b>	<b>(802)</b>	<b>(1,177)</b>	<b>(8,749)</b>	<b>(10,234)</b>
11	8	405	...	23,395	21,018
...	(0)	(1)	0	(502)	(903)
(22)	(20)	22	14	(10,332)	(9,605)
...	...	(405)	(21)	336	927
7	...	(29)	1	782	3,008
...	...	...	...	300	801
...	...	...	...	2,902	904
...	...	(6)	(6)	(493)	(203)
<b>(4)</b>	<b>(12)</b>	<b>(14)</b>	<b>(12)</b>	<b>16,389</b>	<b>15,947</b>
<b>73</b>	<b>(59)</b>	<b>(788)</b>	<b>(1,164)</b>	<b>(25,138)</b>	<b>(26,179)</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

## The NSW Total State Sector Accounts Consolidated Statement of Changes in Equity by Sector for the Year Ended 30 June 2021

	Equity at 1 July 2020 Restated <sup>(a)</sup> \$m	Comprehensive Result \$m	Transfers between equity classes \$m	Transactions with owners as owners \$m	Equity at 30 June 2021 \$m
<b>General Government Sector</b>					
Accumulated Funds <sup>(a)</sup>	68,241	7,002	123	...	75,365
Reserves					
Asset Revaluation Surplus <sup>(a)</sup>	99,233	3,948	(112)	...	103,070
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	(799)	2,010	(11)	...	1,201
Hedging Reserve	(7)	0	...	...	(7)
Financial Assets at Fair Value through Other Comprehensive Income <sup>(a)</sup>	71,995	(17,039)	...	...	54,956
Other	(0)	...	...	...	(0)
	<b>238,664</b>	<b>(4,077)</b>	<b>...</b>	<b>...</b>	<b>234,587</b>
<b>Public Non-Financial Corporation Sector</b>					
Accumulated Funds <sup>(a)</sup>	46,210	(725)	337	2,576	48,399
Reserves					
Asset Revaluation Surplus <sup>(a)</sup>	60,195	(18,306)	(372)	...	41,517
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	...	...	...	...	...
Hedging Reserve	(9)	8	...	...	(1)
Financial Assets at Fair Value through Other Comprehensive Income	0	...	...	...	0
Other	34	...	35	...	70
	<b>106,429</b>	<b>(19,022)</b>	<b>...</b>	<b>2,576</b>	<b>89,983</b>
<b>Public Financial Corporation Sector</b>					
Accumulated Funds	(6,745)	2,755	...	(94)	(4,084)
Reserves					
Asset Revaluation Surplus	(1)	1	...	...	0
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	...	...	...	...	...
Hedging Reserve	...	...	...	...	...
Financial Assets at Fair Value through Other Comprehensive Income	(0)	...	...	...	(0)
Other	...	...	...	...	...
	<b>(6,746)</b>	<b>2,755</b>	<b>...</b>	<b>(94)</b>	<b>(4,084)</b>
Eliminations <sup>(a)</sup>	(99,684)	16,267	...	(2,482)	(85,899)
<b>Total State Sector<sup>(a)</sup></b>	<b>238,664</b>	<b>(4,077)</b>	<b>...</b>	<b>...</b>	<b>234,587</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

## The NSW Total State Sector Accounts Consolidated Statement of Changes in Equity by Sector for the Year Ended 30 June 2020

	Equity at 1 July 2019 \$m	Changes in Accounting Standards and Policy at 1 July 2019 <sup>(a)(b)(c)</sup> \$m	Equity at 1 July 2019 Restated <sup>(a)(c)</sup> \$m	Comprehensive Result Restated <sup>(a)(c)</sup> \$m	Transfers between equity classes Restated <sup>(a)</sup> \$m	Transactions with owners as owners \$m	Equity at 30 June 2020 Restated <sup>(a)</sup> \$m
<b>General Government Sector</b>							
Accumulated Funds <sup>(a)(c)</sup>	75,722	1,362	77,084	(10,737)	1,893	...	68,241
Reserves							
Asset Revaluation Surplus <sup>(a)(c)</sup>	96,163	565	96,728	4,398	(1,893)	...	99,233
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	(556)	...	(556)	(243)	(0)	...	(799)
Hedging Reserve	1	...	1	(8)	0	...	(7)
Financial Assets at Fair Value through Other Comprehensive Income <sup>(a)(c)</sup>	77,738	(912)	76,826	(4,831)	...	...	71,995
Other	(0)	...	(0)	...	(0)	...	(0)
	<b>249,070</b>	<b>1,015</b>	<b>250,085</b>	<b>(11,421)</b>	<b>...</b>	<b>...</b>	<b>238,664</b>
<b>Public Non-Financial Corporation Sector</b>							
Accumulated Funds <sup>(a)(c)</sup>	42,652	(888)	41,764	(2,106)	975	5,577	46,210
Reserves							
Asset Revaluation Surplus <sup>(a)(c)</sup>	60,869	(24)	60,845	310	(960)	...	60,195
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	...	...	...	...	...	...	...
Hedging Reserve	(3)	...	(3)	(6)	...	...	(9)
Financial Assets at Fair Value through Other Comprehensive Income	...	...	...	0	...	...	0
Other	50	...	50	...	(16)	...	34
	<b>103,567</b>	<b>(912)</b>	<b>102,655</b>	<b>(1,803)</b>	<b>...</b>	<b>5,577</b>	<b>106,429</b>
<b>Public Financial Corporation Sector</b>							
Accumulated Funds	(4,733)	...	(4,733)	(1,936)	...	(76)	(6,745)
Reserves							
Asset Revaluation Surplus Equity Investment Revaluation Surplus/Hedge Reserve in Associate	...	...	...	(1)	...	...	(1)
Hedging Reserve	...	...	...	...	...	...	...
Financial Assets at Fair Value through Other Comprehensive Income	...	(0)	(0)	...	...	...	(0)
Other	...	...	...	...	...	...	...
	<b>(4,733)</b>	<b>(0)</b>	<b>(4,733)</b>	<b>(1,937)</b>	<b>...</b>	<b>(76)</b>	<b>(6,746)</b>
Eliminations <sup>(a)(c)</sup>	(98,834)	912	(97,922)	3,740	...	(5,501)	(99,684)
<b>Total State Sector<sup>(a)(c)</sup></b>	<b>249,070</b>	<b>1,015</b>	<b>250,085</b>	<b>(11,421)</b>	<b>...</b>	<b>...</b>	<b>238,664</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Includes changes in accounting standards adjustments for AASB 15, AASB 16, AASB 1058, AASB 1059 and TPP 06-8 withdrawal.

(c) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

## The NSW Total State Sector Accounts Consolidated Statement of Financial Position as at 30 June 2021

	General Government 2020-21	2019-20 Restated <sup>(a)(b)</sup>	Public Non-Financial Corporations 2020-21	2019-20 Restated <sup>(a)(b)</sup>
	\$m	\$m	\$m	\$m
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalent Assets <sup>(b)(c)</sup>	3,781	6,134	2,142	1,827
Receivables <sup>(a)</sup>	12,567	11,468	1,327	1,295
Investments, Loans and Placements				
Financial Assets at Fair Value <sup>(c)</sup>	47,662	40,874	371	243
Other Financial Assets <sup>(a)</sup>	1,436	1,608	480	421
Advances paid	1,298	1,239	18	0
Tax Equivalents Receivable	35	15	35	77
Deferred Tax Equivalents <sup>(a)</sup>	2,291	2,050	50	84
Equity Investments				
Investments in Other Public Sector Entities <sup>(a)</sup>	85,778	99,485	...	...
Investments in Associates	13,358	11,866	...	...
Other	5	7	156	181
<b>Total Financial Assets</b>	<b>168,211</b>	<b>174,746</b>	<b>4,579</b>	<b>4,128</b>
<b>Non-Financial Assets</b>				
Contract Assets	97	24	...	...
Inventories	1,378	1,188	712	576
Forestry Stock and Other Biological Assets	18	14	754	827
Assets Classified as Held for Sale	123	286	37	49
Investment Properties	...	...	623	676
Property, Plant and Equipment				
Land and Buildings <sup>(a)</sup>	102,282	95,566	70,190	73,980
Plant and Equipment <sup>(a)</sup>	13,112	12,825	3,611	4,198
Infrastructure Systems <sup>(a)(b)</sup>	156,665	146,483	44,462	56,075
Right-of-Use Assets <sup>(a)</sup>	6,513	6,838	2,796	2,969
Intangibles <sup>(a)</sup>	4,575	4,476	860	1,070
Other Non-Financial Assets <sup>(a)</sup>	1,122	1,065	537	523
<b>Total Non-Financial Assets</b>	<b>285,884</b>	<b>268,766</b>	<b>124,582</b>	<b>140,944</b>
<b>TOTAL ASSETS</b>	<b>454,096</b>	<b>443,512</b>	<b>129,161</b>	<b>145,072</b>
<b>LIABILITIES</b>				
Deposits Held <sup>(b)</sup>	282	293	27	21
Payables <sup>(a)</sup>	10,052	7,207	2,528	2,186
Contract Liabilities	934	1,156	139	108
Borrowings and Derivatives at Fair Value	212	392	2	7
Borrowings at Amortised Cost <sup>(a)</sup>	90,133	71,205	28,976	27,665
Advances Received	625	696	448	463
Employee Provisions	23,386	22,566	1,293	1,227
Superannuation Provision	57,591	67,890	2,261	3,057
Tax Equivalents Payable	35	80	27	0
Deferred Tax Equivalent Provision	50	82	2,291	2,052
Other Provisions	14,180	14,101	946	1,664
Other Liabilities <sup>(a)(b)(c)</sup>	22,028	19,178	238	192
<b>TOTAL LIABILITIES</b>	<b>219,509</b>	<b>204,848</b>	<b>39,178</b>	<b>38,642</b>
<b>NET WORTH</b>	<b>234,587</b>	<b>238,664</b>	<b>89,983</b>	<b>106,429</b>
<b>OTHER FISCAL AGGREGATES</b>				
<b>Net Debt</b>	37,076	22,732	26,443	25,664
<b>Net Financial Liabilities</b>	137,076	129,587	34,598	34,514

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

(c) 2019-20 comparatives for cash and cash equivalent assets, financial assets at fair value and other liabilities have been revised after subsequent publication of the 2019-20 TSSA.

Public Financial Corporations		Eliminations		Total State Sector	
2020-21	2019-20 Restated <sup>(c)</sup>	2020-21	2019-20 Restated <sup>(a)(b)(c)</sup>	2020-21	2019-20 Restated <sup>(a)(b)(c)</sup>
\$m	\$m	\$m	\$m	\$m	\$m
3,913	3,119	(638)	(646)	9,198	10,434
1,711	1,211	(3,628)	(2,822)	11,977	11,151
152,323	125,003	(147,911)	(120,210)	52,444	45,909
12	11	(146)	(182)	1,783	1,858
...	...	(448)	(463)	868	776
...	...	(71)	(92)	...	...
...	...	(2,342)	(2,135)	...	...
...	...	(85,778)	(99,485)	...	...
...	...	...	...	13,358	11,866
25,467	21,554	...	...	25,629	21,741
<b>183,427</b>	<b>150,897</b>	<b>(240,961)</b>	<b>(226,035)</b>	<b>115,256</b>	<b>103,736</b>
...	...	...	(2)	97	23
...	...	(543)	(21)	1,547	1,743
...	...	...	...	771	841
...	...	...	...	160	335
...	...	...	...	623	676
12	12	...	...	172,483	169,557
6	13	...	...	16,729	17,036
...	...	543	0	201,670	202,558
59	63	(196)	(186)	9,173	9,684
20	11	...	...	5,455	5,558
98	83	(8)	(22)	1,749	1,650
<b>196</b>	<b>182</b>	<b>(204)</b>	<b>(229)</b>	<b>410,459</b>	<b>409,662</b>
<b>183,623</b>	<b>151,079</b>	<b>(241,165)</b>	<b>(226,265)</b>	<b>525,715</b>	<b>513,398</b>
234	409	(232)	(354)	311	369
1,657	346	(2,892)	(1,415)	11,345	8,324
...	...	(22)	(6)	1,051	1,259
115,007	98,364	(223)	(405)	114,997	98,358
77	80	(100,368)	(79,247)	18,818	19,703
...	...	(448)	(463)	625	696
48	43	(19)	(19)	24,708	23,817
3	5	...	...	59,855	70,951
8	12	(71)	(92)	...	...
...	...	(2,342)	(2,135)	...	...
8,327	7,432	(721)	(1,410)	22,731	21,786
62,346	51,137	(47,927)	(41,037)	36,685	29,471
<b>187,707</b>	<b>157,826</b>	<b>(155,266)</b>	<b>(126,582)</b>	<b>291,128</b>	<b>274,734</b>
<b>(4,084)</b>	<b>(6,747)</b>	<b>(85,899)</b>	<b>(99,682)</b>	<b>234,587</b>	<b>238,664</b>
(40,931)	(29,280)	47,871	41,032	70,459	60,148
4,280	6,929	(83)	(32)	175,872	170,998

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

(c) 2019-20 comparatives for cash and cash equivalent assets, financial assets at fair value and other liabilities have been revised after subsequent publication of the 2019-20 TSSA.

