

Report on the state finances 2021-22

Incorporating the consolidated financial statements of the
New South Wales general government and total state sectors



Report on State Finances

2021-22



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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1. ABOUT THIS REPORT

The 2021-22 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 2021-22
- the audited Consolidated Financial Statements of the General Government and Total State Sectors for 2021-22, 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 2021-22, 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 categories¹:

- **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 shown 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 33: Restatement / Corrections to Prior Years of the Total State Sector Accounts (TSSA).

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

2. OVERVIEW 2021-22

The Budget Result for the 2021-22 year was a \$15.3 billion deficit in the GGS and a \$16.8 billion deficit in the TSS. This follows results from the 2020-21 financial year of a \$7.1 billion deficit in the GGS and \$10.4 billion deficit in the TSS, reflecting the impact of COVID-19 Delta and Omicron variants, in addition to March 2022 flooding. Further, it is noted this deficit result was \$6.7 billion more than originally forecast in the 2021-22 Budget, primarily as a result of the State's additional stimulus programs.

Table 2.1: Key Financial Indicators - Overview

	General Government Sector			Total State Sector		
	Actual 2021-22	Actual 2020-21 Restated ^(a)	Movement	Actual 2021-22	Actual 2020-21 Restated ^(a)	Movement
	\$b	\$b	\$b	\$b	\$b	\$b
Revenue	103.5	88.0	15.5	106.7	90.6	16.1
Expenses	118.8	95.1	23.8	123.4	100.9	22.5
Budget Result (Net Operating Balance)	(15.3)	(7.1)	(8.2)	(16.8)	(10.4)	(6.4)
Gross Capital Expenditure	20.6	18.8	1.8	26.3	24.8	1.5
Net Worth (Total assets less total liabilities)	286.7	233.1	53.7	286.7	233.1	53.7
Net Debt (Total debt less liquid assets)	55.8	37.1	18.7	90.1	83.6	6.5
Net Financial Liabilities (Total liabilities less financial assets)	147.3	137.1	10.3	172.3	177.5	(5.3)

(a) Refer Note 33 Restatement/Corrections to Prior Years of the TSSA for details of corrections to prior period.

The GGS state **revenue** was \$15.5 billion higher than 2020-21. The Commonwealth provided additional funding in response to the Delta and Omicron COVID-19 variant outbreaks and flooding in the State. Taxation revenue also increased as a result of a strong housing market and increased transfer duty.

The increased revenue was offset by higher **expenses** – \$23.8 billion higher in 2021-22 compared to the prior year – mostly reflecting the impact of stimulus and support payments to address the COVID-19 pandemic and flooding in the State, which can be seen through an increase in grants and subsidies. Employee related costs were higher reflecting annual wages growth indexation and the increase in FTE headcount in NSW Government. An increase in other operating expenses was also driven by COVID-19 and flooding related expenses including consumption of medical supplies and surgical items, insurance claims and increased spending on services in relation to flooding.

Gross capital expenditure² for the GGS was \$20.6 billion in 2021-22, \$1.8 billion higher than the prior year. This reflects NSW Government's continued investment in infrastructure during the year.

The significant increase in **net debt** of approximately \$18.7 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 \$10.3 billion in the GGS (\$5.3 billion decrease in TSS), and **net worth** increased \$53.7 billion from the prior year in both the GGS and TSS.

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

² Gross capital expenditure is all additions to 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

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:

- the annual growth in general government expenses of the State is less than the long-term average general government revenue growth of the State
- the elimination of the State's unfunded superannuation liability by 2030.

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 though the impacts of the COVID-19, which has placed pressure on the State's fiscal targets, as follows:

- Both Moody's and Fitch re-affirmed NSW's credit rating at triple-A with a stable outlook. NSW is the only state in Australia with two triple-A credit ratings
- S&P Global maintained the State's credit rating at double-A plus with a stable outlook
- The annual expense growth for 2021-22 was 25.0 per cent, higher than the long-term average revenue growth rate of 5.6 per cent (driven by the spending measures to support households, businesses, and the economy through the COVID-19 pandemic), and
- As at 30 June 2022, the Government is on track to fully fund State's superannuation liabilities by 2040. The Government announced in the 2020-21 Budget it would re-anchor the target to 2040 once the uncertainty in the fiscal and economic outlook reduces.

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 2023-24 Budget.

3.2 Economic Context

The 2021-22 financial year was another challenging year for the NSW economy. The year started with the economy in lockdown in response to the Delta outbreak. This resulted in a sharp decline in economic activity and employment until the lockdown ended in October.

Soon after the economy emerged from that outbreak, the Omicron outbreak occurred, driving a substantial increase in COVID-19 cases and dramatically impacting labour supply in January. However, the combination of the successful vaccination of the population and the strong fiscal support provided by the Commonwealth and NSW Governments enabled businesses and households to transition to living with COVID-19 in the community.

This has supported a strong economic recovery that has seen domestic economic activity move above its pre-Delta level and driven the unemployment rate down to 3.3 per cent by the end of financial year, its lowest level since 1974. By June 2022, employment in NSW had increased to 158,600 above its pre-COVID level and 117,300 above its pre-Delta level. Meanwhile, State Final Demand growth, the major component of Gross State Production (GSP) growth and most timely broad indicator of state economic activity, rose by 3.5 per cent in 2021-22.

The strong recovery in the economy, both domestically and abroad, alongside the ongoing impacts of COVID-19, and Russia's invasion of Ukraine has brought with it the renewed threat of inflation. Headline inflation in Australia rose to 6.1 per cent in the June quarter 2022, its highest level in more than 30 years while the Sydney headline inflation rose to 5.3 per cent.

The Reserve Bank of Australia (RBA) and other major global central banks are responding to this threat, rapidly raising interest rates from the lows seen at the height of the pandemic to help ensure that current elevated price increases do not become entrenched in wage and price setting behaviours. To do so, the RBA is hoping to generate a soft landing in the economy where the unemployment rate gradually rises back to its full employment level which NSW Treasury assumes is around 4 per cent. This has added additional risks to an already highly uncertain global and domestic economic environment, weighing on consumer sentiment and house prices. Consumer spending for now has remained strong, supported by the strengthening of household balance sheets and elevated saving during the height of the pandemic.

4. OPERATING RESULT

4.1 Budget Result Performance Against Original Budget

The budget result of GGS for the financial year ended 30 June 2022 was a \$15.3 billion deficit, \$6.7 billion increase to the Original Budget 2021-22 expected deficit of \$8.6 billion. Statewide lockdowns in response to COVID-19 Delta variant at the commencement of the year and flooding in March 2022 led to a decline in economic performance in the State as outlined in Section 3. The NSW Government's additional stimulus programs in support of this have driven the increased deficit against budget.

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

	Actual 2021-22	Original Budget 2021-22	Actual 2021-22 - Original Budget 2021-22	Revised Budget ^(a) 2021-22	Actual 2021-22 - Revised Budget ^(a) 2021-22
General Government Sector	\$b	\$b	\$b	\$b	\$b
Revenue	103.5	93.8	9.6	103.7	(0.2)
Expenses	118.8	102.4	16.4	120.3	(1.5)
Budget Result (Net Operating Balance)	(15.3)	(8.6)	(6.7)	(16.6)	1.2

(a) Revised estimate for 2021-22 as presented in the 2022-23 Budget Papers.

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

- an increase in grant and subsidies expenditure of \$12.2 billion, mainly relating to increased COVID-19 stimulus programs through the Department of Customer Service (\$11.4 billion)
- other operating expenses \$3.4 billion higher than forecast, due to the impact and increased insurance claims in relation to COVID-19 and flooding in the State.

This was offset by:

- taxation revenue was \$2.8 billion higher than forecast as a result of an increase in transfer duty, primarily due to stronger than expected growth in property prices in the state
- recurrent and capital grants, subsidies and other transfers expenses were \$6.1 billion higher than forecast primarily due to Commonwealth National Partnership payments in relation to the JobSaver program (\$3.3 billion) and COVID-19 (\$2.1 billion)
- an increase in GST payments received of \$1.9 billion driven by a higher-than-expected GST pool and resulting increase to NSW's GST share.

An overview of the actual net operating balance (budget result) compared to the original budget projections is outlined in detail in Note 35: Budgetary Information on 2021-22 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 2020-21 and the 2021-22 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 2021-22	Actual 2020-21 Restated ^(a)	Movement	Actual 2021-22	Actual 2020-21 Restated ^(a)	Movement
	\$b	\$b	\$b	\$b	\$b	\$b
Revenue	103.5	88.0	15.5	106.7	90.6	16.1
Expenses	118.8	95.1	23.8	123.4	100.9	22.5
Budget Result (Net Operating Balance)	(15.3)	(7.1)	(8.2)	(16.8)	(10.4)	(6.4)
Comprehensive Result	53.7	(5.3)	59.0	53.7	(5.3)	59.0
Gross Capital Expenditure	20.6	18.8	1.8	26.3	24.8	1.5
Cash Result	(24.3)	(15.2)	(9.1)	(25.5)	(18.7)	(6.8)
Net Lending/(Borrowing)	(27.0)	(21.4)	(5.5)	(32.1)	(27.1)	(5.0)

(a) Refer Note 33 Restatement/Corrections to Prior Years of the TSSA for details of corrections to prior period.

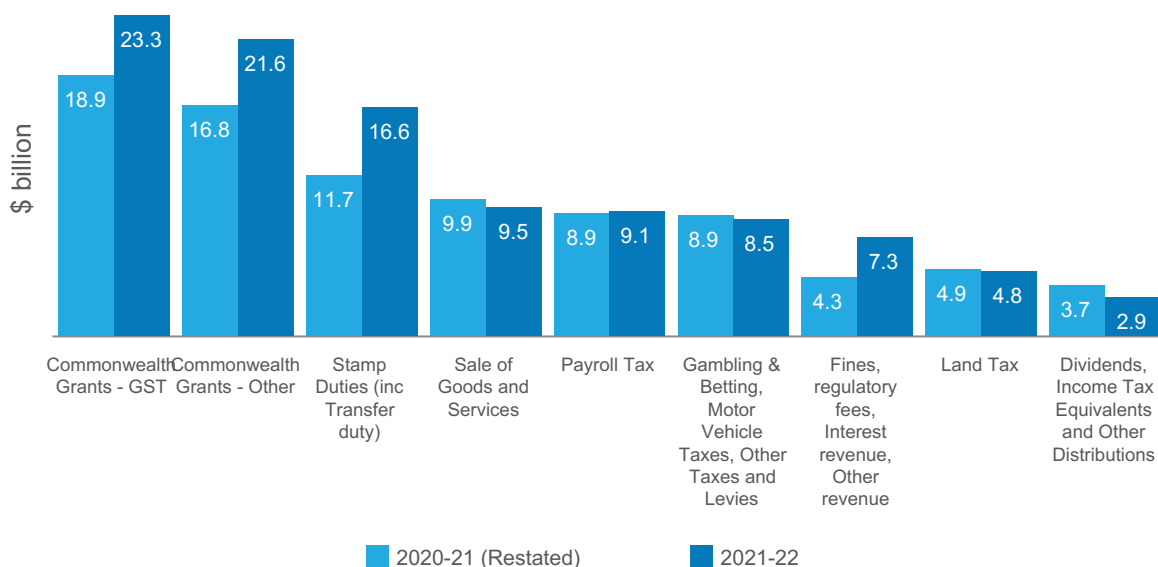
In summary, total revenues for the GGS in 2021-22 increased by \$15.5 billion (18 per cent) and total expenses increased by \$23.8 billion (25 per cent) compared to the 2020-21 outcome. Total revenues for the TSS in 2021-22 increased by \$16.1 billion (18 per cent) and total expenses increased by \$22.5 billion (22 per cent) compared to the 2020-21 outcome.

4.3 Revenue

GGS revenues increased by \$15.5 billion to \$103.5 billion (18 per cent) while TSS revenues increased by \$16.1 billion to \$106.7 billion (18 per cent) over 2021-22. Key revenue movements compared to the prior year are further explained below.

Chart 4.1 shows the main movements between the 2020-21 restated actual revenue and the 2021-22 actual revenue in the GGS.

Chart 4.1: Key Movements in GGS Revenues in 2021-22



Commonwealth grants and taxation revenues represent 43 per cent and 38 per cent of total revenues respectively.

Tax Revenues

GGs tax revenues in 2021-22 were \$39.0 billion, \$4.6 billion (13 per cent) higher than 2020-21. This is largely the result of improved economic activity especially the strength in the housing market.

Transfer duty revenue in 2021-22 was \$4.8 billion (42 per cent) higher than in 2020-21 due to strong property price growth and high transaction volumes. In addition, \$822.6 million from the WestConnex transaction was recognised in 2021-22

This was offset by a decrease in other taxation revenue in 2021-22, mostly made up of a decrease in gambling and betting taxes of \$296 million, due to decreased activity in hotels and clubs as a result of COVID-19 restrictions.

While payroll tax revenues grew, the increase was lessened by Covid revenue measures. The primary drivers of growth in payroll tax revenues are employment and compensation of employees. Between them, these factors had a combined growth rate of 3.9 per cent between 2020-21 and 2021-22. However, payroll tax revenues in 2021-22 increased only by \$143 million (1.6 per cent) relative to 2020-21. This shortfall was primarily attributable to the impacts of several payroll tax measures which, in aggregate, had a greater revenue impact in the latter year. Chief among these was a 50% payroll tax waiver for certain small businesses in 2021-22, at an estimated cost of \$410 million.

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 \$44.1 billion in 2021-22, \$9.1 billion higher (26 per cent) than the prior year. The TSS values are in line with the GGS results.

General Purpose Grants from the GST Pool were \$23.3 billion in 2021-22, \$4.4 billion higher than 2020-21. GST revenues from the Commonwealth Government are distributed among states and 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 2021-22 largely reflects balancing adjustment payments made by the Commonwealth Government in 2020-21 and 2021-22, to reflect differences between the Commonwealth's Budget forecasts (which are used by the Commonwealth to pay New South Wales' GST revenue each year) and the actual amount of GST revenue collected in the year. The balancing adjustment lowered revenue by \$1.5 billion in 2020-21, and increased it by \$1.0 billion in 2021-22, causing a significant increase in New South Wales' GST revenue in the latter year. In addition, higher iron ore prices drove an increase in the NSW GST relativity in 2021-22.

Other Commonwealth Grants were \$20.8 billion in 2021-22, \$4.7 billion higher than 2020-21. The main increases in Commonwealth funding included:

- funding for the JobSaver Program (a contribution from the Commonwealth for payments within the State made under the JobSaver Scheme) which increased by \$3.3 billion compared to 2020-21
- national health funding to the Ministry of Health in response to COVID-19 measures as part of the National Partnership Agreement with the Commonwealth, which increased by \$1.1 billion compared to the prior year
- funding to the Department of Education under the National School Reform Agreement (i.e. "Gonski 2.0"), which increased by \$147 million compared to 2020-21 to account for growth in school student enrolment and,
- escalation funding for the Home Builder Program increased by \$138 million compared to the prior year, to support construction of new homes throughout the State

Other Revenues

Sale of goods and services for the GGS decreased by \$498 million during 2021-22 to \$9.5 billion or 5.0 per cent lower than the prior year, mainly from a decrease of \$561 million in fee for service revenue. This was driven by the revenue received for Transport for NSW from the Transport Asset Holding Company (TAHE) in the prior year, and operational restrictions due to COVID-19 impacting the Ministry of Health.

Revenue in the **finances, regulatory fees and other** category increased by \$3.0 billion during 2021-22, to \$7.0 billion (74 per cent). This was primarily due to increased mining royalties, due to strong growth in global coal prices. This was initially in response to significant supply constraints in Indonesia and China, and then due to Russia's invasion of Ukraine in February 2022.

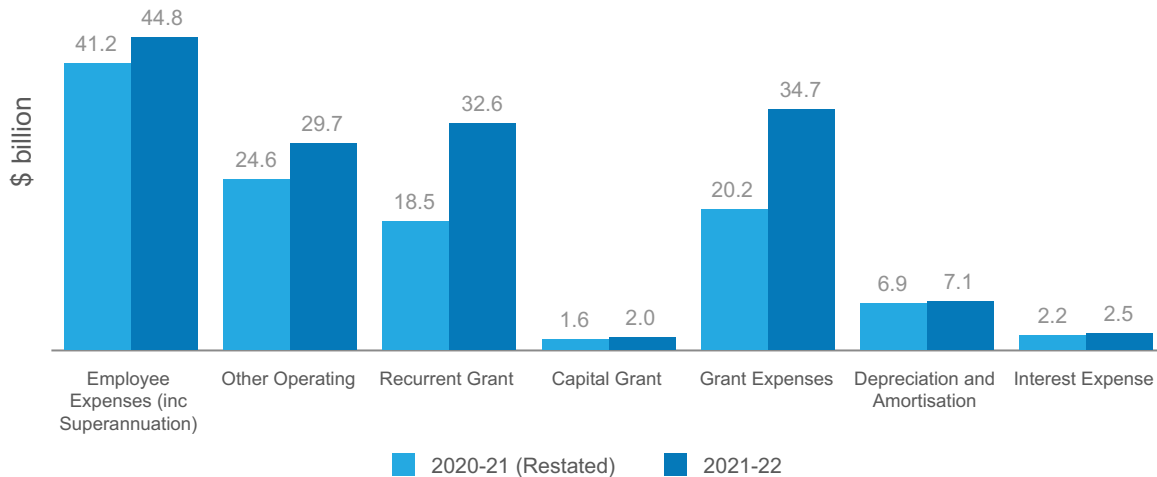
Dividends, income tax equivalents and other distributions decreased by \$751 million during 2021-22 to \$2.9 billion (21 per cent). Dividends from the PNFC Sector decreased mainly due to Sydney Water reducing dividend payments to deliver the Greater Sydney Water Strategy.

4.4 Expenses

Total GGS expenses were \$118.8 billion, which were \$23.8 billion (25 per cent) higher than 2020-21, while TSS expenses amounted to \$123.4 billion, \$22.5 billion (22 per cent) higher than the previous year. Key expense movements compared to the prior year are further explained below.

Chart 4.2 below shows the main movements between the 2020-21 restated actual expenses and the 2021-22 actual expenses in the GGS.

Chart 4.2: Key Movements in GGS Expenses in 2021-22



Employee expenses accounted for 38 per cent of the Sector's total expenditure followed by grant expenses (29 per cent) and other operating expenses (25 per cent).

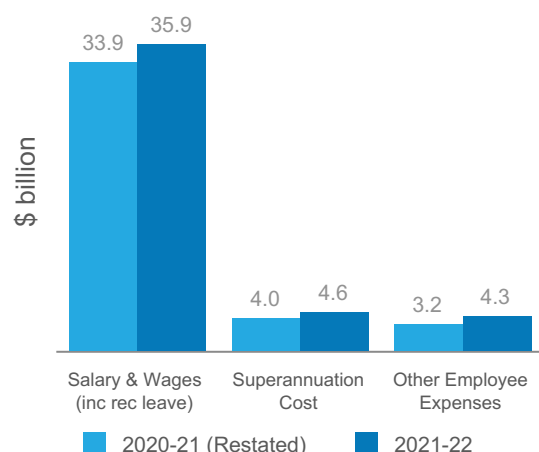
Employee Expenses including Superannuation

Total employee related costs were \$3.6 billion (8.9 per cent) higher than 2020-21. This mainly reflects government policy decisions to invest more in essential services, including health professionals and education.

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. The Ministry of Health, Department of Planning and Environment and Service NSW also saw an increases in full time equivalents (FTEs), including additional resources as a result of the COVID-19 public health response and flood initiatives.

The increase in superannuation costs reflect the increase in staff headcount and FTE. Other employee expenses have increased largely due to insurance premium increases.

Chart 4.3: Key Movements in Employee Expenses



Grant Expenses

The \$14.5 billion (72 per cent) increase in GGS grants and subsidies expenses, as illustrated in chart 4.2, mainly relates to programs implemented to address the economic impact of the COVID-19 pandemic and natural disasters including:

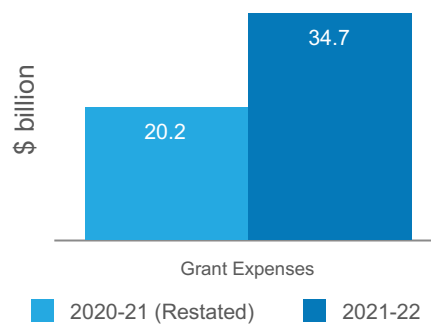
- \$11.7 billion in Department of Customer Service funding due to increased COVID-19 stimulus programs, including COVID-19 Business Grant 2021 and JobSaver
- \$910 million in Transport for NSW grants to Sydney Trains for COVID-19 additional costs and increased license fees
- \$330 million in Early Childhood Education and Skilled and Employable Workforce grants for the Department of Education
- \$324 million to the Department of Communities and Justice, increasing housing grants by \$114 million, Out of Home Care grant by \$105 million, and an increase of \$105 million to the National Disability Insurance Scheme
- \$140 million to Department of Health for additional support in relation to COVID-19

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

- \$112 million in relation to flooding and Natural Disaster Grants to NSW Rural Assistance Authority
- \$101 million due to additional disaster relief to Regional NSW

This was partially offset by a decrease in Department of Planning and Environment of \$197 million.

Chart 4.4: Key Movements in Grant Expenses



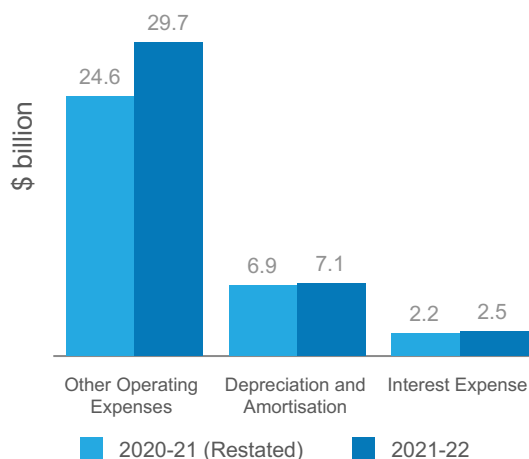
Other Expenses

Total other expenses were \$5.6 billion (17 per cent) higher than prior year as illustrated in chart 4.5 on the right.

Other operating expenses of \$29.7 billion were \$5.1 billion (21 per cent) higher than 2020-21. This includes higher expenses as a result of COVID-19 related expenses including:

- \$1.1 billion increase related to medical and surgical supplies, specialised health services and outsourced patient care
- \$1.1 billion increase in services, primarily relating to the COVID-19 and flood response
- \$1.1 billion increase in insurance claims, primarily due to increased actuarial valuations and flooding
- \$786 million in contractor fees for COVID-19 related projects and response
- \$532 million increase for quarantine-related accommodation and security.

Chart 4.5: Key Movements in Other Expenses



The increase in other operating expenses was partially offset by a reduction of \$171 million due to project underspend by the Treasury.

Depreciation and amortisation expenses were \$7.1 billion, \$197 million in total higher than in 2020-21.

The key driver of the increase resulted from increased revaluations of buildings, resulting in increased depreciation in the year.

Interest expenses in 2021-22 of \$2.5 billion were \$328 million higher than 2020-21, consistent with the impact of higher borrowings in the year.

4.5 Comprehensive Result

The GGS Comprehensive Result was a gain of \$53.7 billion compared to a loss of \$5.3 billion in 2020-21. 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, greater revaluations 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

GGS capital expenditure during 2021-22 was \$20.6 billion, \$1.8 billion higher than the prior year, an increase of 9.7 per cent. This increase is primarily driven by investment in infrastructure through Transport for NSW and Sydney Metro.

GGS agencies with significant capital expenditure programs in 2021-22 included:

- Transport for NSW (\$9.8 billion)
- Sydney Metro (\$8.3 billion)
- Ministry of Health (\$2.3 billion)
- Department of Education (\$1.3 billion).

Major projects progressed during 2021-22 included:

- Sydney Metro – City and Southwest (\$2.7 billion)
- Sydney Metro West (\$2.3 billion)
- WestConnex (State and Federal Funded) (\$1.3 billion)
- Sydney Metro – Western Sydney Airport (State and Federal Funded) (\$1.1 billion).

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

- Gosford Hospital Redevelopment \$348 million (\$0 million in 2021-22)
- Schools at Meadowbank Education and Employment Precinct \$285 million (\$112 million in 2021-22)
- Alexandria Park Community School (new school) \$136 million (\$16.4 million in 2021-22).

TSS capital expenditure of \$26.3 billion was \$1.5 billion higher than in 2020-21. This increase was driven by the GGS capital expenditure spend, however was partially offset by lower 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 2021-22	Actual 2020-21 Restated ^(a)	Movement	Actual 2021-22	Actual 2020-21 Restated ^(a)	Movement
	\$b	\$b	\$b	\$b	\$b	\$b
Total Assets	510.5	452.6	58.0	571.2	518.0	53.2
Total Liabilities	223.8	219.5	4.3	284.5	284.9	(0.4)
Net Worth	286.7	233.1	53.7	286.7	233.1	53.7
Net Unfund Superannuation Liability	43.6	57.6	(14.0)	45.0	59.9	(14.9)
Net Debt	55.8	37.1	18.7	90.1	83.6	6.5
Net Debt as a % of GSP ^(b)	8.1%	5.8%	2.4%	13.1%	13.0%	0.1%
Net Financial Liabilities	147.3	137.1	10.3	172.3	177.5	(5.3)
NFL as a % of GSP ^(b)	21.5%	21.3%	0.2%	25.1%	27.6%	(2.5)%

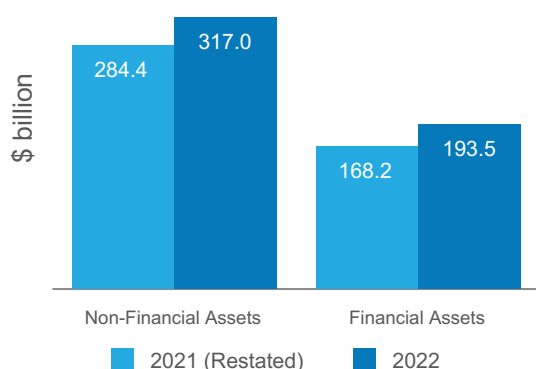
(a) Refer Note 33 Restatement/Corrections to Prior Years of the TSSA for details of corrections to prior period.

(b) GSP actuals for 2021-22 not released at the time of publication. Numbers reflect 2022-23 GSP forecasts from the 2022-23 Budget.

5.1 Total Assets

Total assets of the General Government as at 2021-22 consist mainly of property, plant and equipment (59 per cent), equity investments in other public sector entities and associates (23 per cent) and remaining financial assets (15 per cent).

Chart 5.1: Components of GGS Total Assets 2021-22



The \$31.6 billion net increase in **Property, Plant & Equipment (PP&E)** in the GGS is mostly as a result of additions of \$19.0 billion (predominately within the Health, Education and Stronger Communities clusters) and a significant upward revaluation of \$19.8 billion, which was partially offset by depreciation (\$5.7 billion) and disposals of PP&E (\$845 million) during 2021-22.

The \$46.8 billion increase in TSS PP&E is mostly due to additions of new PP&E (\$24.2 billion) and upward revaluations (\$32.2 billion), partially offset by depreciation (\$8.0 billion).

The GGS's **equity investments**, representing investment in other public sector entities and associates, were 36 per cent higher than 2020-21 primarily as a result of increased residential valuations and market value uplift.

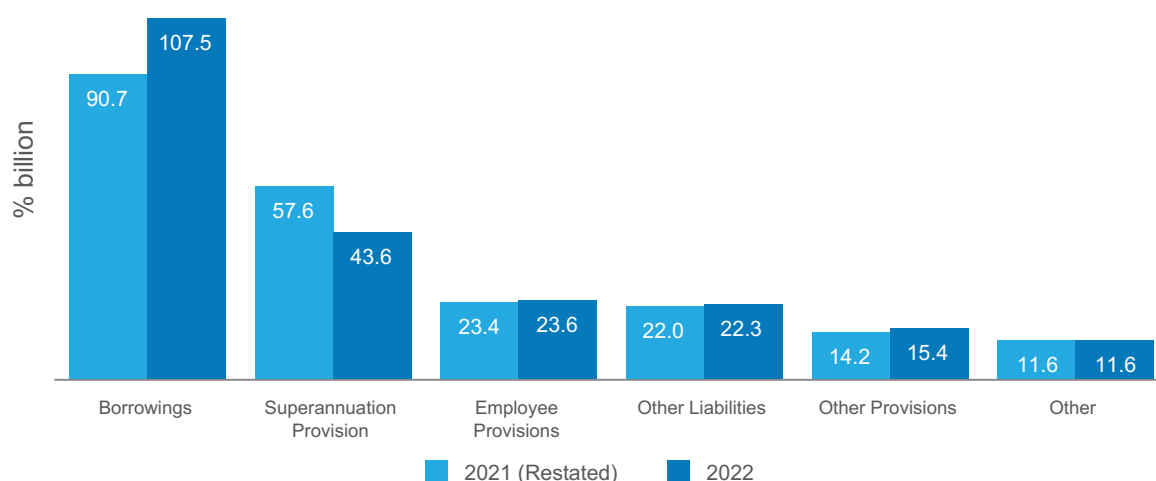
The net decrease in **financial assets at fair value** is primarily attributable to a decrease of \$3.0 billion for investments in TCorpIM funds during 2021-22.

During 2021-22, cash balances of the GGS decreased by \$565 million to \$3.2 billion, in line with normal liquidity management practices. TSS cash balances increased by \$3.0 billion to \$12.0 billion primarily due to a \$1.5 billion increase in TCorp cash holdings.