## The NSW Total State Sector Accounts Consolidated Statement of Cash Flows by Sector for the Year Ended 30 June 2021

	General Government 2020-21	General Government 2019-20 Restated <sup>(a)(b)</sup>	Public Non-Financial Corporations 2020-21	Public Non-Financial Corporations 2019-20 Restated <sup>(a)(b)</sup>
	\$m	\$m	\$m	\$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Taxation	34,344	28,346	...	...
Sale of Goods and Services	10,268	8,878	6,934	7,728
Grants and Subsidies	35,421	33,775	4,573	3,151
Interest	217	291	23	51
Dividends and Income Tax Equivalents from Other Sectors	1,582	1,139	0	(0)
Other <sup>(b)</sup>	9,948	10,333	1,261	1,119
<b>Total Receipts</b>	<b>91,780</b>	<b>82,762</b>	<b>12,791</b>	<b>12,049</b>
<b>Payments</b>				
Employee Related	(35,904)	(34,083)	(2,481)	(2,420)
Superannuation	(3,191)	(4,649)	(221)	(229)
Payments for Goods and Services <sup>(a)</sup>	(23,817)	(21,291)	(5,955)	(5,989)
Grants and Subsidies	(19,035)	(16,180)	(108)	(60)
Interest <sup>(a)</sup>	(2,201)	(1,784)	(853)	(910)
Distributions Paid	0	0	(9)	(301)
Other <sup>(b)</sup>	(6,717)	(7,251)	(828)	(1,067)
<b>Total Payments</b>	<b>(90,864)</b>	<b>(85,237)</b>	<b>(10,455)</b>	<b>(10,974)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>916</b>	<b>(2,475)</b>	<b>2,336</b>	<b>1,075</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Non-financial Assets</b>				
Proceeds from Sale of Non-Financial Assets	305	223	263	264
Purchases	(16,395)	(17,252)	(4,840)	(4,258)
<b>Net Cash Flows from Investments in Non-financial Assets</b>	<b>(16,090)</b>	<b>(17,029)</b>	<b>(4,577)</b>	<b>(3,994)</b>
<b>Financial Assets (Policy Purposes)</b>				
Receipts <sup>(b)</sup>	787	235	0	...
Payments <sup>(b)</sup>	(3,315)	(2,206)	(17)	(26)
<b>Net Cash Flows from Investments in Financial Assets (Policy Purposes)</b>	<b>(2,528)</b>	<b>(1,971)</b>	<b>(17)</b>	<b>(26)</b>
<b>Financial Assets (Liquidity Purposes)</b>				
Proceeds from Sale of Investments <sup>(b)</sup>	2,956	6,258	1	192
Purchase of Investments <sup>(b)(c)</sup>	(4,416)	(2,214)	(69)	(5)
<b>Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)</b>	<b>(1,460)</b>	<b>4,045</b>	<b>(70)</b>	<b>187</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(20,078)</b>	<b>(14,955)</b>	<b>(4,665)</b>	<b>(3,834)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advances Received	0	21	3,160	1,964
Advances Repaid	(101)	(98)	(31)	(31)
Proceeds from Borrowings	18,853	22,943	2,026	1,841
Repayments of Borrowings <sup>(a)</sup>	(1,945)	(1,308)	(844)	(716)
Dividends Paid	...	...	(1,459)	(727)
Deposits Received/(Paid) - Net <sup>(b)</sup>	(10)	22	7	(49)
Other - Net	8	15	(215)	9
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>16,805</b>	<b>21,595</b>	<b>2,643</b>	<b>2,291</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(2,357)</b>	<b>4,165</b>	<b>315</b>	<b>(468)</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

(c) 2019-20 comparatives for purchase of investments have been revised after subsequent publication of the 2019-20 TSSA.

Public Financial Corporations 2020-21	2019-20 Restated <sup>(c)</sup>	Eliminations 2020-21	2019-20 Restated <sup>(a)(b)(c)</sup>	Total State Sector 2020-21	2019-20 Restated <sup>(a)(b)(c)</sup>
\$m	\$m	\$m	\$m	\$m	\$m
571	527	(490)	(503)	34,425	28,370
1,001	866	(3,912)	(3,305)	14,291	14,167
...	...	(4,622)	(3,216)	35,372	33,710
2,759	2,368	(2,420)	(2,035)	579	674
...	...	(1,583)	(1,139)	0	0
7,296	2,668	(2,503)	(2,432)	16,002	11,688
<b>11,628</b>	<b>6,429</b>	<b>(15,530)</b>	<b>(12,630)</b>	<b>100,670</b>	<b>88,609</b>
(239)	(199)	142	159	(38,482)	(36,542)
(20)	(16)	...	0	(3,432)	(4,893)
(3,207)	(3,445)	7,096	5,983	(25,883)	(24,742)
(12)	(13)	4,652	3,264	(14,503)	(12,988)
(2,355)	(2,046)	2,404	2,025	(3,004)	(2,715)
(39)	(18)	47	318	...	...
(174)	(1,012)	(221)	102	(7,939)	(9,227)
<b>(6,046)</b>	<b>(6,748)</b>	<b>14,121</b>	<b>11,851</b>	<b>(93,244)</b>	<b>(91,108)</b>
<b>5,582</b>	<b>(320)</b>	<b>(1,409)</b>	<b>(780)</b>	<b>7,425</b>	<b>(2,499)</b>
...	0	1	(0)	569	487
(11)	(8)	(356)	(39)	(21,602)	(21,557)
<b>(11)</b>	<b>(8)</b>	<b>(355)</b>	<b>(39)</b>	<b>(21,033)</b>	<b>(21,070)</b>
...	...	(31)	(57)	756	179
...	...	3,160	1,990	(172)	(242)
...	...	<b>3,129</b>	<b>1,933</b>	<b>584</b>	<b>(63)</b>
6,300	4,613	(4,130)	(6,636)	5,127	4,426
(29,902)	(28,335)	24,059	29,904	(10,328)	(650)
<b>(23,602)</b>	<b>(23,723)</b>	<b>19,931</b>	<b>23,268</b>	<b>(5,201)</b>	<b>3,776</b>
<b>(23,613)</b>	<b>(23,731)</b>	<b>22,705</b>	<b>25,161</b>	<b>(25,651)</b>	<b>(17,358)</b>
...	...	(3,160)	(1,964)	0	21
...	...	31	31	(101)	(98)
81,630	103,028	(20,875)	(25,060)	81,635	102,751
(62,730)	(80,442)	961	1,387	(64,558)	(81,078)
(76)	(118)	1,535	844	...	...
...	...	0	...	(4)	(28)
...	...	224	(28)	16	(4)
<b>18,825</b>	<b>22,468</b>	<b>(21,284)</b>	<b>(24,790)</b>	<b>16,989</b>	<b>21,564</b>
<b>794</b>	<b>(1,582)</b>	<b>12</b>	<b>(407)</b>	<b>(1,236)</b>	<b>1,708</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

(c) 2019-20 comparatives for purchase of investments have been revised after subsequent publication of the 2019-20 TSSA.

**The NSW Total State Sector Accounts Consolidated Statement of Cash Flows by Sector for the Year Ended 30 June 2021 (continued)**

	General Government 2020-21	2019-20 Restated <sup>(a)(b)</sup>	Public Non-Financial Corporations 2020-21	2019-20 Restated <sup>(a)(b)</sup>
	\$m	\$m	\$m	\$m
Opening Cash and Cash Equivalents	6,134	1,969	1,827	2,265
Reclassification of Cash Equivalents	4	(0)	...	29
<b>CLOSING CASH BALANCE</b>	<b>3,781</b>	<b>6,134</b>	<b>2,142</b>	<b>1,827</b>
<b>DERIVATION OF CASH RESULT</b>				
Net Cash Flows from Operating Activities	916	(2,475)	2,336	1,075
Net Cash Flows from Investments in Non-Financial Assets	(16,090)	(17,029)	(4,577)	(3,994)
Dividend Distributions	...	...	(1,459)	(727)
<b>CASH SURPLUS/(DEFICIT)</b>	<b>(15,174)</b>	<b>(19,504)</b>	<b>(3,700)</b>	<b>(3,646)</b>

(a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.

(b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.

Public Financial Corporations		Eliminations		Total State Sector	
2020-21	2019-20 Restated <sup>(c)</sup>	2020-21	2019-20 Restated <sup>(a)(b)(c)</sup>	2020-21	2019-20 Restated <sup>(a)(b)(c)</sup>
\$m	\$m	\$m	\$m	\$m	\$m
3,119	4,701	(646)	(239)	10,434	8,696
...	...	(4)	1	0	30
<b>3,913</b>	<b>3,119</b>	<b>(638)</b>	<b>(646)</b>	<b>9,198</b>	<b>10,434</b>
5,582	(320)	(1,409)	(780)	7,425	(2,499)
(11)	(8)	(355)	(39)	(21,033)	(21,070)
(76)	(118)	1,535	844	...	...
<b>5,495</b>	<b>(445)</b>	<b>(229)</b>	<b>25</b>	<b>(13,608)</b>	<b>(23,569)</b>

- (a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.
- (b) Refer to Note 32: Restatement / Corrections to Prior Years for details of restatements to the prior period.
- (c) 2019-20 comparatives for the closing cash balance have been revised after subsequent publication of the 2019-20 TSSA.

## Information on Expenses and Assets by Function

	General Government Sector		Total State Sector	
	2020-21	2019-20 Restated <sup>(a)</sup>	2020-21	2019-20 Restated <sup>(a)</sup>
	\$m	\$m	\$m	\$m
<b>Total Expenses by Function (Policy Area)</b>				
General Public Services <sup>(b)</sup>	8,048	9,809	8,861	10,922
Defence	...	...	...	...
Public Order and Safety <sup>(a)</sup>	9,290	8,671	9,310	8,671
Economic Affairs <sup>(a)(b)</sup>	5,135	4,385	6,720	6,428
Environmental Protection	1,669	1,509	1,630	1,489
Housing and Community Amenities <sup>(a)</sup>	1,895	995	3,886	2,895
Health <sup>(a)(b)</sup>	25,756	24,231	25,739	24,219
Recreation, Culture and Religion <sup>(a)</sup>	1,339	1,101	1,794	1,636
Education <sup>(b)</sup>	18,590	17,630	18,350	17,517
Social Protection	8,436	8,533	9,638	9,814
Transport <sup>(a)(b)</sup>	14,878	12,026	14,594	12,783
<b>Total Expenses<sup>(c)</sup></b>	<b>95,038</b>	<b>88,892</b>	<b>100,521</b>	<b>96,374</b>
<b>Total Assets by Function (Policy Area)</b>				
General Public Services <sup>(a)(d)</sup>	141,853	152,019	105,539	98,238
Defence	...	...	...	...
Public Order and Safety <sup>(a)</sup>	15,083	14,142	15,075	14,133
Economic Affairs <sup>(a)</sup>	15,554	13,814	18,951	17,697
Environmental Protection	1,172	1,039	1,250	1,120
Housing and Community Amenities <sup>(a)</sup>	15,009	15,096	28,250	27,759
Health <sup>(a)</sup>	28,833	28,342	28,833	28,342
Recreation, Culture and Religion <sup>(a)</sup>	13,742	13,127	21,035	19,638
Education	41,317	38,835	41,313	38,835
Social Protection	4,499	4,197	65,702	62,947
Transport <sup>(a)</sup>	177,034	162,900	199,768	204,689
<b>Total Assets<sup>(c)</sup></b>	<b>454,096</b>	<b>443,512</b>	<b>525,715</b>	<b>513,398</b>

- (a) The comparative 2019-20 financial year has been restated to reflect the adoption of AASB 1059 and withdrawal of TPP 06-8. Refer to Note 14: Property, Plant and Equipment for further information.
- (b) The 2019-20 comparatives for expenses by function have been revised after publication of the 2019-20 TSSA.
- (c) The aggregate expenses and assets for the General Government Sector can be greater than the Total State Sector aggregates due to the elimination of inter sector expenses and asset balances from the Total State aggregates.
- (d) General Public Services for the General Government Sector includes the State's equity investment in the PNFC/PFC sectors which is eliminated in the Total State Sector assets.

The aggregate amount of the comprehensive result attributable to the General Government Sector from the PNFC and PFC sector entities in the 2020-21 financial year is a \$16,265 million net deficit (2019-20: \$3,740 million net deficit). It comprises the sum of General Government Sector inter-sector expenses (grants, interest on borrowings, and purchases) less the sum of General Government Sector inter-sector revenues (dividends, income and other tax revenues, revenues from sale of goods and services, interest from inter-sector loans, and gains on the equity investment in the PNFC/PFC sectors).

## Note 36: Key Fiscal Aggregates and Reconciliations to Government Finance Statistics

AASB 1049 harmonises Government Finance Statistics (GFS) with Australian Accounting Standards (AAS) to the extent that GFS does not conflict with AAS. This requires the selection of options within the AAS that harmonise with the ABS GFS Manual.

The Australian Bureau of Statistics (ABS) GFS Manual provides the basis upon which GFS information contained in this financial report is prepared. The principles and concepts contained in the GFS Manual share many similarities with accounting principles and concepts. Where harmonisation cannot be achieved because of differences in definition, recognition, measurement, classification and consolidation principles and rules, a convergence difference arises.

### Key Fiscal Aggregates

Fiscal aggregates are useful for assessing the impact of the financial transactions and balances of government-controlled entities on the economy. These measures are derived from the financial statements.

The **net operating balance** is calculated as income from transactions less expenses from transactions for both AAS and GFS. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. The GFS measure for the net operating balance will differ from the AASB 1049 measurement due to differences in the treatment of revenue and expense items that are included in this fiscal aggregate under the two frameworks.

**Net lending/(borrowing)** is calculated as the net operating balance, less the net acquisition of non-financial assets. The GFS measure of net lending/(borrowing) will vary from the AASB 1049 measure due to differences in the treatment of items that are recognised as revenues and expenses under AAS. There will also be variances between the two frameworks arising from the recognition of items that are included in the presentation of the net acquisition of non-financial assets.

The **total change in net worth** reports the movement in the transactions and other economic flows that contribute to the closing balance of net worth reported in the Consolidated Statement of Financial Position. For both GFS and AASB 1049, the change in the net worth is calculated from the prior year's net worth balance. Variances between GFS and AASB 1049 in this fiscal aggregate, relate to the conceptual differences between these two frameworks for items reported in the Consolidated Statement of Comprehensive Income.

**Net worth** represents total assets less total liabilities, excluding the State's equity investments in the PNFC and PFC sectors under GFS. Different recognition and measurement principles applied for assets and liabilities under the two frameworks results in differences in the calculation of the GFS and AASB 1049 net worth measure. AASB 1049 net worth also differs from GFS as it includes the GGS equity investments in the PNFC and PFC sector. Under AAS, equity investments in the PNFC and PFC sector are measured at the fair value of the Government's proportional share of the carrying amount of net assets. GFS differs from AAS and reports the equity investment in the PNFC and PFC sectors as zero, as the shares and other contributed equity are considered to represent a liability to the State as the owner.

The **cash surplus/(deficit)** equals to net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets (less distributions paid for the public non-financial corporation (PNFC) and public financial corporation (PFC) sectors). The GFS measure for the cash surplus/deficit will differ from the AASB 1049 measurement due to differences in the treatment of operating and investing cash flows that are included and recognised in this fiscal aggregate under the two frameworks.

In the TSSA, **net debt** is reported as the sum of deposits held, government securities, loans payable and other borrowings, less the sum of cash and deposits, advances paid and investments, loans receivable and placements. GFS data published by the ABS presents debt in a matrix form with no single net debt aggregate identified.

## Convergence Differences

The following table details convergence differences resulting in the different calculation of the key fiscal aggregates under AASB 1049 (AAS) and in accordance with the ABS GFS manual.