5.2 Total Liabilities

Total liabilities of the GGS as at 2021-22 consist mainly of General Government's borrowings, which accounted for 48 per cent of the General Government's obligations at 30 June 2022, and employee and superannuation provisions, which together accounted for 30 per cent of total liabilities.

Chart 5.2: Components of Total Liabilities in the GGS 2021-22



Borrowings³ increased by \$16.8 billion to \$107.5 billion in 2021-22 driven by the Government's continued commitment in delivering its infrastructure investment program and COVID-19 response, recovery and stimulus measures. TSS borrowings increased by \$6.2 billion in 2021-22.

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 \$14.0 billion to \$43.6 billion (24 per cent) in the GGS, and \$14.9 billion to \$45.0 billion (25 per cent) in the TSS, is largely as a result of an increase in the discount rate used to value the liabilities from 1.50 per cent in 2020-21 to 3.69 per cent in 2021-22, 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 \$217 million was due to the \$520 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). Annual and other leave entitlements increased by \$496 million due to a reduction in leave utilised due to COVID-19 restrictions.

The **payables** balance (included in **other**⁴) decreased by \$3.2 million (0.0 per cent) to \$9.7 billion in 2021-22. This is due to a reduction in capital payables (\$815 million) primarily in relation to the Metro West and Motorway projects. This is offset by an increase in creditors and other accruals of \$451 million, resulting from higher operating costs during 2021-22, including the Ministry of Health and Department of Planning, Industry and Environment.

³ Borrowings include borrowings at amortised cost and borrowings and derivatives at fair value.

⁴ Other include deferred tax equivalent provision, deposits held, payables, tax equivalents payable, advances received and contract liabilities.

Other provisions increased by \$1.2 billion to \$15.4 billion (8.3 per cent) in 2021-22 mainly due to flooding in March 2022 in the State (Self Insurance Corporation) and land remediation for Sydney Metro.

5.3 Net Worth, Net Debt and Net Financial Liabilities

Net worth is the difference between total assets and total liabilities. Net worth for the year ended 30 June 2022 was \$286.7 billion, an increase of \$53.7 billion (23 per cent) from the prior year.

The increase in net worth is equal to the comprehensive result of the GGS for 2022 as outlined in section 4.5 in this document.

Net debt equals the sum of financial liabilities (deposits held, borrowings, derivatives, advances received and interests in TCorpIM funds of investors not controlled by the State) less the sum of the following financial assets (cash and deposits, advances paid and investments, loans and placements).

The GGS net debt increase of \$18.7 billion to \$55.8 billion at 30 June 2022 (50 per cent) was predominantly driven by borrowings increasing by \$17.2 billion as described in section 5.2 above.

TSS net debt increased by \$6.5 billion to \$90.1 billion at 30 June 2022 (7.8 per cent). This was driven by an increase in borrowings and derivatives in the Treasury Corporation.

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

GGS net financial liabilities at 30 June 2022 were \$147.3 billion, which was \$10.3 billion higher than the prior year. The main factors contributing to this change are the increase in borrowings of \$17.2 billion, as described above, and a decrease in investment in associates due to the sale of Westconnex Group in October 2021. This was offset by a fall in superannuation liabilities of \$14.0 billion as the liability discount rate for the State Sector Schemes and Energy Industries Superannuation Scheme increased from 1.50 per cent to 3.69 per cent.

Total State Sector Accounts
2021 - 2022

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.

We acknowledge the disclosure in Note 1 regarding the matter relating to the Catholic Metropolitan Cemeteries Trust.



The Hon. Matt Kean MP
Treasurer



Paul Grimes PSM
Secretary
Treasury



Stewart Walters
Chief Financial and Operations Officer
Treasury

29 November 2022



INDEPENDENT AUDITOR'S REPORT

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

To Members of the New South Wales Parliament

Qualified Opinion

I have audited the accompanying Consolidated Financial Statements of the New South Wales General Government and Total State Sectors (the Total State Sector Accounts), which comprise the Statement of Compliance, the NSW Consolidated Statement of Comprehensive Income for the year ended 30 June 2022, the NSW Consolidated Statement of Changes in Equity for the year ended 30 June 2022, the NSW Consolidated Statement of Financial Position as at 30 June 2022, and the NSW Consolidated Statement of Cash Flows for the year ended 30 June 2022, and Notes to the Financial Statements 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 State controlled at the year's end or from time to time during the financial year.

In my opinion, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report, the Consolidated 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 the Total State Sector.

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

Basis for Qualified Opinion

Inability to access the management and books and records of a controlled entity

As disclosed in Note 1 'Statement of Significant Accounting Policies', the Treasurer has determined the State controls and is required by Australian Accounting Standards to consolidate the Catholic Metropolitan Cemeteries Trust (CMCT) into the Total State Sector Accounts. The assets and liabilities of CMCT consolidated into the Total State Sector Accounts are \$310.3 million and \$15.1 million, respectively, and the result for the year of CMCT consolidated into the Total State Sector Accounts for the year is a loss of \$2.4 million.

I was unable to obtain sufficient appropriate audit evidence about the carrying amount of assets and liabilities consolidated into the Total State Sector Accounts as at 30 June 2022 and of the amount of income and expenses for the year then ended because CMCT denied access to its management and books and records for the purpose of conducting my financial audit. Section 7.6 of the GSF Act requires GSF agencies prepare annual GSF financial statements and submit them to the Auditor-General for audit. As CMCT is a controlled entity of the State, this means it is a GSF agency, however it has not provided me with financial statements upon which to perform an audit.

Consequently, I was unable to determine whether any adjustments to these amounts were necessary.

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).

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

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

Emphasis of Matter - Investment in other public sector entity

I draw attention to the significant uncertainties disclosed in Note 11 'Equity Investments'. The note describes the significant uncertainty associated with the recognition by the New South Wales General Government Sector (GGS) of an equity cash contribution during the year of \$2.3 billion to the Transport Asset Holding Entity (TAHE), an entity controlled by the State that is classified in the Public Non-Financial Corporations sector.

The equity contribution is recognised on the basis there is a reasonable expectation to earn a sufficient 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.

On 14 December 2021, TAHE's shareholding ministers requested that TAHE target an average 2.5% return per annum on the GGS equity investments in TAHE. TAHE's ability to generate a 2.5% return is, based on current projections, highly dependent on 'access and licence fees' revenue from Sydney Trains and NSW Trains (the Operators), which are funded by the GGS through the State Budget process. The access and licence fees TAHE earns from the Operators are contractually agreed for 10 years from 2021–22 to 2030–31 and represents more than 80% of TAHE's projected revenue over this period. The Operators themselves are principally reliant on NSW Budget funding to pay these fees to TAHE.

The significant uncertainty relates to assumptions and estimates used to forecast a 2.5% return from GGS investments into TAHE that supports the recognition of an equity injection. There is significant uncertainty relating to:

- the funding committed by the GGS in the 2022-23 NSW Budget to support the Operators' obligations to pay TAHE's contracted and forecast access and licence fees up until 2045-46. The Operators are dependent on funding from the GGS to pay access and licence fees which may not occur as forecast. The 2022-23 NSW Budget committed \$5.5 billion to fund the Operators to the end of the forward estimates period in 2025-26. The Operators require a further \$10.2 billion in budget funding to pay TAHE to the end of the 10-year contract period in 2030-31, and a further \$50.8 billion from 2031-32 to 2045-46, which is not published in government budget figures
- a significant portion of the projected 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.

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 Sectors. 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 Consolidated Financial Statements for the year ended 30 June 2022. These matters were addressed in the context of my audit of the Consolidated Financial Statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis for Qualified Opinion' and 'Emphasis of Matter' section, 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	
<p>The General Government Sector (GGS) transferred \$2.3 billion to TAHE (a public non-financial corporation) during the year ended 30 June 2022. Since 2015–16, the GGS has transferred a total of \$13.3 billion to TAHE (formerly Rail Corporation of New South Wales). These transfers were treated as equity investments. Transfers into public corporations to finance acquisitions of non-financial assets are treated as an investment in the contributed equity of the public corporation. The exception to this treatment is if there is no reasonable expectation of a sufficient rate of return on the investment, in which case, the transfer is recorded as a capital transfer expense to the GGS.</p> <p>I consider this to be a key audit matter because:</p> <ul style="list-style-type: none">management has exercised a high degree of judgement interpreting the accounting principles that apply to the treatment of the funds transferred. This includes determining a sufficient rate of return, the transaction flows that constitute returns and the time period the returns are earned overmanagement'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 assumptions about the profitability of future operating activities and investments, 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. <p>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'.</p>	<p>Key audit procedures included the following:</p> <ul style="list-style-type: none">assessed the reasonableness of evidence provided by NSW Treasury and TAHE in the financial modelling, prepared by their expert, to demonstrate a reasonable expectation of a sufficient rate of return from the Government's investments into TAHEassessed significant judgements and assumptions applied by management to support the recognition of equity contributions was in accordance with Australian Accounting Standards and the Australian System of Government Finance Statistics 2015assessed the sufficiency and appropriateness of financial statement disclosures against the requirements of applicable Australian Accounting Standards, in particular AASB 1049 'Whole-of-Government and General Government Sector Financial Reporting'.

Key Audit Matter

How my audit addressed the matter

Control of rail transport assets vested in TAHE

TAHE is a controlled entity of the State and is classified in the public non-financial corporation sector, meaning it is consolidated into the Total State Sector financial statements, but not the General Government Sector financial statements.

At 30 June 2022, the public non-financial corporation sector consolidated \$23.8 billion of TAHE's property, plant and equipment and \$646 million in depreciation expenses for the year ended 30 June 2022.

TAHE has agreements with other parties:

- that provide exclusive or non-exclusive rights to use its assets
- 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 2021 to 30 June 2024, which impose limits on its legislative functions detailed in the *Transport Administration Act 1988*.

To recognise an asset, TAHE 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 receiving substantially all of the economic benefits from the asset.

I considered this to be a key audit matter because:

- TAHE has applied significant judgement to determine it has 'control' over the assets
- TAHE's legislative functions and Operating Licence impacts the assessment of the control of assets
- the determination of principal and agent under the relevant agreements and the ability of other parties to direct use of TAHE's assets.

Key audit procedures included the following:

- reviewed relevant professional accounting advice, to assess the reasonableness of the accounting treatment against the requirements of applicable Australian Accounting Standards
- examined 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****Fair value measurement of property, plant and equipment**

At 30 June 2022, the Total State Sector Accounts reported \$437 billion in property, plant and equipment measured at fair value. The closing balance of property, plant and equipment includes a net revaluation increment of \$32.2 billion recorded during the year ended 30 June 2022.

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 as at 30 June 2022
- 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.

Valuation of defined benefit superannuation and long service leave liabilities

At 30 June 2022, the Total State Sector Accounts reported net defined benefit superannuation liabilities totalling \$45.0 billion and employee long service leave liabilities totalling \$11.5 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 as at 30 June 2022
- 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 2022, the Total State Sector Accounts reported financial instruments measured at fair value totalling \$74.3 billion in financial assets and \$137 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 as at 30 June 2022
- small changes to market observable inputs and assumptions can significantly impact the fair value of these financial assets and financial liabilities
- significant judgement is applied to determine the classification of financial instruments measured at fair value
- 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 (\$1.0 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 2022 with external counterparties
- assessed management's judgement applied to the classification of financial instruments measured at fair value in accordance with applicable Australian Accounting Standards
- assessed the adequacy of financial statement disclosures against the requirements of applicable Australian Accounting Standards.

Accounting for the State's investments in TCorp Investment Management Funds

The Total State Sector Accounts consolidates several TCorp Investment Management (IM) Funds. As at 30 June 2022, the Total State Sector recorded net assets in the TCorp IM funds of \$67 billion and liabilities to unit holders outside of the Total State Sector of \$14.8 billion.

The State re-assessed its control over TCorp IM Funds, which resulted in a prior period reduction of \$6.9 billion to assets and liabilities with no impact on net assets as at 30 June 2021.

The TCorp IM funds are investment entities and are not required to account for investments they control, jointly control or have significant influence over in accordance with AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements' and AASB 128 'Investments in Associates and Joint Ventures'. This exemption does not extend to the Total State Sector Accounts.

Key audit procedures included the following:

- reviewed management's assessment of control, joint control or significant influence over TCorp IM Funds and their underlying investments against the requirements of Australian Accounting Standards
- assessed the appropriateness of management's consolidation model to:
 - confirm the completeness and accuracy of the underlying investments balances to third party evidence
 - confirm the completeness and accuracy of the inter-fund eliminations covering cross holdings, distributions, realised and unrealised gains by comparing to detailed transaction listings
 - confirm the mathematical accuracy.

Key Audit Matter

This year, the Total State Sector recorded the underlying investments of the TCorp IM Funds by applying the aforementioned Australian Accounting Standards. Previously the value of these underlying investments were presented as financial assets at fair value, but have now been reclassified to other asset classes. Note 33 'Restatement/Corrections to Prior Years' discloses a reclassification restatement of \$1.4 billion in the prior period from financial assets held at fair value through the profit and loss to other assets including cash investments, investment property, property, plant and equipment, intangibles equity investments and other liabilities representing interests of investors not controlled by the State.

AASB 10 was also applied for the first time at the Total State Sector level when accounting for dividends, interest and other distributions and realised and unrealised gains/losses on investments held by the TCorp IM Funds. This included the elimination of inter-fund transactions. As a result, the Total State Sector Net Operating Balance for the year ended 30 June 2021 decreased by \$1.6 billion with a corresponding increase to Other economic flows - included in the operating result.

I considered this to be a key audit matter because:

- the State's investment in the TCorp IM Funds are significant to the NSW Consolidated Statement of Financial Position as at 30 June 2022
- judgement is required in assessing the State's control, joint control or significant influence over TCorp IM Funds and their underlying investments
- a significant volume of inter fund transactions occur between TCorp IM Funds. The consolidation of the Total State Sector's distributions and realised and unrealised gains is complex because of the high volume of inter-fund eliminations required
- of the significant reclassifications made:
 - within the NSW Consolidated Statement of Financial Position as at 30 June 2022
 - from the Net Result from Transactions to Other Economic Flows within the NSW Consolidated Statement of Comprehensive Income for the year ended 30 June 2022.

Further information on the TCorp IM Fund restatements is included in Note 33 'Restatement/Corrections to Prior Year'. Liabilities to unit holders outside of the Total State Sector is included in Note 25 'Other Liabilities'.

How my audit addressed the matter

- assessed the classification of the Total State Sector's assets, liabilities, distributions and realised and unrealised gains under Australian Accounting Standards and the Australian System of Government Finance Statistics 2015.

Key Audit Matter

How my audit addressed the matter

Valuation of outstanding claims liabilities

At 30 June 2022, the Total State Sector Accounts recorded \$7.0 billion in self-funded worker's compensation claims liabilities and \$18.1 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 as at 30 June 2022
- the degree of judgement in developing assumptions and the complexity of valuation models.

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'.

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 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 Australian Accounting Standards and consistency with industry practice and the underlying claims exposure
 - assessed the assumptions used as inputs into the valuation models
 - assessed the results of the claims experience investigations carried out by management's actuaries, to determine how they inform the adopted assumptions
 - evaluated the judgements made by management's actuaries in assessing the impact of the COVID-19 pandemic on assumptions
 - performed an overall assessment of the valuation methodology, key assumptions and models used to derive the valuation of the outstanding claims liabilities
- evaluated the judgement applied in recognising reinsurance recoveries
- assessed the adequacy of the related financial statement disclosures against the requirements of applicable Australian Accounting Standards.

Key Audit Matter

How my audit addressed the matter

Taxation and statutory revenue

The Total State Sector Accounts reported \$43.8 billion of taxation and statutory revenue (fines, mining royalties and regulatory fees), \$7.5 billion of statutory receivables and \$394 million in an allowance for impairment for taxation and statutory receivables in the year ended 30 June 2022.

I consider this to be a key audit matter because:

- of the financial significance of taxation and statutory revenue and receivables to the NSW Consolidated Statement of Comprehensive Income for the year ended 30 June 2022 and the NSW Consolidated Statement of Financial Position as at 30 June 2022
- 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' and Note 7 'Receivables'.

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 adjustments capturing material deferrals in lodgements of returns for self-assessed taxes as part of the COVID-19 stimulus packages
- 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 and NSW Treasurer's Directions.

Other Information

The New South Wales Report on State Finances for the year ended 30 June 2022 includes other information in addition to the Consolidated Financial Statements and my Independent Auditor's Report thereon. The Treasurer is responsible for the other information.

My opinion on the Consolidated 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 Consolidated Financial Statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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 Consolidated 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 Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Treasurer is responsible for assessing the ability of 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 Consolidated 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 Consolidated Financial Statements.

A description of my responsibilities for the audit of the Consolidated Financial Statements is located at the Auditing and Assurance Standards Board website at: 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 Consolidated Financial Statements
- about the security and controls over the electronic publication of the audited Consolidated Financial Statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the Consolidated Financial Statements.



Margaret Crawford
Auditor-General for New South Wales

30 November 2022
SYDNEY

	Note	General Government Sector		Total State Sector	
		2021-22 \$m	2020-21 Restated ^(a) \$m	2021-22 \$m	2020-21 Restated ^(a) \$m
FROM CONTINUING OPERATIONS					
Revenue from Transactions					
Taxation	2	39,007	34,407	39,092	34,515
Grants and Subsidies					
Commonwealth General Purpose	2	23,298	18,897	23,298	18,897
Commonwealth Specific Purpose Payments ^(a)	2	11,100	10,856	11,100	10,856
Commonwealth National Partnership Payments ^(a)	2	9,220	4,733	9,220	4,733
Other Grants and Subsidies ^(a)	2	1,270	1,159	1,215	1,107
Sale of Goods and Services ^(a)	2	9,451	9,949	13,414	13,902
Interest ^(a)	2	262	307	835	874
Dividend and Income Tax Equivalents from Other Sectors	2	454	1,077	...	...
Other Dividends and Distributions ^(a)	2	2,442	2,570	1,070	1,199
Fines, Regulatory Fees and Other	2	6,982	4,009	7,420	4,475
Total Revenue from Transactions		103,486	87,965	106,663	90,558
Expenses from Transactions					
Employee	3	40,207	37,142	42,941	39,810
Superannuation					
Superannuation Interest Cost	3	858	589	891	613
Other Superannuation	3	3,736	3,426	3,979	3,644
Depreciation and Amortisation ^(a)	3	7,101	6,904	9,770	10,336
Interest ^(a)	3	2,527	2,199	3,367	3,046
Other Operating Expense ^(a)	3	29,697	24,600	33,763	27,854
Grants and Subsidies					
Recurrent Grants and Subsidies	3	32,643	18,548	27,922	14,178
Capital Grants	3	2,046	1,644	807	1,462
Total Expenses from Transactions		118,815	95,052	123,439	100,943
Transactions from Discontinuing Operations	5	...	...	...	...
NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)		(15,329)	(7,087)	(16,776)	(10,385)

(a) Refer to Note 33: 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 Government Sector		Total State Sector	
		2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
		\$m	\$m	\$m	\$m
NET OPERATING BALANCE		(15,329)	(7,087)	(16,776)	(10,385)
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT					
Gain/(Loss) from Liabilities ^(a)	4	2,862	495	5,964	(774)
Other Net Gains/(Losses) ^(a)	4	932	747	15,401	5,891
Share of Earnings/(Losses) from Equity Investments (excl. Dividends) ^(a)	4	273	(82)	331	(74)
Dividends from Asset Sale Proceeds	4	85	...	...	...
Deferred Income Tax from Other Sectors	4	191	158	...	...
Other	4	(81)	(7)	(91)	(13)
Other Economic Flows - included in Operating Result		4,261	1,311	21,604	5,030
OPERATING RESULT		(11,068)	(5,775)	4,828	(5,355)
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME					
Items that will not be Reclassified to Operating Result					
Revaluations ^(a)	14	19,782	4,035	32,167	(14,009)
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result		...	1,611	...	1,611
Remeasurements of Post-Employee Benefits	23	15,108	11,088	15,964	11,708
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income		28,705	(17,039)	0	0
Deferred Tax Direct to Equity		492	112	...	...
Other		(317)	227	(266)	297
Items that may be Reclassified Subsequently to Operating Result					
Net Gain/(Loss) on Financial Instruments at Fair Value		0	0	7	8
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result		959	399	959	399
Other Economic Flows - Other Comprehensive Income		64,729	433	48,831	13
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS		53,661	(5,343)	53,661	(5,343)
KEY FISCAL AGGREGATES					
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS		53,661	(5,343)	53,661	(5,343)
Less: Net Other Economic Flows ^(a)		(68,990)	(1,744)	(70,436)	(5,043)
NET OPERATING BALANCE		(15,329)	(7,087)	(16,776)	(10,385)
Less: Net Acquisition of Non-Financial Assets					
Purchases of Non-Financial Assets ^(a)		18,853	17,735	24,375	23,722
Sales of Non-Financial Assets		(476)	(238)	(1,021)	(502)
Less: Depreciation and Amortisation ^(a)		(7,101)	(6,904)	(9,770)	(10,336)
Plus: Change in inventories		(819)	626	(816)	336
Plus: Other Movements in Non-Financial Assets					
Assets Acquired Using Leases		1,499	762	1,665	782
Assets Acquired Using Service Concession Arrangements					
Financial Liability Model		248	281	248	300
Grant of a Right to the Operator Model		517	2,902	517	2,902
Other		(1,098)	(833)	83	(493)
Equals Total Net Acquisition of Non-Financial Assets		11,624	14,331	15,282	16,711
EQUALS: NET LENDING/(BORROWING)		(26,953)	(21,418)	(32,058)	(27,095)

(a) Refer to Note 33: 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.

2021-22	Equity at 1 July 2021 Restated ^(a)	Comprehensive Result	Transfers Between Equity Classes	Equity at 30 June 2022		
	\$m	\$m	\$m	\$m		
General Government Sector						
Accumulated Funds ^(a)	73,379	4,215	(671)	76,924		
Reserves						
Asset Revaluation Surplus ^(a)	103,528	19,782	788	124,098		
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	1,203	959	(117)	2,044		
Hedging Reserve	(7)	0	...	(6)		
Financial Assets at Fair Value through Other Comprehensive Income	54,956	28,705	...	83,662		
Other	(0)	...	...	0		
	233,061	53,661	...	286,722		
Total State Sector						
Accumulated Funds ^(a)	86,470	20,528	291	107,287		
Reserves						
Asset Revaluation Surplus ^(a)	145,325	32,167	(173)	177,319		
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	1,204	959	(119)	2,044		
Hedging Reserve	(7)	7	...	0		
Financial Assets at Fair Value through Other Comprehensive Income	(0)	(0)	...	0		
Other	70	...	1	71		
	233,061	53,661	...	286,722		
2020-21	Equity at 1 July 2020	Corrections to Prior Period ^(a)	Equity at 1 July 2020 Restated ^(a)	Comprehensive Result ^(a)	Transfers Between Equity Classes	Equity at 30 June 2021 Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m
General Government Sector						
Accumulated Funds ^(a)	68,241	(633)	67,608	5,651	123	73,379
Reserves						
Asset Revaluation Surplus ^(a)	99,233	373	99,606	4,035	(112)	103,528
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	(799)	...	(799)	2,010	(11)	1,203
Hedging Reserve	(7)	...	(7)	0	...	(7)
Financial Assets at Fair Value through Other Comprehensive Income	71,995	...	71,995	(17,039)	...	54,956
Other	(0)	...	(0)	...	...	(0)
	238,664	(261)	238,403	(5,343)	...	233,061
Total State Sector						
Accumulated Funds ^(a)	80,014	(651)	79,363	6,648	459	86,470
Reserves						
Asset Revaluation Surplus ^(a)	159,430	391	159,821	(14,009)	(486)	145,325
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	(799)	...	(799)	2,010	(8)	1,204
Hedging Reserve	(15)	...	(15)	8	...	(7)
Financial Assets at Fair Value through Other Comprehensive Income	(0)	...	(0)	0	...	(0)
Other	34	...	34	...	35	70
	238,664	(261)	238,403	(5,343)	...	233,061

(a) Refer to Note 33: 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		
		2021-22 \$m	2020-21 Restated ^(a) \$m	1 July 2020 Restated ^(a) \$m	2021-22 \$m	2020-21 Restated ^(a) \$m	1 July 2020 Restated ^(a) \$m
ASSETS							
Financial Assets							
Cash and Cash Equivalents ^(a)	6	3,216	3,781	6,134	12,021	9,044	10,752
Receivables ^(a)	7	12,093	12,212	11,468	13,109	11,892	11,138
Investments, Loans and Placements							
Financial Assets at Fair Value ^(a)	9	44,572	47,662	40,874	51,514	47,810	44,273
Other Financial Assets ^(a)	9	3,598	1,791	1,608	2,113	1,857	1,880
Advances Paid	10	1,185	1,298	1,239	894	868	776
Tax Equivalents Receivable	17	29	35	15	...	...	...
Deferred Tax Equivalents Asset	17	2,985	2,291	2,050	...	...	...
Equity Investments							
Investments in Other Public Sector Entities	11	117,025	85,778	99,485	...	...	...
Investments in Associates ^(a)	11	8,805	13,358	11,866	9,787	13,674	12,166
Other Equity Investments ^(a)	11	6	5	7	22,766	22,224	21,602
Total Financial Assets		193,513	168,211	174,746	112,205	107,370	102,588
Non-Financial Assets							
Contract Assets	8	53	97	24	62	97	23
Inventories	12	1,307	1,378	1,188	2,008	1,547	1,743
Forestry Stock and Other Biological Assets		23	18	14	646	771	841
Assets Classified as Held for Sale	13	62	123	286	88	160	335
Investment Properties ^(a)	29	...	...	...	1,741	1,621	1,192
Property, Plant and Equipment							
Land and Buildings ^(a)	14	116,737	103,179	96,287	198,347	173,380	170,279
Plant and Equipment	14	13,530	13,112	12,825	17,534	16,729	17,036
Infrastructure Systems ^(a)	14	171,990	154,361	145,607	220,921	199,898	201,968
Right-of-Use Assets	28	7,174	6,513	6,838	9,655	9,173	9,684
Intangibles ^(a)	15	4,774	4,456	4,370	5,869	5,469	5,822
Other Non-Financial Assets	16	1,386	1,122	1,065	2,100	1,749	1,651
Total Non-Financial Assets		317,036	284,358	268,505	458,972	410,595	410,575
TOTAL ASSETS		510,549	452,570	443,251	571,177	517,965	513,163
LIABILITIES							
Deposits Held	18	353	282	293	432	311	369
Payables ^(a)	19	9,700	9,697	7,207	10,891	10,963	8,320
Contract Liabilities	8	873	934	1,156	999	1,051	1,259
Borrowings and Derivatives at Fair Value ^(a)	20	14	212	392	122,189	114,905	98,349
Borrowings at Amortised Cost ^(a)	21	107,441	90,488	71,205	18,669	19,712	20,118
Advances Received		545	625	696	545	625	696
Employee Provisions	22	23,603	23,386	22,566	24,859	24,708	23,817
Superannuation Provision	23	43,556	57,591	67,890	44,983	59,855	70,951
Tax Equivalents Payable	17	57	35	80	...	...	...
Deferred Tax Equivalent Provision	17	50	50	82	...	...	...
Other Provisions ^(a)	24	15,355	14,180	14,101	23,380	22,737	21,792
Other Liabilities ^(a)	25	22,282	22,028	19,178	37,508	30,036	29,089
TOTAL LIABILITIES		223,828	219,509	204,848	284,455	284,903	274,759
NET ASSETS		286,722	233,061	238,403	286,722	233,061	238,403
NET WORTH							
Accumulated Funds ^(a)		76,924	73,379	67,608	107,287	86,470	79,363
Reserves ^(a)		209,798	159,681	170,795	179,435	146,592	159,041
TOTAL NET WORTH		286,722	233,061	238,403	286,722	233,061	238,403
OTHER FISCAL AGGREGATES							
Net Debt		55,781	37,076	22,732	90,083	83,551	71,460
Net Financial Liabilities		147,340	137,076	129,587	172,251	177,533	172,171

(a) Refer to Note 33: 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	
		2021-22 \$m	2020-21 Restated ^(a) \$m	2021-22 \$m	2020-21 Restated ^(a) \$m
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Taxation		38,275	34,344	38,393	34,425
Sale of Goods and Services ^(a)		9,696	10,268	11,369	14,341
Grants and Subsidies		45,082	35,421	45,036	35,372
Interest ^(a)		195	217	942	967
Dividends and Income Tax Equivalents from Other Sectors		536	1,582	(0)	0
Other ^(a)		10,957	9,948	14,651	10,967
Total Receipts		104,742	91,780	110,391	96,073
Payments					
Employee Related		(38,405)	(35,904)	(41,132)	(38,482)
Superannuation		(3,521)	(3,191)	(3,778)	(3,432)
Payments for Goods and Services ^(a)		(26,614)	(23,857)	(28,960)	(26,124)
Grants and Subsidies		(33,039)	(19,035)	(27,935)	(14,503)
Interest ^(a)		(2,543)	(2,201)	(2,983)	(3,018)
Other ^(a)		(5,554)	(6,717)	(6,741)	(7,894)
Total Payments		(109,677)	(90,904)	(111,528)	(93,453)
NET CASH FLOWS FROM OPERATING ACTIVITIES	6	(4,935)	876	(1,138)	2,619
CASH FLOWS FROM INVESTING ACTIVITIES					
Non-Financial Assets					
Proceeds from Sale of Non-Financial Assets		493	305	1,002	569
Purchases ^(a)		(19,881)	(16,355)	(25,355)	(21,928)
Net Cash Flows from Investments in Non-Financial Assets		(19,387)	(16,050)	(24,354)	(21,360)
Financial Assets (Policy Purposes)					
Receipts		10,794	787	10,558	756
Payments		(2,436)	(3,315)	(162)	(172)
Net Cash Flows from Investments in Financial Assets (Policy Purposes)		8,358	(2,528)	10,396	584
Financial Assets (Liquidity Purposes)					
Proceeds from Sale of Investments		3,158	2,956	8,162	5,127
Purchase of Investments ^(a)		(3,807)	(4,416)	(9,349)	(5,474)
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)		(650)	(1,460)	(1,187)	(346)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(11,679)	(20,038)	(15,146)	(21,122)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances Received		(0)	0	(0)	0
Advances Repaid		(109)	(101)	(109)	(101)
Proceeds from Borrowings ^(a)		27,011	18,853	74,136	81,758
Repayments of Borrowings		(10,921)	(1,945)	(54,891)	(64,558)
Deposits Received/(Paid) - Net		70	(10)	70	(4)
Other (Net)		(0)	8	55	16
NET CASH FLOWS FROM FINANCING ACTIVITIES		16,051	16,805	19,260	17,113
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(563)	(2,357)	2,977	(1,390)
Opening Cash and Cash Equivalents		3,781	6,134	9,044	10,434
Reclassification of Cash Equivalents and Other Adjustments		(2)	4	0	0
CLOSING CASH AND CASH EQUIVALENTS	6	3,216	3,781	12,021	9,044
DERIVATION OF CASH RESULT					
Net Cash Flows from Operating Activities ^(a)		(4,935)	876	(1,138)	2,619
Net Cash Flows from Investments in Non-Financial Assets ^(a)		(19,387)	(16,050)	(24,354)	(21,360)
CASH SURPLUS/(DEFICIT)		(24,322)	(15,174)	(25,492)	(18,740)

(a) Refer to Note 33: 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.