Convergence Difference	AAS Treatment	GFS Treatment
Allowances for expected credit losses	Allowances for expected credit losses for assets are recognised in the Consolidated Statement of Financial Position. Movements in the allowance (i.e., doubtful debts expense) are recognised in the Consolidated Statement of Comprehensive Income as other economic flows.	Bad debt expenses are only required to be recognised when the economic event of debt write off occurs. Allowances for expected credit losses are not recognised in the Consolidated State of Financial Position.
Assets held for sale	AASB 5 <i>Non-Current Assets Held for Sale and Discontinued Operations</i> requires valuation at fair value less costs to sell.	GFS valuation is at market value which does not include costs to sell.
Borrowings and advances	Borrowings and advances measured at amortised cost are recognised initially at fair value and subsequently measured at amortised cost.	Interest free or low interest loans are recognised based on the amount lent, and interest is recognised based on any cash interest paid. Any difference between the original amount lent and the fair value is initially recognised to the operating result and subsequently amortised over the life of the loan.
Deferred tax accounting	AAS adopts tax effect accounting whereby temporary differences between the accounting base and tax base of assets and liabilities are recognised in the Consolidated Statement of Financial Position as deferred tax assets and deferred tax liabilities.	GFS does not recognise deferred tax balances.
Dividends to owners	Dividends to the GGS (as owners) made by the PNFC and PFC sectors are treated as distributions to owners and therefore a direct reduction of accumulated funds. This difference does not impact the Total State Sector as dividends are eliminated on consolidation.	Dividends are treated as an expense.
Income tax equivalents – discontinued operations	The component of income tax equivalents related to the disposal of discontinuing operations is reported in other economic flows, similar to deferred taxes, in the Consolidated Statement of Comprehensive Income.	Under GFS, this is treated as a return of capital, rather than a transaction.
Inter-sector employee expenses	Where staff employed in the GGS sector provide services to the PNFC sector, the related employee expenses and the revenue recoverable from the PNFC sector, are reported in the GGS.	The revenue and expense related to services provided by GGS staff to the PNFC sector are offset in the GGS and the employee expenses related to these personnel are recognised in the PNFC sector where the services were provided.
Land inventory	Land may be treated as inventory under AAS and measured at the lower of cost and net realisable value. Changes in inventory are presented on a net basis.	Under GFS, land is classified as a tangible non-financial non-produced asset and recognised at its market value. Acquisitions of land is also presented separately from disposals of land. These recognition and measurement differences impact both the Consolidated Statement of Comprehensive Income when land inventory is remeasured, and the value of the land inventory assets recorded in the Consolidated Statement of Financial Position.
Leases	The distinction between operating and finance leases has been removed from the lessee perspective with the adoption of AASB 16 <i>Leases</i> . Under AAS, a right-of-use asset and depreciation expense is recognised with associated lease liability and interest expense.	GFS however continues to maintain a distinction between operating and finance leases for lessees and does not recognise operating leases on the Consolidated Statement of Financial Position.

Convergence Difference	AAS Treatment	GFS Treatment
Non-contractual licences arising from statutory requirements	Revenue associated with non-contractual licences arising from statutory requirements is presented as licence fee revenue under <i>AASB 15 Revenue from Contracts with Customers</i> . AAS recognises revenue deferrals for short-term and low value prepaid licences in the Consolidated Statement of Financial Position.	Licence fee revenues are presented as taxation revenue under GFS. Revenue deferrals for licence fee revenue are excluded from the GFS Consolidated Statement of Financial Position as the prepaid income is treated as an upfront sale of a non-produced intangible asset (e.g. a permit or licence to engage in an activity over an extended period).
Prepaid expenses and deferred revenues	Prepaid expenses and deferred revenues are not recognised as financial instruments as they do not give rise to a present right to receive or deliver cash or any other financial assets. They are presented in the Consolidated Statement of Financial Positions as other non-financial assets and liabilities.	Prepaid expenses and deferred revenues are respectively presented as receivables and payables in the Consolidated Statement of Financial Position.
Provisions	Provisions are recognised as liabilities when a present obligation to another party is evident.	GFS does not recognise provisions when the identity of the party to whom the obligation is owed is unknown. The balance for provisions and is therefore lower under GFS.
Rental bond monies held in trust	Rental bond assets and liabilities are considered trust monies and are excluded from the Consolidated Statement of Financial Position.	Rental bond monies are recognised in the Consolidated Statement of Financial Position.
Service concession arrangements	The State is required by AASB 1059 <i>Service Concession Arrangements: Grantors</i> to recognise service concession assets, related financial / GORTO liability balances and associated transactions for service concession arrangements.	GFS does not require the recognition of service concession balances and transactions and continues to account for these arrangements under pre-existing accounting approaches.
Subsidies	Transport and energy subsidies paid from the GGS to the PNFC sector for students and pensioners are eliminated on consolidation of the TSS.	The payments by the State are treated as a gross expense, and a gross revenue for electricity sales and travel fares.
Taxation revenue	Taxation revenue is recognised in the sector in which it is collected.	A tax or fine can only be incurred in the GGS. For GFS reporting, taxation income collected by a PFC sector or PNFC sector agency due to administrative requirements is reclassified as a tax receipt in the GGS and an equivalent subsidy is paid back to the PFC/PNFC sectors.
Transfer payments to local government	Transfer payments relate to grants from the Australian Government for specific non-government schools or for local government authorities. As the State has no control over the transfer payments, they are not recognised as State revenues and expenses.	The ABS has determined that for GFS purposes that transfer payments are recognised as GFS revenues and expenses of the States and Territories.

## Note 37: Details of Consolidated Entities

The controlled entities of the State of NSW are listed below.

Two controlled entities (2019-20: four controlled entities) have a reporting date other than 30 June. The reporting date for the National Art School and the Border Fence Maintenance Board is 31 December.

The reporting date for the Sydney Cricket and Sports Ground Trust in the previous 2019-20 financial year was 28 February as it was aligned to the sporting year associated with its primary activities. The Sydney Cricket and Sports Ground Trust was abolished in the 2020-21 financial year on 1 December 2020.

The reporting date for the Technical Education Trust Fund in the previous 2019-20 financial year was 31 December. This agency has adopted a 30 June reporting date in the 2020-21 financial year.

It is not considered material to the results and financial position of the TSSA to attempt to align the reporting period of these reporting entities to 30 June. Accordingly, the annual financial results of these reporting entities as at the last reported year (ending December or February) have been consolidated into the 30 June TSSA.

Entities and staff agencies displayed in italics have been abolished.

### Changes to Reporting Entities

There have been a number of changes to reporting entities since the last TSSA that affect reporting in this financial year. These changes are as a result of legislative amendments and Administrative Changes Orders which are outlined below.

- Transport Asset Holding Entity of New South Wales was converted from the Rail Corporation of New South Wales under the *Transport Administration Amendment (Transport Entities) Act 2017 No 12 (NSW)* effective 1 July 2020.
- Office of the Independent Planning Commission was established as a NSW Government agency under the *Administrative Arrangements (Administrative Changes—Regional NSW and Independent Planning Commission) Order 2020* effective 1 July 2020.
- Sydney Cricket and Sports Ground Trust and Sydney Cricket and Sports Ground Trust Staff Agency were abolished, and functions transferred to Venues NSW under the *Sporting Venues Authorities Amendment (Venues NSW) Act 2020 No 29* effective 1 December 2020.
- Venues NSW Staff Agency was established under the *Administrative Arrangements (Administrative Changes—Venues NSW Staff Agency) Order 2020* effective 1 December 2020.
- Western City and Aerotropolis Authority was renamed to Western Parkland City Authority under the *Statute Law (Miscellaneous Provisions) Act 2020 No 30* effective 11 December 2020.
- Office of the Independent Review Officer was established as a Public Service agency and Workers Compensation Commission of New South Wales was abolished, and functions transferred to State Insurance Regulatory Authority under the *Personal Injury Commission Act 2020 No 18* effective 1 March 2021.
- Investment NSW was established as a Public Service Executive agency and Destination NSW Staff Agency was abolished under the *Administrative Arrangements (Administrative Changes—Miscellaneous) Order 2021* effective 29 March 2021.

## General Government Sector Controlled Entities

Aboriginal Housing Office	Gaagal Wanggaan (South Beach) National Park Board of Management <sup>(a)(*)</sup>
Dunghutti Aboriginal Elders Tribal Council Trust	Generator Property Management Pty Ltd <sup>(*)</sup>
Aboriginal Languages Trust Board	Greater Sydney Commission
Alpha Distribution Ministerial Holding Corporation	Greyhound Welfare and Integrity Commission <sup>(*)</sup>
Art Gallery of New South Wales Trust	Gulaga National Park Board of Management <sup>(a)(*)</sup>
The Australian Institute of Asian Culture and Visual Arts Limited (VisAsia)	Health Care Complaints Commission
Art Gallery of New South Wales Trust Staff Agency	Health Care Complaints Commission Staff Agency
Art Gallery of NSW Foundation <sup>(*)</sup>	Heritage Council of New South Wales
Australian Museum Trust	Historic Houses Trust of New South Wales
Australian Museum Trust Staff Agency	Foundation for the Historic Houses Trust of New South Wales
Belgenny Farm Agricultural Heritage Centre Trust <sup>(*)</sup>	Hamilton Rouse Hill Trust
Biamanga National Park Board of Management <sup>(a)(*)</sup>	Rouse Hill Hamilton Collection Pty Limited
Biodiversity Conservation Trust of New South Wales	Home Purchase Assistance Fund
Border Fence Maintenance Board <sup>(*)</sup>	Hunter and Central Coast Development Corporation
Building Insurers' Guarantee Corporation	Independent Commission Against Corruption
C.B. Alexander Foundation <sup>(*)</sup>	Independent Liquor and Gaming Authority
Cemeteries and Crematoria NSW <sup>(*)</sup>	Independent Pricing and Regulatory Tribunal
Centennial Park and Moore Park Trust	Independent Pricing and Regulatory Tribunal Staff Agency
Chief Investigator of the Office of Transport Safety Investigations	Information and Privacy Commission
Combat Sports Authority of New South Wales <sup>(*)</sup>	Infrastructure NSW
Consolidated Fund	Infrastructure NSW Staff Agency
Corporation Sole 'Minister Administering the Heritage Act, 1977' <sup>(*)</sup>	Investment NSW <sup>(c)</sup>
Crown Solicitor's Office	Jobs for NSW Fund
Dams Safety Committee <sup>(*)</sup>	Judicial Commission of New South Wales
Department of Communities and Justice	Lands Administration Ministerial Corporation <sup>(d)</sup>
John Williams Memorial Charitable Trust	Legal Aid Commission of New South Wales
Department of Customer Service	Legal Aid Commission Staff Agency
Safe Work NSW	Liability Management Ministerial Corporation
Department of Education	Library Council of New South Wales
Advocate for Children and Young People	Library Council of New South Wales Staff Agency
Department of Planning, Industry and Environment	State Library of New South Wales Foundation
Aboriginal Fishing Trust Fund	Local Land Services
Agricultural Scientific Collections Trust	Local Land Services Staff Agency
Aquaculture Trust Fund	Long Service Corporation
Charter Fishing Trust Fund	Lord Howe Island Board <sup>(*)</sup>
Coal Innovation Fund	Luna Park Reserve Trust
Commercial Fishing Trust Fund	Mental Health Commission of New South Wales
Crown Reserves Improvement Fund	Mental Health Commission Staff Agency
Fish Conservation Trust Fund	Ministerial Holding Corporation <sup>(*)</sup>
Game and Pest Management Trust Fund	Ministry of Health <sup>(e)</sup>
Independent Planning Commission	Agency for Clinical Innovation
Natural Resources Access Regulator	Albury Base Hospital
Planning Ministerial Corporation	Albury Wodonga Health Employment Division
Recreational Fishing (Fresh) Trust Fund	Bureau of Health Information
Recreational Fishing (Salt) Trust Fund	Cancer Institute (NSW)
Department of Premier and Cabinet	Central Coast Local Health District
Department of Transport	Clinical Excellence Commission
Transport for NSW	Far West Local Health District
Transport Service of New South Wales	Graythwaite Trust
Destination NSW	Health Administration Corporation
<i>Destination NSW Staff Agency<sup>(b)</sup></i>	Health Education and Training Institute
Electricity Assets Ministerial Holding Corporation	Hunter New England Local Health District
Electricity Retained Interest Corporation (ERIC-A)	Illawarra Shoalhaven Local Health District
Electricity Retained Interest Corporation (ERIC-E)	Justice Health and Forensic Mental Health Network
Electricity Transmission Ministerial Holding Corporation	Mid North Coast Local Health District
Environment Protection Authority	Murrumbidgee Local Health District
Environment Protection Authority Staff Agency	Nepean Blue Mountains Local Health District
Environmental Trust	Northern NSW Local Health District
Epsilon Distribution Ministerial Holding Corporation	Northern Sydney Local Health District
Fire and Rescue NSW	South Eastern Sydney Local Health District
	South Western Sydney Local Health District
	Southern NSW Local Health District
	Sydney Local Health District