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Note 1: Statement of Significant Accounting Policies

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 2022 were authorised for issue by the Treasurer on 29 November 2022. 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* (GSF Act).

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 39: 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.

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 2021-22 Reporting Period

The consolidated financial position and comprehensive result of the State were particularly affected by the following events during the 2021-22 financial year:

- The coronavirus (COVID-19) outbreak continued 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; and
- Natural disaster events (including flooding) which resulted in revaluation losses and impairment of assets.

Principles of Consolidation

The TSSA consolidates all assets, liabilities, equities, revenues and expenses of the entities controlled by the NSW Government, 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 State's controlled entities are consolidated from the date on which control commences and deconsolidated from the date control ceases.

The General Government Sector Statement of Financial Position records an equity investment in government controlled entities within the PNFC and PFC sectors as required by AASB 1049. The equity investment is measured at the government's share of the carrying amount of the net assets of the PNFC or PFC entity before consolidation eliminations. Where the carrying amount of a PNFC or PFC entity's net assets is less than zero (before consolidation adjustments), the amount is not included in the general government sector's equity investment, however the net liabilities will be consolidated at the Total State Sector level. Changes in the carrying amount of the equity investment from period to period is recognised through other comprehensive income.

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 38: Details of Consolidated Entities.

Presentation in the 2021-22 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 33: 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 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 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);
- An assessment whether a TCorpIM Fund is controlled by the State or whether the State has joint control or significant influence over a TCorpIM Fund. Determining control or joint control in respect of these funds, under AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*, is based on a combination of the rights of investors to remove TCorp as trustee and manager of a fund and the level of the State's aggregate economic interest. Where the State does not have control or joint control, it has been determined the State does not have significant influence over TCorpIM Funds.
- An assessment whether investees of TCorpIM Funds controlled by the State are controlled or jointly controlled by the TCorpIM Funds or whether the TCorpIM Funds have significant influence over the investees.
- 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);
- 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);
- 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 State has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: *Finance Sector Union of Australia v Commonwealth Bank of Australia* [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period. This position will be re-assessed in future reporting periods as new information comes to light on this matter.
- 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 31: 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.

Catholic Metropolitan Cemeteries Trust

The financial information related to Catholic Metropolitan Cemeteries Trust (CMCT), an entity assessed by NSW Treasury as being controlled by the State, has been consolidated into the TSSA under AASB 10. As a controlled entity, CMCT is required to prepare financial statements under section 7.6 of the GSF Act and have these audited by the Auditor-General under section 34 of the Government Sector Audit Act 1983 (GSA Act). However access to management, books and records of CMCT was not made available to the NSW Government, nor to the Auditor-General for NSW for the purpose of a financial audit. Financial statements of CMCT audited by a third party auditor, who were appointed by the CMCT, have been provided to NSW Treasury. The third party auditor's opinion states that the CMCT's financial statements have been prepared in accordance with Australian Accounting Standards, but it does not provide any opinion as to whether they have been prepared in accordance with the GSF Act or relevant Treasurer's directions. The audit of those financial statements is not an audit conducted by the Auditor-General for NSW in accordance with the GSA Act. The financial statements of CMCT have been used only for the purposes of consolidation of the CMCT into the TSSA. Net Assets of \$295.3 million (2021: \$297.7 million) and Total Comprehensive Income/(Loss) for the period of (\$2.4 million) (2021: \$31.0 million) have been consolidated within the TSSA.

NSW Treasury confirms that to the best of our knowledge and based on all information known and assessed to date, we confirm under AASB 10, the State is assessed as controlling the CMCT as at 30 June 2022.

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 2021-22 financial year.

Due to the COVID-19 pandemic, there has been a change 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 continue to be 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.

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.

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 increased by \$250 million for the State primarily due to the procurement of rapid antigen tests as a response measure to COVID-19 (2020-21: \$271 million decrease 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 \$373 million (2020-21: \$217 million) of medical and surgical supplies that have expired or are not fit-for-purpose and has made an allowance for impairment of \$247 million (2020-21: \$559 million) 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 2021-22 financial year.

Property, Plant and Equipment

Some property, plant and equipment of the State were destroyed or damaged by flooding events throughout the 2021-22 financial year and in the comparative 2020-21 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. Refer to Note 14: Property, Plant and Equipment for balances impaired.

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 2021-22 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 2022 are \$7 million for the General Government Sector (2020-21: \$210 million) and \$9 million for the Total State Sector (2020-21: \$213 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*. Reprofiling 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 2022 and 30 June 2021.

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

Financial Assets - 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 – 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.

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

Several amendments and interpretations apply for the first time in the 2021-22 financial year, but do not have a material impact on the financial statements of the State.

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 2022 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 applies from 1 January 2023 to the private sector and for-profit public sector entities. The Australian Accounting Standards Board (AASB) has decided that additional consideration is warranted for the public sector and temporarily excluded not-for-profit public sector entities from the scope of AASB 17 pending the outcome of a separate project to address key concerns from the sector.

A preliminary investigation has been undertaken, but the impact of AASB 17 on the General Government Sector and Total State Sector cannot be determined yet. The outcome will be dependent on the AASB 17 amendments in relation to insurance contracts in the public sector to be released by the AASB.

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 income 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		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Taxation - Non-Contractual Income from Statutory Requirements				
Payroll Tax	9,069	8,926	8,910	8,781
Stamp Duties	16,615	11,742	16,615	11,742
Land Tax	4,838	4,875	4,797	4,846
Gambling and Betting	2,431	2,727	2,431	2,727
Motor Vehicle Taxes	2,566	2,451	2,566	2,451
Other	3,488	3,686	3,773	3,968
	39,007	34,407	39,092	34,515

Grants and Subsidies

Revenue from grants with sufficiently specific performance obligations (SSPOs) are recognised under AASB 15 *Revenue from Contracts with Customers* (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 SSPOs 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		Total	
	Government Sector		State Sector	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Grants and Subsidies Revenue				
Commonwealth General Purpose	23,298	18,897	23,298	18,897
Commonwealth Specific Purpose Payments ^(a)	11,100	10,856	11,100	10,856
Commonwealth National Partnership Payments ^(a)	9,220	4,733	9,220	4,733
Other Grants and Subsidies ^(a)	1,270	1,159	1,215	1,107
	44,887	35,646	44,833	35,594
Grants Dissected into Current and Capital Components				
Current Grants and Subsidies Revenue from the Commonwealth				
General Purpose ^(b)	23,298	18,897	23,298	18,897
Specific Purpose	11,100	10,856	11,100	10,856
National Partnership Payments	7,326	2,493	7,326	2,493
Other Commonwealth Payments	475	478	475	479
Current Grants from the Commonwealth	42,198	32,725	42,198	32,725
Other Grants and Subsidies	770	636	710	585
Total Current Grant Revenue	42,968	33,361	42,908	33,310
Capital Grant Revenue from the Commonwealth				
National Partnership Payments	1,894	2,240	1,894	2,240
Other Commonwealth Payments	0	0	6	6
Capital Grants from the Commonwealth	1,894	2,240	1,900	2,247
Other Grants and Subsidies	25	45	25	37
Total Capital Grant Revenue	1,919	2,285	1,925	2,284
	44,887	35,646	44,833	35,594
Grants and Subsidies Revenue and Income Recognition Approaches				
Grants and Subsidies with Sufficiently Specific Performance Obligations	8,655	7,406	8,657	7,408
Grants and Subsidies Relating to the Acquisition or Construction of Recognisable Non-Financial Assets to be Controlled by the State	1,897	1,798	1,897	1,798
Grants and Subsidies without Sufficiently Specific Performance Obligations	34,335	26,442	34,279	26,388
	44,887	35,646	44,833	35,594

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) 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		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Transfer Receipts				
Transfer Receipts for Specific Purposes	6,241	5,106	6,241	5,106
	6,241	5,106	6,241	5,106
Transfer Payments				
Transfer Payments to Local Government	1,078	792	1,078	792
Transfer Payments to the Private and Not-For-Profit Sector	5,163	4,314	5,163	4,314
	6,241	5,106	6,241	5,106

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	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(b)
	\$m	\$m	\$m	\$m
Sale of Goods and Services Comprises Revenue from:				
Revenue from Contracts with Customers				
Sale of Goods and Rendering of Other Services ^{(b)(c)}	7,965	8,659	11,040	11,749
Licence Fees	738	733	738	733
Rental Income				
Rentals from Public Housing and Non-Investment Properties ^(d)	329	360	1,208	1,174
Rentals from Investment Properties ^{(a)(b)}	0	0	63	92
Other ^(a)	419	198	366	155
	9,451	9,949	13,414	13,902
(d) Includes revenues from the provision of public housing:				
Market Rent and Other Tenant Charges	79	85	1,970	1,986
Less: Rental Subsidies to Tenants	(27)	(29)	(1,176)	(1,202)
	52	56	794	784

(a) The adjustment of \$6 million from rentals from investment properties to other in 2020-21 in the General Government Sector has been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

(b) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(c) In 2021-22, there was \$2,137 million revenue (2020-21: \$2,251 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.

(d) See above.

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
Sale of Goods	<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>	Revenue is recognised when the customer obtains control of the goods, typically when the goods are delivered to the customer.
Electricity Distribution Services	<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>	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.
Health Services	<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 an accrual basis when the service has been provided to the patient.</p> <p>Revenue from non-patient services are recognised when the promised services are delivered</p>
Transport Passenger Services	<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>	Revenue is recognised when the service is provided to the customers.
Water and Water Related Services	<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>
Services - Other	<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>	Revenues from other services are recognised when the service is provided by reference to the type and stage of services provided to date.

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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Interest Revenue comprises:				
Interest from TCorpIM Cash Funds	2	11	...	...
Interest from Deposits with TCorp	2	5	...	...
Interest from Other Financial Assets ^(a)	258	292	835	874
	262	307	835	874

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Dividend and Income Tax Equivalents from Other Sectors:				
Dividends from the PNFC Sector	201	756	...	...
Dividends from the PFC Sector	95	94	...	...
Income Tax Equivalents from the PNFC Sector	116	193	...	...
Income Tax Equivalents from the PFC Sector	42	35	...	...
	454	1,077	...	...

Other Dividends and Distributions

Distributions from managed funds in the General Government Sector are mainly from the State's investments in TCorpIM Funds. These are eliminated on consolidation of the Total State Sector. Distributions in the Total State Sector are mainly distributions received by TCorpIM Funds controlled by the State from their financial assets and distributions from TCorpIM Funds not controlled by the State. 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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Other Dividends and Distributions:				
Distributions from Managed Funds and Other Investments ^(a)	2,423	2,536	1,046	1,165
Dividends from Associates	19	34	24	34
	2,442	2,570	1,070	1,199

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

Fines, Regulatory Fees and Other Revenues

Fines, regulatory fees and other revenues are recognised and measured throughout the 2021-22 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 from mining 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 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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Fines, Regulatory Fees and Other Revenues comprise:				
Revenue from Contracts with Customers				
Industry and Developer Contributions	...	...	340	358
Non-Contractual Income Arising from Statutory Requirements				
Royalties from Mining	3,709	1,418	3,709	1,418
Fines	812	675	816	675
Regulatory Fees	131	93	137	98
Other Incomes				
Donations and Other Contributions ^(a)	740	556	722	565
Revenue Related to Service Concession Arrangements ^(b)	646	600	646	600
Other Revenue	944	668	1,050	762
	6,982	4,009	7,420	4,475

(a) Donations and contributions include \$130m (2021: \$22m) in-kind contributions of COVID-19 vaccines received from the Commonwealth Government.

(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

2021-22	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
Disaggregation of Revenue from Contracts with Customers by Function (Policy Area)					
General Public Services	7	273	29	...	309
Defence	...	...	...	...	...
Public Order and Safety	...	358	75	...	433
Economic Affairs	10	167	23	...	200
Environment Protection	7	98	...	...	105
Housing and Community Amenities	50	541	1	...	592
Health	8,492	2,362	9	...	10,863
Recreation, Culture and Religion	2	86	0	...	88
Education	9	521	...	...	530
Social Protection	...	30	...	...	30
Transport	78	3,530	602	...	4,210
Total	8,655	7,965	738	...	17,358

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
Disaggregation of Revenue from Contracts with Customers by Function (Policy Area)					
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
Total	7,406	8,659	733	...	16,797

Total State Sector

2021-22	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
Disaggregation of Revenue from Contracts with Customers by Function (Policy Area)					
General Public Services	7	448	29	...	484
Defence	...	...	...	...	...
Public Order and Safety	...	350	75	...	425
Economic Affairs	10	2,529	23	125	2,687
Environment Protection	7	108	...	...	115
Housing and Community Amenities	52	3,041	1	215	3,309
Health	8,492	2,358	9	...	10,859
Recreation, Culture and Religion	2	368	0	...	370
Education	9	521	...	...	530
Social Protection	...	30	...	...	30
Transport	78	1,287	602	...	1,967
Total	8,657	11,040	738	340	20,774

2020-21	Grants and Subsidies with Sufficiently Specific Performance Obligations	Sale of Goods and Rendering of Other Services Restated ^(a)	Licence Fees	Developer Contributions	Total Restated ^(a)
	\$m	\$m	\$m	\$m	\$m
Disaggregation of Revenue from Contracts with Customers by Function (Policy Area)					
General Public Services ^(a)	0	676	39	...	715
Defence	...	...	...	...	...
Public Order and Safety	0	349	70	...	419
Economic Affairs	7	2,538	16	125	2,686
Environment Protection	...	98	...	...	98
Housing and Community Amenities	8	2,954	0	233	3,196
Health	7,299	2,614	9	...	9,923
Recreation, Culture and Religion	1	351	0	...	352
Education	15	672	...	...	687
Social Protection	...	26	...	...	26
Transport	77	1,470	597	...	2,145
Total	7,408	11,749	733	358	20,247

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Employee Expenses Comprise:				
Salaries and Wages (including Recreation Leave)	35,927	33,907	38,368	36,293
Long Service Leave	1,245	1,237	1,324	1,318
Workers' Compensation	1,980	1,365	2,023	1,396
Other	1,055	633	1,226	803
	40,207	37,142	42,941	39,810

Superannuation Expense

	General Government Sector		Total State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Superannuation Interest Costs Comprise:				
Net Interest ^(a)	858	589	891	613
	858	589	891	613
Other Superannuation Expenses Comprise:				
Defined Benefit Plans, excluding Actuarial Gains/Losses ^(a)	291	358	313	390
Defined Contribution Plans	3,444	3,067	3,666	3,255
	3,736	3,426	3,979	3,644

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

Depreciation and Amortisation Expenses

	General Government Sector		Total State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
		Restated ^(a)		Restated ^(a)
Depreciation and Amortisation Expenses Comprise:				
Depreciation on ^(b)				
Buildings ^(a)	2,013	1,889	2,899	2,849
Plant and Equipment	934	943	1,196	1,309
Infrastructure Systems	2,768	2,665	3,902	4,375
Right-of-Use Assets ^(c)	832	832	1,043	1,047
Amortisation of ^(b)				
Intangibles ^(a)	554	575	730	757
	7,101	6,904	9,770	10,336

(a) Refer to Note 33: Restatement / Corrections to Prior Years for details of restatements to the prior period.

(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	
	2021-22	2020-21	2021-22	2020-21
				Restated ^(a)
	\$m	\$m	\$m	\$m
Interest Expenses Comprise:				
Interest on Borrowings and Advances ^(a)	2,153	1,771	2,751	2,353
Interest on Lease Liabilities	216	223	411	423
Interest on Service Concession Financial Liabilities	104	144	150	190
Unwinding of Discounts on Provision Liabilities	54	62	55	80
	2,527	2,199	3,367	3,046

(a) Refer to Note 33: Restatement / Corrections to Prior Years for details of restatements to the prior period.

Other Operating Expenses

	General Government Sector		Total State Sector	
	2021-22	2020-21	2021-22	2020-21
		Restated ^(a)		Restated ^(a)
	\$m	\$m	\$m	\$m
Other Operating Expenses Comprise:				
Lease Expenses ^(b)	371	327	450	408
Contractor Fees	2,330	1,544	3,094	2,526
Consultancy Fees	131	147	180	186
Audit Fees ^(c)	...	...	...	...
Insurance Claims ^(d)	2,394	1,284	3,584	2,033
Supplies, Services and Other ^{(a)(e)(f)}	22,406	19,489	22,835	19,320
External Maintenance (excluding Employee Costs associated with maintenance)	2,065	1,809	3,621	3,380
	29,697	24,600	33,763	27,854

(a) Refer to Note 33: Restatement / Corrections to Prior Years for details of restatements to the prior period.

(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) 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 \$27 million for the General Government Sector (2020-21: \$26 million) and \$37 million for the Total State Sector (2020-21: \$35 million). In addition, performance and other audit fees eliminated total \$12 million (2020-21: \$12 million) for the General Government Sector and Total State Sector.

(d) Higher insurance claims in the 2021-22 financial year related to increased numbers of claims partially impacted by the March 2022 floods.

(e) Supplies, Services and Other include inventories consumed of \$395 million (2020-21: \$274 million) for the General Government Sector and \$447 million (2020-21: \$415 million) for the Total State Sector, mainly contributed by the Ministry of Health for medical and surgical supplies.

(f) In 2021-22, there was \$2,137 million of expenses (2020-21: \$2,251 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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Grants, Subsidies and Transfers for^(a)				
Recurrent Purposes ^(b)	32,643	18,548	27,922	14,178
Capital Purposes	2,046	1,644	807	1,462
	34,689	20,192	28,728	15,640

(a) Refer to Note 36: Disaggregated Financial Statements for information on total expenses (excluding losses) by function.

(b) The increase in the current year recurrent grant expense is predominately due to the 2021 COVID Business grants and JobSaver scheme.

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	
	2021-22	2020-21	2021-22	2020-21
		Restated ^(a)		Restated ^(a)
	\$m	\$m	\$m	\$m
Gain/(Loss) from Liabilities				
Changes in Discount Rates for Long Service Leave Liabilities ^(b)	1,877	519	1,970	528
Changes in Discount and Inflation Rates for Insurance Liabilities ^(c)	985	(24)	2,584	(222)
Net Gain / (Losses) for Remeasurement of Interests in TCorpIM Funds of Investors Not Controlled by the State Liability ^(a)	...	...	1,411	(1,080)
	2,862	495	5,964	(774)
Other Net Gains/(Losses) in the Operating Result				
Disposal of Property, Plant and Equipment	22	(201)	101	(144)
Disposal of Intangible Assets	(4)	(1)	(3)	(3)
Fair Value Adjustments to:				
Investment Properties ^(a)	...	...	126	118
Net Gain / (Losses) on Forestry Stock and Other Biological Assets	5	...	(126)	(71)
Non-Current Assets Classified as Held for Sale	(8)	...	(9)	(1)
Financial Instruments ^{(a)(d)}	(4,358)	3,263	10,177	8,640
Assets Recognised for First Time	40	98	41	183
Infrastructure and Other Assets Written Off	(131)	(394)	(234)	(495)
Other ^{(a)(e)}	5,367	(2,018)	5,328	(2,337)
	932	747	15,401	5,891
Share of Earnings from Equity Investments (excluding Dividends)^(a)	273	(82)	331	(74)
Dividends from Asset Sales Proceeds	85	...	...	...
Deferred Income Tax from Other Sectors	191	158	...	...
Other				
Impairment Losses on Financial Assets	(81)	(7)	(91)	(13)
	(81)	(7)	(91)	(13)
Discontinuing Operations	...	...	...	...
Other Economic Flows - included in Operating Result	4,261	1,311	21,604	5,030

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) The gain on revaluation of long service leave liabilities was higher in the 2021-22 financial year due to increases in the Commonwealth bond rate compared to last year. The Commonwealth Government 10-year bond rate increased by 2.17 per cent from 1.49 per cent at 1 July 2021 to 3.66 per cent at 30 June 2022, compared to an increase from 0.87 per cent at 1 July 2020 to 1.49 per cent at 30 June 2021.

(c) Relates to changes in the discount and inflation rates used on outstanding claims liabilities for the NSW Self Insurance Corporation, and Lifetime Care and Support Schemes.

(d) The \$7,620 million decrease in General Government Sector fair value adjustments to financial instruments in the 2021-22 financial year is mainly driven by market valuation of TCorpIM Fund unit holdings. The increase of \$1,537 million for the Total State Sector in the 2021-22 financial year is due primarily to unrealised valuation gains recognised on NSW TCorp bonds and borrowings resulting from market yield increases.

(e) The 2021-22 financial year includes \$4,676 million net gain on sale of the WestConnex investment and \$301 million net gain mainly due to the partial reversal of the impairment of medical and surgical supplies recognised in the prior year (2020-21: impairment loss of \$559 million). Impairment losses on Right-of-Use Assets of \$7 million (2020-21: \$210 million) are reported for General Government Sector and \$9 million (2020-21: \$213 million) for the Total State Sector respectively.

Note 5: Discontinued Operations

There were no discontinued operations in the 2021-22 financial year (2020-21: 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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Cash and Short-Term Deposits ^(a)	3,211	3,569	11,869	9,044
Holdings in TCorpIM Cash Fund ^(b)	5	212	152	...
	3,216	3,781	12,021	9,044

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives for details of corrections to prior period.

(b) The 2021-22 balance in the TCorpIM Cash Fund in the Total State Sector was not eliminated as the State did not control the TCorpIM Cash Fund under AASB 10 as at 30 June 2022. The balance represents the State's investment in the non-controlled fund as financial assets measured at fair value through profit and loss.

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 \$3,169 million (2020-21 restated: \$2,573 million).

Reconciliation of Operating Result to Net Cash Flows from Operating Activities

	General Government Sector		Total State Sector	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Operating Result for the Year^(a)	(11,068)	(5,775)	4,828	(5,355)
Adjust for:				
Non-Cash Items Added Back:				
Depreciation and Amortisation ^(a)	7,101	6,904	9,770	10,336
Donations and Contributions	(137)	(179)	(462)	(498)
Capital Grant Expense	1,233	1,003	377	982
Revenue Related to Service Concession Arrangements	(646)	(600)	(646)	(600)
Other Non-Cash Operating Activities ^(a)	250	(37)	1,252	(83)
Other Economic Flows - included in the Operating Result ^(a)	(4,261)	(1,311)	(21,604)	(5,030)
Net Change in Operating Assets and Liabilities ^(a)	2,593	871	5,348	2,867
Net Cash Flows from Operating Activities	(4,935)	876	(1,138)	2,619

(a) Refer to Note 33: 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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Cash and Deposits ^(a)	3,216	3,781	12,021	9,044
	3,216	3,781	12,021	9,044

(a) Refer to Note 33: 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 \$400 million (2020-21: \$403 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) of \$3,363 million (2020-21: \$3 million). 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 2022 (2020-21: Nil).

Non-Cash Financing and Investing Activities

During 2021-22:

- Assets acquired through leasing arrangements totalled \$1,499 million (2020-21: \$762 million) for the General Government Sector and \$1,665 million (2020-21: \$782 million) for the Total State Sector. Further information on leasing arrangements is disclosed in Note 28: Leases.
- Assets acquired through service concession arrangements totalled \$765 million (2020-21: \$3,184 million) for the General Government Sector and \$765 million (2020-21: \$3,202 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 \$646 million (2020-21: \$600 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 \$(137) million (2020-21: \$(179) million). In the Total State Sector, these assets amounted to \$(462) million (2020-21: \$(498) million). They include sub-divider/developer contributions of water assets of \$212 million (2020-21: \$228 million) and electricity assets of \$113 million in 2021-22 (2020-21: \$93 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 2022							
	Deposits Held	Other Borrowings at Amortised Cost	Lease Liabilities	Service Concession Financial Liabilities	Advances Received	Total	
Note	18	21	21	21			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Carrying Amount at Start of Year	282	76,813	7,117	6,557	625	91,395	
Financing Net Cash Flows ^(a)	70	18,952	(920)	(1,942)	(109)	16,051	
Non-Cash Items:							
Lease and Non-Financial Asset Additions	...	...	1,603	248	...	1,851	
Other Movements ^(a)	...	(893)	(143)	49	28	(960)	
Carrying Amount at End of Year	353	94,871	7,657	4,913	545	108,338	

(a) Borrowings as at 30 June 2021, not yet settled, from TCorp of \$1,053 million were settled in July 2021. The other movements mainly represents the reversal of the 2020-21 non-cash movement.

30 June 2021							
	Deposits Held	Other Borrowings at Amortised Cost Restated ^(a)	Lease Liabilities	Service Concession Financial Liabilities	Advances Received	Total Restated ^(a)	
Note	18	21	21	21			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Carrying Amount at Start of Year	293	56,818	7,261	7,127	696	72,194	
Financing Net Cash Flows	(10)	18,668	(930)	(823)	(101)	16,805	
Non-Cash Items:							
Lease and Non-Financial Asset Additions	...	...	762	281	...	1,044	
Other Movements ^(b)	(0)	1,327	23	(27)	31	1,352	
Carrying Amount at End of Year	282	76,813	7,117	6,557	625	91,395	

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives for details of corrections to prior period.

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

Total State Sector

30 June 2022							
	Deposits Held	Bonds and Other Borrowings Issued by TCorp	Other Borrowings at Amortised Cost	Lease Liabilities	Service Concession Financial Liabilities	Advances Received	Total
Note	18	20	21	21	21		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Carrying Amount at Start of Year	311	113,787	1,903	9,727	8,082	625	134,436
Financing Net Cash Flows	70	22,127	218	(1,027)	(2,018)	(109)	19,260
Non-Cash Items:							
Lease and Non-Financial Asset Additions	...	...	...	1,680	248	...	1,928
Fair Value Adjustments	...	(15,089)	...	...	...	...	(15,089)
Other Movements	51	106	(20)	(216)	92	28	42
Carrying Amount at End of Year	432	120,931	2,100	10,165	6,404	545	140,577

30 June 2021							
	Deposits Held	Bonds and Other Borrowings Issued by TCorp	Other Borrowings at Amortised Cost Restated ^(a)	Lease Liabilities	Service Concession Financial Liabilities	Advances Received	Total Restated ^(a)
Note	18	20	21	21	21		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Carrying Amount at Start of Year	369	96,970	1,032	9,955	8,716	696	117,738
Corrections to Prior Periods ^(a)	...	...	415	...	...	...	415
Restated Carrying Amount at Start of Year	369	96,970	1,447	9,955	8,716	696	118,153
Financing Net Cash Flows ^(a)	(4)	19,121	48	(1,044)	(907)	(101)	17,113
Non-Cash Items:							
Lease and Non-Financial Asset Additions	...	...	...	782	300	...	1,082
Fair Value Adjustments	...	(2,141)	...	...	...	...	(2,141)
Other Movements	(54)	(163)	408	35	(27)	31	229
Carrying Amount at End of Year	311	113,787	1,903	9,727	8,082	625	134,436

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives for details of corrections to prior period.

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	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^(a)	9,739	9,977	10,702	9,625
Non-Current ^(a)	2,354	2,235	2,407	2,267
	12,093	12,212	13,109	11,892
Receivables Comprise:				
Contractual Receivables:				
Sale of Goods and Services ^{(a)(b)}	1,961	1,872	2,555	2,280
Dividends from the PNFC and PFC Sectors	381	437	0	(0)
Asset Sales	985	1,032	988	1,039
Interest	3	7	40	40
Other ^(a)	1,767	2,585	2,768	2,446
Statutory Receivables:				
Taxation	5,927	5,221	5,736	5,061
Dust Disease Insurance Levies Accrued ^(c)	897	932	897	932
Fines	816	737	816	737
	12,738	12,823	13,800	12,535
Less: Loss Allowance ^(d)	(645)	(610)	(691)	(644)
	12,093	12,212	13,109	11,892

(a) Refer to Note 33 Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

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

(c) 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.

(d) The allowance for impairment in the Total State Sector mainly comprises doubtful debts related to the sales of goods and services of \$225 million (2020-21: \$169 million), the collection of fees and fines of \$361 million (2020-21: \$341 million) and payroll tax of \$33 million (2020-21: \$53 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 from customers for goods transferred and works completed, but the 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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Current	53	97	53	97
Non-Current	...	...	9	...
	53	97	62	97
Contract Assets Recognised for:				
Sales of Goods of Services Revenue	37	40	46	40
Grants and Subsidies Revenue	1	45	1	45
Other Revenues	15	12	15	12
	53	97	62	97
Less: Loss Allowance	...	...	...	...
	53	97	62	97

Contract assets decreased throughout the reporting period by \$44 million (2020-21: \$73 million increase) for the General Government Sector and by \$35 million (2020-21: \$73 million increase) for the Total State Sector. The decline 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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Current	589	653	682	716
Non-Current	284	281	317	335
	873	934	999	1,051
Contract Liabilities Relate to:				
Sales of Goods of Services Revenue	674	804	751	891
Grants and Subsidies Revenue	118	130	118	130
Other	81	...	130	30
	873	934	999	1,051

Contract liabilities decreased throughout the reporting period by \$61 million (2020-21: \$222 million decrease) for the General Government Sector and \$52 million (2020-21: \$208 million decrease) 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.

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

	General Government Sector		Total State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Revenue Recognised that was Included in the Contract Liabilities Balance at the Beginning of the Year	444	772	513	824
Revenue Recognised from Performance Obligations Satisfied in Previous Periods	9	2	32	30
Transaction Price Allocated to the Remaining Performance Obligations from Contracts with Customers	487	1,001	520	1,033

The transaction price allocated to the remaining performance obligations relates primarily to sale of goods and services revenue. For the General Government Sector, 60% (2021: 76%) of this amount is expected to be recognised as revenue in the next financial year ending 30 June 2022 and 40% (2021: 24%) in subsequent financial years. For the Total State Sector, 60% (2021: 74%) of this amount is expected to be recognised as revenue in the next financial year ending 30 June 2023 and 40% (2021: 26%) in subsequent financial years.

No information is provided about remaining performance obligations on 30 June 2022 for contracts that have an original expected duration of one year or less. The disclosed amounts also do not include variable consideration.

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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^{(a)(b)}	1,655	2,080	47,596	44,340
Non-Current ^(b)	42,917	45,582	3,918	3,470
	44,572	47,662	51,514	47,810
Financial Assets at Fair Value comprise:				
Financial Assets Held for Trading				
Derivative Assets	170	4	771	601
	170	4	771	601
Designated and Effective Hedging Instruments				
Derivative Assets	8	1	9	2
	8	1	9	2
Financial Assets at FVTPL^(c)				
Interest Bearing Securities ^(d)	21	255	28,378	28,743
TCorpIM Funds	44,324	47,337	...	...
Managed Funds and Other Investments	49	65	22,356	18,464
	44,394	47,657	50,735	47,208
Total Financial Assets at Fair Value	44,572	47,662	51,514	47,810

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

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

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

(d) 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	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^(a)	1,542	82	343	305
Non-Current ^(a)	2,056	1,709	1,770	1,552
	3,598	1,791	2,113	1,857
Financial Assets at Amortised Cost Comprise:				
Term Deposits - Maturity Greater Than 3 Months	1,501	20	263	167
Leases Receivable ^(b)	1,507	1,320	1,723	1,516
Other ^(a)	590	451	127	174
	3,598	1,791	2,113	1,857

(a) Refer to Note 33: Restatement / Corrections to Prior Years for details of restatements to the prior period.

(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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Current	297	91	281	76
Non-Current	888	1,207	613	792
	1,185	1,298	894	868
Advances Comprise:				
Treasury Advances for Public Housing and Other Purposes	349	472	37	24
Loans for Rural Assistance	613	618	613	618
Loans for Road Transport Infrastructure	220	205	220	205
Other	3	3	24	21
	1,185	1,298	894	868

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 exception is investments in TCorpIM Funds controlled by the State. Controlled TCorpIM Funds are classified as PFCs. Investments in TCorpIM Funds are presented as Financial Assets at FVTPL (refer to Note 9 Investments, Loans and Placements).

As at 30 June 2022, the Government's proportional share of the carrying amount of the net assets of the PNFC and PFC sectors is \$117.0 billion. The Government's proportional share in the carrying amount of net assets in State Owned Corporations (SOCs) is \$36.9 billion. The remainder is made up of the State's proportional share in the carrying amount of the net assets of PNFC and PFC entities other than SOCs.

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. This accounting policy choice does not apply to investments of the State in TCorpIM Funds classified as financial assets at FVTPL.

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 38: Details of Consolidated Entities lists the entities of which the Government has control, including TCorpIM Funds.

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

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Investments in Other Public Sector Entities				
Investments in Public Non-Financial Corporations (PNFC)	105,709	89,983	...	...
Consolidation Adjustment to Investment in Net Assets	(27)	(121)	...	...
Investments in Public Financial Corporations (PFC)	888	413	...	...
Consolidation Adjustment to Investment in Net Assets ^(a)	10,455	(4,497)	...	...
	117,025	85,778	...	...

(a) The PFC consolidation adjustment to investment in net assets relates to the elimination of differences of TCorp loans to government measured at fair value and agency borrowings at amortised cost. The increase of \$14,952 million represents the fair value movement due to the increase in interest rates.

The annual movements of the investments are summarised below:

	General Government Sector	
	2021-22	2020-21
	\$m	\$m
Investment in Other Public Sector Entities at Start of Year	85,778	99,485
Net Contributions to/(Returns from) Other Sectors by/(to) Owner ^(a)	2,543	3,332
Revaluation Gain/(Loss) for Period in Other Sectors	13,658	(19,314)
Movement for the Period in the Consolidation Adjustment	15,046	2,275
Total Investments in Other Sector Entities at End of Year	117,025	85,778

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

Accounting policy information for additions to equity investments

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. The Government's policy TPG22-28 Returns on Equity Investments states the minimum expected return to a corporation (SOC) on additional funding that is being provided to a corporation (SOC) via an equity or capital injection must be at least equal to the long-term inflation rate target as defined by the Reserve Bank of Australia.

Transport Asset Holding Entity NSW

GGG Contributions to TAHE

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

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. To date, a total \$13.3 billion in equity contributions were paid from the GGS to TAHE to 30 June 2022. Total equity contributions paid in 2021-22 were \$2.3 billion (\$2.4 billion in 2020-21). 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 State-Owned Corporation (SOC) that would provide a reasonable expectation of a sufficient rate of return to its shareholders. More information on the returns on contributed equity to SOCs, including TAHE is included below.

TAHE is a for-profit entity within the PNFC sector. On 14 December 2021, TAHE's shareholding ministers requested that TAHE target an average 2.5 per cent return per annum on the GGS's contributed equity in TAHE. This target return helps supports the recognition of funding from the GGS to TAHE as contributed equity as opposed to a grant expense.

TAHE's Customers

TAHE's customers include private and public sector rail operators including Sydney Trains and NSW Trains. Commercial arrangements between TAHE and Transport for NSW, Sydney Trains and NSW Trains set out the terms and charges by which the public sector rail operators have access to, and utilise TAHE's assets. The commercial arrangements took effect on 1 July 2021 and were updated in June 2022 to reflect the earlier agreed variations to access and licence fees to meet shareholders' expected rate of return. These commercial arrangements have effect until 2030-31.

The public sector rail operators are not-for-profit entities in the PNFC sector which recover the costs of operating by earning revenues generated by train fares, as well as by receiving government subsidies through Transport for NSW.

The public sector rail operators' costs of operating include commercial access and licence fees charged by TAHE for access to and use of TAHE's assets.

During 2021-22 the public sector rail operators were charged by TAHE \$0.6 billion in access and licence fees. From 2022-23 to 2025-26, operators are expected to pay TAHE \$5.6 billion in access and licence fees.

The Government's ability to earn a 2.5 per cent return from its investment in TAHE is, based on current projections, highly dependent on TAHE's access and licence fees revenue from Sydney Trains and NSW Trains, which are primarily funded by the NSW Budget. The access and licence fees TAHE earns from the public sector rail operators are contractually agreed for 10 years from 2021-22 to 2030-31 and represent more than 80 per cent of TAHE's projected revenue over this period. The Operators themselves are principally reliant on NSW Budget funding to pay these fees to TAHE.

Management's Assessment of Returns

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 sufficient rate of return.

At the date of making equity injections to TAHE, management had a reasonable expectation of a sufficient rate of return on the investment based on long-range projections.

Based on the projections, there is an expectation that TAHE will:

- Generate net profits before tax (NPBT) from 2022-23 onwards;
- Pay income tax equivalents and remit dividends from 2022-23 onwards;
- Maintain an average return of 2.5 per cent per annum on contributed equity by the end of the projection period;
- Generate sufficient cash flows that could be returned to shareholders or reinvested in TAHE; and
- Generate sufficient returns to recover the operating and revaluation losses from previous financial years by 2045-46.

Reasonable Expectation

Management assessment is that TAHE's projections are reasonable, and the projections can be achieved, as the modelling is based on economic and financial forecasting, as well as reasonable assumptions. More information on the assumptions is included below.

Shareholder expectations further include that TAHE will generate returns from commercial development opportunities. TAHE is looking to commercialise its underutilised assets within its extensive property portfolio. The current projections used by management to assess whether there is a reasonable expectation of a sufficient rate of return, do not fully reflect amounts for these commercial development opportunities.

Sufficient Return

Defining 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 and commission. The current weighted average remaining useful life of TAHE's assets is 33 years.

Financial modelling prepared by TAHE indicates that the estimated cumulative value of the NPBT to 2045-46 is anticipated to:

- a. Recover historical operating losses and revaluation changes since 2015-16, including the \$20.3 billion revaluation decrement incurred in 2020-21, and
- b. A dollar value equal to 2.5 per cent projected equity invested.

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

Significant Uncertainties

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, subjective.

Whilst it is reasonable to expect a return, based on the projections and assumptions (described in further detail below), actual results are likely to be different from those projected since anticipated events or transactions frequently do not occur as expected.

It is important to note that TAHE is a new business with limited history of demonstrated results. The model is currently in its initial phase and will be updated over time to take into account experience and further information.

Key sources of uncertainty include:

- The NSW Budget 2022-23 has committed \$5.5 billion to fund the Operators, to support their payment of access and license fees agreed on 23 June 2022. This funding extends to the end of the forward estimates period in 2025-26, which is less than the 10 year contractual period to 2030-31.
- The Government will need to fund the Operators \$10.2 billion in Budget funding to meet their contractual obligations to TAHE from 2026-27 to 2030-31. Projected funding of \$50.8 billion is required from 2031-32 to 2045-46. This funding during this period is not within the Government's published Budget figures, leading to uncertainty on whether the government funded Operators can pay access and licence fees beyond the forward estimates period of 2025-26.

The Government projects \$1.4 billion in dividends and income tax equivalents will be returned to the GGS and \$0.4 billion undistributed profits will be reinvested in TAHE's business over the forward estimates period. The Government is projected to receive \$28.6 billion in dividends and income tax equivalents and \$7.6 billion undistributed profits will be reinvested in TAHE's business from 2026-27 to 2045-46. These projected returns are expected to be sufficient to recover the non-cash historical operating losses and revaluation changes.

Projections used to inform Management's Assessment

In assessing the expected return on the equity contributions to TAHE, management relied on projected future equity contributions, revenues and expenses.

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

The table below details TAHE's yearly projections for the first 10 years.

	Actuals					Projected Results – first 10 years						
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Annual Equity - Cash Contribution	2,407	2,303	2,263	2,064	1,143	17	485	14	14	15	16	17
Cumulative Equity - Cash Contribution	10,953	13,256	15,519	17,583	18,726	18,743	19,228	19,242	19,256	19,271	19,287	19,304
Access and Licence Fees from public sector rail operators	0	640	912	1,298	1,585	1,827	1,985	2,056	2,131	2,207	2,322	2,391
Net profit before tax (NPBT)	(17,531)	(412)	159	334	543	731	807	865	933	993	1,070	1,026
Dividends and income tax equivalents	0	0*	126	264	429	577	637	684	737	785	845	811

* This excludes the \$71 million special dividend declared by TAHE in FY2021-22 because it is not part of the return on contributed equity.

Key Assumptions

Management has a reasonable expectation of a sufficient rate of return on the investment based on long-range projections. The projections:

- for the first ten years are based on the SCI and Business Plan approved by the TAHE board and incorporated into the FY2022-23 Budget and Forward Estimates
- beyond ten years are based on reasonable assumptions about TAHE's business, the economic and financing environment in which TAHE operates.

The model will be updated over time to take into account experience and further information.

The table below details the key assumptions underpinning the calculation of the Government's expectation of returns from TAHE.

Projection	Assumptions & Key Inputs
Equity contribution	<ul style="list-style-type: none"> Projected equity contributions are based on TAHE's SCI and Business Plan. Future equity funding is forecast to decrease from 2025, and largely cease from 2026.
Access and licence fees	<ul style="list-style-type: none"> Projections of revenue from access and licence fees are underpinned by contractual arrangements that extend for another nine years (ending FY2030-31) and assume that TAHE's customers, the public sector rail operators, will be able to pay the access and licence fees. Projected revenue increases over the projected ten years reflect the timing and extent of TAHE'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. Beyond the contracted period, projected access and licence revenues are based on applying TAHE's consolidated fee model to existing assets, expected commissioning of current work in progress, estimated construction of rail assets and acquisition of rolling stock.
Depreciation	<ul style="list-style-type: none"> TAHE's projections of depreciation expenses are based on existing assets, expected commissioning of current work in progress, estimated construction of rail assets and acquisition of rolling stock over the period of the projections. The weighted average remaining useful life of TAHE's assets is 33 years.
TAHE's consolidated fee model	<ul style="list-style-type: none"> Key assumptions in TAHE's consolidated fee model are: <ul style="list-style-type: none"> Return on asset of 4.62 per cent (pre-tax real) per annum Return of asset of 3.0 per cent per annum Costs of building and acquiring new assets increase in line with the CPI index.
CPI	<ul style="list-style-type: none"> The projections assume a CPI rate of 2.5 per cent.

Net Contributions to SOCs

As described above, equity injections into PNFC and PFC entities, including SOCs, 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 contributed equity, 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 the equity injection is made.

The table below sets out for each SOC:

- Contributed Capital - total contributions to the SOC which were recognised as an addition to the equity investment in the past. This is mostly capital contributed upon establishment of the SOC.
- Total Equity - total equity of the SOC, which is equal to the Government's proportional share of the carrying amount of the net assets of the SOC. For all SOCs, Total Equity usually exceeds Contributed Capital because Total Equity includes Contributed Capital as well as retained earnings and the impact of asset revaluations.
- Returns to Government in the form of:
 - Dividends and income tax equivalents payable by the SOCs to the Government, as disclosed in their Annual Reports, and
 - Movements in the value of the Government's proportional share of the carrying amount of the net assets of the SOC, other than as a result of equity contributed by the Government (such as profits retained for investment and the impact of asset revaluations).

	Sydney Water	Hunter Water	WaterNSW	Essential Energy	TAHE	Landcom	Forestry Corporation	Port Authority
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Contributed capital as at 30 June 2022	3,912	119	363	131	26,767	273	492	166
Total equity as at 30 June 2022	8,019	1,340	935	3,151	20,952	651	1,416	414
Dividends and tax equivalents (5 years cumulative)	4,398	444	309	198	71	578	122	284
Changes in total equity, other than as a result of contributed capital (5 years cumulative)	(44)	118	291	792	(22,864)*	(150)	114	(54)
Total return on the Government's equity investment (5 years cumulative)	4,354	562	599	990	(22,793)	427	236	230

- The movement in TAHE's total equity (other than as a result of contributed capital) is mainly attributed to TAHE's asset revaluation decrement in FY2020-21 due to a change in valuation approach from a cost approach, which is based on replacement cost, to an income approach, which is based on the expected cashflows. Note: the service capacity of the assets was not affected.

SOCs are established for the purpose of delivering on policy outcomes whilst operating as a successful business and, to this end:

- Operating at least as efficiently as any comparable businesses, and
- Maximising the net worth of the State's investment in the SOC.

The NSW SOC's are established under the *State Owned Corporations Act 1989* (the SOC Act) and must comply with the requirements set out in that Act. In addition to the requirements under the SOC Act, SOC's also operate under NSW Treasury's Commercial Policy Framework (the CPF).

The CPF includes a policy requirement within TPP 18-02 *Performance Reporting and Monitoring Policy for Government Businesses* that each SOC develop a Statement of Corporate Intent (SCI). The SCI is an annual agreement between the Government, as owner, and the SOC, which:

- Outlines objectives and performance targets for key financial and non-financial measures
- Summarises the business' forward planning and business strategy, and
- Serves as a key mechanism for communicating strategy and goals to the Government.

Under the CPF, consistent with *TPG 21-10 Capital Structure and Financial Distribution Policy for Government Businesses*, an agreement is reached each year as to the level of dividends to be paid by each SOC. The level of profits either retained for reinvestment in the business or paid out as dividends varies between years, according to the needs of the business and of the Government as a shareholder.

More information about the SOC's listed above can be found in their annual SCI and Annual Report, published on their respective websites.

Investments in Associates

Associates are all entities over which the State has significant influence but not control or joint control. This is generally the case where the State holds between 20% and 50% of the voting rights. Equity investments in associates are initially accounted for at cost, or at the fair value of the retained interest. Dividends received from associates are recognised in revenue from transactions when the right to receive the dividend is established.

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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Ausgrid ^(b)	5,752	4,993	5,752	4,993
Endeavour Energy ^(b)	3,053	2,631	3,053	2,631
WestConnex Group ^(c)	...	5,734	...	5,734
TCorplM Funds ^(a)	...	...	982	317
	8,805	13,358	9,787	13,674

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

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

(c) On 17 September 2021, the remaining 49.0% interest in the WestConnex Group was sold to the Sydney Transport Partners Consortium, with completion occurring on 29 October 2021 (2021 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		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
The State's share of Ausgrid's assets and liabilities^(a)				
Current Assets	560	322	560	322
Non-Current Assets	11,743	11,613	11,743	11,613
Current Liabilities	(686)	(953)	(686)	(953)
Non-Current Liabilities	(5,865)	(5,990)	(5,865)	(5,990)
Equity	5,752	4,993	5,752	4,993
The State's share of Ausgrid's profit				
Revenue	1,189	1,156	1,189	1,156
Profit/(Loss) Before Income Tax	302	116	302	116
Distribution Income Recognised	...	...	...	...
Profit After Income Tax	302	116	302	116
Other Comprehensive Income	475	1,252	475	1,252
Total Comprehensive Income	777	1,368	777	1,368
The State's share of Ausgrid's commitments				
Capital Expenditure	157	74	157	74

(a) During 2021-22, the State did not invest any additional monies in Ausgrid (2020-21: Nil).

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		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
The State's share of Endeavour's assets and liabilities^(a)				
Current Assets	265	262	265	262
Non-Current Assets	5,836	5,657	5,836	5,657
Current Liabilities	(376)	(302)	(376)	(302)
Non-Current Liabilities	(2,672)	(2,986)	(2,672)	(2,986)
Equity	3,053	2,631	3,053	2,631
The State's share of Endeavour's profit				
Revenue	698	691	698	691
Profit/(Loss) Before Income Tax	89	130	89	130
Distribution income recognised	(19)	(33)	(19)	(33)
Profit After Income Tax	70	97	70	97
Other Comprehensive Income	351	612	351	612
Total Comprehensive Income	421	710	421	710
The State's share of Endeavour's commitments				
Capital Expenditure	68	109	68	109

(a) During 2021-22, the State did not invest any additional monies in Endeavour Energy (2020-21: \$3 million).

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 held 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.

On 17 September 2021, the remaining 49 per cent interest was sold to the Sydney Transport Partners Consortium, with completion occurring on 29 October 2021.

The following table summarises information on the State's investment in the WestConnex Group. The State's share of the WestConnex Group's profit had been accounted for in the State's result to 30 June 2022 using the equity method.

	General Government Sector		Total State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
The State's share of WestConnex's assets and liabilities^(a)				
Current Assets	...	488	...	488
Non-Current Assets	...	10,275	...	10,275
Current Liabilities	...	(104)	...	(104)
Non-Current Liabilities	...	(4,924)	...	(4,924)
Equity	...	5,734	...	5,734
The State's share of WestConnex's profit				
Revenue	118	519	118	519
Profit/(Loss) Before Income Tax	(99)	(284)	(99)	(284)
Income Tax Expense	0	(10)	0	(10)
Distribution income recognised	...	...	...	...
Profit After Income Tax	(99)	(294)	(99)	(294)
Other Comprehensive Income	133	146	133	146
Total Comprehensive Income	34	(149)	34	(149)
The State's share of WestConnex's commitments				
Capital Expenditure	...	275	...	275

(a) During 2021-22, the State invested an additional \$64 million in WestConnex (2020-21: \$218 million).

TCorpIM Funds

Certain TCorpIM Funds controlled by the State invest in commercial real estate through associates and joint ventures, primarily in Australia and New Zealand. The State holds between 20 and 43 per cent ownership in these entities.

The State has applied the equity method to account for these investments. There are no quoted market prices available for most of the State's investments.

The reporting period for most of the associates and joint ventures is years ending 30 June. For those entities that have different reporting periods, 31 December is the financial year-end. Financial statements for years ended 31 December 2021 were used, adjusted for movements in the net asset values of the respective TCorpIM funds. No material significant transactions or events occurred between 31 December 2021 and the date of the State's financial statements.

The following table summarises information on the State's investment in its associates and joint ventures holds through TCorpIM Funds controlled by the State.

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
The State's share of TCorpIM Funds' assets and liabilities				
Current Assets	79	21
Non-Current Assets	1,527	602
Current Liabilities	(260)	(13)
Non-Current Liabilities	(364)	(292)
Equity	982	317
The State's share of TCorpIM Funds' profit				
Revenue	98	43
Profit/(Loss) Before Income Tax	43	8
Income Tax Expense	2	1
Profit After Income Tax	45	9
Other Comprehensive Income	14	9
Total Comprehensive Income	59	18
The State's share of TCorpIM Funds' commitments				
Capital Expenditure	99	...

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 2021-22 financial year (30 June 2021: 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 \$22,760 million (2020-21: \$22,063 million).

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

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	Restated ^(a) \$m
Other Equity Investments Comprise:				
Other Equity Investments - At Fair Value Through Profit and Loss ^{(a)(b)(c)(d)}	6	5	22,766	22,224
	6	5	22,766	22,224

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

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

(c) 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.

(d) 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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Current	1,013	791	1,357	1,062
Non-Current	293	587	652	486
	1,307	1,378	2,008	1,547
Inventories Comprise:				
Raw Materials	17	10	46	57
Work in Progress	19	33	24	39
Finished Goods	11	14	11	14
Consumable Stores	17	6	143	115
Land and Property Held for Resale ^(a)	250	579	729	516
Inventories Held for Distribution				
Consumables ^{(b)(c)}	993	737	1,056	806
	1,307	1,378	2,008	1,547

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

(b) 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.

(c) An allowance of impairment of \$247 million (2020-21: \$559 million) 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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Acquisition Cost	47	31	221	79
Development Cost	203	547	508	436
	250	579	729	516

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 2022 were:

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Non-Current Assets Held for Sale				
Land and Buildings	62	121	88	159
Plant and Equipment	0	1	0	1
Infrastructure Systems	...	0	...	0
	62	123	88	160

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Non-Current Assets Held for Sale				
Infrastructure NSW	...	28	...	28
Department of Communities and Justice	16	26	16	26
Transport for NSW	27	23	27	23
New South Wales Land and Housing Corporation	...	...	22	23
Department of Customer Service	9	19	9	19
Sydney Metro	3	14	3	14
Ministry of Health	3	3	3	3
Other	4	11	8	25
	62	123	88	160

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

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 engloba 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^(a):

Buildings	
Public Housing	50 years
Schools and Colleges	20-105 years
Hospitals and Health Buildings	40 years
Plant and Equipment	
Computer Hardware	2-5 years
Rail Rolling Stock	30-42 years
Infrastructure	
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 ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
At 30 June 2021				
Gross Carrying Amount ^(a)	139,050	19,540	194,285	352,875
Accumulated Depreciation and Impairment ^(a)	(35,871)	(6,428)	(39,924)	(82,224)
Net Carrying Amount	103,179	13,112	154,361	270,651
At 30 June 2022				
Gross Carrying Amount	158,879	20,006	216,346	395,231
Accumulated Depreciation and Impairment	(42,142)	(6,476)	(44,356)	(92,973)
Net Carrying Amount	116,737	13,530	171,990	302,257
Reconciliation:	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
Year Ended 30 June 2022				
Restated Net Carrying Amount at Start of Year^(a)	103,179	13,112	154,361	270,651
Opening Balance Adjustments ^(b)	45	6	(62)	(11)
Adjusted Net Carrying Amount at Start of Year	103,224	13,118	154,299	270,640
Additions	4,417	1,232	13,311	18,960
Assets Reclassified To Held for Sale	(149)	(0)	28	(121)
Disposals	(293)	(74)	(478)	(845)
Net Revaluations Recognised In Reserves ^(c)	10,181	175	9,439	19,795
Depreciation Expense	(2,013)	(934)	(2,768)	(5,715)
Other Movements	1,370	13	(1,840)	(457)
Net Carrying Amount at End of Year	116,737	13,530	171,990	302,257

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

(c) Includes net revaluations of \$19,834 million offset by net impairment losses of \$(39) million recognised in reserves.

Fair Value	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
At 30 June 2020				
Gross Carrying Amount	129,216	19,113	185,098	333,427
Accumulated Depreciation and Impairment	(33,650)	(6,288)	(38,615)	(78,553)
Net Carrying Amount	95,566	12,825	146,483	254,874
At 30 June 2021				
Gross Carrying Amount ^(a)	139,050	19,540	194,285	352,875
Accumulated Depreciation and Impairment ^(a)	(35,871)	(6,428)	(39,924)	(82,224)
Net Carrying Amount	103,179	13,112	154,361	270,651

Reconciliation:	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
Year Ended 30 June 2021				
Net Carrying Amount at Start of Year	95,566	12,825	146,483	254,874
Corrections to Prior Periods ^(a)	721	...	(876)	(154)
Restated Net Carrying Amount at Start of Year	96,287	12,825	145,607	254,720
Additions	5,720	1,268	13,553	20,541
Assets Reclassified To Held for Sale	(82)	(1)	(0)	(83)
Disposals	(276)	(87)	(1,087)	(1,450)
Net Revaluations Recognised In Reserves ^{(a)(b)}	1,848	67	786	2,700
Depreciation Expense ^(a)	(1,889)	(943)	(2,665)	(5,497)
Other Movements ^{(a)(c)}	1,572	(17)	(1,832)	(278)
Net Carrying Amount at End of Year	103,179	13,112	154,361	270,651

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Includes net revaluations of \$2,755 million and net impairment losses of \$(56) million recognised in reserves.

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

Property, Plant and Equipment Held and Used by the GGS

Fair Value	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
At 30 June 2021				
Gross Carrying Amount ^(a)	131,140	19,244	193,871	344,254
Accumulated Depreciation and Impairment ^(a)	(34,859)	(6,231)	(39,911)	(81,001)
Net Carrying Amount	96,281	13,012	153,960	263,253
At 30 June 2022				
Gross Carrying Amount	149,737	20,002	215,771	385,510
Accumulated Depreciation and Impairment	(40,891)	(6,475)	(44,339)	(91,706)
Net Carrying Amount	108,846	13,526	171,432	293,804

Reconciliation:	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
Year Ended 30 June 2022				
Restated Net Carrying Amount at Start of Year^(a)	96,281	13,012	153,960	263,253
Opening Balance Adjustments ^(b)	34	6	(42)	(2)
Adjusted Net Carrying Amount at Start of Year	96,315	13,018	153,918	263,251
Additions	4,360	1,232	13,192	18,782
Assets Reclassified To Held for Sale	(121)	(0)	28	(94)
Disposals	(285)	(74)	(478)	(837)
Net Revaluations Recognised In Reserves	9,239	155	9,427	18,822
Depreciation Expense	(1,911)	(921)	(2,767)	(5,598)
Other Movements	1,250	118	(1,889)	(521)
Net Carrying Amount at End of Year	108,846	13,526	171,432	293,804

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

Fair Value	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
At 30 June 2020				
Gross Carrying Amount	122,287	18,818	184,629	325,734
Accumulated Depreciation and Impairment	(32,817)	(6,104)	(38,605)	(77,526)
Net Carrying Amount	89,470	12,714	146,023	248,208
At 30 June 2021				
Gross Carrying Amount ^(a)	131,140	19,244	193,871	344,254
Accumulated Depreciation and Impairment ^(a)	(34,859)	(6,231)	(39,911)	(81,001)
Net Carrying Amount	96,281	13,012	153,960	263,253

Reconciliation:	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
Year Ended 30 June 2021				
Net Carrying Amount at Start of Year	89,470	12,714	146,023	248,208
Corrections to Prior Periods ^(a)	721	...	(876)	(154)
Opening Balance Adjustments ^(b)	(582)	0	16	(566)
Restated Net Carrying Amount at Start of Year	89,610	12,714	145,163	247,488
Additions	5,605	1,268	13,549	20,421
Assets Reclassified To Held for Sale	(81)	(1)	(0)	(82)
Disposals	(249)	(87)	(1,087)	(1,423)
Net Revaluations Recognised In Reserves ^(a)	1,640	64	761	2,465
Depreciation Expense ^(a)	(1,797)	(930)	(2,664)	(5,391)
Other Movements ^(a)	1,553	(17)	(1,761)	(225)
Net Carrying Amount at End of Year	96,281	13,012	153,960	263,253

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

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

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

Fair Value	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
At 30 June 2021				
Gross Carrying Amount	7,910	297	414	8,621
Accumulated Depreciation and Impairment	(1,012)	(197)	(13)	(1,223)
Net Carrying Amount	6,898	99	401	7,398
At 30 June 2022				
Gross Carrying Amount	9,143	4	575	9,721
Accumulated Depreciation and Impairment	(1,251)	(0)	(16)	(1,268)
Net Carrying Amount	7,892	3	558	8,453
Reconciliation:				
	\$m	\$m	\$m	\$m
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	6,898	99	401	7,398
Opening Balance Adjustments ^(a)	11	...	(20)	(9)
Adjusted Net Carrying Amount at Start of Year	6,909	99	381	7,389
Additions	57	2	119	178
Assets Reclassified To Held for Sale	(27)	...	...	(27)
Disposals	(8)	...	...	(8)
Net Revaluations Recognised In Reserves	942	20	12	973
Depreciation Expense	(102)	(13)	(2)	(117)
Other Movements	120	(105)	48	64
Net Carrying Amount at End of Year	7,892	3	558	8,453

(a) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

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

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

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

Total State Sector

Total Property, Plant and Equipment

Fair Value	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
At 30 June 2021				
Gross Carrying Amount ^(a)	210,687	24,763	243,118	478,568
Accumulated Depreciation and Impairment ^(a)	(37,307)	(8,034)	(43,220)	(88,561)
Net Carrying Amount	173,380	16,729	199,898	390,007
At 30 June 2022				
Gross Carrying Amount	242,108	25,685	267,669	535,461
Accumulated Depreciation and Impairment	(43,760)	(8,151)	(46,748)	(98,660)
Net Carrying Amount	198,347	17,534	220,921	436,802
Reconciliation:				
	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
Year Ended 30 June 2022				
Restated Net Carrying Amount at Start of Year^(a)	173,380	16,729	199,898	390,007
Opening Balance Adjustments ^(b)	15	7	(25)	(2)
Adjusted Net Carrying Amount at Start of Year	173,395	16,736	199,873	390,004
Additions	5,965	2,129	16,113	24,208
Assets Reclassified To Held for Sale	(204)	(0)	28	(176)
Disposals	(627)	(78)	(526)	(1,231)
Net Revaluations Recognised In Reserves ^(c)	20,455	(123)	11,850	32,181
Depreciation Expense	(2,899)	(1,196)	(3,902)	(7,997)
Other Movements	2,262	65	(2,515)	(188)
Net Carrying Amount at End of Year	198,347	17,534	220,921	436,802

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

(c) Includes net revaluations of \$32,222 million and net impairment losses of \$(41) million recognised in reserves.