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)	Parliamentary Counsel's Office
Western NSW Local Health District	Parramatta Park Trust <sup>(*)</sup>
Western Sydney Local Health District	Ports Assets Ministerial Holding Corporation
Mt Grenfell Historic Site Board of Management <sup>(a)(*)</sup>	Port of Newcastle Lessor Pty Limited
Multicultural NSW	Port Botany Lessor Pty Limited
Multicultural NSW Staff Agency	Port Kembla Lessor Pty Limited
Mutawintji Board of Management <sup>(a)(*)</sup>	Property NSW
National Art School <sup>(*)</sup>	Public Service Commission
Natural Resources Commission	Regional Growth NSW Development Corporation
Natural Resources Commission Staff Agency	Regional NSW
New South Wales Crime Commission	Rental Bond Board
New South Wales Crime Commission Staff Agency	Resilience NSW
New South Wales Electoral Commission	Responsible Gambling Fund <sup>(*)</sup>
New South Wales Electoral Commission Staff Agency	Roads Retained Interest Pty Ltd
New South Wales Government Telecommunications Authority	Royal Botanic Gardens and Domain Trust
New South Wales Institute of Sport <sup>(*)</sup>	Service NSW
Institute of Sport Staff Agency	Sporting Injuries Compensation Authority <sup>(*)</sup>
New South Wales Rural Assistance Authority	State Insurance Regulatory Authority
NSW Ovine Johne's Disease Transaction Based Contribution Scheme	State Rail Authority Residual Holding Corporation <sup>(*)</sup>
NSW Crown Holiday Parks Trust <sup>(*)</sup>	State Archives and Records Authority of New South Wales
NSW Education Standards Authority	State Rescue Board of New South Wales <sup>(*)</sup>
NSW Education Standards Authority Staff Agency	Statutory Land Managers (numerous Trust Boards managing Crown Land Reserves) <sup>(*)</sup>
NSW Food Authority	Sydney Metro
NSW Health Foundation <sup>(*)</sup>	The Audit Office of New South Wales
NSW Police Force	Sydney Olympic Park Authority
NSW Self Insurance Corporation	Technical Education Trust Fund <sup>(*)</sup>
NSW Skills Board <sup>(*)</sup>	The Legislature
New South Wales Technical and Further Education Commission	The Treasury
TAFE Commission (Senior Executives) Staff Agency	Trustees of the Anzac Memorial Building <sup>(*)</sup>
NSW Trustee and Guardian	Trustees of the Museum of Applied Arts and Sciences
Office of Aging and Disability Commissioner <sup>(*)</sup>	Trustees of the Museum of Applied Arts and Sciences Staff Agency
Office of the Law Enforcement Conduct Commission	Water Administration Ministerial Corporation
Office of the Children's Guardian	Water Investment Trust Fund
Office of the Director of Public Prosecutions	<i>Western City and Aerotropolis Authority<sup>(h)</sup></i>
Office of the Independent Planning Commission <sup>(f)</sup>	<i>Western City and Aerotropolis Authority Staff Agency<sup>(h)</sup></i>
Office of the Independent Review Officer <sup>(g)</sup>	Western Parkland City Authority <sup>(h)</sup>
Office of the NSW Rural Fire Service	Western Parkland City Authority Staff Agency <sup>(h)</sup>
Office of the NSW State Emergency Services	Western Sydney Parklands Trust
Office of the Inspector of the Law Enforcement Conduct Commission	Worimi Board of Management <sup>(a)(*)</sup>
Office of Sport	Workers' Compensation (Dust Diseases) Authority
Ombudsman's Office	<i>Workers Compensation Commission of New South Wales<sup>(j)</sup></i>

## Public Non-Financial Corporations

Catholic Metropolitan Cemeteries Land Manager<sup>(\*)</sup>  
 Cobar Water Board<sup>(\*)</sup>  
 Essential Energy  
     NorthPower Energy Services Pty Limited  
 Forestry Corporation of New South Wales  
 Hunter Water Corporation  
     Hunter Water Australia  
 Jenolan Caves Reserves Trust<sup>(\*)</sup>  
 Landcom  
 Newcastle Port Corporation  
 New South Wales Land and Housing Corporation  
     Rental Housing Assistance Fund  
 Northern Metropolitan Cemeteries Land Manager  
 NSW Trains  
 Place Management NSW  
*Rail Corporation New South Wales<sup>(j)</sup>*  
 Rookwood General Cemeteries Reserve Land Manager<sup>(\*)</sup>  
 Rookwood Necropolis Land Manager<sup>(\*)</sup>

Southern Metropolitan Cemeteries Land Manager<sup>(\*)</sup>  
 State Sporting Venues Authority  
 State Transit Authority of New South Wales  
*Sydney Cricket and Sports Ground Trust<sup>(k)</sup>*  
     *Sydney Cricket and Sports Ground Trust Staff Agency<sup>(k)</sup>*  
 Sydney Ferries  
 Sydney Opera House Trust  
     Sydney Opera House Trust Staff Agency  
 Sydney Trains  
 Sydney Water Corporation  
 Teacher Housing Authority of New South Wales  
 Transport Asset Holding Entity of New South Wales<sup>(l)</sup>  
 Venues NSW  
     Venues NSW Staff Agency<sup>(m)</sup>  
     Newcastle International Sports Centre Club  
 Waste Assets Management Corporation  
 Water NSW  
     WaterNSW Infrastructure Pty Ltd  
 Wentworth Park Sporting Complex Trust<sup>(\*)</sup>  
 Zoological Parks Board of New South Wales

## Public Financial Corporations

First Australian Mortgage Acceptance Corporation  
 (FANMAC) Trusts  
*ICNSW Australian Equities Fund<sup>(n)</sup>*  
 ICNSW International Equities Fund (Unhedged)  
 ICNSW International Equities Fund (Hedged)  
 Insurance and Care NSW  
 Insurers' Guarantee Fund Investment Trust  
 Lifetime Care and Support Authority of New South Wales  
     Motor Accident Injuries Treatment and Care Benefits Fund  
 Long Service Corporation Investment Fund  
 NSW Generations (Debt Retirement) Investment Trust  
 NSW Infrastructure Future Fund  
 NSW Treasury Corporation  
 NSW Trustee and Guardian Growth Portfolio  
 SAS Trustee Corporation<sup>(\*)</sup>  
     SAS Trustee Corporation Staff Agency  
 Social and Affordable Housing NSW Fund Investment  
 Trust  
 Superannuation Administration Corporation  
 TCorpIM Absolute Return Multi-Asset Class Fund  
 TCorpIM Alternative Risk Premia Fund  
 TCorpIM Australian Bond Fund  
 TCorpIM Australian Inflation Linked Bond Fund  
 TCorpIM Australian Share Fund  
 TCorpIM Bank Loan Fund  
 TCorpIM Cash Fund  
*TCorpIM Cyclical Growth Australian Share Fund<sup>(n)</sup>*  
 TCorpIM Cyclical Growth International Share Fund  
 TCorpIM Developed Market Property Fund  
 TCorpIM Direct Infrastructure Fund A  
 TCorpIM Direct Investment Fund B

TCorpIM Direct Investment Fund C  
 TCorpIM Direct Investment Fund D  
 TCorpIM Direct Investment Fund E  
 TCorpIM Direct Investment Fund F  
 TCorpIM Direct Investment Fund G  
 TCorpIM Direct Investment Fund K  
*TCorpIM Downside Protection Australian Share Fund<sup>(n)</sup>*  
 TCorpIM Downside Protection International Share Fund  
 TCorpIM Emerging Market Debt Fund  
 TCorpIM Emerging Market Share Fund  
 TCorpIM Global Credit Fund  
 TCorpIM High Yield Fund  
*TCorpIM Indexed Australian Share Fund<sup>(n)</sup>*  
 TCorpIM Indexed International Share (Unhedged) Fund  
 TCorpIM International Share (Hedged) Fund  
 TCorpIM International Share (Unhedged) Fund  
 TCorpIM Liquidity Cash Fund  
 TCorpIM Listed Property Fund  
 TCorpIM Long Term Growth Fund  
 TCorpIM Medium Term Growth Fund  
 TCorpIM Multi-Asset Class Fund  
 TCorpIM Opportunistic Fund A  
 TCorpIM Opportunistic Fund B  
 TCorpIM Opportunistic Fund C  
 TCorpIM Opportunistic Fund D<sup>(o)</sup>  
 TCorpIM Short Term Income Fund  
 TCorpIM Small Cap Australian Share Fund  
 TCorpIM Specialist Emerging Market Share Fund  
 TCorpIM Unlisted Infrastructure Fund  
 TCorpIM Unlisted Property Fund  
 Treasury Managed Fund Investment Portfolio

- (a) National Park Boards of Management as per the *National Parks and Wildlife Act 1974*.
- (b) Agency was abolished 29 March 2021 under the *Administrative Arrangements (Administrative Changes— Miscellaneous) Order 2021*.
- (c) Agency was established 29 March 2021 under the *Administrative Arrangements (Administrative Changes— Miscellaneous) Order 2021*.
- (d) Including Crown Land reserves under the agency's management.
- (e) The special purpose service entities of the local health districts have not been listed.
- (f) Agency was established 1 July 2020 under the *Administrative Arrangements (Administrative Changes—Regional NSW and Independent Planning Commission) Order 2020*.
- (g) Agency was established 1 March 2021 under the *Personal Injury Commission Act 2020 No 18*.
- (h) Agency was renamed 11 December 2020 as the Western Parkland City Authority from the Western City and Aerotropolis Authority under the *Statute Law (Miscellaneous Provisions) Act 2020 No 30*.
- (i) Agency was abolished 1 March 2021 under the *Personal Injury Commission Act 2020 No 18*.
- (j) Agency was converted 1 July 2020 to Transport Asset Holding Entity of NSW under the *Transport Administration Amendment (Transport Entities) Act 2017 No 12 (NSW)*.
- (k) Agency was abolished 1 December 2020, and functions transferred to Venues NSW under the *Sporting Venues Authorities Amendment (Venues NSW) Act 2020 No 29*.
- (l) Agency was converted 1 July 2020 from Rail Corporation of New South Wales under the *Transport Administration Amendment (Transport Entities) Act 2017 No 12 (NSW)*.
- (m) Agency was established 1 December 2020 under the *Administrative Arrangements (Administrative Changes—Venues NSW Staff Agency) Order 2020 (NSW)*.
- (n) Fund was dissolved 3 March 2021.
- (o) Fund was established 1 February 2021.
- (\*) These agencies are not considered material for whole-of-government reporting, so are excluded from individual agency budget reporting in Budget Paper 4. These agencies are however controlled and included in the consolidated financial statements of the State.

## Note 38: Key Technical Terms used in the Financial Statements

**ABS GFS Manual:** The Australian Bureau of Statistics (ABS) publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods* as updated from time to time.

**Advances:** loans acquired or made for policy purposes rather than for liquidity management purposes.

**Capital expenditure:** this is expenditure relating to the acquisition or enhancement of property, plant, and equipment (including land and buildings, plant and equipment and infrastructure systems) and intangibles (including computer software and easements).

**Cash surplus/(deficit):** net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets (less distributions paid for the public non-financial corporation (PNFC) and public financial corporation (PFC) sectors).

**Comprehensive result (total change in net worth before transactions with owners as owners):** net result of all items of income and expense recognised for the period. It is the aggregate of the operating result and other movements in equity, other than transactions with owners as owners.

**Contract asset:** an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

**Contract liability:** an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

**Convergence difference:** the difference between the amounts recognised in the financial statements compared with the amounts determined for GFS purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.

**Defined contribution superannuation plans:** post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**Defined benefit superannuation plans:** post-employment benefit plans other than defined contribution plans.

**Fair value:** the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fair value hierarchy:** categorises into three levels the inputs to valuation techniques used to measure fair value.

**level 1 inputs:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**level 2 inputs:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**level 3 inputs:** unobservable inputs for the asset or liability.

**Financial asset:** any asset that is:

- (a) cash
- (b) an equity instrument of another entity
- (c) a contractual right:
  - (i) to receive cash or another financial asset from another entity, or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity, or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments, or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

**Financial assets at fair value through other comprehensive income (FVOCI):** financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

**Financial assets at fair value through profit or loss (FVTPL):** financial assets are classified and measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income.

**Financial liability:** any liability that is:

- (a) a contractual obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

**General Government Sector (GGS):** an ABS classification of agencies that provide public services (such as health, education and police) or carry out policy or perform regulatory functions. General government agencies are funded in the main by taxation (directly or indirectly).

**Government Finance Statistics (GFS):** a system of financial reporting developed by the International Monetary Fund and used by the Australian Bureau of Statistics to classify the financial transactions of governments and measure their impact on the rest of the economy.

**Interest expense:** costs incurred in connection with the borrowing of funds. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings. Where discounting is used, the carrying amount of a liability increases in each period to reflect the passage of time. This increase is also recognised as an interest expense.

**Key fiscal aggregates:** balances useful for macro-economic analysis purposes, including assessing the impact of a government and its sectors on the economy. AASB 1049 *Whole of Government and General Government Sector Financial Reporting* prescribes: net worth, net operating balance, net lending/(borrowing), total change in net worth, and cash surplus/(deficit).

**National Partnership Payments (NPP):** an Australian Government grant to States and Territories to support the delivery of specified outputs or projects, to facilitate reforms or to reward the delivery of nationally significant reforms. Each NPP is supported by a National Partnership Agreement which defines mutually agreed objectives, outputs and performance benchmarks.

**National Specific Purpose Payments (SPP):** an Australian Government grant made to the States and Territories under the associated National Agreement. These grants must be spent in the key service delivery sector for which it is provided. States are free to allocate the funds within that sector to achieve the mutually agreed objectives specified in the associated National Agreement.

**Net acquisition of non-financial assets:** This is purchases (or acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Purchases and sales (or net acquisitions) of non-financial assets generally include accrued expenses and payables for capital items. Other movements in non-financial assets include non-cash capital grant revenue/expenses such as developer contribution assets.

**Net cash flows from investments in financial assets (liquidity management purposes):** cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.

**Net cash flows from investments in financial assets (policy purposes):** cash receipts from the repayment and liquidation of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by natural disaster.

**Net debt:** equals the sum of financial liabilities (deposits held, borrowings, derivatives and advances received) less the sum of the following financial assets (cash and deposits, advances paid and investments, loans and placements).

**Net defined benefit superannuation liability (asset):** the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

**Net financial liabilities:** calculated as total liabilities, less financial assets, other than equity in PNFCs and PFCs. This fiscal aggregate measure is broader than net debt as it includes significant liabilities, other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements).

**Net interest on the net defined benefit liability/asset:** this is the change during the period to the net defined superannuation liability/asset that arises from the passage of time.

**Net gain on equity investments in other sectors:** comprises the net gains relating to the equity held by the GGS in other sector entities. It arises from a change in the carrying amount of net assets of the subsidiaries. The net gains are measured (in the absence of market values) based on the carrying amount of net assets/(liabilities) before elimination of inter-sector balances.

**Net lending/(borrowing):** the financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. A positive result reflects a net lending position and a negative result reflects a net borrowing position.

**Net operating balance (net result from transactions):** calculated as revenue from transactions minus expenses from transactions. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

**Net worth:** an economic measure of wealth and is equal to total assets less total liabilities.

**Operating result:** a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

**Other economic flows:** changes in the volume or value of an asset or liability that do not result from transactions (that is, revaluations and other changes in the volume of assets).

**Other superannuation expense:** it includes all superannuation expenses from transactions except superannuation interest cost. Superannuation actuarial gains/losses are excluded as they are disclosed under 'other economic flows'.