Fair Value	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
At 30 June 2020				
Gross Carrying Amount	209,906	28,300	281,970	520,176
Accumulated Depreciation and Impairment	(40,349)	(11,264)	(79,412)	(131,025)
Net Carrying Amount	169,557	17,036	202,558	389,151
At 30 June 2021				
Gross Carrying Amount ^(a)	210,687	24,763	243,118	478,568
Accumulated Depreciation and Impairment ^(a)	(37,307)	(8,034)	(43,220)	(88,561)
Net Carrying Amount	173,380	16,729	199,898	390,007

Reconciliation:	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
Year Ended 30 June 2021				
Net Carrying Amount at Start of Year	169,557	17,036	202,558	389,151
Corrections to Prior Periods ^(a)	721	...	(590)	132
Restated Net Carrying Amount at Start of Year	170,278	17,036	201,968	389,283
Additions	7,289	2,109	17,055	26,454
Assets Reclassified To Held for Sale	(110)	(1)	(0)	(111)
Disposals	(429)	(91)	(1,084)	(1,603)
Net Revaluations Recognised In Reserves ^{(a)(b)}	(2,430)	(997)	(11,924)	(15,352)
Depreciation Expense ^(a)	(2,849)	(1,309)	(4,375)	(8,533)
Other Movements ^{(a)(c)}	1,630	(19)	(1,743)	(131)
Net Carrying Amount at End of Year	173,380	16,729	199,898	390,007

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Includes net devaluations of \$(15,296) million and net impairment losses of \$(55) million recognised in reserves. Net revaluation decrements include devaluations of \$20,137 million recognised on PNFC sector property, plant and equipment rail assets.

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

Property, Plant and Equipment Held and Used by the TSS

Fair Value	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
At 30 June 2021				
Gross Carrying Amount ^(a)	151,538	24,680	242,703	418,921
Accumulated Depreciation and Impairment ^(a)	(36,524)	(7,993)	(43,207)	(87,724)
Net Carrying Amount	115,014	16,686	199,496	331,197
At 30 June 2022				
Gross Carrying Amount	172,902	25,681	267,094	465,676
Accumulated Depreciation and Impairment	(42,918)	(8,150)	(46,732)	(97,801)
Net Carrying Amount	129,984	17,530	220,362	367,875

Reconciliation:	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
Year Ended 30 June 2022				
Restated Net Carrying Amount at Start of Year^(a)	115,014	16,686	199,496	331,197
Opening Balance Adjustments ^(b)	2	7	(5)	4
Adjusted Net Carrying Amount at Start of Year	115,016	16,694	199,491	331,201
Additions	5,712	2,127	15,994	23,833
Assets Reclassified To Held for Sale	(123)	(0)	28	(95)
Disposals	(369)	(78)	(526)	(973)
Net Revaluations Recognised In Reserves	9,572	(128)	11,838	21,282
Depreciation Expense	(2,238)	(1,192)	(3,900)	(7,331)
Other Movements	2,413	108	(2,564)	(43)
Net Carrying Amount at End of Year	129,984	17,530	220,362	367,875

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

Fair Value	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
At 30 June 2020				
Gross Carrying Amount	152,186	27,915	281,500	461,601
Accumulated Depreciation and Impairment	(39,579)	(10,987)	(79,402)	(129,968)
Net Carrying Amount	112,607	16,928	202,098	331,633
At 30 June 2021				
Gross Carrying Amount ^(a)	151,538	24,680	242,703	418,921
Accumulated Depreciation and Impairment ^(a)	(36,524)	(7,993)	(43,207)	(87,724)
Net Carrying Amount	115,014	16,686	199,496	331,197

Reconciliation:	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Total Restated ^(a)
	\$m	\$m	\$m	\$m
Year Ended 30 June 2021				
Net Carrying Amount at Start of Year	112,607	16,928	202,098	331,633
Corrections to Prior Periods ^(a)	721	...	(590)	132
Opening Balance Adjustments ^(b)	(367)	63	16	(288)
Restated Net Carrying Amount at Start of Year	112,961	16,990	201,524	331,477
Additions	6,977	2,109	17,051	26,137
Assets Reclassified To Held for Sale	(87)	(1)	(0)	(88)
Disposals	(293)	(91)	(1,084)	(1,467)
Net Revaluations Recognised In Reserves ^(a)	(3,779)	(998)	(11,949)	(16,727)
Depreciation Expense ^(a)	(2,221)	(1,306)	(4,374)	(7,901)
Other Movements ^(a)	1,457	(19)	(1,671)	(233)
Net Carrying Amount at End of Year	115,014	16,686	199,496	331,197

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

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

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

Fair Value	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
At 30 June 2021				
Gross Carrying Amount	59,149	83	415	59,647
Accumulated Depreciation and Impairment	(783)	(40)	(14)	(837)
Net Carrying Amount	58,366	43	401	58,810
At 30 June 2022				
Gross Carrying Amount	69,206	4	575	69,785
Accumulated Depreciation and Impairment	(842)	(1)	(16)	(859)
Net Carrying Amount	68,364	4	559	68,926

Reconciliation:	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	58,366	43	401	58,810
Opening Balance Adjustments ^(a)	13	...	(20)	(7)
Adjusted Net Carrying Amount at Start of Year	58,379	43	381	58,803
Additions	254	2	119	375
Assets Reclassified To Held for Sale	(81)	...	...	(81)
Disposals	(258)	...	...	(258)
Net Revaluations Recognised In Reserves	10,883	5	12	10,899
Depreciation Expense	(661)	(3)	(2)	(666)
Other Movements	(151)	(43)	48	(146)
Net Carrying Amount at End of Year	68,364	4	559	68,926

(a) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

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

Reconciliation:	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
Year Ended 30 June 2021				
Net Carrying Amount at Start of Year	56,950	108	460	57,518
Opening Balance Adjustments ^(a)	367	(63)	(16)	288
Adjusted Net Carrying Amount at Start of Year	57,317	46	444	57,806
Additions	313	...	5	317
Assets Reclassified To Held for Sale	(23)	...	...	(23)
Disposals	(136)	...	...	(136)
Net Revaluations Recognised In Reserves	1,349	1	25	1,375
Depreciation Expense	(627)	(3)	(1)	(631)
Other Movements	173	...	(71)	102
Net Carrying Amount at End of Year	58,366	43	401	58,810

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

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 2022	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings	...	19,923	96,814	...	116,737
Plant and Equipment ^(a)	...	3,521	5,057	4,952	13,530
Infrastructure Systems	...	118	171,873	...	171,990
Assets Held for Sale (Note 13)	...	44	18	...	62
Intangibles (Note 15)	896	3,878	4,774
Investment Properties
Forestry Stock and Other Biological Assets	23	...	23
	...	23,605	274,681	8,830	307,116

(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 2021	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	Restated ^(a)	Restated ^(a)	\$m	Restated ^(a)
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings ^(a)	...	18,885	84,293	...	103,179
Plant and Equipment ^(b)	...	3,721	4,975	4,417	13,112
Infrastructure Systems ^(a)	...	148	154,213	...	154,361
Assets Held for Sale (Note 13)	...	82	41	...	123
Intangibles (Note 15)^(a)	858	3,598	4,456
Investment Properties
Forestry Stock and Other Biological Assets	18	...	18
	...	22,836	244,398	8,015	275,248

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(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 2022	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings	...	21,771	176,577	...	198,347
Plant and Equipment ^(a)	...	3,583	8,379	5,571	17,534
Infrastructure Systems	...	118	220,803	...	220,921
Fair Value Hierarchy	...	44	44	...	88
Intangibles (Note 15)	924	4,946	5,869
Investment Properties	...	611	1,130	...	1,741
Forestry Stock and Other Biological Assets	646	...	646
	...	26,126	408,503	10,516	445,146

(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 2021	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	Restated ^(a)	Restated ^(a)	Restated ^(a)	Restated ^(a)
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings ^(a)	...	20,531	152,850	...	173,380
Plant and Equipment ^(b)	...	3,782	7,965	4,982	16,729
Infrastructure Systems ^(a)	...	148	199,749	...	199,898
Assets Held for Sale (Note 13)	...	82	78	...	160
Intangibles^(a) (Note 15)	884	4,585	5,469
Investment Properties^(a)	...	623	998	...	1,621
Forestry Stock and Other Biological Assets	771	...	771
	...	25,166	363,295	9,567	398,028

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(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 ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Assets Held for Sale	Intangible Assets	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Year Ended 30 June 2022							
Restated Fair Value at Start of Year^(a)	84,293	4,975	154,213	41	858	18	244,398
Opening balance fair value adjustments ^(b)	344	(213)	(495)	...	40	...	(325)
Adjusted Fair Value at Start of Year	84,637	4,761	153,718	41	897	18	244,073
Additions	3,362	96	13,380	(28)	4	...	16,814
Revaluations Recognised in Other Comprehensive Income	8,743	420	9,823	...	2	5	18,993
Transfers into Level 3	1,072	94	(28)	...	...	...	1,138
Transfers out of Level 3	(146)	...	(23)	...	...	...	(169)
Disposals	(181)	(10)	(125)	(80)	(0)	...	(395)
Depreciation and Amortisation	(1,892)	(178)	(2,761)	...	(6)	...	(4,838)
Other Movements	1,219	(128)	(2,111)	85	0	...	(935)
Fair Value at End of Year	96,814	5,057	171,873	18	896	23	274,681

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Assets Held for Sale	Intangible Assets	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Year Ended 30 June 2021							
Fair Value at Start of Year	80,462	4,916	146,360	26	838	14	232,616
Corrections to Prior Periods ^(a)	262	...	(876)	...	...	...	(614)
Opening balance fair value adjustments ^(b)	(1,323)	(202)	144	1	...	...	(1,381)
Restated Fair Value at Start of Year	79,401	4,713	145,628	27	838	14	230,621
Additions	4,830	210	13,611	8	...	...	18,658
Revaluations Recognised in Other Comprehensive Income ^(a)	1,330	129	782	...	23	4	2,267
Transfers into Level 3	371	0	4	16	...	...	390
Transfers out of Level 3	(430)	(1)	(216)	...	...	...	(647)
Disposals	(260)	(3)	(1,087)	(15)	...	...	(1,366)
Depreciation and Amortisation ^(a)	(1,770)	(159)	(2,659)	...	(6)	...	(4,594)
Other Movements ^(a)	823	86	(1,849)	6	3	...	(932)
Fair Value at End of Year	84,293	4,975	154,213	41	858	18	244,398

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(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 ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Assets Held for Sale	Intangible Assets	Investment Properties Restated ^(a)	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Year Ended 30 June 2022								
Restated Fair Value at Start of Year^(a)	152,850	7,965	199,749	78	884	998	771	363,295
Opening balance fair value adjustments ^(a)	311	(213)	(461)	...	40	...	...	(324)
Adjusted Fair Value at Start of Year	153,161	7,752	199,288	78	924	998	771	362,972
Additions	5,034	867	16,183	(28)	4	266	...	22,326
Revaluations Recognised in Other Comprehensive Income	18,737	121	12,234	...	2	103	(125)	31,072
Transfers into Level 3	1,080	94	(28)	...	...	...	...	1,146
Transfers out of Level 3	(150)	(10)	(23)	...	...	...	...	(184)
Disposals	(510)	(11)	(173)	(144)	0	...	...	(838)
Depreciation and Amortisation	(2,698)	(359)	(3,895)	...	(8)	...	...	(6,960)
Other Movements	1,923	(74)	(2,783)	138	1	(236)	...	(1,031)
Fair Value at End of Year	176,577	8,379	220,803	44	924	1,130	646	408,503

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems Restated ^(a)	Assets Held for Sale	Intangible Assets	Investment Properties Restated ^(a)	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Year Ended 30 June 2021								
Fair Value at Start of Year	152,580	8,542	202,435	75	865	...	841	365,338
Corrections to Prior Period ^(a)	262	...	(590)	...	...	515	...	187
Opening balance fair value adjustments ^(b)	(1,111)	(201)	227	1	...	...	...	(1,084)
Restated Fair Value at Start of Year	151,731	8,341	202,072	76	865	515	841	364,441
Additions ^(a)	6,431	882	17,131	8	2	379	...	24,833
Revaluations Recognised in Other Comprehensive Income ^(a)	(3,055)	(944)	(11,928)	...	23	103	(68)	(15,869)
Transfers into Level 3	439	33	15	16	...	...	...	503
Transfers out of Level 3	(441)	(12)	(216)	...	...	...	...	(669)
Disposals	(415)	(6)	(1,083)	(54)	...	...	...	(1,559)
Depreciation and Amortisation ^(a)	(2,719)	(432)	(4,369)	...	(7)	...	...	(7,527)
Other Movements ^(a)	880	103	(1,873)	34	1	...	(2)	(858)
Fair Value at End of Year	152,850	7,965	199,749	78	884	998	771	363,295

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) 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, the Rocks and Darling Harbour Precincts, 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.

Land under 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.

Crown Land

Crown land classified at level 3 are valued using mass valuation techniques using the market approach. Within a local government area (LGA), each parcel is allocated to a single sub- classification. Discounts are applied as necessary, especially to land within waterways and those under undeveloped crown roads to reflect value in use.

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.

Refer to Note 31: Contingent Assets and Contingent Liabilities for further information on reserved Crown land claims under the *Aboriginal Land Rights Act 1983 (NSW)*.

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	The estimated fair value would increase/(decrease) if the comparable land values increase/(decrease).

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, Water System and Electricity System Assets

The majority of the State's dams, water system and electricity 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 regulator, 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 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 (including network land, buildings, and plant and equipment) 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.

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 and are primarily recognised at Level 3 in the fair value hierarchy.

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	Plant and Equipment	Infrastructure Systems	Intangibles (Note 15)	Total
	\$m	\$m	\$m	\$m	\$m
At 30 June 2022					
Gross Carrying Amount	3,588	1,956	48,003	928	54,475
Accumulated Depreciation and Amortisation	(617)	(229)	(7,624)	(32)	(8,501)
Net Carrying Amount	2,971	1,727	40,379	896	45,974

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

During the current financial year, there were no reclassifications of existing assets of the General Government Sector as service concession assets (2020-21: \$419 million).

Total State Sector

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Intangibles (Note 15)	Total
	\$m	\$m	\$m	\$m	\$m
At 30 June 2022					
Gross Carrying Amount	5,492	2,396	49,528	957	58,374
Accumulated Depreciation and Amortisation	(1,198)	(533)	(7,750)	(34)	(9,515)
Net Carrying Amount	4,294	1,863	41,778	924	48,859

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

During the current financial year, there were no reclassifications of existing assets of the Total State Sector as service concession assets (2020-21: \$419 million).

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	
Description	<p>Light Rail Services: The State has a contract with ALTRAC Light Rail Partnership (the operator) relating to the Sydney Light Rail project.</p> <p>Northwest Rapid Transit: 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>Sydney Airport Link: 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>
Funding Model	<p>Light Rail Services: Financial liability arrangement.</p> <p>Northwest Rapid Transit: Financial liability arrangement.</p> <p>Sydney Airport Link: Hybrid arrangement.</p>
Arrangement Period	<p>Light Rail Services: 22 years (2014 - 2036)</p> <p>Northwest Rapid Transit: 20 year (2014 - 2034)</p> <p>Sydney Airport Link: 30 years (2000 - 2030)</p>
Arrangement Terms	<p>Light Rail Services: 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>Northwest Rapid Transit: 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>Sydney Airport Link: 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>
Rights and Obligations	<p>Light Rail Services: 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>Northwest Rapid Transit: 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>Sydney Airport Link: 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>
Changes to Arrangements during 2020-21	<p>Light Rail Services: 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>Northwest Rapid Transit: 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>
Changes to Arrangements during 2021-22	<p>Northwest Rapid Transit: During 2021-22 financial year for the Sydney Metro Northwest PPP arrangement, the Conditional Debt Pay Down (CDPD) period is from May 2021 to May 2023 subject to the operator meeting certain conditions. The CDPD payment date changed from June 2021 to December 2021.</p>
Service Concession Assets (SCA) Carrying Amount	<p>Light Rail Services: \$2,756 million (2020-21 \$2,652 million)</p> <p>Northwest Rapid Transit: \$11,794 million (2020-21 restated: \$10,101 million)</p> <p>Sydney Airport Link: \$169 million (2020-21: \$167 million) (TSS only)</p>

Toll Roads – Motorways

Arrangement Terms and Conditions	
Description	<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>M2 Motorway: An arrangement is evident with Transurban (the operator) relating to the M2 Motorway.</p> <p>M5 Motorway: A contract has been entered with Interlink Roads relating to the M5 Motorway.</p> <p>M7 Motorway: An arrangement is evident with the NorthWestern Roads Group relating to the M7 Motorway.</p> <p>NorthConnex: An agreement is evident with the NorthWestern Roads Group relating to the NorthConnex motorway.</p>
Funding Model	<p>M2 Motorway: Grant of a Right to the Operator ("GORTO") arrangement.</p> <p>M5 Motorway: GORTO arrangement.</p> <p>M7 Motorway: GORTO arrangement.</p> <p>NorthConnex: Hybrid arrangement.</p>
Arrangement Period	<p>M2 Motorway: 51 years (1997 - 2048)</p> <p>M5 Motorway: 34 years (1992 - 2026)</p> <p>M7 Motorway: 43 years (2005 - 2048)</p> <p>NorthConnex: 28 years (2020 - 2048)</p>
Arrangement Terms	<p>M2 Motorway: 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>M5 Motorway: 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>M7 Motorway: 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>NorthConnex: 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>
Rights and Obligations	<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>
SCA Carrying Amount	<p>Transport for NSW Toll Roads^(a): \$27,734 million (2020-21 restated: \$26,749 million)</p>
<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.</p>	

Toll Roads – Tunnels

Arrangement Terms and Conditions	
Description	<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>Cross City Tunnel: An agreement requiring Transurban (the operator) to operate and maintain the Cross City Tunnel located in Sydney.</p> <p>Eastern Distributor: An agreement with Transurban (the operator) to operate and maintain the Eastern Distributor located in Sydney.</p> <p>Lane Cove Tunnel: An agreement signed with Transurban (the operator) to operate and maintain the Lane Cove Tunnel located in Sydney.</p> <p>Sydney Harbour Tunnel: 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>
Funding Model	<p>Cross City Tunnel: GORTO arrangement.</p> <p>Eastern Distributor: GORTO arrangement.</p> <p>Lane Cove Tunnel: GORTO arrangement.</p> <p>Sydney Harbour Tunnel: Financial liability arrangement.</p>
Arrangement Period	<p>Cross City Tunnel: 30 years (2005 - 2035)</p> <p>Eastern Distributor: 48 years (2000 - 2048)</p> <p>Lane Cove Tunnel: 41 years (2007 - 2048)</p> <p>Sydney Harbour Tunnel: 30 years (1992 - 2022)</p>
Arrangement Terms	<p>Cross City Tunnel: 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. 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>Eastern Distributor: 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>Lane Cove Tunnel: 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>Sydney Harbour Tunnel: 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 Sydney Harbour Tunnel (Private Joint Venture) Act 1987. 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>
Rights and Obligations	<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>
SCA Carrying Amount	<p>Transport for NSW Toll Roads^(a): \$27,734 million (2020-21 restated: \$26,749 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	
Description	<p>WestConnex 1A and 1B: 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>WestConnex 2: 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>WestConnex 3A: 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>
Funding Model	<p>WestConnex 1A: GORTO arrangement.</p> <p>WestConnex 1B: Hybrid arrangement.</p> <p>WestConnex 2: Hybrid arrangement.</p> <p>WestConnex 3A: Hybrid arrangement.</p>
Arrangement Period	<p>WestConnex 1A and 1B: 43 years (2017 - 2060)</p> <p>WestConnex 2: 40 years (2020 - 2060)</p> <p>WestConnex 3A: 37 years (Expected 2023 to 2060)</p>
Arrangement Terms	<p>WestConnex 1A and 1B: 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>WestConnex 2: 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>WestConnex 3A: 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>
Rights and Obligations	<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.</p> <p>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>
Changes to Arrangements during 2020-21	<p>WestConnex 2: 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>
SCA Carrying Amount	<p>Transport for NSW Toll Roads^(a): \$27,734 million (2020-21 restated: \$26,749 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	
Description	<p>B-Line Car Parks: 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>Hospital Car Parks: 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>
Funding Model	<p>B-Line Car Parks: GORTO arrangement.</p> <p>Hospital Car Parks: 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>
Arrangement Period	<p>B-Line Car Parks: 30 to 50 years</p> <p>Hospital Car Parks: RNSH P1: 26 years (2010 - 2036), RNSH P2: 22 years (2014 - 2036), Prince of Wales Hospital Car Park: 26 years (1997 - 2023), and St George Hospital Car Park: 25 years (1999 - 2024)</p>
Arrangement Terms	<p>B-Line Car Parks: 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>Hospital Car Parks: 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>
Rights and Obligations	<p>B-Line Car Parks: 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>Hospital Car Parks: 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>
SCA Carrying Amount	<p>B-Line Car Parks: \$38 million (2020-21: \$39 million)</p> <p>Hospital Car Parks: RNSH P1 car park: \$24 million (2020-21: \$24 million), RNSH P2 car park: \$24 million (2020-21: \$22 million); St George Hospital car park: \$10 million (2020-21: \$10 million), and Prince of Wales Hospital car park: \$52 million (2020-21: \$50 million)</p>

Correctional Centres

Arrangement Terms and Conditions	
Description	<p>Clarence Correctional Centre: 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>Parklea and Junee Correctional Centres: 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>
Funding Model	<p>Clarence Correctional Centre: Financial liability arrangement.</p> <p>Parklea and Junee Correctional Centres: N/A – the operator uses the State's existing assets.</p>
Arrangement Period	<p>Clarence Correctional Centre: 20 years (2020 - 2040)</p> <p>Parklea Correctional Centre: 7 years (2019 - 2026)</p> <p>Junee Correctional Centre: 5 years (2019 - 2024)</p>
Arrangement Terms	<p>Clarence Correctional Centre: 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>Junee and Parklea Correctional Centres: 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>
Rights and Obligations	<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>
SCA Carrying Amount	<p>Clarence Correctional Centre: \$731 million (2020-21: \$729 million)</p> <p>Parklea Correctional Centre: \$346 million (2020-21: \$336 million)</p> <p>Junee Correctional Centre: \$335 million (2020-21: \$324 million)</p>

Public Hospitals and Health Facilities

Arrangement Terms and Conditions	
Description	<p>Northern Beaches and Hawkesbury Hospitals: 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>Far West Mental Health Recovery Centre: 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> <p>Mercy Care Centre Young: A sub-acute rehabilitation and palliative care unit in Young that provides services to the people of Young and surrounding regions. It is owned by the State and operated by Mercy Health under a 20 year lease agreement and annual service agreements.</p>
Funding Model	<p>Northern Beaches Public Hospital: Hybrid arrangement, and Hospital Car Park - GORTO arrangement. Hawkesbury Hospital: Financial liability arrangement.</p> <p>Far West Mental Health Recovery Centre and Mercy Care Centre Young: N/A – the operator uses the State's existing assets.</p>
Arrangement Periods	<p>Northern Beaches Public Hospital: 20 years (2018 - 2038), and Hospital Car Park - 40 years (2018 - 2058)</p> <p>Hawkesbury Hospital: 29 years (1994 - 2023)</p> <p>Far West Mental Health Recovery Centre: 5 years (2019 - 2023)</p> <p>Mercy Care Centre Young: 20 years (2004 to 2024)</p>
Arrangement Terms	<p>Northern Beaches Hospital and Hawkesbury Hospital: 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>Far West Mental Health Recovery Centre and Mercy Care Centre Young: 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>
Rights and Obligations	<p>Northern Beaches Hospital and Hawkesbury Hospital: 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 Hawkesbury Hospital, an extension of 18 months was negotiated with the Operator in 2022. The extension allows both parties to define and agree on the principles of a new service agreement, which will replace the existing service agreement.</p> <p>Far West Mental Health Recovery Centre and Mercy Care Centre Young: 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>
SCA Carrying Amount	<p>Northern Beach Public Hospital and Car Park: \$692 million (2020-21: \$641 million)</p> <p>Hawkesbury Hospital: \$60 million (2020-21: \$63 million)</p> <p>Mental Health Recovery Centre: \$5 million (2020-21: \$5 million)</p> <p>Mercy Care Centre Young : \$9 million (2020-21: \$5 million)</p>

Water System Assets

Arrangement Terms and Conditions	
Description	<p>Blue Mountains Sewage Transfer Scheme: 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>Water Filtration Plants: 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>Gerrington Gerroa Sewage Treatment Plant: 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>St Mary's Advanced Water Treatment Plant: 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> <p>Bingara Gorge Treatment Plant: The State has an agreement with the operator to take and treat wastewater from Bingara Gorge and Wilton Village. This will supply recycled water services for the Bingara and Wilton area and any excess flow sent to an effluent pond for irrigation of an adjacent golf course. (TSS only)</p>
Funding Model	<p>Blue Mountains Sewage Transfer Scheme / Water Filtration Plants: Financial liability arrangement. (TSS only)</p> <p>Gerrington Gerroa Sewage Treatment Plant: N/A – the operator uses the State's existing assets. (TSS only)</p> <p>St Mary's Advanced Water Treatment Plant: N/A – the operator uses the State's existing assets. (TSS only)</p> <p>Bingara Gorge Treatment Plant: N/A – the operator uses the State's existing assets. (TSS only)</p>
Arrangement Period	<p>Blue Mountains Sewage Transfer Scheme: 35 years (1993 to 2028) with the option to extend to 50 years</p> <p>Water Filtration Plants: Illawarra: 21 years (2015 - 2036), Macarthur: 19 years (2011 - 2030), Prospect: 19 years (2016 - 2035), and Woronora: 21 years (2015 - 2036)</p> <p>Gerrington Gerroa Sewage Treatment Plant: 20 years (2002 to 2022)</p> <p>St Mary's Advanced Water Treatment Plant: 10 years (2011 to 2021) with the option to extend by 2 to 10 years</p> <p>Bingara Gorge Treatment Plant: 8 years (2015 to 2023)</p>
Arrangement Terms	<p>The legal owners are paid a tariff (separated into principal and interest components) on a quarterly basis for bulk water services for Blue Mountains and for others payment on a monthly basis.</p>
Rights and Obligations	<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>
Changes to Arrangements during 2021-22	<p>The Service concession arrangement for St Mary's Advanced Water Treatment Plant was terminated during the financial year with the internalisation of the workforce operating this plant.</p> <p>The service concession asset Bingara Gorge treatment plant was acquired on 28 June 2022 and the service concession arrangement was entered into effect from that date.</p>
SCA Carrying Amount	<p>Blue Mountains Sewage Transfer Scheme: \$883 million (2020-21: \$804 million) (TSS only)</p> <p>Water Filtration Plants: \$423 million (2020-21: \$402 million) (TSS only)</p> <p>Gerrington Gerroa Sewage Treatment Plant: \$74 million (2020-21: \$68 million) (TSS only)</p> <p>St Mary's Advanced Water Treatment Plant: \$0 million (2020-21: \$45 million) (TSS only)</p> <p>Bingara Gorge Treatment Plant: \$19 million (2020-21: \$0 million) (TSS only)</p>

Other Arrangements

Arrangement Terms and Conditions	
Description	<p>Ferry Services: A contract with Transdev (the operator) to operate ferry services in Sydney. (TSS only)</p> <p>International Convention Centre: 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>Land Title Registration System: 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>
Funding Model	<p>Ferry Services: Financial liability arrangement.</p> <p>International Convention Centre: Financial liability arrangement.</p> <p>Land Title Registration System: GORTO arrangement.</p>
Arrangement Period	<p>Ferry Services: 9 years (2019 – 2028)</p> <p>International Convention Centre: 28 years (2013 - 2041)</p> <p>Land Title Registration System: 35 years (2017 - 2052)</p>
Arrangement Terms	<p>Ferry Services: 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>International Convention Centre: 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>Land Title Registration System: 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>
Rights and Obligations	<p>Ferry Services: 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>International Convention Centre: 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>Land Title Registration System: 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>
SCA Carrying Amount	<p>Ferry Services^(a): \$126 million (2020-21: \$109 million) (TSS only)</p> <p>International Convention Centre: \$1,157 million (2020-21 restated: \$1,119 million) (TSS only)</p> <p>Land Title Registration System^(b): \$846 million (2020-21 restated: \$844 million)</p>

(a) Ferry services service concession assets include intangible assets of \$27 million (2020-21: \$27 million) presented in Note 15: Intangibles.

(b) Land title registration system service concession assets include intangible assets of \$846 million (2020-21 restated: \$844 million) presented in Note 15: Intangibles.

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
Useful lives	Finite (2-10 years)	Indefinite	Finite (4-10 years)	Indefinite or finite (16-19 years)
Amortisation method	Straight line	Not amortised	Various	Not amortised or straight line
Internally Generated/Acquired	Both	Acquired	Both	Both
Impairment test/Recoverable amount testing	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 Restated ^(a)	Easements ^(b) At Cost	Other At Cost	Service Concession Assets ^(c) At Fair Value	Total Restated ^(a)
	\$m	\$m	\$m	\$m	\$m
At 1 July 2021					
Gross Carrying Amount ^(a)	6,152	356	125	884	7,517
Accumulated Amortisation and Impairment ^(a)	(3,030)	(8)	3	(26)	(3,061)
Net Carrying Amount	3,122	348	128	858	4,456
At 30 June 2022					
Gross Carrying Amount	6,746	352	111	928	8,137
Accumulated Amortisation and Impairment	(3,324)	(6)	(1)	(32)	(3,363)
Net Carrying Amount	3,422	346	110	896	4,774
Reconciliation:					
Year ended 30 June 2022					
Net Carrying Amount at Start of Year	3,122	348	128	858	4,456
Opening Balance Adjustments ^(d)	13	...	(13)	...	...
Adjusted Net Carrying Amount at Start of Year	3,135	348	115	858	4,456
Additions	817	0	24	4	846
Disposals	(51)	(0)	(8)	(0)	(59)
Reclassification from / (to) Property, Plant and Equipment	176	...	(19)	0	157
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations	(6)	...	0	1	(5)
Impairment	(3)	1	...	...	(2)
Amortisation	(548)	...	(0)	(6)	(554)
Other Movements	(99)	(3)	(2)	41	(64)
Net Carrying Amount at End of Year	3,422	346	110	896	4,774

(a) Refer to Note 33 Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Includes easements over land, and water rights.

(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 under concessional arrangements.

(d) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

	Computer Software At Cost Restated ^(a)	Easements ^(b) At Cost	Other At Cost	Service Concession Assets ^(c) At Fair Value	Total Restated ^(a)
	\$m	\$m	\$m	\$m	\$m
At 1 July 2020					
Gross Carrying Amount	6,223	349	2	849	7,423
Accumulated Amortisation and Impairment	(2,933)	(6)	3	(11)	(2,947)
Net Carrying Amount	3,290	343	5	838	4,476
At 30 June 2021					
Gross Carrying Amount ^(a)	6,152	356	125	884	7,517
Accumulated Amortisation and Impairment ^(a)	(3,030)	(8)	3	(26)	(3,061)
Net Carrying Amount	3,122	348	128	858	4,456
Reconciliation:					
Year ended 30 June 2021					
Net Carrying Amount at Start of Year	3,290	343	5	838	4,476
Corrections to Prior Period ^(a)	(106)	(0)	(0)	...	(106)
Restated Net Carrying Amount at Start of Year	3,183	343	5	838	4,370
Additions ^(a)	566	0	159	...	726
Disposals	(26)	...	(6)	...	(31)
Reclassification (to) / from Property, Plant and Equipment	(30)	...	(2)	3	(29)
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations	(0)	(0)	...	23	23
Impairment	(9)	(1)	(22)	...	(32)
Amortisation ^(a)	(569)	...	(0)	(6)	(575)
Other Movements	6	6	(7)	(0)	5
Net Carrying Amount at End of Year	3,122	348	128	858	4,456

(a) Refer to Note 33 Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Includes easements over land, and water rights.

(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.

Total State Sector

	Computer Software At Cost	Easements ^(b) At Cost	Other At Cost	Service Concession Assets ^(c) At Fair Value	Total
	Restated ^(a)		Restated ^(a)		Restated ^(a)
	\$m	\$m	\$m	\$m	\$m
At 1 July 2021					
Gross Carrying Amount ^(a)	7,912	463	373	912	9,659
Accumulated Amortisation and Impairment ^(a)	(4,087)	(9)	(67)	(28)	(4,191)
Net Carrying Amount	3,825	454	306	884	5,469
At 30 June 2022					
Gross Carrying Amount	8,539	460	471	957	10,426
Accumulated Amortisation and Impairment	(4,404)	(8)	(112)	(34)	(4,557)
Net Carrying Amount	4,135	452	359	924	5,869
Reconciliation:					
Year ended 30 June 2022					
Net Carrying Amount at Start of Year	3,825	454	306	884	5,469
Opening Balance Adjustments ^(d)	(12)	...	12	...	...
Adjusted Net Carrying Amount at Start of Year	3,813	454	318	884	5,469
Additions	949	0	105	4	1,059
Disposals	(47)	(0)	(8)	0	(56)
Reclassification from / (to) Property, Plant and Equipment	186	0	34	0	220
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations	(25)	...	0	1	(24)
Impairment	(3)	1	...	1	(0)
Amortisation	(692)	(0)	(31)	(8)	(730)
Other Movements	(45)	(3)	(59)	41	(67)
Net Carrying Amount at End of Year	4,135	452	359	924	5,869

(a) Refer to Note 33 Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Includes easements over land, and water rights.

(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 under concessional arrangements.

(d) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

	Computer Software At Cost	Easements ^(b) At Cost	Other At Cost	Service Concession Assets ^(c) At Fair Value	Total
	Restated ^(a)		Restated ^(a)		Restated ^(a)
	\$m	\$m	\$m	\$m	\$m
At 1 July 2020					
Gross Carrying Amount	8,242	456	71	877	9,646
Accumulated Amortisation and Impairment	(4,054)	(7)	(15)	(11)	(4,088)
Net Carrying Amount	4,188	449	56	865	5,558
At 30 June 2021					
Gross Carrying Amount ^(a)	7,912	463	373	912	9,659
Accumulated Amortisation and Impairment ^(a)	(4,087)	(9)	(67)	(28)	(4,191)
Net Carrying Amount 30 June 2021	3,825	454	306	884	5,469
Reconciliation:					
Year ended 30 June 2021					
Net Carrying Amount at Start of Year	4,188	449	56	865	5,558
Corrections to Prior Period ^(a)	(106)	(0)	371	...	264
Restated Net Carrying Amount at Start of Year	4,081	449	426	865	5,822
Additions ^(a)	632	1	219	2	853
Disposals	(24)	(0)	(6)	...	(30)
Reclassification (to) / from Property, Plant and Equipment	(23)	(0)	(2)	3	(22)
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations	(0)	(0)	...	23	23
Impairment	(150)	(2)	(223)	(2)	(377)
Amortisation ^(a)	(721)	(0)	(29)	(7)	(757)
Other Movements	29	7	(79)	(0)	(43)
Net Carrying Amount at End of Year	3,825	454	306	884	5,469

(a) Refer to Note 33 Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Includes easements over land, and water rights.

(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		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Current	1,216	1,008	1,486	1,207
Non-Current	170	114	614	542
	1,386	1,122	2,100	1,749
Other Non-Financial Assets Comprise:				
Prepayments	1,327	1,098	1,557	1,289
Other	59	24	543	461
	1,386	1,122	2,100	1,749

Note 17: Income Tax Equivalents

Commercial PNFCs and PFCs, excluding NSW Treasury Corporation (TCorp) and Transport Asset Holding Entity of New South Wales (TAHE), are part of a National Tax Equivalent Regime (NTER). TCorp and TAHE are 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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Tax Equivalents Receivable	29	35	...	...
Deferred Tax Equivalents Receivable	2,985	2,291	...	...
Receivable from the PNFC/PFC Sectors	3,013	2,326	...	...
Tax Equivalents Payable	57	35	...	...
Deferred Tax Equivalents Provision	50	50	...	...
Payable to the PNFC/PFC Sectors	106	86	...	...

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		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Current	335	282	414	311
Non-Current	18	...	18	...
	353	282	432	311
Deposits are Held for the Purposes of:				
Held by Public Financial Corporations	...	...	52	2
Other	353	282	380	309
	353	282	432	311

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		State Sector	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^(a)	9,560	9,537	10,751	10,802
Non-Current ^(a)	141	160	141	160
	9,700	9,697	10,891	10,963
Payables Comprise:				
Payables Of A Capital Nature	2,177	2,992	2,400	3,225
Accrued Employee Benefits	730	749	836	866
Interest On Borrowings & Advances	513	480	4	5
Settlement Of Borrowings & Other Financial Instruments	...	...	3	0
Creditors & Other Accruals ^(a)	6,281	5,476	7,649	6,867
	9,700	9,697	10,891	10,963

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^(a)	14	13	17,529	12,843
Non-Current	0	198	104,660	102,062
	14	212	122,189	114,905
Borrowings and Derivative Liabilities at Fair Value Comprise:				
Borrowings at Fair Value				
Bonds and Other Borrowings Issued by TCorp ^(b)	...	...	120,931	113,787
	...	...	120,931	113,787
Financial Liabilities Held For Trading				
Derivative Liabilities ^(a)	14	212	1,258	1,117
	14	212	1,258	1,117
Designated And Effective Hedging Instruments				
Derivative Liabilities	0	...	0	0
	0	...	0	0
Total Borrowings and Derivative Liabilities at Fair Value	14	212	122,189	114,905

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Bonds and borrowings issued by TCorp have increased throughout the 2021-22 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	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^(a)	5,464	4,796	1,673	3,028
Non-Current ^(a)	101,977	85,692	16,995	16,684
	107,441	90,488	18,669	19,712
Borrowings at Amortised Cost Comprise:				
Other Borrowings at Amortised Cost ^{(a)(b)(c)}	94,871	76,813	2,100	1,903
Lease Liabilities	7,657	7,117	10,165	9,727
Service Concession Financial Liabilities ^(d)	4,913	6,557	6,404	8,082
	107,441	90,488	18,669	19,712

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(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 include borrowings with respect to public private partnerships in the Health cluster totalling to \$970 million (2020-21: \$985 million).

(d) 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 1.8 per cent (2020-21: -0.02 per cent) and a future inflation rate of 2.6 to 3.2 per cent (2020-21: 1.1 to 2.4 per cent) and a superimposed inflation rate of 0.0 to 0.1 per cent (2020-21: 0.0 to 0.3 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 high severity claims and event losses largely relating to the March 2022 floods in the current reporting periods.

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Current	16,380	16,564	17,435	17,689
Non-Current	7,223	6,822	7,424	7,019
	23,603	23,386	24,859	24,708
Employee Provisions Comprise:				
Long Service Leave	10,798	12,143	11,500	12,922
Annual and Other Leave Entitlements	4,782	4,286	5,140	4,633
Self Funded Worker's Compensation	6,917	6,397	7,040	6,507
Other	1,106	560	1,179	646
	23,603	23,386	24,859	24,708

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 Consolidated Statement of Financial Position

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Current	1,260	58	1,261	59
Non-Current	42,296	57,533	43,722	59,797
Total	43,556	57,591	44,983	59,855

State Public Sector Superannuation Schemes

The State public sector superannuation liability comprises the following schemes:

- State Sector Schemes^{(a)(d)}:
 - 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)^{(b)(d)}
- Judges' Pension Scheme (JPS)^{(c)(d)}
- Energy Industries Superannuation Schemes (EISS)^(e)

- (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 of 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 re-anchored 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 2021 for the State Sector Schemes, 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 (the most recent was performed at 30 June 2021).

Scheme Member Numbers

Scheme membership numbers are as follows:

General Government Sector Member Numbers	----- NSW Public Sector Superannuation Schemes -----					Total ^(b)
	SASS	SANCS	SSS	PSS ^(b)	Other Schemes ^(a)	
For the 2021-22 Financial Year						
Contributors	10,773	11,913	732	408	148	23,974
Deferred Benefits	8,411	8,877	419	65	17	17,789
Pensioners	3,937	...	46,589	6,749	1,062	58,337
Pensions Fully Commuted	...	...	12,606	...	...	12,606
For the 2020-21 Financial Year						
Contributors	12,293	13,844	1,033	518	151	27,839
Deferred Benefits	8,737	9,273	487	14	17	18,528
Pensioners ^(b)	3,944	...	46,963	6,752	1,079	58,738
Pensions Fully Commuted	...	...	13,251	...	...	13,251

(a) Other schemes are the EISS, JPS and PCSS.

(b) The 2020-21 number of pensioners for PSS has been restated for General Government Sector only.

Total State Sector Member Numbers	----- NSW Public Sector Superannuation Schemes -----					Total
	SASS	SANCS	SSS	PSS	Other Schemes ^(a)	
For the 2021-22 Financial Year						
Contributors	12,253	13,458	797	408	427	27,343
Deferred Benefits	8,411	8,877	462	65	18	17,833
Pensioners	4,632	...	48,781	6,749	1,178	61,340
Pensions Fully Commuted	...	...	13,492	...	...	13,492
For the 2020-21 Financial Year						
Contributors	13,983	15,613	1,112	518	449	31,675
Deferred Benefits	8,737	9,273	534	14	18	18,576
Pensioners	4,567	...	49,173	6,752	1,191	61,683
Pensions Fully Commuted	...	...	14,214	...	...	14,214

(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		Total	
	Government Sector	State Sector	Government Sector	State Sector
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
SASS				
Present Value of Defined Benefit Obligation	13,095	15,247	14,886	17,525
Plan Assets	(8,976)	(10,236)	(10,227)	(11,613)
Impact of Asset Ceiling	21	20	24	21
Net Liability	4,139	5,031	4,683	5,932
SANCS				
Present Value of Defined Benefit Obligation	1,926	2,223	2,079	2,412
Plan Assets	(1,296)	(1,520)	(1,398)	(1,628)
Net Liability	631	703	681	785
SSS				
Present Value of Defined Benefit Obligation	47,134	58,160	49,320	60,885
Plan Assets	(18,673)	(20,968)	(20,097)	(22,508)
Impact of Asset Ceiling	0	0	39	33
Net Liability	28,461	37,192	29,262	38,409
PSS				
Present Value of Defined Benefit Obligation	13,428	17,776	13,428	17,776
Plan Assets	(4,737)	(5,227)	(4,737)	(5,227)
Net Liability	8,692	12,549	8,692	12,549
Other Schemes^(a)				
Present Value of Defined Benefit Obligation	2,382	2,974	2,706	3,351
Plan Assets	(749)	(858)	(1,041)	(1,172)
Net Liability	1,633	2,115	1,665	2,180
Total				
Present Value of Defined Benefit Obligation ^(b)	77,965	96,379	82,419	101,949
Plan Assets	(34,431)	(38,808)	(37,500)	(42,148)
Impact of Asset Ceiling ^(c)	21	20	64	54
Total Net Liability	43,556	57,591	44,983	59,855

(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/(surplus) 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 (2021: from 2021 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 2022 of \$14,035 million (2020-21: \$10,299 million decrease) for the General Government Sector and \$14,872 million (2020-21: \$11,096 million decrease) 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 1.50 per cent to 3.69 per cent (2020-21: increase from 0.87 per cent to 1.50 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	Fair Value of Plan Assets	Total	Impact of Asset Ceiling	Total Net Liability
	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2021	96,379	(38,808)	57,571	20	57,592
Current Service Cost	291	...	291	...	291
Net Interest Expense (Interest Expense/(Income))	1,409	(551)	858	0	858
Superannuation Interest Cost - Expenses from Transactions	1,700	(551)	1,150	0	1,150
Remeasurements:					
Actual Return on Fund Assets Excluding Interest Income	...	882	882	...	882
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	26	...	26	...	26
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(16,688)	...	(16,688)	...	(16,688)
Actuarial (Gains)/Losses Arising from Liability Experience	671	...	671	...	671
Change in Asset Ceiling Excluding Interest Expense	...	...	...	1	1
Superannuation Recognised in Other Economic Flows - Other Comprehensive Income	(15,990)	882	(15,108)	1	(15,108)
(Gains)/Losses Arising from Settlements	(7)	...	(7)	...	(7)
Contributions:					
Employer Contributions	...	(70)	(70)	...	(70)
Contributions by Participants	111	(111)	...	...	...
Payments:					
Benefits Paid	(4,526)	4,526	...	...	...
Taxes, Premiums & Expenses Paid	341	(341)	...	...	...
Effects of Transfers In/Out Due to Business Combinations and Disposals	(44)	42	(2)	...	(2)
Balance at 30 June 2022	77,964	(34,431)	43,533	21	43,556

	Present Value of Obligation	Fair Value of Plan Assets	Total	Impact of Asset Ceiling	Total Net Liability
	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2020	105,143	(37,484)	67,659	17	67,676
Current Service Cost	358	...	358	...	358
Net Interest Expense (Interest Expense/(Income))	897	(308)	588	0	589
Superannuation Interest Cost - Expenses from Transactions	1,255	(308)	947	0	947
Remeasurements:					
Actual Return on Fund Assets Excluding Interest Income ^(a)	...	(4,381)	(4,381)	...	(4,381)
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	(399)	...	(399)	...	(399)
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(4,881)	...	(4,881)	...	(4,881)
Actuarial (Gains)/Losses Arising from Liability Experience	(1,429)	...	(1,429)	...	(1,429)
Change in Asset Ceiling Excluding Interest Expense	...	...	...	3	3
Superannuation Recognised in Other Economic Flows - Other Comprehensive Income	(6,709)	(4,381)	(11,090)	3	(11,088)
(Gains)/Losses Arising from Settlements	...	...	...	...	...
Contributions:					
Employer Contributions	...	(122)	(122)	...	(122)
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	...	179
Balance at 30 June 2021	96,379	(38,808)	57,571	20	57,591

Total State Sector

	Present Value of Obligation	Fair Value of Plan Assets	Total	Impact of Asset Ceiling	Total Net Liability
	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2021	101,949	(42,148)	59,801	54	59,855
Current Service Cost	313	...	313	...	313
Net Interest Expense (Interest Expense/(Income))	1,489	(599)	890	1	891
Superannuation Interest Cost - Expenses from Transactions	1,803	(599)	1,203	1	1,204
Remeasurements:					
Actual Return on Fund Assets Excluding Interest Income	...	965	965	...	965
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	35	...	35	...	35
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(17,696)	...	(17,696)	...	(17,696)
Actuarial (Gains)/Losses Arising from Liability Experience	724	...	724	...	724
Change in Asset Ceiling Excluding Interest Expense	...	...	...	9	9
Superannuation Recognised in Other Economic Flows - Other Comprehensive Income	(16,938)	965	(15,973)	9	(15,964)
(Gains)/Losses Arising from Settlements	(7)	...	(7)	...	(7)
Contributions:					
Employer Contributions	...	(113)	(113)	...	(113)
Contributions by Participants	126	(126)	...	...	...
Payments:					
Benefits Paid	(4,825)	4,825	...	...	...
Taxes, Premiums & Expenses Paid	345	(345)	...	...	...
Effects of Transfers In/Out Due to Business Combinations and Disposals	(34)	42	8	...	8
Balance at 30 June 2022	82,419	(37,500)	44,919	64	44,983

	Present Value of Obligation	Fair Value of Plan Assets	Total	Impact of Asset Ceiling	Total Net Liability
	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2020	111,447	(40,749)	70,698	39	70,737
Current Service Cost	390	...	390	...	390
Net Interest Expense (Interest Expense/(Income))	948	(335)	613	0	613
Superannuation Interest Cost - Expenses from Transactions	1,338	(335)	1,003	0	1,003
Remeasurements:					
Actual Return on Fund Assets Excluding Interest Income	...	(4,775)	(4,775)	...	(4,775)
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	(285)	...	(285)	...	(285)
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(5,210)	...	(5,210)	...	(5,210)
Actuarial (Gains)/Losses Arising from Liability Experience	(1,453)	...	(1,453)	...	(1,453)
Change in Asset Ceiling Excluding Interest Expense	...	...	...	15	15
Superannuation Recognised in Other Economic Flows - Other Comprehensive Income	(6,948)	(4,775)	(11,722)	15	(11,708)
(Gains)/Losses Arising from Settlements	...	...	...	...	...
Contributions:					
Employer Contributions	...	(176)	(176)	...	(176)
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)	...	(1)
Balance at 30 June 2021	101,949	(42,148)	59,801	54	59,855

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 2022		At 30 June 2021	
	State Super Schemes, JPS, PCSS	EISS	State Super Schemes, JPS, PCSS	EISS
Discount Rate	3.69% pa	3.69% pa	1.50% pa	1.50% pa
CPI Growth Rate	4.00% pa ^(a)	4.00% pa ^(a)	1.50% pa ^(b)	1.50% pa ^(b)
Salary Growth Rate	3.15% pa ^(c)	2.50% pa ^(d)	2.74% pa ^(e)	2.00% pa ^(f)
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 2021 triennial actuarial valuation for EISS		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	

- (a) Rate of CPI increase for State Super Funds Schemes and EISS in forward years are: 5.50% for 2022/23; 3.00% for 2023/24 to 2024/25; 2.75% for 2025/26 to 2026/27; 2.50% pa thereafter.
- (b) 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.
- (c) Salary Increase rate (excluding promotional increases) for State Super Funds Schemes are 3.15% for 2022-23, except for PCSS at 2.00%. Salary Increase rate in forward years are: 3.62% for 2023/24; 2.87% for 2024/25; 2.74% for 2025/26; 3.2% thereafter.
- (d) Salary Increase rate (excluding promotional increases) for EISS is for Essential Energy only and is 2.50% pa thereafter.
- (e) 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.
- (f) 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.

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 2022.

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 2022	Base Case	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F	Scenario G	Scenario H
		-0.5% Discount Rate ^(a)	+0.5% Discount Rate ^(a)	+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 ^(b)	79,711	84,134	75,673	84,005	75,762	79,922	79,507	80,646	78,996
Other Schemes ^{(b)(c)(d)(e)(f)}	2,706	2,885	2,532	894	814	2,839	2,570	2,786	2,619

- (a) Due to the increased volatility in the current economic environment, sensitivity of the defined benefit obligation to a 1% discount rate fluctuation was assessed by the actuary under scenarios A and B. For scenario A, the values were \$88,831m for State Sector Schemes and \$3,083m for Other Schemes. For scenario B, the values were \$71,862m for State Sector Schemes and \$2,375m for Other Schemes.
- (b) For State Sector Schemes, the lower mortality demographic assumption sensitivity assumes that the short term pensioner mortality improvement factors for years 2022-2026 also apply for years after 2026. The higher mortality demographic assumption sensitivity assumes that long term pensioner mortality improvement factors for years post 2026 also apply for the years 2022 to 2026.
- (c) Other Schemes comprise EISS, JPS and PCSS.
- (d) For EISS, the lower mortality demographic assumption sensitivity assumes that the short term pensioner mortality improvement factors for years 2021 to 2027 (2020-21: years 2018-2024) also apply for years after 2027 (2020-21: years after 2024). The higher mortality demographic assumption sensitivity assumes that long term pensioner mortality improvement factors for years post 2027 (2020-21: years post 2024) also apply for years 2021 to 2027 (2020-21: years 2018 to 2024).
- (e) 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.
- (f) CPI sensitivity analysis information is not available for JPS and PCSS.

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

Defined Benefit Obligation Value

State Sector Schemes ^(a)	98,595	105,277	92,576	104,926	92,836	98,929	98,273	100,014	97,519
Other Schemes ^{(a)(b)(c)(d)(e)}	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.

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	2021-22				2020-21			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
	\$m	\$m	\$m		\$m	\$m	\$m	
Short Term Securities	1,855	3,186	5,041	13.7 %	2,399	2,710	5,109	12.2 %
Australian Fixed Interest	...	245	245	0.7 %	...	904	904	2.2 %
International Fixed Interest	4	1,435	1,440	3.9 %	45	1,710	1,755	4.2 %
Australian Equities	5,894	625	6,519	17.7 %	8,308	2	8,311	19.9 %
International Equities	12,002	172	12,174	33.0 %	13,885	5	13,890	33.2 %
Property	...	2,362	2,362	6.4 %	627	2,661	3,288	7.9 %
Alternatives	(1)	9,096	9,096	24.7 %	1	8,529	8,530	20.4 %
Total^(a)	19,755	17,122	36,877	100.0 %	25,264	16,521	41,785	100.0 %

- (a) Additional to the assets disclosed above, at 30 June 2022 the State Sector Schemes Pooled Fund has provisions for receivables / (payables) estimated to be around \$1,250 million (2021: \$1,370 million). This gives total estimated assets of around \$38,130 million (2021: \$43,160 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 2022 includes nil (2021: \$41.4 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 \$362 million (2021: \$328 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value of \$540 million (2021: \$443 million).

The major categories of plan assets for EISS are as follows:

Asset Category	2021-22				2020-21			
	Quoted \$m	Unquoted \$m	Total \$m	in %	Quoted \$m	Unquoted \$m	Total \$m	in %
Australian Equities	...	246	246	13.9 %	...	364	364	18.1 %
International Equities	...	359	359	20.3 %	...	590	590	29.3 %
Property	...	291	291	16.5 %	...	252	252	12.5 %
Private Equity	...	44	44	2.5 %	...	20	20	1.0 %
Infrastructure	...	216	216	12.2 %	...	219	219	10.9 %
Alternatives	...	272	272	15.4 %	...	155	155	7.7 %
Fixed Income	...	189	189	10.7 %	...	233	233	11.6 %
Cash	...	150	150	8.5 %	...	179	179	8.9 %
Total	...	1,767	1,767	100.0 %	...	2,012	2,012	100.0 %

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 2022.

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 State's defined benefit superannuation schemes calculated in accordance with AASB 1056 *Superannuation Entities*.

	General Government Sector		Total State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Accrued Benefits	52,994	52,821	56,259	56,126
Net Market Value of Fund assets	(34,431)	(38,808)	(37,500)	(42,148)
Net (Surplus)/Deficit	18,563	14,012	18,759	13,978

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 2022 AASB 1056 valuation are as follows:

	At 30 June 2022		At 30 June 2021	
	State Sector Schemes	EISS	State Sector Schemes	EISS
Expected Rate of Return on Assets Backing Current Pension Liabilities	7.00% pa	5.30% pa	6.50% pa	5.00% pa
Expected Rate of Return on Assets Backing Other Liabilities	6.20% pa	5.30% pa	5.70% pa	5.00% pa
Expected Salary Increase Rate	3.15% pa ^(a)	2.30% pa ^(b)	2.74% pa ^(d)	2.40% pa ^(e)
Expected Rate of CPI Increase	4.80% pa ^(c)	2.20% pa	2.00% pa	1.90% pa

- (a) State Sector Schemes salary increase rate until 30 June 2023 is 3.15% pa; 3.62% for 2023-24; 2.87% for 2024-25; 2.74% for 2025-26; then 3.20% pa thereafter.
- (b) EISS (for Essential Energy only) salary increase rate until 30 June 2023 is 2.30% pa; 2.40% for 2023-24; then 3.20% pa thereafter.
- (c) State Sector Schemes CPI increase rate until 30 June 2022 is 4.80% pa; then 2.50% pa thereafter.
- (d) State Sector Schemes salary increase rate until 30 June 2026 is 2.74% pa; then 3.20% pa thereafter.
- (e) 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.

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 2022			At 30 June 2021		
	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
Defined Benefit Obligation Value						
State Sector Schemes	54,292	56,382	52,356	54,225	56,340	52,270
Other Schemes ^(a)	1,967	2,066	1,876	1,901	1,996	1,814

- (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 Contributions	Maturity Profile		Recommended Contribution Rates
	2022-23	2021-22	2020-21	
	\$m	Years	Years	
SASS	223	11.0	12.5	multiple of member contributions
SANCS	65	11.0	12.5	% member salary
SSS	725	11.0	12.5	multiple of member contributions
PSS	237	11.0	12.5	% of member salary
PCSS	6	13.0	18.0	multiple of member contributions
JPS	57	14.0	14.0	% member salary
EISS	4	12.5	12.3	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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Current	4,390	3,581	4,855	4,016
Non-Current ^(a)	10,965	10,599	18,525	18,721
	15,355	14,180	23,380	22,737

Other Provisions Comprise:

Outstanding Claims:

Self Insurance Corporation (Excluding Self Funded Worker's Compensation ^(b))	7,680	6,373	7,680	6,373
Workers' Compensation (Dust Diseases)	2,035	2,248	2,035	2,248
Lifetime Care And Support Scheme	...	...	7,681	8,206
State Insurance Regulatory Authority	275	282	275	282
Long Service Corporation Schemes	1,593	1,631	1,593	1,631
HIH Loss Compensation	...	...	...	...
Victims Support Fund	392	403	392	403
NSW Share of University Superannuation	1,027	1,258	1,027	1,258
Provision for Land Remediation, Restoration Costs and Other Claims	2,352	1,985	2,696	2,337
	15,355	14,180	23,380	22,737

Insurance Recoveries Receivable Include those Accrued by:

Self Insurance Corporation - for Reinsurance and Other Recoveries Receivable	547	323	547	323
Workers' Compensation (Dust Diseases) Authority - Insurance Levies Accrued	897	932	897	932
	1,444	1,255	1,444	1,255

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Refer to Note 22 Employee Provisions.