**Performance obligation:** a promise in a revenue contract with a customer to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

**Public Financial Corporations (PFC) sector:** an ABS classification of government-controlled agencies that have one or more of the following functions:

- (a) that of a central bank;
- (b) the acceptance of demand, time or savings deposits, or
- (c) the authority to incur liabilities (such as insurance) and acquire financial assets in the market on their own account.

**Public Non-Financial Corporations (PNFC) sector:** an ABS classification, for GFS purposes, of agencies where user charges represent a significant proportion of revenue and the agencies operate within a broadly commercial orientation.

**Service concession arrangement:** a contract effective during the reporting period between a grantor and an operator in which:

- (a) the operator has the right of access to the service concession asset (or assets) to provide public services on behalf of the grantor for a specified period of time;
- (b) the operator is responsible for at least some of the management of the public services provided through the asset and does not act merely as an agent on behalf of the grantor; and
- (c) the operator is compensated for its services over the period of the service concession arrangement.

**Service concession arrangement – financial liability model:** a service concession arrangement where the grantor has a contractual obligation to deliver cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset.

**Service concession arrangement – grant of a right to the operator (GORTO) model:** a service concession arrangement where the grantor does not have a contractual obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and instead grants the operator the right to earn revenue from third-party users or access to another revenue-generating asset.

**Service concession asset:** an asset (other than goodwill) to which the operator has the right of access to provide public services on behalf of the grantor in a service concession arrangement that:

(a) the operator constructs, develops, upgrades or replaces major components, or acquires from a third party or is an existing asset of the operator; or

(b) is an existing asset of the grantor, including a previously unrecognised identifiable intangible asset and land under roads, or an upgrade to or replacement of a major component of an existing asset of the grantor.

**Service concession grantor:** the entity that grants the right to access the service concession asset to the operator.

**Service concession operator:** the entity that has a right of access to the service concession asset to provide public services.

**Superannuation interest cost:** the net interest on the net defined benefit liability/asset.

**TCorpIM Funds:** are managed investment schemes available to NSW public sector entities, NSW universities and some foundations and charities. They are structured as units trusts and are managed by the New South Wales Treasury Corporation (TCorp).

**Total State Sector (TSS):** represents all agencies and corporations owned and controlled by the NSW Government. It comprises the general government, public non-financial corporations and public financial corporations.

**Transactions:** interactions between two institutional units by mutual agreement or actions within a unit that it is analytically useful to treat as transactions, such as depreciation expense. Unlike revaluations, transactions generally reflect economic events that impact the economy.

## End of Audited Financial Statements

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Uniform Presentation Framework:  
Outcomes Report  
2020 - 2021

# UNIFORM PRESENTATION FRAMEWORK: OUTCOMES REPORT

## Purpose

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The Outcomes Report presents financial aggregates according to the Uniform Presentation Framework (UPF) agreed by the Council on Federal Financial Relations (CFFR) in February 2019.

The UPF is an agreed framework between the Australian, State and Territory governments for the presentation of government financial information on a basis broadly consistent with the Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. This framework sets out the minimum information to be reported by governments.

The UPF financial aggregates serve a number of purposes including:

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

## Relationship with other reporting

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Information in the Outcomes Report is not audited, however it has been prepared consistent with the audited Total State Sector Accounts.

Several tables in the Outcomes Report are similar with those reported in the Total State Sector Accounts and are repeated here for completeness.

The Outcomes Report compares the published NSW Budget for 2020-21 with the outcome for the year.

Financial aggregates are published for the following:

- general government (GGS) sector
- public non-financial corporation (PNFC) sector
- non-financial public (NFPS) sector
- public financial corporation (PFC) sector.

Budget estimates are not prepared for the NSW Public Financial Corporations Sector. In addition to the reporting requirements, a consolidated NSW Total State Sector Statement of Financial Position by sector (Table 1) has been included. This assists in analysis of the Consolidated Statement of Financial Position for the Total State Sector.

## Changes to reporting requirements

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### Revised Uniform Presentation Framework (UPF)

Revisions to the UPF in 2019 largely reflect the 2015 update to the Australian System of Government Financial Statistics (GFS) framework. The update of the Australian GFS aims to better align with the International Monetary Fund's GFS 2014 framework and the System of National Accounts 2008.

Table 1: NSW Public Sector Consolidated Statement of Financial Position at 30 June 2021<sup>(a)</sup>

	General Government Sector	Public Non- Financial Corporations	Non- Financial Public Sector	Public Financial Corporations	Total State Sector
	\$m	\$m	\$m	\$m	\$m
<b>Assets</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalent Assets	3,781	2,142	5,923	3,913	9,198
Receivables	12,567	1,327	12,092	1,711	11,977
Investments, Loans and Placements					
Financial Assets at Fair Value	47,662	371	48,032	152,323	52,444
Other Financial Assets	1,436	480	1,842	12	1,783
Advances Paid	1,298	18	868	...	868
Tax Equivalents Receivable	35	35	8	...	...
Deferred Tax Equivalent Assets	2,291	50	(0)	...	...
Equity Investments					
Investments in Other Public Sector Entities	85,778	...	(4,084)	...	...
Investments in Associates	13,358	...	13,358	...	13,358
Other	5	156	161	25,467	25,629
<b>Total Financial Assets</b>	<b>168,211</b>	<b>4,579</b>	<b>78,199</b>	<b>183,427</b>	<b>115,256</b>
<b>Non-Financial Assets</b>					
Contract Assets	97	...	97	...	97
Inventories	1,378	712	1,547	...	1,547
Forestry Stock and Other Biological Assets	18	754	771	...	771
Assets Classified as Held for Sale	123	37	160	...	160
Investment Properties	...	623	623	...	623
Property, Plant and Equipment					
Land and Buildings	102,282	70,190	172,472	12	172,483
Plant and Equipment	13,112	3,611	16,723	6	16,729
Infrastructure Systems	156,665	44,462	201,670	...	201,670
Right of Use Assets	6,513	2,796	9,115	59	9,173
Intangibles	4,575	860	5,434	20	5,455
Other	1,122	537	1,655	98	1,749
<b>Total Non-Financial Assets</b>	<b>285,884</b>	<b>124,582</b>	<b>410,267</b>	<b>196</b>	<b>410,459</b>
<b>Total Assets</b>	<b>454,096</b>	<b>129,161</b>	<b>488,467</b>	<b>183,623</b>	<b>525,715</b>
<b>Liabilities</b>					
Deposits Held	282	27	310	234	311
Payables	10,052	2,528	11,411	1,657	11,345
Contract Liabilities	934	139	1,051	...	1,051
Borrowings and Derivatives at Fair Value	212	2	214	115,007	114,997
Borrowings at Amortised Cost	90,133	28,976	119,006	77	18,818
Advances Received	625	448	625	...	625
Employee Provisions	23,386	1,293	24,660	48	24,708
Superannuation Provision <sup>(b)</sup>	57,591	2,261	59,852	3	59,855
Tax Equivalents Payable	35	27	0	8	...
Deferred Tax Equivalent Provision	50	2,291	0	...	...
Other Provisions	14,180	946	14,498	8,327	22,731
Other	22,028	238	22,250	62,346	36,685
<b>Total Liabilities</b>	<b>219,509</b>	<b>39,178</b>	<b>253,878</b>	<b>187,707</b>	<b>291,128</b>
<b>NET ASSETS</b>	<b>234,587</b>	<b>89,983</b>	<b>234,587</b>	<b>(4,084)</b>	<b>234,587</b>

Table 1: NSW Public Sector Consolidated Statement of Financial Position at 30 June 2021 (cont)

	General Government Sector	Public Non-financial Corporations	Non-financial Public Sector	Public Financial Corporations	Total State Sector
	\$m	\$m	\$m	\$m	\$m
<b>NET WORTH</b>					
Accumulated Funds	75,365	48,396	116,752	(4,084)	88,733
Reserves	159,222	41,587	117,836	1	145,853
<b>TOTAL NET WORTH</b>	<b>234,587</b>	<b>89,983</b>	<b>234,587</b>	<b>(4,084)</b>	<b>234,587</b>
<b>OTHER FISCAL AGGREGATES</b>					
<b>Net Debt<sup>(c)</sup></b>	<b>37,076</b>	<b>26,443</b>	<b>63,490</b>	<b>(40,931)</b>	<b>70,459</b>
<b>Net Financial Liabilities<sup>(d)</sup></b>	<b>137,076</b>	<b>34,598</b>	<b>171,594</b>	<b>4,280</b>	<b>175,872</b>
<b>Net Financial Worth<sup>(e)</sup></b>	<b>(51,297)</b>	<b>(34,598)</b>	<b>(175,678)</b>	<b>(4,280)</b>	<b>(175,872)</b>

(a) This table has been presented on a liquidity basis as per AASB 1049. Amounts may not add across due to inter sector eliminations.

(b) The superannuation provision is reported net of the fair value of fund assets.

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

(d) Net financial liabilities equals total liabilities less financial assets excluding equity investments in other public sector entities.

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

Table 2: NSW General Government Sector Consolidated Statement of Comprehensive Income

	2020-21 Budget	2020-21 Actual
	\$m	\$m
<b>Revenue from Transactions</b>		
Taxation	31,711	34,407
Grants and Subsidies		
- Commonwealth General Purpose	16,308	18,897
- Commonwealth Specific Purpose Payments	11,740	11,999
- Commonwealth National Partnership Payments	3,996	3,618
- Other Commonwealth Payments <sup>(a)</sup>	644	451
- Other Grants and Subsidies <sup>(a)</sup>	638	681
Sale of Goods and Services	9,560	9,949
Interest	302	307
Dividend and Income Tax Equivalentents from Other Sectors	1,070	1,077
Other Dividends and Distributions	1,779	2,570
Fines, Regulatory Fees and Other	4,402	4,009
<b>Total Revenue from Transactions</b>	<b>82,149</b>	<b>87,965</b>
<b>Expenses from Transactions</b>		
Employee	37,087	37,142
Superannuation		
- Superannuation Interest Cost	585	589
- Other Superannuation	3,303	3,426
Depreciation and Amortisation	7,042	6,930
Interest	2,549	2,199
Other Operating Expense	24,824	24,560
Grants, Subsidies and Other Transfers	22,743	20,192
<b>Total Expenses from Transactions</b>	<b>98,133</b>	<b>95,038</b>
<b>BUDGET RESULT - SURPLUS/(DEFICIT) [Net Operating Balance]</b>	<b>(15,984)</b>	<b>(7,072)</b>

Table 2: NSW General Government Sector Consolidated Statement of Comprehensive Income (cont)

	2020-21 Budget \$m	2020-21 Actual \$m
<b>Other Economic Flows - Included in the Operating Result</b>		
Gain/(Loss) from Liabilities	(11)	495
Other Net Gains/(Losses)	113	2,085
Share of Earnings/(Losses) from Equity Investments (excl. Dividends)	127	(82)
Dividends from Asset Sale Proceeds	(0)	...
Allowance for Impairment of Receivables	(39)	(7)
Deferred Income Tax from Other Sectors	10	158
Other	...	...
<b>Other Economic Flows - included in Operating Result</b>	<b>201</b>	<b>2,649</b>
<b>Operating Result</b>	<b>(15,782)</b>	<b>(4,423)</b>
<b>Other Economic Flows - Other Comprehensive Income</b>		
<b>Items that will not be Reclassified to Operating Result</b>		
Revaluations	3,882	3,948
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result	(0)	1,611
Actuarial Gain/(Loss) from Superannuation	1,934	11,088
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	(1,844)	(17,039)
Deferred Tax Direct to Equity	(86)	112
Other	2,208	227
<b>Items that may be Reclassified Subsequently to Operating Result</b>	<b>...</b>	<b>399</b>
Net Gain/(Loss) on Financial Instruments at Fair Value	0	0
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result	...	399
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>6,094</b>	<b>346</b>
<b>Comprehensive Result - Total Change in Net Worth</b>	<b>(9,688)</b>	<b>(4,077)</b>
<b>Key Fiscal Aggregates</b>		
<b>Comprehensive Result - Total Change in Net Worth</b>	<b>(9,688)</b>	<b>(4,077)</b>
Less: Net Other Economic Flows	(6,295)	(2,995)
<b>Equals: Budget Result - Net Operating Balance</b>	<b>(15,984)</b>	<b>(7,072)</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>		
Purchases of Non-Financial Assets <sup>(b)</sup>	21,209	17,775
Sales of Non-Financial Assets	(617)	(238)
Less: Depreciation	(7,042)	(6,930)
Plus: Change in Inventories	(119)	626
Plus: Other Movements in Non-Financial Assets		
- Assets Acquired Using Leases <sup>(b)</sup>	864	762
- Assets Acquired Using Service Concession Arrangements <sup>(b)</sup> (Financial Liability Model)	572	281
- Assets Acquired Using Service Concession Arrangements (Grant of Right to the Operator Model)	696	2,902
- Other	(727)	(833)
<b>Equals: Total Net Acquisition of Non-Financial Assets</b>	<b>14,835</b>	<b>14,345</b>
<b>Equals: Net Lending/(Borrowing) [Fiscal Balance]</b>	<b>(30,819)</b>	<b>(21,418)</b>
<b>OTHER FISCAL AGGREGATES</b>		
Capital Expenditure <sup>(b)</sup>	<b>22,644</b>	<b>18,818</b>

(a) Other commonwealth payments are shown as a separate line in these UPF tables, they are combined with the other grants and subsidies in the Total State Sector Accounts.

(b) Capital expenditure comprises purchases of non-financial assets, assets acquired using leases and assets acquired using service concession arrangements under the financial liability model.