- 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	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
	%	%	%	%	%	%
Not Later Than One Year						
Inflation Rate	3.30-5.40	1.06-1.56	3.15-3.91	1.10	3.69-4.08	1.06-1.12
Discount Rate	1.52-2.90	-0.06-0.04	2.38	-0.01	1.52-2.90	-0.06-0.04
Superimposed Inflation ^(a)	1.50-6.00	1.50-6.00	0.00-1.75	0.00-1.75	2.00	2.00
Later Than One Year						
Inflation Rate	2.00-3.49	1.13-3.00	2.50-3.26	1.19-3.00	3.00-3.49	1.13-3.00
Discount Rate	3.10-4.17	-0.05-4.00	3.34-4.16	0.06-4.00	3.10-4.17	-0.05-4.00
Superimposed Inflation ^(a)	0.00-6.00	1.50-6.00	0.00-1.75	0.00-1.75	2.00	2.00

(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 2022, 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 2022, 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 2022, 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 2022, 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 2022 in respect to Lodged But Unresolved Claims (for all offences) and Incurred But Not Reported (IBNR) claims with respect to domestic violence, sexual assault (adult), assault, robbery, homicide and other offences. However, no provision has been made in the financial statements for any IBNR claims in relation to child sexual assault as the amount attributable for 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 31: Contingent Assets and Contingent Liabilities).

- 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 2022, 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 %	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
Claims expected to be paid not later than one year				
Workers' Compensation (Dust Diseases)	2.38	-0.01	3.15	1.10
Lifetime Care and Support	1.52-2.90	-0.06-0.04	2.90-3.40	1.06-1.12
State Insurance Regulatory Authority	2.45	-0.02	3.45	0.92
Building and Construction Industry Long Service Payment Scheme ^(a)	3.70	1.50	4.00	3.00
Claims expected to be paid later than one year				
Workers' Compensation (Dust Diseases)	3.34	2.21	2.50	2.27
Lifetime Care and Support	3.10-4.17	-0.05-4.00	2.50-3.40	1.13-2.50
State Insurance Regulatory Authority	3.39-4.50	0.19-4.00	3.27-3.10	1.49-2.90
Building and Construction Industry Long Service Payments Scheme ^(a)	3.70	1.50	4.00	3.00
HIH Loss Compensation	...	...	...	...

(a) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

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

2021-22 Movement in Other Provisions

	Carrying Amount 1 July 2021	Additional Provisions	Amounts Used	Unused Amounts Reversed	Actuarial (Gain) / Loss	Unwinding / Change In Discount Rate	Carrying Amount 30 June 2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	6,373	1,195	(1,411)	...	1,524	(1)	7,680
Workers' Compensation (Dust Diseases)	2,248	...	(193)	...	(19)	(0)	2,035
State Insurance Regulatory Authority	282	49	(55)	...	(1)	(0)	275
Long Service Corporation	1,631	198	(103)	...	66	(199)	1,593
Victims Support Fund	403	120	(80)	0	0	(51)	392
NSW Share of University Superannuation	1,258	...	(76)	...	(173)	18	1,027
Land Remediation, Restorations and Other Claims	1,985	745	(289)	(113)	15	8	2,352
Total Other Provisions	14,180	2,307	(2,207)	(113)	1,412	(224)	15,355

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	6,373
Workers' Compensation (Dust Diseases)	2,084	314	(154)	...	...	4	2,248
State Insurance Regulatory Authority	290	59	(66)	...	2	(2)	282
Long Service Corporation	1,662	189	(123)	...	(50)	(47)	1,631
HIH Loss Compensation	4	2	(6)	...	...	...	...
Victims Support Fund	193	283	(72)	...	(1)	0	403
NSW Share of University Superannuation	1,381	...	(71)	...	(64)	12	1,258
Land Remediation, Restorations and Other Claims	2,477	315	(542)	(217)	(40)	(8)	1,985
Total Other Provisions	14,101	2,065	(2,263)	(217)	524	(29)	14,180

Total State Sector

2021-22 Movement in Other Provisions

	Carrying Amount 1 July 2021 Restated ^(a)	Additional Provisions	Amounts Used	Unused Amounts Reversed	Actuarial (Gain) / Loss	Unwinding / Change In Discount Rate	Carrying Amount 30 June 2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	6,373	1,195	(1,411)	...	1,524	(1)	7,680
Workers' Compensation (Dust Diseases)	2,248	...	(193)	...	(19)	(0)	2,035
Lifetime Care and Support Scheme	8,206	590	(220)	...	(894)	(1)	7,681
State Insurance Regulatory Authority	282	49	(55)	...	(1)	(0)	275
Long Service Corporation	1,631	198	(103)	...	66	(199)	1,593
Victims Support Fund	403	120	(80)	0	0	(51)	392
NSW Share of University Superannuation	1,258	...	(76)	...	(173)	18	1,027
Land Remediation, Restorations and Other Claims ^(a)	2,336	864	(401)	(127)	14	9	2,696
Total Other Provisions	22,737	3,016	(2,539)	(127)	517	(224)	23,380

2020-21 Movement in Other Provisions

	Carrying Amount 1 July 2020 Restated ^(a)	Additional Provisions Restated ^(a)	Amounts Used	Unused Amounts Reversed	Actuarial (Gain) / Loss	Unwinding / Change In Discount Rate	Carrying Amount 30 June 2021 Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	6,011	903	(1,229)	...	677	12	6,373
Workers' Compensation (Dust Diseases)	2,084	314	(154)	...	...	4	2,248
Lifetime Care and Support Scheme	7,354	838	(211)	...	33	192	8,206
State Insurance Regulatory Authority	290	59	(66)	...	2	(2)	282
Long Service Corporation	1,662	189	(123)	...	(50)	(47)	1,631
HIH Loss Compensation	4	2	(6)	...	...	...	...
Victims Support Fund	193	283	(72)	...	(1)	0	403
NSW Share of University Superannuation	1,381	...	(71)	...	(64)	12	1,258
Land Remediation, Restorations and Other Claims ^(a)	2,815	460	(667)	(225)	(39)	(6)	2,337
Total Other Provisions	21,793	3,047	(2,601)	(225)	558	165	22,737

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^(a)	2,085	1,732	17,218	9,661
Non-Current	20,197	20,296	20,290	20,374
	22,282	22,028	37,508	30,036
Other Liabilities Comprise:				
Grant of Right to Operate Liabilities Under Service Concessions	19,798	19,996	19,798	19,996
Liabilities Under Transfers to Acquire or Construct Non-Financial Assets to Be Controlled by the State	650	504	650	504
Other Deferred Revenues ^(b)	1,289	1,223	1,569	1,454
Other ^{(a)(c)}	544	305	15,490	8,082
	22,282	22,028	37,508	30,036

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Other deferred revenues include amounts for lease receipts in advance of \$377 million (2020-21: \$375 million) in relation to Central Barangaroo.

(c) Other liabilities of the Total State Sector include interests in TCorpIM Funds of investors that are not controlled by the State of \$14,791 million (2021: \$7,577 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		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Opening Balance at 1 July	504	98	504	98
Opening Balance Adjustments ^(a)	9	257	9	257
Receipt of Cash During the Year	2,062	1,889	2,062	1,889
Income Recognised During the Year	(1,925)	(1,741)	(1,925)	(1,741)
Closing Balance at 30 June	650	504	650	504

a) These adjustments have been made due to information becoming available after the release of the 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		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Financial Year which Income will be Recognised				
Within One Year	568	449	568	449
Later Than One Year	82	55	82	55
Total	650	504	650	504

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 2022, under AASB 9 Financial Instruments, as follows:

	Category	Note	General Government Sector		Total State Sector	
			2021-22	2020-21	2021-22	2020-21
				Restated ^(a)		Restated ^(a)
			\$m	\$m	\$m	\$m
Financial Assets						
Cash and Cash Equivalents ^(a)	Amortised Cost	6	3,216	3,781	12,021	9,044
Receivables ^{(a)(b)}	Amortised Cost	7	4,849	5,718	6,057	5,558
Advances Paid	Amortised Cost	10	1,185	1,298	894	868
Investments, Loans and Placements						
Financial Assets at Fair Value						
Derivatives (Held for Trading) ^(a)	Mandatorily at FVTPL	9	170	5	771	603
Derivatives (Designated Hedging Instrument)	Fair Value - Hedging Instrument	9	8	1	9	2
Interest Bearing Securities ^(a)	Mandatorily at FVTPL	9	21	255	28,378	28,743
TCorpIM Funds	Mandatorily at FVTPL	9	44,324	47,337	...	...
Managed Funds and Other Investments ^(a)	Mandatorily at FVTPL	9	49	65	22,356	18,464
Other Financial Assets						
Term Deposits	Amortised Cost	9	1,501	20	263	167
Leases Receivable ^(c)	Amortised Cost	9	986	916	1,084	1,002
Other ^(a)	Amortised Cost	9	590	451	127	174
Equity Investments in Other Public Sector Entities ^{(d)(e)}	Designated at FVOCI	11	117,025	85,778	...	...
Other Equity Investments ^(a)	Mandatorily at FVTPL	11	6	5	22,766	22,224
Financial Liabilities						
Deposits Held	Designated at FVTPL	18	...	...	52	2
	Amortised Cost	18	353	282	380	309
Payables ^{(a)(f)}	Amortised Cost	19	9,530	9,446	10,702	10,690
Advances	Amortised Cost		545	625	545	625
Borrowings ^(a)	Designated at FVTPL	20	...	...	120,931	113,787
	Amortised Cost ^(a)	21	107,441	90,488	18,669	19,712
Derivatives (Held for Trading) ^(a)	Mandatorily at FVTPL	20	14	212	1,258	1,117
Derivatives (Designated Hedging Instrument)	Fair Value - Hedging Instrument	20	0	...	0	0
Other Liabilities						
Interests in TCorpIM Funds of Investors Not Controlled by the State ^(a)	Designated at FVTPL	25	...	...	14,791	7,577

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Financial instrument disclosures exclude statutory receivables not within the scope of AASB 7. Statutory receivables include taxation, fines and levies receivable totalling \$7,244 million (2020-21: \$6,495 million) for the General Government Sector and \$7,052 million (2020-21: \$6,335 million) for the Total State Sector.

(c) Financial instrument disclosures exclude lease receivables which only represent the unguaranteed residual value totalling \$521 million (2020-21: \$404 million) for the General Government Sector and \$639 million (2020-21: \$514 million) for the Total State Sector.

(d) 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.

(e) Financial instrument disclosures exclude investments in associates of \$8,805 million (2020-21: \$13,358 million) for the General Government Sector and Total State Sector not within the scope of AASB 7.

(f) 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 \$171 million (2020-21: \$251 million) for the General Government Sector and \$189 million (2020-21: \$273 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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Non-Derivative Financial Assets				
Mandatorily at FVTPL ^(a)	(4,488)	3,106	(5,027)	6,255
Amortised Cost ^(a)	7	...	3	(3)
Total	(4,481)	3,106	(5,024)	6,252
Non-Derivative Financial Liabilities				
Designated at FVTPL	0	...	14,895	2,115
Amortised Cost	(234)	(13)	(1)	143
Total	(234)	(13)	14,894	2,258
Derivative Financial Instruments				
FVTPL – Held for Trading	353	172	298	132
Fair Value - Hedging Instrument	4	(2)	8	(3)
Total	357	170	307	129
Net Total^{(b)(c)(d)}	(4,358)	3,263	10,177	8,640

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

(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	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Interest Income From^(b):				
Financial Assets at Amortised Cost ^(a)	258	302	736	750
Financial Assets at FVTPL ^(a)	4	5	99	124
Total^(a)	262	307	835	874
Interest Expense From^(c):				
Financial Liabilities at Amortised Cost ^(a)	2,474	2,138	795	785
Financial Liabilities at FVTPL	0	...	2,517	2,180
Total^(c)	2,474	2,138	3,313	2,965

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Interest revenue of \$262 million (2020-21: \$307 million) for the General Government Sector and \$835 million (2020-21: \$874 million) for the Total State Sector equates to total 2020-21 revenue reported as part of 'interest' in Note 2: Revenue.

(c) Interest expense of \$2,474 million (2020-21: \$2,138 million) for the General Government Sector equates to the sum of interest on borrowings of \$2,153 million (2020-21: \$1,771 million), interest on lease liabilities of \$216 million (2020-21: \$223 million) and interest on service concession financial liabilities of \$104 million (2020-21: \$144 million) reported in Note 3: Expenses ('interest expense'). Interest expense of \$3,313 million (2020-21: \$2,965 million) for the Total State Sector equates to the sum of interest on borrowings of \$2,751 million (2020-21: \$2,353 million) and interest on lease liabilities of \$411 million (2020-21: \$423 million) and interest on service concession financial liabilities of \$150 million (2020-21: \$190 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

2021-22	Note	Level 1	Level 2	Level 3	Total
		\$m	\$m	\$m	\$m
Financial Assets					
Investments, Loans and Placements					
Derivatives					
Held for Trading	9	0	169	...	170
Designated and Effective Hedging Instruments	9	...	6	2	8
Financial Assets at Fair Value					
Interest Bearing Securities	9	18	3	...	21
TCorpIM Funds	9	0	44,109	215	44,324
Managed Funds and Other Investments	9	32	17	...	49
Other Equity Investments	11	0	0	6	6
Total		50	44,304	223	44,577
Financial Liabilities					
Derivatives					
Held for Trading	20	6	8	...	14
Total		6	8	...	14
Net Total		44	44,296	223	44,564

2020-21	Note	Level 1	Level 2	Level 3	Total
		\$m	Restated ^(a)	Restated ^(a)	\$m
Financial Assets					
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 ^(a)	9	0	47,149	188	47,337
Managed Funds and Other Investments	9	46	19	...	65
Other Equity Investments	11	0	5	...	5
Total		69	47,411	188	47,668
Financial Liabilities					
Derivatives					
Held for Trading	20	210	2	...	212
Total		210	2	...	212
Net Total		(141)	47,409	188	47,456

(a) These adjustments have been made due to information becoming available after the release of the 2020-21 Total State Sector Accounts.

Total State Sector

2021-22	Note	Level 1	Level 2	Level 3	Total
		\$m	\$m	\$m	\$m
Financial Assets					
Investments, Loans and Placements					
Derivatives					
Held for Trading	9	16	751	4	771
Designated and Effective Hedging Instruments	9	0	6	2	9
Financial Assets at Fair Value					
Interest Bearing Securities	9	2,959	25,131	288	28,378
Managed Funds and Other Investments	9	747	13,758	7,853	22,356
Other Equity Investments	11	22,743	0	23	22,766
Total		26,466	39,647	8,170	74,280
Financial Liabilities					
Deposits Held					
Held by Public Financial Corporations	18	52	...	...	52
Derivatives					
Held for Trading	20	43	1,215	...	1,258
Designated and Effective Hedging Instruments	20	...	0	...	0
Borrowings at Fair Value					
Bonds and Other Borrowings Issued by TCorp	20	100,753	19,229	950	120,931
Other Liabilities					
Interests in TCorpIM Funds of Investors Not Controlled by the State	25	...	12,456	2,335	14,791
Total		100,849	32,900	3,285	137,033
Net Total		(74,383)	6,747	4,885	(62,753)

2020-21	Note	Level 1	Level 2	Level 3	Total
		Restated ^(a)	Restated ^(a)	Restated ^(a)	Restated ^(a)
		\$m	\$m	\$m	\$m
Financial Assets					
Investments, Loans and Placements					
Derivatives					
Held for Trading ^(a)	9	14	587	...	601
Designated and Effective Hedging Instruments	9	0	2	...	2
Financial Assets at Fair Value					
Interest Bearing Securities ^(a)	9	2,974	25,703	65	28,743
Managed Funds and Other Investments ^(a)	9	2,976	10,861	4,628	18,464
Other Equity Investments ^(a)	11	22,215	10	...	22,224
Total		28,180	37,161	4,693	70,035
Financial Liabilities					
Deposits Held					
Held by Public Financial Corporations	18	2	...	...	2
Derivatives					
Held for Trading ^(a)	20	7	1,110	...	1,117
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 ^(a)	25	...	6,085	1,492	7,577
Total		98,602	21,090	2,792	122,483
Net Total		(70,423)	16,071	1,901	(52,449)

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

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		Derivative Assets - Designated and Effective Hedging Instruments		TCorpIM Funds		Other Equity Instruments		Total Recurring Level 3 Fair Value			
		9		9		9		11		2021-22		2020-21	
		2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
							Restated ^(a)					Restated ^(a)	
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Financial Assets													
Opening Balance ^(a)		188	178	...	...	188	178	178	
Gains or Loss Recognised in Other Economic Flows													
Included in the Operating Result ^(a)		2	...	25	8	6	...	33	8	8	
Included in Other Comprehensive Income ^(a)		
Purchases ^(a)		3	2	...	...	3	2	2	
Transfers out of Level 3 ^(a)		
Closing Balance		2	...	215	188	6	...	223	188	188	

(a) These adjustments have been made due to information becoming available after the release of 2020-21 Total State Sector Accounts.

Total State Sector

	Note	Derivative Assets - Held for Trading		Derivative Assets - Designated and Effective Hedging Instruments		Interest Bearing Securities		Managed Funds and Other Investments		Other Equity Instruments		Total Recurring Level 3 Fair Value			
		9		9		9		9		11		2021-22		2020-21	
		2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
							Restated ^(a)		Restated ^(a)		Restated ^(a)		Restated ^(a)		
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m		
Financial Assets															
Opening Balance		65	423	4,628	4,133	...	140	4,693	4,696		
Opening Balance Adjustments ^(a)		1	...	...	...	110	(381)	(354)	(684)	4	(140)	(239)	(1,205)
Gains or Loss Recognised in Other Economic Flows															
Included in the Operating Result ^(a)		2	...	2	...	(13)	(4)	896	167	8	...	895	163		
Included in Other Comprehensive Income			
Purchases ^(a)		1	...	...	...	6	26	2,784	1,013	11	...	2,802	1,039
Sales / Settlements ^(a)		(1)	...	(368)	(2)	...	...	(369)	(2)		
Transfers into Level 3		121	1	268	...	...	...	389	1		
Transfers out of Level 3			
Closing Balance		4	...	2	...	288	65	7,853	4,628	23	...	8,170	4,693		

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

Note	Bonds and Other Borrowings Issued by TCorp		Interests in TCorpIM Funds of Investors Not Controlled by the State		Total Recurring Level 3 Fair Value	
	2022	2021	2022	2021	2022	2021
				Restated ^(a)		Restated ^(a)
	\$m	\$m			\$m	\$m
Financial Liabilities						
Opening Balance ^(a)	1,300	1,134	1,492	1,124	2,792	2,258
Gains or Loss Recognised in Other Economic Flows						
Included in the Operating Result ^(a)	(350)	(117)	223	(55)	(127)	(172)
Purchases ^(a)	...	301	1,041	423	1,041	724
Sales / Settlements ^(a)	...	(17)	(420)	(0)	(420)	(17)
Transfers out of Level 3 ^(a)	...	...	(0)	...	(0)	...
Closing Balance	950	1,300	2,335	1,492	3,285	2,792

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

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 2021-22 financial year totalled nil (2020-21: Nil) for the General Government Sector and \$389 million (2020-21: \$1 million) for the Total State Sector. Transfers out of level 3 of the fair value hierarchy for the 2021-22 financial year totalled nil for both the General Government Sector and Total State Sector (2020-21: Nil).

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
TCorpIM Funds (General Government Sector only), Managed funds and other investments (Note 9: Investments, Loans and Placements)	For the TSS, 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. GGS holding of units in TCorpIM Funds that hold unlisted infrastructure and property are also classified at level 3 in the fair value hierarchy.	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 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.

2021-22	Note	General Government Sector		Total State Sector	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$m	\$m	\$m	\$m
Financial Liabilities					
Borrowings at Amortised Cost					
	21	94,871	85,967	2,100	2,100
Total		94,871	85,967	2,100	2,100

2020-21	Note	General Government Sector		Total State Sector	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		Restated ^(a)	Restated ^(a)	Restated ^(a)	Restated ^(a)
		\$m	\$m	\$m	\$m
Financial Liabilities					
Borrowings at Amortised Cost					
	21	76,813	81,317	1,903	1,903
Total		76,813	81,317	1,903	1,903

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

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 2022 (2020-21: Nil).

Total State Sector

2021-22	Note	Effects of Offsetting on the Balance Sheet			Related Amounts Not Offset		
		Gross Amounts	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Amounts Subject to Master Netting Arrangements	Financial Instrument Collateral	Net Amount
		\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets							
Investments, Loans and Placements							
Financial Assets at Fair Value							
	9	823	(52)	771	(426)	(213)	132
Receivables							
	7	2,768	...	2,768	(9)	(25)	2,734
Total		3,591	(52)	3,538	(435)	(238)	2,866
Financial Liabilities							
Borrowings and Derivatives at Fair Value							
	20	(1,310)	52	(1,258)	426	197	(635)
Payables							
	19	(7,649)	...	7,649	9	614	(7,025)
Total		(8,959)	52	6,390	435	811	(7,660)

(a) Amounts offset as part of Receivables (Other) / Payables (Creditors & Other Accruals) relate to margin account amounts receivable / payable.

2020-21	Effects of Offsetting on the Balance Sheet			Related Amounts Not Offset			
	Note	Gross Amounts Restated ^(a)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position Restated ^(a)	Amounts Subject to Master Netting Arrangements Restated ^(a)	Financial Instrument Collateral Restated ^(a)	Net Amount Restated ^(a)
		\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets							
Investments, Loans and Placements							
Financial Assets at Fair Value							
Derivatives - Held for Trading ^(a)	9	642	(41)	601	(434)	(80)	87
Receivables							
Other ^{(a)(b)}	7	2,446	...	2,446	...	(7)	2,439
Total		3,088	(41)	3,047	(434)	(87)	2,526
Financial Liabilities							
Borrowings and Derivatives at Fair Value							
Derivatives - Held for Trading ^(a)	20	(1,158)	41	(1,117)	434	385	(299)
Payables							
Creditors & Other Accruals ^{(a)(b)}	19	6,867	...	6,867	0	0	6,867
Total		5,709	41	5,750	434	385	6,568

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Amounts offset as part of Receivables (Other) / Payables (Creditors & Other Accruals) relate to margin account amounts receivable / payable.

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 \$353 million (2020-21: \$282 million) and in the Total State Sector to the value of \$432 million (2020-21: \$311 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 \$423 million of collateral received under these arrangements at the reporting date (2020-21 Restated: \$342 million). The State paid \$187 million of collateral under these arrangements throughout the year (2020-21: \$385 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 short-term 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 Balances) 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	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Opening Balance at 1 July	216	201	249	230
Opening Balance Adjustments ^(a)	14	...	13	...
Amounts Written Off to the Net Operating Balance During the Year	(45)	(69)	(49)	(67)
Amounts Previously Provided for Recovered During the Year	7	9	7	8
Increase/(Decrease) in Allowance Recognised in Other Economic Flows - Operating Result	56	74	74	78
Closing Balance at 30 June^(b)	248	216	294	249

(a) These adjustments have been made due to information becoming available after the release of 2020-21 Total State Sector Accounts.

(b) 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 2021-22 financial year (2020-21: Nil impairment).

The State has assessed that leases receivable are not impaired at 30 June 2022 (2020-21: 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 2022										
Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Loss Allowance	Carrying Amount
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets at Carrying Amount										
Financial Assets at Fair Value										
Interest Bearing Securities	9	...	...	...	...	...	...	21	...	21
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	9	...	1,500	...	...	...	...	1	...	1,501
Other	9	...	...	...	...	...	...	590	...	590
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	10	...	...	...	...	...	...	1,199	(14)	1,185
		...	1,500	...	...	...	...	1,811	(14)	3,297

30 June 2021										
Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b) Restated ^(c)	Loss Allowance	Carrying Amount Restated ^(c)
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets at Carrying Amount										
Financial Assets at Fair Value										
Interest Bearing Securities	9	217	...	15	...	...	...	24	...	255
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	9	...	...	...	15	4	1	1	...	20
Other ^(a)	9	...	...	...	...	...	...	451	...	451
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	10	...	...	...	...	...	...	1,312	(14)	1,298
		217	...	15	15	4	1	1,788	(14)	2,024

(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.

(c) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

Total State Sector

30 June 2022										
Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Loss Allowance	Carrying Amount
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets at Carrying Amount										
Financial Assets at Fair Value										
Interest Bearing Securities	9	4,116	2,240	1,062	5,946	2,777	1,400	10,837	...	28,378
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	9	...	...	...	130	...	...	133	...	263
Other	9	...	...	...	...	...	...	127	...	127
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	10	...	...	...	...	...	...	908	(14)	894
		4,116	2,240	1,062	6,076	2,777	1,400	12,006	(14)	29,662

30 June 2021										
Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Loss Allowance	Carrying Amount
		\$m	\$m	\$m	Restated ^(c)	\$m	\$m	\$m	\$m	Restated ^(c)
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets at Carrying Amount										
Financial Assets at Fair Value										
Interest Bearing Securities ^(c)	9	5,686	1,333	769	4,528	2,725	1,579	12,121	...	28,743
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	9	...	38	...	75	4	1	49	...	167
Other	9	...	...	...	...	...	...	174	...	174
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	10	...	...	...	...	...	...	882	(14)	868
		5,686	1,371	769	4,603	2,729	1,580	13,226	(14)	29,952

(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.

(c) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

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 2021-22 financial year (2020-21: 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 2021-22 financial year (2020-21: \$14 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 2022 and as at 30 June 2021. However, refer to Note 31: 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

2021-22	Note	Contract maturity:			Nominal Amount ^(a)	Carrying Amount
		1 year or less	1 to 5 years	Over 5 years		
		\$m	\$m	\$m	\$m	\$m
Contractual Maturities of Financial Liabilities						
Non-Derivatives						
Deposits Held	18	335	18	...	353	353
Payables ^(b)	19	9,528	2	...	9,530	9,530
Advances Received		77	262	441	780	545
Borrowings						
Other Borrowings at Amortised Cost	21	6,241	32,293	73,182	111,716	94,871
Lease Liabilities	21	1,006	3,026	6,366	10,398	7,657
Service Concession Financial Liabilities	21	682	2,302	2,863	5,847	4,913
Total Non-Derivatives		17,869	37,903	82,851	138,624	117,868
Derivatives						
Derivative Liabilities ^(c)						
Held for Trading	20	14	...	...	14	14
Total Derivatives		14	...	...	14	14

2020-21	Note	Contract maturity:			Nominal Amount ^(a)	Carrying Amount
		1 year or less	1 to 5 years	Over 5 years		
		\$m	\$m	\$m	\$m	\$m
Contractual Maturities of Financial Liabilities						
Non-Derivatives						
Deposits Held	18	282	0	...	282	282
Payables ^{(b)(d)}	19	9,446	0	(0)	9,446	9,446
Advances Received		129	455	841	1,425	625
Borrowings						
Other Borrowings at Amortised Cost ^(d)	21	3,014	27,828	60,274	91,116	76,813
Lease Liabilities	21	940	2,864	5,745	9,549	7,117
Service Concession Financial Liabilities	21	1,987	2,218	3,495	7,700	6,557
Total Non-Derivatives		15,798	33,365	70,355	119,518	100,842
Derivatives						
Derivative Liabilities ^(c)						
Held for Trading	20	29	67	170	266	212
Total Derivatives		29	67	170	266	212

(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 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) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

Total State Sector

2021-22	Note	Contract maturity:			Nominal Amount ^(a)	Carrying Amount
		1 year or less	1 to 5 years	Over 5 years		
		\$m	\$m	\$m		
Contractual Maturities of Financial Liabilities						
Non-Derivatives						
Deposits Held	18	414	18	...	432	432
Payables ^(b)	19	10,700	2	...	10,702	10,702
Advances Received		77	262	441	780	545
Borrowings						
Bonds and Other Borrowings Issued By TCorp	20	19,575	47,797	81,307	148,679	120,931
Other Borrowings at Amortised Cost	21	145	1,589	2,441	4,175	2,100
Lease Liabilities	21	1,298	4,048	10,292	15,638	10,165
Service Concession Financial Liabilities	21	815	2,860	4,008	7,683	6,404
Other Liabilities						
Interests in TCorpIM Funds of Investors Not Controlled by the State	25	14,791	...	...	14,791	14,791
Total Non-Derivatives		47,816	56,576	98,489	202,881	166,070
Derivatives						
Derivative Liabilities ^(c)						
Held for Trading	20	791	491	798	2,081	1,258
Designated and Effective Hedging Instruments	20	0	...	...	0	0
Total Derivatives		791	491	798	2,081	1,258

2020-21	Note	Contract maturity:			Nominal Amount ^(a)	Carrying Amount
		1 year or less	1 to 5 years	Over 5 years		
		Restated ^(d)	Restated ^(d)	Restated ^(d)		
Contractual Maturities of Financial Liabilities						
Non-Derivatives						
Deposits Held	18	311	0	...	311	311
Payables ^{(b)(d)}	19	10,690	0	(0)	10,690	10,690
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 ^{(b)(d)}	21	224	1,034	2,935	4,193	1,903
Lease Liabilities	21	1,238	3,882	9,960	15,081	9,727
Service Concessions 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 ^(d)	25	7,577	...	...	7,577	7,577
Total Non-Derivatives		37,223	51,188	84,909	173,322	152,703
Derivatives						
Derivative Liabilities ^(c)						
Held for Trading ^(d)	20	445	534	964	1,943	1,117
Designated and Effective Hedging Instruments	20	...	...	...	...	0
Total Derivatives		445	534	964	1,943	1,117

(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 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) Refer to Note 33: 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 2022, the maximum potential loss for the Total State Sector expected over a 10-day period is \$2.9 million (2020-21: \$6.0 million), with a one per cent probability that this maximum may be exceeded. The average VaR over the year ended 30 June 2022 was \$5.7 million (2020-21: \$10.3 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

	2021-22		2020-21	
	-1%	1%	-1%	1%
			Restated ^(a)	Restated ^(a)
	\$m	\$m	\$m	\$m
Operating Result ^(a)	(610)	610	(407)	407
Net Worth ^(a)	(610)	610	(407)	407

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

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.