Table 3: NSW General Government Sector Consolidated Statement of Financial Position at 30 June 2021<sup>(a)</sup>

	2021 Budget	2021 Actual
	\$m	\$m
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and Cash Equivalent Assets	1,063	3,781
Receivables	10,716	12,567
Investments, Loans and Placements		
Financial Assets at Fair Value	41,870	47,662
Other Financial Assets	1,793	1,436
Advances Paid	1,303	1,298
Tax Equivalents Receivable	35	35
Deferred Tax Equivalents	2,171	2,291
Equity Investments		
Investments in Other Public Sector Entities	101,962	85,778
Investments in Associates	12,163	13,358
Other	7	5
<b>Total Financial Assets</b>	<b>173,081</b>	<b>168,211</b>
<b>Non-Financial Assets</b>		
Contract Assets	24	97
Inventories	1,150	1,378
Forestry Stock and Other Biological Assets	14	18
Assets Classified as Held for Sale	131	123
Property, Plant and Equipment		
Land and Buildings	100,827	102,282
Plant and Equipment	13,099	13,112
Infrastructure Systems	158,563	156,665
Right of Use Assets	6,853	6,513
Intangibles	4,496	4,575
Other	1,492	1,122
<b>Total Non-Financial Assets</b>	<b>286,649</b>	<b>285,884</b>
<b>Total Assets</b>	<b>459,731</b>	<b>454,096</b>
<b>Liabilities</b>		
Deposits Held	69	282
Payables	7,428	10,052
Contract Liabilities	1,149	934
Borrowings and Derivatives at Fair Value	387	212
Borrowings at Amortised Cost	98,174	90,133
Advances Received	585	625
Employee Provisions	23,315	23,386
Superannuation Provision <sup>(b)</sup>	66,776	57,591
Tax Equivalents Payable	40	35
Deferred Tax Equivalent Provision	95	50
Other Provisions	13,457	14,180
Other	19,255	22,028
<b>Total Liabilities</b>	<b>230,731</b>	<b>219,509</b>
<b>NET ASSETS</b>	<b>228,999</b>	<b>234,587</b>

Table 3: NSW General Government Sector Consolidated Statement of Financial Position at 30 June 2021 (cont)

	2021 Budget	2021 Actual
	\$m	\$m
<b>NET WORTH</b>		
Accumulated Funds	54,818	75,365
Reserves	174,181	159,222
<b>TOTAL NET WORTH</b>	<b>228,999</b>	<b>234,587</b>
<b>OTHER FISCAL AGGREGATES</b>		
<b>Net Debt<sup>(c)</sup></b>	<b>53,187</b>	<b>37,076</b>
<b>Net Financial Liabilities<sup>(d)</sup></b>	<b>159,612</b>	<b>137,076</b>
<b>Net Financial Worth<sup>(e)</sup></b>	<b>(57,650)</b>	<b>(51,297)</b>

(a) This table has been presented on a liquidity basis as per AASB 1049.

(b) The superannuation provision is reported net of the fair value of fund assets.

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

(d) Net financial liabilities equals total liabilities less financial assets excluding equity investments in other public sector entities.

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

Table 4: NSW General Government Sector Consolidated Statement of Cash Flows

	2020-21 Budget \$m	2020-21 Actual \$m
<b>Cash Receipts from Operating Activities</b>		
Taxation	31,900	34,344
Sale of Goods and Services	9,893	10,268
Grant and Subsidies	33,289	35,421
Interest	192	217
Dividends and Income Tax Equivalents from Other Sectors	1,659	1,582
Other	8,499	9,948
<b>Total Cash Receipts from Operating Activities</b>	<b>85,432</b>	<b>91,780</b>
<b>Cash Payments from Operating Activities</b>		
Employee Related	(36,321)	(35,904)
Personnel Services <sup>(a)</sup>	...	...
Superannuation	(3,054)	(3,191)
Payments for Goods and Services <sup>(a)</sup>	(25,776)	(23,817)
Grants and Subsidies	(21,407)	(19,035)
Interest	(2,543)	(2,201)
Other	(4,013)	(6,717)
<b>Total Cash Payments from Operating Activities</b>	<b>(93,114)</b>	<b>(90,864)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>(7,683)</b>	<b>916</b>
<b>Cash Flows from Investments in Non-Financial Assets</b>		
Proceeds from Sale of Non-financial Assets	617	305
Purchases of Non-Financial Assets	(21,473)	(16,395)
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(20,855)</b>	<b>(16,090)</b>
<b>Cash Flows from Investments in Financial Assets for Policy Purposes</b>		
Receipts	253	787
Payments	(3,952)	(3,315)
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>	<b>(3,700)</b>	<b>(2,528)</b>
<b>Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>		
Proceeds from Sale of Investments	6,699	2,956
Purchase of Investments	(7,570)	(4,416)
<b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>	<b>(871)</b>	<b>(1,460)</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(25,426)</b>	<b>(20,078)</b>
<b>Cash Flows from Financing Activities</b>		
Advances Received	194	0
Advances Repaid	(169)	(101)
Proceeds from Borrowings	29,891	18,853
Repayment of Borrowings	(1,805)	(1,945)
Deposits Received/(Paid) - (Net)	0	(10)
Other (Net)	(86)	8
<b>Net Cash Flows from Financing Activities</b>	<b>28,026</b>	<b>16,805</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(5,083)</b>	<b>(2,357)</b>
Opening Cash and Cash Equivalents	6,134	6,134
Reclassification of Cash Equivalents	12	4
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>1,063</b>	<b>3,781</b>
<b>Derivation of Cash Result</b>		
Net Cash Flows From Operating Activities	(7,683)	916
Net Cash Flows from Investments in Non-Financial Assets	(20,855)	(16,090)
<b>Cash Surplus/(Deficit)</b>	<b>(28,538)</b>	<b>(15,174)</b>

(a) Payments for personnel services are shown as a separate line in these UPF tables, they are included as payments for goods and services in the Total State Sector Accounts.

Table 5: NSW General Government Sector Taxes

	2020-21 Budget \$m	2020-21 Actual \$m
<b>Taxes on Employers' Payroll and Labour Force</b>	<b>8,682</b>	<b>9,133</b>
Taxes on Property		
Land Taxes	4,639	4,875
Other	127	119
<b>Total Taxes on Property</b>	<b>4,766</b>	<b>4,994</b>
Taxes on the Provision of Goods and Services		
Excises and Levies	...	...
Taxes on Gambling	2,770	2,727
Taxes on Insurance	3,121	3,346
Stamp Duties on Financial and Capital Transactions	8,243	9,899
<b>Total Taxes on the Provision of Goods and Services</b>	<b>14,134</b>	<b>15,972</b>
Taxes on Use of Goods and Performance of Activities		
Motor Vehicle Taxes	3,241	3,422
Franchise Taxes	0	...
Other	889	886
<b>Total Taxes on Use of Goods and Performance of Activities</b>	<b>4,130</b>	<b>4,307</b>
<b>Total Taxation Revenue</b>	<b>31,711</b>	<b>34,407</b>

Table 6: NSW General Government Sector Dividend and Income Tax Equivalent Income

	2020-21 Budget \$m	2020-21 Actual \$m
Dividend and Income Tax Revenue from the PNFC Sector	936	948
Dividend and Income Tax Revenue from the PFC Sector	135	129
Other Dividend Income	1,779	2,570
<b>Total Dividend and Income Tax Equivalent Income</b>	<b>2,849</b>	<b>3,647</b>

Table 7: NSW General Government Sector Grant Revenue and Expense

	2020-21 Budget \$m	2020-21 Actual \$m
<b>Current Grants and Subsidies</b>		
Current Grants from the Commonwealth <sup>(a)</sup>		
General Purpose Grants	16,308	18,897
Specific Purpose Payments	11,740	11,999
National Partnership Payments	1,564	1,377
Other Commonwealth Payments	639	451
<b>Total</b>	<b>30,250</b>	<b>32,725</b>
Other Grants and Subsidies	522	636
<b>Total Current Grants and Subsidies Revenue</b>	<b>30,772</b>	<b>33,361</b>
<b>Capital Grants and Subsidies</b>		
Capital Grants from the Commonwealth <sup>(a)</sup>		
General Purpose Payments	...	...
Specific Purpose Payments	...	...
National Partnership Payments	2,432	2,240
Other Commonwealth Payments	5	0
<b>Total</b>	<b>2,437</b>	<b>2,240</b>
Other Grants and Subsidies	116	45
<b>Total Capital Grants and Subsidies Revenue</b>	<b>2,553</b>	<b>2,285</b>
<b>Total Grants and Subsidies Revenue</b>	<b>33,325</b>	<b>35,646</b>
<b>Current Grants, Subsidies and Transfer Payments Expense to:</b>		
State/Territory Government	2	12
Local Government <sup>(a)</sup>	2,515	2,009
Private and Not-for-Profit Sector <sup>(a)</sup>	11,006	8,954
Other Sectors of Government	6,707	7,573
<b>Total Current Grants, Subsidies and Transfer Payments Expense</b>	<b>20,229</b>	<b>18,548</b>
<b>Capital Grants, Subsidies and Transfer Payments to:</b>		
State/Territory Government	...	...
Local Government <sup>(a)</sup>	1,377	913
Private and Not-for-Profit Sector <sup>(a)</sup>	611	507
Other Sectors of Government	525	224
<b>Total Capital Grants, Subsidies and Transfer Payments Expense</b>	<b>2,514</b>	<b>1,644</b>
<b>Total Grants and Subsidies Expense</b>	<b>22,743</b>	<b>20,192</b>
(a) Grant revenue and expenses above exclude the following transfer payments from the Commonwealth government that New South Wales passes on to third parties. They are not recorded as New South Wales revenue and expense as the State has no control over the amounts that it passes on.		
<b>Transfer Receipts and Payments from the Commonwealth Government on-passed by New South Wales to Third Parties</b>		
<b>Transfer Receipts</b>		
Current Transfer Receipts for Specific Purposes	4,311	5,106
Capital Transfer Receipts for Specific Purposes	...	...
<b>Total Receipts</b>	<b>4,311</b>	<b>5,106</b>
<b>Current Transfer Payments to:</b>		
Local Government	384	792
Private and Not-For-Profit Sector	3,927	4,314
<b>Capital Transfer Payments to:</b>		
Local Government	...	...
Private and Not-For-Profit Sector	...	...
<b>Total Payments</b>	<b>4,311</b>	<b>5,106</b>

Table 8: NSW General Government Sector Expenses by Function<sup>(a)</sup>

	2020-21 Budget	2020-21 Actual
	\$m	\$m
<b>General Public Services</b>		
Executive and legislative organs, financial and fiscal affairs, external affairs	2,001	1,536
General services	888	1,359
Public debt transactions	2,823	2,655
Transfers of a general character between different levels of government	319	78
General public services n.e.c.	1,166	2,420
<b>Total General Public Services</b>	<b>7,197</b>	<b>8,048</b>
<b>Defence</b>		
Total Defence	...	...
<b>Public Order and Safety</b>		
Police services	4,043	4,063
Civil and fire protection services	1,351	1,259
Law courts	1,472	1,513
Prisons	2,352	2,305
Public order and safety n.e.c.	168	150
<b>Total Public Order and Safety</b>	<b>9,387</b>	<b>9,290</b>
<b>Economic Affairs</b>		
General economic, commercial and labour affairs	4,826	3,158
Agriculture, forestry, fishing and hunting	1,132	1,520
Fuel and energy	154	227
Mining, manufacturing and construction	45	45
Communication	155	107
Other industries	367	53
Economic affairs n.e.c.	71	26
<b>Total Economic Affairs</b>	<b>6,751</b>	<b>5,135</b>
<b>Environmental Protection</b>		
Waste management	...	...
Waste water management	...	...
Pollution abatement	196	97
Protection of biodiversity and landscape	14	40
Environmental protection n.e.c.	1,288	1,532
<b>Total Environmental Protection</b>	<b>1,497</b>	<b>1,669</b>
<b>Housing and Community Amenities</b>		
Housing development	613	186
Community development	1,372	1,348
Water supply	531	362
Street lighting	...	...
Housing and community amenities n.e.c.	...	...
<b>Total Housing and Community Amenities</b>	<b>2,516</b>	<b>1,895</b>
<b>Health</b>		
Medical products, appliances and equipment	634	538
Outpatient services	3,798	4,061
Hospital services	16,759	16,060
Mental health institutions	298	307
Community health services	2,863	3,094
Public health services	687	890
Research & development health	381	427
Health n.e.c.	638	379
<b>Total Health</b>	<b>26,058</b>	<b>25,756</b>

Table 8: NSW General Government Sector Expenses by Function<sup>(a)</sup> (cont)

	2020-21 Budget	2020-21 Actual
	\$m	\$m
<b>Recreation, Culture and Religion</b>		
Recreational and sporting services	765	575
Cultural services	730	728
Broadcasting and publishing services	...	...
Religious and other community services	...	...
Recreation, culture and religion n.e.c.	47	37
<b>Total Recreation, culture and religion</b>	<b>1,542</b>	<b>1,339</b>
<b>Education</b>		
Pre-primary and primary education	7,346	7,403
Secondary education	6,685	6,304
Tertiary education	2,589	2,265
Education not definable by level	(0)	...
Subsidiary services to education	371	418
Education n.e.c.	2,241	2,201
<b>Total Education</b>	<b>19,233</b>	<b>18,590</b>
<b>Social Protection</b>		
Sickness and disability	3,351	3,244
Old age	263	300
Survivors	...	...
Family and children	2,280	2,348
Unemployment	...	...
Housing	827	651
Social exclusion n.e.c.	677	680
Social protection n.e.c.	1,481	1,212
<b>Total Social Protection</b>	<b>8,879</b>	<b>8,436</b>
<b>Transport</b>		
Road transport	6,071	5,549
Bus transport	(0)	...
Water transport	110	123
Railway transport	4,856	5,430
Air transport	21	20
Multi-mode urban transport	4,005	3,700
Pipeline and other transport	...	...
Transport n.e.c.	10	56
<b>Total Transport</b>	<b>15,073</b>	<b>14,878</b>
<b>Total Expenses</b>	<b>98,133</b>	<b>95,038</b>

Notes:

n.e.c. not elsewhere classified.

- (a) The original budget included a total of \$100 million State Contingencies (in place of Advances to the Treasurer) which was allocated across functions as the funds were spent in the actual year. There was also a special appropriation to the Treasury of \$1.47 billion for potential COVID related expenditure during the Budget Year.

Table 9: NSW General Government Sector Capital Expenditure by Function <sup>(a)(b)</sup>

	2020-21 Budget	2020-21 Actual
	\$m	\$m
General public services	1,344	522
Defence	...	...
Public order and safety	1,366	965
Economic affairs	1,121	328
Environmental protection	26	17
Housing and community amenities	340	225
Health	2,599	2,613
Recreation, culture and religion	475	304
Education	2,501	2,193
Social protection	208	171
Transport	12,665	11,479
<b>Total Purchases of Non-Financial Assets</b>	<b>22,644</b>	<b>18,818</b>

- (a) This table comprises purchases of non-financial assets, including assets acquired under leases and assets acquired using service concession arrangements under the financial liability model, and reconciles to the General Government Sector capital expenditure program.
- (b) The original budget included a total of \$20 million State Contingencies (in place of Advances to the Treasurer) which was allocated across functions as the funds were spent in the actual year.

Table 10: NSW Public Non-Financial Corporation Sector Consolidated Statement of Comprehensive Income

	2020-21 Budget	2020-21 Actual
	\$m	\$m
<b>Revenue from Transactions</b>		
Grants and Subsidies		
- Commonwealth General Purpose	...	...
- Other Commonwealth Payments <sup>(a)</sup>	3	6
- Other Grants and Subsidies <sup>(a)</sup>	3,811	4,561
Sale of Goods and Services	7,159	7,006
Interest	51	30
Other Dividends and Distributions	6	43
Fines, Regulatory Fees and Other	637	647
<b>Total Revenue from Transactions</b>	<b>11,667</b>	<b>12,294</b>
<b>Expenses from Transactions</b>		
Employee	2,439	2,429
Personnel Services Expense	666	482
Superannuation		
- Superannuation Interest Cost	25	25
- Other Superannuation	221	200
Depreciation and Amortisation	3,377	3,402
Interest	914	897
Income Tax Equivalents	197	193
Other Operating Expense	5,224	5,498
Grants, Subsidies and Other Transfers	119	113
<b>Total Expenses from Transactions</b>	<b>13,184</b>	<b>13,238</b>
<b>NET OPERATING BALANCE - SURPLUS/(DEFICIT) AFTER TAX</b>	<b>(1,517)</b>	<b>(944)</b>

Table 10: NSW Public Non-Financial Corporation Sector Consolidated Statement of Comprehensive Income (cont)

	2020-21 Budget	2020-21 Actual
	\$m	\$m
<b>Other Economic Flows - Included in the Operating Result</b>		
Gain/(Loss) from Liabilities	...	9
Other Net Gains/(Losses)	(141)	(175)
Allowance for Impairment of Receivables	(3)	(6)
Deferred Income Tax	(10)	(12)
<b>Other Economic Flows - included in Operating Result</b>	<b>(155)</b>	<b>(184)</b>
<b>Operating Result</b>	<b>(1,671)</b>	<b>(1,128)</b>
<b>Other Economic Flows - Other Comprehensive Income</b>		
<b>Items that will not be Reclassified to Operating Result</b>	<b>(377)</b>	<b>(17,902)</b>
Revaluations	(137)	(18,306)
Actuarial Gain/(Loss) from Superannuation	(200)	619
Deferred Tax Direct to Equity	86	(112)
Other	(125)	(103)
<b>Items that may be Reclassified Subsequently to Operating Result</b>	<b>...</b>	<b>8</b>
Net Gain/(Loss) on Financial Instruments at Fair Value	...	8
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>(377)</b>	<b>(17,894)</b>
<b>Comprehensive Result - Before Transactions with Owners in their capacity as Owners</b>	<b>(2,048)</b>	<b>(19,022)</b>
Dividends Distributed	(738)	(756)
Net Equity Injections/(Transfers)	3,555	3,332
<b>Comprehensive Result - Total Change in Net Worth</b>	<b>768</b>	<b>(16,446)</b>
<b>Key Fiscal Aggregates</b>		
<b>Comprehensive Result - Before Transactions with Owners in their capacity as Owners</b>	<b>(2,048)</b>	<b>(19,022)</b>
Less: Net Other Economic Flows	531	18,078
<b>Equals: Net Operating Balance</b>	<b>(1,517)</b>	<b>(944)</b>
<b>Less: Net Acquisition of Non-Financials Assets</b>		
Purchases of Non-Financials Assets <sup>(b)</sup>	6,417	5,204
Sales of Non-Financial Assets	(155)	(263)
Less: Depreciation	(3,377)	(3,402)
Plus: Change in Inventories	139	116
Plus: Other Movements in Non-Financials Assets		
- Assets Acquired Using Leases <sup>(b)</sup>	79	42
- Assets Acquired Using Service Concession Arrangements <sup>(b)</sup> (Financial Liability Model)	...	18
- Assets Acquired Using Service Concession Arrangements (Grant of Right to the Operator Model)	...	...
- Other	297	346
<b>Equals: Total Net Acquisition of Non-Financial Assets</b>	<b>3,401</b>	<b>2,062</b>
<b>Equals: Net Lending/(Borrowing) [Fiscal Balance]</b>	<b>(4,918)</b>	<b>(3,006)</b>
<b>OTHER FISCAL AGGREGATES</b>		
Capital Expenditure <sup>(b)</sup>	6,497	5,264
Dividends Accrued	348	343

(a) Other commonwealth payments are shown as a separate line in these UPF tables, they are combined with the other grants and subsidies in the Total State Sector Accounts

(b) Capital expenditure comprises purchases of non-financial assets, assets acquired using leases and assets acquired using service concession arrangements under the financial liability model.

Table 11: NSW Public Non-Financial Corporation Sector Consolidated Statement of Financial Position at 30 June 2021<sup>(a)</sup>

	2021 Budget	2021 Actual
	\$m	\$m
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and Cash Equivalent Assets	1,050	2,142
Receivables	1,297	1,327
Investments, Loans and Placements		
Financial Assets at Fair Value	243	371
Other Financial Assets	1,092	480
Advances Paid	0	18
Tax Equivalents Receivable	40	35
Deferred Tax Equivalents	95	50
Equity Investments		
Other	181	156
<b>Total Financial Assets</b>	<b>3,999</b>	<b>4,579</b>
<b>Non-Financial Assets</b>		
Contract Assets	...	...
Inventories	705	712
Forestry Stock and Other Biological Assets	828	754
Assets Classified as Held for Sale	48	37
Investment Properties	676	623
Property, Plant and Equipment		
Land and Buildings	75,013	70,190
Plant and Equipment	4,504	3,611
Infrastructure Systems	58,337	44,462
Right of Use Assets	2,882	2,796
Intangibles	1,153	860
Other	526	537
<b>Total Non-Financial Assets</b>	<b>144,672</b>	<b>124,582</b>
<b>Total Assets</b>	<b>148,671</b>	<b>129,161</b>
<b>Liabilities</b>		
Deposits Held	21	27
Payables	2,098	2,528
Contract Liabilities	140	139
Borrowings and Derivatives at Fair Value	7	2
Borrowings at Amortised Cost	29,804	28,976
Advances Received	448	448
Employee Provisions	1,256	1,293
Superannuation Provision <sup>(b)</sup>	3,269	2,261
Tax Equivalents Payable	24	27
Deferred Tax Equivalent Provision	2,171	2,291
Other Provisions	915	946
Other	556	238
<b>Total Liabilities</b>	<b>40,709</b>	<b>39,178</b>
<b>NET ASSETS</b>	<b>107,962</b>	<b>89,983</b>

Table 11: NSW Public Non-Financial Corporation Sector Consolidated Statement of Financial Position at 30 June 2021 (cont)

	2021 Budget	2021 Actual
	\$m	\$m
<b>NET WORTH</b>		
Accumulated Funds	31,467	48,396
Reserves	76,495	41,587
<b>TOTAL NET WORTH</b>	<b>107,962</b>	<b>89,983</b>
<b>OTHER FISCAL AGGREGATES</b>		
<b>Net Debt<sup>(c)</sup></b>	<b>27,895</b>	<b>26,443</b>
<b>Net Financial Liabilities<sup>(d)</sup></b>	<b>36,710</b>	<b>34,598</b>
<b>Net Financial Worth<sup>(e)</sup></b>	<b>(36,710)</b>	<b>(34,598)</b>

(a) This table has been presented on a liquidity basis as per AASB 1049.

(b) The superannuation provision is reported net of the fair value of fund assets.

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

(d) Net financial liabilities equals total liabilities less financial assets excluding equity investments in other public sector entities.

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

Table 12: NSW Public Non-Financial Corporation Sector Consolidated Statement of Cash Flows

	2020-21 Budget \$m	2020-21 Actual \$m
<b>Cash Receipts from Operating Activities</b>		
Sale of Goods and Services	7,153	6,934
Grant and Subsidies	3,811	4,573
Interest	30	23
Other	855	1,261
<b>Total Cash Receipts from Operating Activities</b>	<b>11,848</b>	<b>12,791</b>
<b>Cash Payments from Operating Activities</b>		
Employee Related	(2,569)	(2,481)
Personnel Services <sup>(a)</sup>	(666)	(620)
Superannuation	(234)	(221)
Payments for Goods and Services <sup>(a)</sup>	(5,283)	(5,335)
Grants and Subsidies	(108)	(108)
Interest	(853)	(853)
Distributions Paid	(304)	(9)
Other	(652)	(828)
<b>Total Cash Payments from Operating Activities</b>	<b>(10,669)</b>	<b>(10,455)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>1,180</b>	<b>2,336</b>
<b>Cash Flows from Investments in Non-Financial Assets</b>		
Proceeds from Sale of Non-Financial Assets	154	263
Purchases of Non-Financial Assets	(6,266)	(4,840)
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(6,112)</b>	<b>(4,577)</b>
<b>Cash Flows from Investments in Financial Assets for Policy Purposes</b>		
Receipts	0	0
Payments	0	(17)
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>	<b>0</b>	<b>(17)</b>
<b>Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>		
Proceeds from Sale of Investments	8	1
Purchase of Investments	...	(69)
<b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>	<b>8</b>	<b>(70)</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(6,104)</b>	<b>(4,665)</b>
<b>Cash Flows from Financing Activities</b>		
Advances Received	3,555	3,160
Advances Repaid	(31)	(31)
Proceeds from Borrowings	2,384	2,026
Repayment of Borrowings	(398)	(844)
Dividends Paid	(1,437)	(1,459)
Deposits Received/(Paid) - (Net)	0	7
Other (Net)	75	(215)
<b>Net Cash Flows from Financing Activities</b>	<b>4,148</b>	<b>2,643</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(777)</b>	<b>315</b>
Opening Cash and Cash Equivalents	1,827	1,827
Reclassification of Cash Equivalents	...	...
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>1,050</b>	<b>2,142</b>
<b>Derivation of Cash Result</b>		
Net Cash Flows from Operating Activities	1,180	2,336
Net Cash Flows from Investments in Non-Financial Assets	(6,112)	(4,577)
Dividend Distributions	(1,437)	(1,459)
<b>Cash Surplus/(Deficit)</b>	<b>(6,370)</b>	<b>(3,700)</b>

(a) Payments for personnel services are shown as a separate line in these UPF tables, they are included as payments for goods and services in the Total State Sector Accounts.

Table 13: NSW Non-Financial Public Sector Consolidated Statement of Comprehensive Income

	2020-21 Budget	2020-21 Actual
	\$m	\$m
<b>Revenue from Transactions</b>		
Taxation	31,199	33,949
Grants and Subsidies		
- Commonwealth General Purpose	16,308	18,897
- Commonwealth Specific Purpose Payments	11,740	11,999
- Commonwealth National Partnership Payments	3,996	3,618
- Other Commonwealth Payments <sup>(a)</sup>	647	458
- Other Grants and Subsidies <sup>(a)</sup>	548	622
Sale of Goods and Services	12,982	13,135
Interest	307	290
Dividend and Income Tax Equivalents from Other Sectors	135	129
Other Dividends and Distributions	1,785	2,613
Fines, Regulatory Fees and Other	4,915	4,471
<b>Total Revenue from Transactions</b>	<b>84,559</b>	<b>90,181</b>
<b>Expenses from Transactions</b>		
Employee	39,512	39,561
Superannuation		
- Superannuation Interest Cost	611	613
- Other Superannuation	3,523	3,625
Depreciation and Amortisation	10,401	10,308
Interest	3,417	3,050
Other Operating Expense	26,391	26,121
Grants, Subsidies and Other Transfers	18,937	15,627
<b>Total Expenses from Transactions</b>	<b>102,793</b>	<b>98,905</b>
<b>NET OPERATING BALANCE - SURPLUS/(DEFICIT)</b>	<b>(18,233)</b>	<b>(8,724)</b>

Table 13: NSW Non-Financial Public Sector Consolidated Statement of Comprehensive Income (cont)

	2020-21 Budget	2020-21 Actual
	\$m	\$m
<b>Other Economic Flows - Included in the Operating Result</b>		
Gain/(Loss) from Liabilities	(11)	504
Other Net Gains/(Losses)	(28)	1,909
Share of Earnings/(Losses) from Equity Investments (excl. Dividends)	127	(82)
Allowance for Impairment of Receivables	(42)	(13)
Other	...	...
<b>Other Economic Flows - included in Operating Result</b>	<b>47</b>	<b>2,318</b>
<b>Operating Result</b>	<b>(18,187)</b>	<b>(6,406)</b>
<b>Other Economic Flows - Other Comprehensive Income</b>		
<b>Items that will not be Reclassified to Operating Result</b>	<b>8,498</b>	<b>1,924</b>
Revaluations	3,745	(14,358)
Share of Earnings from Associates from Revaluations	(0)	1,611
Actuarial Gain/(Loss) from Superannuation	1,734	11,706
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	921	2,664
Deferred Tax Direct to Equity	0	...
Other	2,099	301
<b>Items that may be Reclassified Subsequently to Operating Result</b>	<b>...</b>	<b>407</b>
Net Gain/(Loss) on Financial Instruments at Fair Value	0	8
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result	0	399
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>8,498</b>	<b>2,331</b>
<b>Comprehensive Result - Total Change in Net Worth</b>	<b>(9,689)</b>	<b>(4,075)</b>
<b>Key Fiscal Aggregates</b>		
<b>Comprehensive Result - Before Transactions with Owners in their capacity as Owners</b>	<b>(9,689)</b>	<b>(4,075)</b>
Less: Net Other Economic Flows	(8,545)	(4,649)
<b>Equals: Net Operating Balance</b>	<b>(18,233)</b>	<b>(8,724)</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>		
Purchases of Non-Financial Assets <sup>(b)</sup>	27,626	23,384
Sales of Non-Financial Assets	(772)	(502)
Less: Depreciation	(10,401)	(10,308)
Plus: Change in Inventories	20	336
Plus: Other Movements in Non-Financial Assets		
- Assets Acquired Using Leases <sup>(b)</sup>	949	779
- Assets Acquired Using Service Concession Arrangements <sup>(b)</sup> (Financial Liability Model)	572	300
- Assets Acquired Using Service Concession Arrangements (Grant of Right to the Operator Model)	696	2,902
- Other	(426)	(493)
<b>Equals: Total Net Acquisition of Non-Financial Assets</b>	<b>18,263</b>	<b>16,398</b>
<b>Equals: Net Lending/(Borrowing) [Fiscal Balance]</b>	<b>(36,497)</b>	<b>(25,122)</b>
<b>OTHER FISCAL AGGREGATES</b>		
Capital Expenditure <sup>(b)</sup>	29,146	24,462
Dividends Accrued	...	...

(a) Other commonwealth payments are shown as a separate line in these UPF tables, they are combined with the other grants and subsidies in the Total State Sector Accounts

(b) Capital expenditure comprises purchases of non-financial assets, assets acquired using leases and assets acquired using service concession arrangements under the financial liability model.

Table 14: NSW Non-Financial Public Sector Consolidated Statement of Financial Position at 30 June 2021<sup>(a)</sup>

	2021 Budget	2021 Actual
	\$m	\$m
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and Cash Equivalent Assets	2,114	5,923
Receivables	10,753	12,092
Investments, Loans and Placements		
Financial Assets at Fair Value	42,113	48,032
Other Financial Assets	2,814	1,842
Advances Paid	855	868
Tax Equivalents Receivable	10	8
Deferred Tax Equivalents	(0)	(0)
Equity Investments		
Investments in Other Public Sector Entities	(5,827)	(4,084)
Investments in Associates	12,163	13,358
Other	187	161
<b>Total Financial Assets</b>	<b>65,183</b>	<b>78,199</b>
<b>Non-Financial Assets</b>		
Contract Assets	24	97
Inventories	1,855	1,547
Forestry Stock and Other Biological Assets	842	771
Assets Classified as Held for Sale	179	160
Investment Properties	676	623
Property, Plant and Equipment		
Land and Buildings	175,840	172,472
Plant and Equipment	17,603	16,723
Infrastructure Systems	216,900	201,670
Right of Use Assets	9,567	9,115
Intangibles	5,649	5,434
Other	2,014	1,655
<b>Total Non-Financial Assets</b>	<b>431,149</b>	<b>410,267</b>
<b>Total Assets</b>	<b>496,332</b>	<b>488,467</b>
<b>Liabilities</b>		
Deposits Held	90	310
Payables	8,921	11,411
Contract Liabilities	1,289	1,051
Borrowings and Derivatives at Fair Value	395	214
Borrowings at Amortised Cost	127,905	119,006
Advances Received	585	625
Employee Provisions	24,552	24,660
Superannuation Provision <sup>(b)</sup>	70,045	59,852
Other Provisions	13,740	14,498
Other	19,811	22,250
<b>Total Liabilities</b>	<b>267,333</b>	<b>253,878</b>
<b>NET ASSETS</b>	<b>228,999</b>	<b>234,587</b>

Table 14: NSW Non-Financial Public Sector Consolidated Statement of Financial Position at 30 June 2021 (cont)

	2021 Budget	2021 Actual
	\$m	\$m
<b>NET WORTH</b>		
Accumulated Funds	79,008	116,752
Reserves	149,991	117,836
<b>TOTAL NET WORTH</b>	<b>228,999</b>	<b>234,587</b>
<b>OTHER FISCAL AGGREGATES</b>		
<b>Net Debt<sup>(c)</sup></b>	<b>81,079</b>	<b>63,490</b>
<b>Net Financial Liabilities<sup>(d)</sup></b>	<b>196,323</b>	<b>171,594</b>
<b>Net Financial Worth<sup>(e)</sup></b>	<b>(202,150)</b>	<b>(175,678)</b>

- (a) This table has been presented on a liquidity basis as per AASB 1049.
- (b) The superannuation provision is reported net of the fair value of fund assets.
- (c) Net debt equals the sum of deposits held, advances received and borrowings, minus the sum of cash and cash equivalents, advances paid and investments, loans and placements.
- (d) Net financial liabilities equals total liabilities less financial assets excluding equity investments in other public sector entities.
- (e) Net financial worth equals total financial assets minus total liabilities.

Table 15: NSW Non-Financial Public Sector Consolidated Statement of Cash Flows

	2020-21 Budget \$m	2020-21 Actual \$m
<b>Cash Receipts from Operating Activities</b>		
Taxation	31,408	33,865
Sales of Goods and Services	13,297	13,553
Grant and Subsidies	33,197	35,372
Interest	191	209
Dividends and Income Tax Equivalents	118	114
Other	9,270	11,247
<b>Total Cash Receipts from Operating Activities</b>	<b>87,481</b>	<b>94,361</b>
<b>Cash Payments from Operating Activities</b>		
Employee Related	(38,738)	(38,245)
Payments for Personnel Services <sup>(a)</sup>	...	...
Superannuation	(3,288)	(3,412)
Payments for Goods and Services <sup>(a)</sup>	(27,586)	(25,511)
Grants and Subsidies	(17,628)	(14,491)
Interest	(3,366)	(3,023)
Other	(4,824)	(7,649)
<b>Total Cash Payments from Operating Activities</b>	<b>(95,430)</b>	<b>(92,331)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>(7,950)</b>	<b>2,030</b>
<b>Cash Flows from Investments in Non-Financial Assets</b>		
Proceeds from Sale of Non-financial Assets	771	569
Purchases of Non-Financial Assets	(27,746)	(21,588)
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(26,974)</b>	<b>(21,019)</b>
<b>Cash Flows from Investments in Financial Assets for Policy Purposes</b>		
Receipts	222	756
Payments	(388)	(172)
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>	<b>(166)</b>	<b>584</b>
<b>Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>		
Proceeds from Sale of Investments	6,689	2,951
Purchase of Investments	(7,567)	(4,489)
<b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>	<b>(878)</b>	<b>(1,538)</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(28,018)</b>	<b>(21,974)</b>
<b>Cash Flows from Financing Activities</b>		
Advances Received	194	0
Advances Repaid	(168)	(101)
Proceeds from Borrowings	32,275	20,879
Repayment of Borrowings	(2,192)	(2,779)
Dividends Paid	...	...
Deposits Received/(Paid) - (Net)	0	(4)
Other (Net)	0	(95)
<b>Net Cash Flows from Financing Activities</b>	<b>30,109</b>	<b>17,901</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(5,859)</b>	<b>(2,042)</b>
Opening Cash and Cash Equivalents	7,961	7,961
Reclassification of Cash Equivalents and Other Adjustments	12	4
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>2,114</b>	<b>5,923</b>
<b>Derivation of Cash Result</b>		
Net Cash Flows from Operating Activities	(7,950)	2,030
Net Cash Flows from Investments in Non-Financial Assets	(26,974)	(21,019)
Dividends Paid	...	...
<b>Cash Surplus/(Deficit)</b>	<b>(34,924)</b>	<b>(18,989)</b>

(a) Payments for personnel services are shown as a separate line in these UPF tables, they are included as payments for goods and services in the Total State Sector Accounts.

Table 16: NSW Public Financial Corporations Sector Consolidated Statement of Comprehensive Income<sup>(a)</sup>

	2020-21 Actual \$m
<b>Revenue from Transactions</b>	
Sale of Goods and Services <sup>(b)</sup>	1,548
Interest	2,437
Other Dividends and Distributions	2,796
Fines, Regulatory Fees and Other	6
<b>Total Revenue from Transactions</b>	<b>6,787</b>
<b>Expenses from Transactions</b>	
Employee	250
Superannuation	
- Superannuation Interest Cost	0
- Other Superannuation	20
Depreciation and Amortisation	22
Interest	2,207
Income Tax Equivalents	35
Other Operating Expenses	4,162
Grants, Subsidies and Other Transfers	22
<b>Total Expenses from Transactions</b>	<b>6,718</b>
<b>NET OPERATING BALANCE - SURPLUS/(DEFICIT) AFTER TAX</b>	<b>69</b>

Table 16: NSW Public Financial Corporations Sector Consolidated Statement of Comprehensive Income (cont)

	2020-21 Actual \$m
<b>Other Economic Flows - Included in the Operating Result</b>	
Gain/(Loss) from Liabilities	(198)
Other Net Gains/(Losses)	2,884
<b>Other Economic Flows - included in Operating Result</b>	<b>2,686</b>
<b>Operating Result</b>	<b>2,755</b>
<b>Other Economic Flows - Other Comprehensive Income</b>	
<b>Items that will not be Reclassified to Operating Result</b>	<b>2</b>
Revaluations	1
Actuarial Gain/(Loss) from Superannuation	1
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	...
Deferred Tax Direct to Equity	...
<b>Items that may be Reclassified Subsequently to Operating Result</b>	<b>(0)</b>
Net Gain/(Loss) on Financial Instruments at Fair Value	...
Other	(0)
<b>Other Economic Flows - Other Comprehensive Income</b>	<b>2</b>
<b>Comprehensive Result - Before Transactions with Owners in their capacity as Owners</b>	<b>2,757</b>
Dividends Distributed	(94)
Net Equity Injections/(Transfers)	...
<b>Comprehensive Result - Total Change in Net Worth</b>	<b>2,663</b>
<b>Key Fiscal Aggregates</b>	
<b>Comprehensive Result - Before Transactions with Owners in their capacity as Owners</b>	<b>2,757</b>
Less: Net Other Economic Flows	(2,688)
<b>Equals: Net Operating Balance</b>	<b>69</b>
<b>Less: Net Acquisition of Non-Financial Assets</b>	
Purchases of Non-Financial Assets <sup>(c)</sup>	11
Sales of Non-Financial Assets	...
Less: Depreciation	(22)
Plus: Change in Inventories	...
Plus: Other Movements in Non-Financial Assets	
- Assets Acquired Using Leases <sup>(c)</sup>	7
- Assets Acquired Using Service Concession Arrangements <sup>(c)</sup> (Financial Liability Model)	...
- Assets Acquired Using Service Concession Arrangements (Grant of Right to the Operator Model)	...
<b>Equals: Total Net Acquisition of Non-Financial Assets</b>	<b>(4)</b>
<b>Equals: Net Lending/(Borrowing) [Fiscal Balance]</b>	<b>73</b>
<b>OTHER FISCAL AGGREGATES</b>	
Capital Expenditure <sup>(c)</sup>	18
Dividends Accrued	94

(a) The current Uniform Presentation Framework does not require the publishing of the results of the Public Financial Corporation Sector at budget time and mid-year, therefore a Budget column is not available.

(b) Includes taxation revenue which is shown as a separate line item in the Total State Sector Accounts.

(c) Capital expenditure comprises purchases of non-financial assets, assets acquired using leases and assets acquired using service concession arrangements under the financial liability model.

Table 17: NSW Public Financial Corporations Sector Consolidated Statement of Financial Position at 30 June 2021<sup>(a)(b)</sup>

	2021 Actual \$m
<b>Assets</b>	
<b>Financial Assets</b>	
Cash and Cash Equivalent Assets	3,913
Receivables	1,711
Investments, Loans and Placements	
Financial Assets at Fair Value	152,323
Other Financial Assets	12
Equity Investments	
Other	25,467
<b>Total Financial Assets</b>	<b>183,427</b>
<b>Non-Financial Assets</b>	
Property, Plant and Equipment	
Land and Buildings	12
Plant and Equipment	6
Right of Use Assets	59
Intangibles	20
Other	98
<b>Total Non-Financial Assets</b>	<b>196</b>
<b>Total Assets</b>	<b>183,623</b>
<b>Liabilities</b>	
Deposits Held	234
Payables	1,657
Borrowings and Derivatives at Fair Value	115,007
Borrowings at Amortised Cost	77
Employee Provisions	48
Superannuation Provision <sup>(c)</sup>	3
Tax Equivalents Payable	8
Other Provisions	8,327
Other	62,346
<b>Total Liabilities</b>	<b>187,707</b>
<b>NET ASSETS</b>	<b>(4,084)</b>
<b>NET WORTH</b>	
Accumulated Funds	(4,084)
Reserves	1
<b>TOTAL NET WORTH</b>	<b>(4,084)</b>
<b>OTHER FISCAL AGGREGATES</b>	
<b>Net Debt<sup>(d)</sup></b>	<b>(40,931)</b>
<b>Net Financial Liabilities<sup>(e)</sup></b>	<b>4,280</b>
<b>Net Financial Worth<sup>(f)</sup></b>	<b>(4,280)</b>

(a) The current Uniform Presentation Framework does not require the publishing of the results of the Public Financial Corporation Sector at budget time and mid-year, therefore a Budget column is not available.

(b) This table has been presented on a liquidity basis as per AASB 1049.

(c) The superannuation provision is reported net of the fair value of fund assets.

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

(e) Net financial liabilities equals total liabilities minus financial assets.

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

Table 18: NSW Public Financial Corporations Sector Consolidated Statement of Cash Flows<sup>(a)</sup>

	2020-21 Actual \$m
<b>Cash Receipts from Operating Activities</b>	
Sales of Goods and Services <sup>(b)</sup>	1,572
Interest	2,759
Other	7,296
<b>Total Cash Receipts from Operating Activities</b>	<b>11,628</b>
<b>Cash Payments from Operating Activities</b>	
Employee Related	(239)
Superannuation	(20)
Payments for Goods and Services	(3,207)
Grants and Subsidies	(12)
Interest	(2,355)
Distributions Paid	(39)
Other	(174)
<b>Total Cash Payments from Operating Activities</b>	<b>(6,046)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>5,582</b>
<b>Cash Flows from Investments in Non-Financial Assets</b>	
Proceeds from Sale of Non-Financial Assets	...
Purchases of Non-Financial Assets	(11)
<b>Net Cash Flows from Investments in Non-Financial Assets</b>	<b>(11)</b>
<b>Cash Flows from Investments in Financial Assets for Policy Purposes</b>	
Receipts	...
Payments	...
<b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>	<b>...</b>
<b>Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>	
Proceeds from Sale of Investments	6,300
Payments for Purchase of Investments	(29,902)
<b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>	<b>(23,602)</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(23,613)</b>
<b>Cash Flows from Financing Activities</b>	
Proceeds from Borrowings	81,630
Repayment of Borrowings	(62,730)
Dividends Paid	(76)
Deposits Received/(Paid) - (Net)	...
Other (Net)	...
<b>Net Cash Flows from Financing Activities</b>	<b>18,825</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>794</b>
Opening Cash and Cash Equivalents	3,119
Reclassification of Cash Equivalents and Other Adjustments	...
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>3,913</b>
<b>Derivation of Cash Result</b>	
Net Cash Flows from Operating Activities	5,582
Net Cash Flows from Investments in Non-Financial Assets	(11)
Dividends Paid	(76)
<b>Cash Surplus/(Deficit)</b>	<b>5,495</b>

(a) The current Uniform Presentation Framework does not require the publishing of the Public Financial Corporation Sector at budget time and mid-year, therefore the Budget column is not presented.

(b) Includes taxation revenue which is shown as a separate line item in the TSSA.