2021-22	General		Total	
	Government Sector		State Sector	
	-1%	1%	-1%	1%
	\$m	\$m	\$m	\$m
Operating Result	(53)	53	(95)	95
Net Worth	(53)	53	(95)	95

2020-21	General		Total	
	Government Sector		State Sector	
	-1%	1%	-1%	1%
	Restated ^(a)	Restated ^(a)	Restated ^(a)	Restated ^(a)
\$m	\$m	\$m	\$m	
Operating Result ^(a)	(41)	41	(88)	88
Net Worth ^(a)	(41)	41	(88)	88

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

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: Investments, Loans and Placements) and other equity investments (Note 11: Equity Investments). 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 (2020-21: 10 per cent) movement in price to the 'operating result' and 'net worth' of the Total State Sector.

Total State Sector

	2021-22		2020-21	
	-10%	+10%	-10%	+10%
	\$m	\$m	\$m	\$m
Operating Result ^(a)	(4,759)	4,759	(3,988)	3,988
Net Worth ^(a)	(4,759)	4,759	(3,988)	3,988

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	
			2021-22 \$m	2020-21 \$m
Cash Fund	Cash, Money Market Instruments	Up to 1.5 years	5	218
Short Term Income Fund	Cash, Money Market Instruments, Australian Government Debt, Australian Corporate Debt and International Corporate Debt	1.5 years to 3 years	37	273
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	791	770
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	1,863	1,395
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	197	223
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	11,738	12,803
Australian Share Fund	Listed Australian Equities	5 years and over	67	138
Developed Markets Equities (Sovereign Investor - Hedged) Fund	Developed Market Equities	5 years and over	230	281
Emerging Market Shares Fund	Emerging Market Shares	5 years and over	50	69
Unlisted Property Fund	Retail, Office and Industrial Property Assets	10 years and over	139	121
Unlisted Infrastructure Fund	Unlisted Managed Investment Funds	10 years and over	74	65
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	8,846	12,028
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	2,041	2,054
Alternatives Risk Premium Fund	Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, and Derivatives	5 years and over	...	21
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	1,514	1,659
Opportunistic Fund B	High Yield Corporate Debt	2 years to 3 years	3	0
Opportunistic Fund C	Global Property	4 years and over	2	2
Bank Loan Fund	Global Bank Loans	5 years and over	52	61
Emerging Market Debt Fund	Emerging Market Government and Corporate Bonds	5 years and over	55	66

Trust	Investment Sectors	Investment Horizon	General Government Sector	
			2021-22	2020-21
			\$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	14,709	15,171
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
Liquidity Cash Fund	Cash, Money Market Instruments and Australian Government Debt and Australian Corporate Debt	Up to 1.5 years	47	80
Core Alternatives Fund	Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, and Derivatives	5 years and over	43	43
Snowy Hydro Legacy 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	1,552	...
Global Credit Fund	Investment Grade Corporate Debt	5 years and over	16	...
High Yield Fund	High Yield Corporate Debt	5 years and over	22	...
Australian Bond Fund	Australian Government & Semi-Government Debt	3 years and over	190	...
Defensive Alternatives Fund	Money Market Instruments, Developed Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, and Derivatives	5 years and over	43	...
Direct Investment Fund N	Global Property	10 years and over	5	...
GGs Total TCorpIM Funds^(a)			44,328	47,550

(a) The General Government Sector unit holdings in TCorpIM Funds of \$44.3 billion (2020-21: \$47.5 billion) comprises of TCorpIM Cash Funds of \$5 million (2020-21: \$212 million) presented in Note 6: Cash and Cash Equivalents and \$44.3 billion (2020-21: \$47.3 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 (2020-21: 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	
	2021-22	2020-21	2021-22	2020-21
	%	%	\$m	\$m
Cash Fund	+/-10.0%	+/-10.0%	0	22
Short Term Income Fund	+/-10.0%	+/-10.0%	4	27
Medium Term Growth Fund	+/-10.0%	+/-10.0%	79	77
Long Term Growth Fund	+/-10.0%	+/-10.0%	186	140
Insurers' Guarantee Fund Investment Trust	+/-10.0%	+/-10.0%	20	22
Treasury Managed Fund Investment Portfolio	+/-10.0%	+/-10.0%	1,174	1,280
Australian Share Fund	+/-10.0%	+/-10.0%	7	14
Developed Markets Equities (Sovereign Investor - Hedged) Fund	+/-10.0%	+/-10.0%	23	28
Emerging Market Shares Fund	+/-10.0%	+/-10.0%	5	7
Unlisted Property Fund	+/-10.0%	+/-10.0%	14	12
Unlisted Infrastructure Fund	+/-10.0%	+/-10.0%	7	6
NSW Infrastructure Future Fund	+/-10.0%	+/-10.0%	885	1,203
Long Service Corporation Investment Fund	+/-10.0%	+/-10.0%	204	205
Alternatives Risk Premium Fund	+/-10.0%	+/-10.0%	...	2
Social and Affordable Housing Fund Investment Trust	+/-10.0%	+/-10.0%	151	166
Opportunistic Fund B	+/-10.0%	+/-10.0%	0	0
Opportunistic Fund C	+/-10.0%	+/-10.0%	0	0
Bank Loan Fund	+/-10.0%	+/-10.0%	5	6
Emerging Market Debt Fund	+/-10.0%	+/-10.0%	6	7
NSW Generations (Debt Retirement) Fund Investment Trust	+/-10.0%	+/-10.0%	1,471	1,517
Absolute Return Multi Asset Class Fund	+/-10.0%	+/-10.0%	...	1
Liquidity Cash Fund	+/-10.0%	+/-10.0%	5	8
Core Alternatives Funds	+/-10.0%	+/-10.0%	4	4
Snowy Hydro Legacy Fund	+/-10.0%	+/-10.0%	155	...
Global Credit Fund	+/-10.0%	+/-10.0%	2	...
High Yield Fund	+/-10.0%	+/-10.0%	2	...
Australian Bond Fund	+/-10.0%	+/-10.0%	19	...
Defensive Alternatives Fund	+/-10.0%	+/-10.0%	4	...
Direct Investment Fund N	+/-10.0%	+/-10.0%	1	...
Total			4,434	4,755

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

	2021-22		2020-21 Restated ^(a)	
	-10%	10%	-10%	10%
	\$m	\$m	\$m	\$m
Operating Result	(98)	98	(34)	34
Net Worth	(98)	98	(34)	34

(a) Refer to Note 33: Restatement / Corrections to Prior Year Comparatives, for details of corrections to prior period.

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 NSW government agencies 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	
	2021-22	2020-21	2021-22	2020-21
	Contract Value AUD (\$m)	Contract Value AUD (\$m)	Contract Value AUD (\$m)	Contract Value AUD (\$m)
US Dollars	76	45	48	72
Euro	14	6	13	12
Other	7	...	5	0
Total	97	51	66	84

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. The General Government Sector and Total State Sector have entered into various risk management and hedging arrangements to manage these risks.

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, \$392 million (2020-21: \$396 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		Total	
	Government Sector		State Sector	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Trust Funds:				
NSW Trustee and Guardian ^{(a)(b)}	3,376	3,455	3,376	3,455
Rental Bond Board ^(a)	1,793	1,714	1,793	1,714
State Insurance Regulatory Authority	1,613	1,546	1,613	1,546
The Treasury ^{(a)(c)}	...	239	...	26
Biodiversity Conservation Trust of NSW	192	176	192	176
Department of Regional NSW	217	109	217	109
Department of Customer Service ^(c)	314	71	104	71
Department of Communities and Justice	70	55	70	55
Ministry of Health ^(a)	65	70	65	70
NSW Police Force ^(d)	64	42	64	42
Sydney Metro ^(d)	51	2	51	2
Other ^{(a)(e)}	66	60	66	60
	7,821	7,539	7,611	7,326

- (a) There have been restatements of the 2021 balances to reflect revised information available after the release of the 2020-21 Total State Sector Accounts.
- (b) The Trust balances exclude certain property assets administered by NSW Trustee and Guardian as they cannot be reliably measured.
- (c) The administration of Retail Lease Security Bond from The Treasury has been transferred to the Department of Customer Service as a result of the administrative restructure on 1 April 2022.
- (d) These agencies were included in 'Other' in the 2020-21 TSSA.
- (e) Other trust funds include balances under the management of the Transport for NSW, Department of Planning and Environment and Planning Ministerial Corporation.

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	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	5,178	1,251	85	6,513
Additions	1,127	327	48	1,502
Disposals	(110)	(1)	(2)	(113)
Net Impairment Recognised In the Operating Result	(7)	...	...	(7)
Depreciation Expense ^(a)	(556)	(293)	(9)	(858)
Other Movements	136	0	...	136
Net Carrying Amount at End of Year	5,768	1,284	122	7,174

(a) 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	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
Year Ended 30 June 2021				
Net Carrying Amount at Start of Year	5,542	1,298	...	6,838
Additions	490	247	26	763
Disposals	(33)	(4)	...	(37)
Net Impairment Recognised In the Operating Result	(210)	(0)	...	(210)
Depreciation Expense ^(a)	(585)	(278)	(7)	(870)
Other Movements	(26)	(11)	66	30
Net Carrying Amount at End of Year	5,178	1,251	85	6,513

(a) Depreciation amounts included in the above reconciliation differ from depreciation expenses disclosed in Note 3: Expenses due to the capitalisation of depreciation expense on right-of-use assets used for the construction of property, plant and equipment.

Total State Sector

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	5,851	3,079	243	9,173
Additions	1,272	356	48	1,677
Disposals	(121)	(2)	(2)	(126)
Net Impairment Recognised In the Operating Result	(8)	...	...	(8)
Depreciation Expense ^(a)	(649)	(396)	(25)	(1,070)
Other Movements	49	(47)	7	9
Net Carrying Amount at End of Year	6,395	2,989	271	9,655

(a) 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	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
Year Ended 30 June 2021				
Net Carrying Amount at Start of Year	6,299	3,212	172	9,684
Additions	500	257	26	783
Disposals	(32)	(7)	...	(39)
Net Impairment Recognised In the Operating Result	(213)	0	...	(213)
Depreciation Expense ^(a)	(681)	(382)	(22)	(1,085)
Other Movements	(22)	(2)	67	43
Net Carrying Amount at End of Year	5,851	3,079	243	9,173

(a) Depreciation amounts included in the above reconciliation differ from depreciation expenses disclosed in Note 3: Expenses due to the capitalisation of depreciation expense 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		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Lease Liabilities				
Current	808	830	910	945
Non-current	6,849	6,288	9,254	8,782
	7,657	7,117	10,165	9,727

The total cash outflow for leases is \$1,483 million (2020-21: \$1,420 million) for the General Government Sector and \$1,835 million (2020-21: \$1,787 million) for the Total State Sector.

Potential undiscounted future cash outflows relating to extension and termination options of \$1,566 million (2020-21: \$1,085 million) for the General Government Sector and \$1,589 million (2020-21: \$1,093 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 \$62 million (2020-21: \$22 million) for the General Government Sector and \$65 million (2020-21: \$24 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 2022. 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 2022 (2020-21: 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 2022 reporting date.

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Finance Leases Receivable	1,507	1,320	1,723	1,516
	1,507	1,320	1,723	1,516
Future Minimum Lease Receipts Under Non-Cancellable Finance Leases:				
Less Than One Year	36	55	50	70
One to Two Years	67	49	64	45
Two to Three Years	27	39	24	30
Three to Four Years	27	39	22	29
Four to Five Years	421	404	416	395
More Than Five Years	4,277	3,908	10,046	9,711
Total	4,855	4,494	10,624	10,281
Unguaranteed Residual Values - Undiscounted	213,353	218,726	266,883	272,257
(Less) Unearned Finance Income ^(a)	(216,701)	(221,900)	(275,784)	(281,021)
Net Investment In Finance Leases	1,507	1,320	1,723	1,516

(a) Unearned finance income relates to future non-cancellable minimum lease receipts and the unguaranteed residual values.

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 \$285 million (2020-21: \$266 million) for the General Government Sector and \$403 million (2020-21: \$376 million) for the Total State Sector, and in electricity network assets amounted to \$236 million (2020-21: \$236 million) for the General Government Sector and Total State Sector in 2021-22.

Operating Leases

Future minimum lease payments receivable (undiscounted) under AASB 16 non-cancellable operating leases as at 30 June 2022 are as follows:

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Future Minimum Lease Receipts Under Non-Cancellable Operating Leases:				
Not Later Than One Year	177	190	1,010	1,013
One to Two Years	134	156	959	977
Two to Three Years	120	122	934	949
Three to Four Years	114	121	936	955
Four to Five Years	98	102	891	905
More Than Five Years	1,049	1,597	6,211	6,694
Total	1,693	2,288	10,941	11,494

Refer to Note 2: Revenue for operating lease income amounts recognised throughout the reporting period.

Note 29: 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.

Further details regarding the fair value measurement of investment property are disclosed in Note 14: Property, Plant and Equipment.

	General Government Sector		Total State Sector	
	2021-22	2020-21	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Opening balance as at 1 July – fair value	1,621	676
Corrections to Prior Periods ^(a)	515
Restated Opening balance as at 1 July – fair value	1,621	1,192
Additions ^(a)	266	379
Disposals and assets held for sale	(36)	(37)
Net gain / (loss) from fair value adjustment ^(a)	126	118
Other	(237)	(30)
Closing balance as at 30 June – fair value	1,741	1,621

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The following amounts have been recognised in the net result for the year:

	General Government Sector		Total State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Rental income	72	93
Direct operating expenses arising from investment properties that generated rental income	(6)	(5)
Direct operating expenses that did not generate rental income	(0)	(1)
	66	87

Note 30: Expenditure Commitments

The following information represents expenditure contracted for at the reporting date, but not recognised in the financial statements.

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Capital Expenditure (including expenditure for private sector financed infrastructure assets):				
Transport for NSW ^(a)	9,794	9,682	9,719	9,578
Sydney Metro ^(b)	8,265	5,071	8,259	5,071
Sydney Water Corporation	...	...	2,117	1,355
Ministry of Health ^(c)	2,265	1,346	2,265	1,346
Department of Education	1,345	1,160	1,345	1,159
Infrastructure NSW	465	846	465	846
New South Wales Land and Housing Corporation	...	...	365	292
TAFE Commission	88	142	88	142
Water NSW	...	...	93	138
Regional Growth NSW Development Corporation	118	117	118	117
New South Wales Government Telecommunications Authority	163	103	163	103
Essential Energy	...	...	48	76
Sydney Opera House Trust	...	...	49	70
Hunter Water Corporation	...	...	101	66
Department of Communities and Justice	60	48	60	48
Newcastle Port Corporation	...	...	33	44
Sydney Ferries	...	...	61	42
Aboriginal Housing Office	31	42	31	41
Department of Customer Service	36	30	36	30
NSW Police Force	169	28	169	28
Fire and Rescue NSW ^(d)	45	26	45	26
Sydney Olympic Park Authority ^(d)	22	8	22	8
Place Management NSW ^(d)	...	...	48	10
Zoological Parks Board of New South Wales ^(d)	...	...	31	15
Other	116	112	152	112
	22,984	18,760	25,882	20,765
Goods and Services Tax (GST) on Commitments^(e):				
GST Input Tax Credits Included in the Above Capital Expenditure Commitments	2,089	1,705	2,320	1,861
	2,089	1,705	2,320	1,861
Capital Expenditure Commitments:				
Not Later Than One Year	14,529	11,047	16,205	12,236
Later Than One Year and Not Later Than Five Years	8,321	7,674	9,463	8,401
Later Than Five Years	134	39	213	127
	22,984	18,760	25,882	20,765

- (a) Transport for NSW's capital commitments include M6 Stage 1 (\$1.9 billion), Western harbour tunnel (\$1.1 billion), Sydney Gateway projects (\$0.9 billion) and Rozelle interchange western harbour (\$0.5 billion).
- (b) Sydney Metro's capital commitments include City and Southwest project (\$1.9 billion), Metro West project (\$3.9 billion) and Western Sydney Airport project (\$2.5 billion).
- (c) Ministry of Health's capital commitments predominately relate to the Liverpool Health and Academic Precinct (\$446 million), Children's Hospital at Westmead Stage 2 Development (\$396 million), Sydney Children's Hospital Randwick Stage 1 - Comprehensive Children's Cancer Centre (\$387 million), Tweed Hospital and Integrated Ambulatory Services Redevelopment (\$206 million) and Griffith Hospital Redevelopment Stage One (\$124 million) capital projects.
- (d) These agencies were included in 'Other' in the 2020-21 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 31: 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		State Sector	
	2021-22	2020-21	2021-22	2020-21
	\$m	\$m	\$m	\$m
Roads Retained Interest Pty Ltd ^(a) (Equity Commitment Deed)	...	227	...	227
Transport for NSW ^(b) (Land acquisitions, contractual disputes)	539	578	539	578
Department of Communities and Justice ^(c) (Victims Support Scheme, current litigation)	1,072	998	1,072	998
Other Agencies	191	177	206	184
	1,802	1,980	1,817	1,987

- (a) Upon completion of the WestConnex sale, the Corporation's obligation to make capital contributions (under an Equity Commitment Deed) was novated to STP with effect from the completion date, thereby releasing the Corporation from making further capital contribution obligations, hence there is no contingent liability in the current year.
- (b) Transport for NSW has several contractual disputes with an estimated total contingent liability of \$378 million (2020-21: \$450 million) and an estimated \$161 million (2020-21: \$128 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.
- (c) 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 for child sexual assault could reasonably lie within the range of \$549 million to \$1,071 million (2020-21: \$493 million to \$997 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	The State has a contingent liability under the <i>Native Title Act 1993 (Cth)</i> . 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 <i>Native Title Act 1993 (Cth)</i> , however it is not possible to reliably estimate the State's liability in respect of these and any future claims. At 30 June 2022, 669,014 hectares (2021: 768,739 hectares) of operational timber reserves were subject to claims under the <i>Native Title Act</i> . The impact of these claims cannot be quantified at this time.
Aboriginal Land Claims	The assets of the State in the form of reserved Crown land may be reduced in value by operation of the <i>Aboriginal Land Rights Act 1983 (NSW)</i> . Applications may result in land being transferred for no consideration. The State has approximately 38,385 Aboriginal Land Claims (ALC) to review (2020-21: 38,095). As at 30 June 2022, 720 ALCs were resolved (2020-21: 467). 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	There are a number of significant disputes which have been notified to and by Transport for NSW in relation to its activities. <ul style="list-style-type: none"> 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. 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. 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.
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.
Natural Disaster Events	An inspection program to estimate the damage to physical assets and repairs/clean up works as a result of March 2022 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 \$124.2 billion (2020-21: \$116.8 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 \$977.7million (2020-21: \$942.1 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 \$53.9 million (2020-21: \$54.8 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 2022 is \$14.9 million (2020-21: \$17.4 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> <p><i>Ash dam liability</i></p> <p>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.</p>
Vales Point Power Station, Colongra Power Station and Macquarie Generation – Guarantees and Indemnities	<p>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:</p> <p><i>Vales Point Hand Back Deed</i></p> <p>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.</p> <p><i>Land remediation indemnity</i></p> <p>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.</p> <p><i>Barnard River Scheme native title indemnity</i></p> <p>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.</p>

Warranties, Guarantees and Indemnities

Contracts with Private Sector Parties	<p>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:</p> <ul style="list-style-type: none"> - 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	<p>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.</p>

Warranties, Guarantees and Indemnities

Deeds of Indemnity – State Owned Corporation Directors and Senior Management	<p>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).</p> <p>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:</p> <ul style="list-style-type: none"> • 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 • 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. <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
Transactions related to facilities at Port Kembla, Port Botany, Enfield, and the Port of Newcastle.	<p>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.</p>
Guarantees of Energy Distributors	<p>State owned electricity distributors have provided guarantees to regulatory and statutory authorities to the value of \$20.0 million (2020-21: \$19.7 million).</p>
Contaminated Land	<p>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 being prepared for sites that require remediation. The final remediation costs of the impacted properties owned by the State remain uncertain.</p>
Sydney Football Stadium	<p>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 Sydney Football 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.</p>
Myuna Bay Sport and Recreation Centre	<p>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 \$9.9 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. On 3 June 2022 an agreement for a compensation payment of \$47 million was executed between Office of Sport and Origin Energy.</p>

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 \$6.9 million (2020-21: \$7.4 million) and the long-term leases at \$21.8 million (2020-21: \$22.5 million).
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Note 32: Events after the Reporting Period

No events have occurred after the balance date that would have a material impact on the State's finances. The COVID-19 pandemic is still ongoing which may impact operations of some agencies but does not create additional impacts on the operating result or carrying amounts of the assets and liabilities as at 30 June 2022.

Note 33: Restatement/Corrections to Prior Years

(a) Sydney Metro - Infrastructure assets

As part of the comprehensive revaluation conducted as at 31 March 2022 for Sydney Metro Northwest rail assets, it was identified that certain assets located at the Sydney Metro Stabling Facility at Tallawong were handed over to the operator in 2018-19 and had been recorded at fair value as part of the 2018-19 comprehensive revaluation of the Northwest infrastructure assets. These assets were also reflected in the City and Southwest Rail Systems assets under construction in 2018-19, which resulted in a duplication. This required an adjustment in the comparative 2020-21 balances by restating the balances at 1 July 2020 with a decrease to infrastructure systems assets of \$51 million and a corresponding decrease to revaluation reserve at that date.

(b) Sydney Metro - Valuation of Assets Under Construction

In accordance with the updated TPP 21-09 Valuation of Physical Non-Current Assets at Fair Value, Sydney Metro carried out a fair value assessment of its assets under construction for its metro projects that occur over a number of years. Those assets under construction were historically recorded at cost which was a proxy for fair value however due to recent increases in key cost inputs such as materials and labour costs, along with decreases in value of land that reflects its new restricted use, the fair values changed substantially. As a result of the fair value assessment, adjustments have been made by restating the comparative 2020-21 balances as follows:

The impact of the restatement on 1 July 2020 on the Statement of Financial Position:

- An increase to land and buildings asset class of \$721 million.
- A decrease to infrastructure systems asset class of \$825 million.
- A decrease to accumulated funds of \$527 million.
- An increase to reserves of \$424 million.

The impact of the restatement on 30 June 2021 on the Statement of Financial Position:

- An increase to land and buildings asset class of \$897 million.
- A decrease to infrastructure systems asset class of \$2,253 million
- A decrease to accumulated funds of \$1,866 million.
- An increase to reserves of \$510 million.

The impact of the restatement on the Statement of Comprehensive Income for the financial year ended 30 June 2021:

- An increase to depreciation expense of \$1 million.
- A loss of \$1,338 million from fair value decrement through profit and loss.
- A gain of \$87 million from fair value increment through other comprehensive income.

(c) 2020-21 Commonwealth Grants incorrectly classified

An amount of \$1,143 million was incorrectly classified as Commonwealth Specific Purpose Payments in 2020-21. The 2020-21 figure has been restated to show the correct classification and split, being Commonwealth National Partnership Payments of \$1,116 million and Other Grants and Subsidies of \$27 million. The impact on Total Revenue from Transactions is nil.

(d) Impact of IFRIC decision on cloud based computer costs - Department of Communities and Justice

Department of Communities and Justice continued with the assessment on its remaining cloud computing arrangements from 2020-21 in accordance with the International Financial Reporting Standards Interpretations Committee (IFRIC) agenda decision on accounting for cloud computing arrangements. As a result of the assessment, additional cloud computing arrangements were identified which do not meet the definition of intangible assets for the platform, configuration and customisation costs and were historically been capitalised as intangible assets.

An adjustment has been made by restating the balances at 1 July 2020 with a decrease of \$106 million to intangible assets and a corresponding decrease to accumulated funds.

The cumulative impact of the restatement on 30 June 2021 on the Statement of Financial Position is a decrease of \$119 million to intangible assets with a corresponding decrease to accumulated funds.

The impact of the restatement on 30 June 2021 on the Statement of Comprehensive Income is an increase to other operating expense of \$40 million and a decrease to amortisation expense of \$27 million.

(e) Regional Rail accounting classification - Transport for NSW (TfNSW) and Transport Asset Holding Entity of New South Wales (TAHE)

Comparative 2020-21 balances were reclassified to appropriately reflect the asset and liability balances relating to Regional Rail construction costs. \$355 million owed to the vendor upon completion was reclassified from payables to borrowings at amortised cost in the General Government Sector and the Total State Sector. Further, \$355 million due from TAHE to TfNSW was reclassified from receivables to other financial assets in the General Government Sector. However this asset classification was eliminated with no impact on the Total State Sector.

(f) Accounting for investments in the TCorpIM Funds

In the current year, the State has reviewed its accounting for investments in the TCorpIM Funds. It was identified that:

- Following a reassessment of control under AASB 10 Consolidated Financial Statements (AASB 10), a number of TCorpIM Funds were assessed as not controlled by the State. Adjustments have been made by restating the comparative 2020-21 balances to no longer consolidate these Funds into the Total State Sector, instead recognising the State's investment in these non-controlled TCorpIM Funds as financial assets measured at fair value through profit and loss. This resulted in a reduction of \$445 million at 1 July 2020 and \$6,863 million at 30 June 2021 to assets and corresponding decrease to liabilities, mostly representing the interests in TCorpIM Funds of investors not controlled by the State.
- Distributions received by NSW Government agencies from the controlled TCorpIM Funds were previously presented as "Other Dividends and Distributions" in "Revenue from Transactions" in the Total State Sector, in the same way distributions are presented by the General Government Sector, rather than recognising the income and expenses of the controlled TCorpIM Funds in accordance with AASB 10. Adjustments have been made to restate the comparative 2020-21 Statement of Comprehensive Income. This resulted in a decrease of \$1,594 million to Net operating balance (net result from transactions) and corresponding increase to Other economic flows - included in operating result.
- Certain TCorpIM funds controlled by the State, have either control, joint control or significant influence over the entities in which they invest. Accordingly, these investments held by these TCorpIM Funds should have been consolidated, accounted for under the equity method of accounting or accounted for as an investment in joint operation in the Total State Sector, rather than presented as financial assets. Adjustments have been made to restate the 2020-21 comparatives and the opening balances at 1 July 2020, to reflect this accounting.

The adjustments to account for investments held by TCorpIM Funds in associates using the equity method resulted in:

- a reclassification of \$301 million at 1 July 2020 and \$317 million at 30 June 2021 from financial assets at fair value to equity investments in associates in the Statement of Financial Position, and a reclassification of \$8 million at 30 June 2021 from other net gains/(losses) to share of earnings/(losses) from equity investments in the Other economic flows – included in operating result.

The adjustments to account for investments held by TCorpIM Funds consolidated or in joint operation resulted in:

- A reduction of \$720 million at 1 July 2020 and \$1,097 million at 30 June 2021 to financial assets at fair value as this is now reclassified to the appropriate underlying asset or liability.
- The reclassification resulted in an increase of \$1,173 million at 1 July 2020 and \$1,662 million at 30 June 2021 to non-financial assets, an increase of \$470 million at 1 July 2020 and \$639 million at 30 June 2021 to liabilities, an increase of \$17 million at 1 July 2020 and \$74 million at 30 June 2021 to other financial assets.
- Additionally there was a decrease of \$18 million at 1 July 2020 to accumulated funds, an increase of \$18 million at 1 July 2020 and \$278 million at 30 June 2021 to reserves, a decrease of \$27 million to Net operating balance (net result from transactions) and a decrease of \$233 million to Other economic flows – included in operating result at 30 June 2021.

These adjustments did not have a net impact on the 2020-21 total comprehensive income and opening net worth at 1 July 2020 for both the General Government Sector and Total State Sector.

Consolidated Statement of Comprehensive Income (Extract)

For the Financial Year Ended 30 June 2021		General Government Sector			Total State Sector		
		2020-21	Adjustment	2020-21	2020-21	Adjustment	2020-21
		Published		Restated	Published		Restated
				for			for
		\$m	\$m	\$m	\$m	\$m	\$m
FROM CONTINUING OPERATIONS		Note					
Revenue from Transactions							
Grants and Subsidies							
Commonwealth Specific Purpose Payments	(c)	11,999	(1,143)	10,856	11,999	(1,143)	10,856
Commonwealth National Partnership Payments	(c)	3,618	1,116	4,733	3,618	1,116	4,733
Other Grants and Subsidies	(c)	1,132	27	1,159	1,080	27	1,107
Sale of Goods and Services	(f)	9,949	...	9,949	13,852	50	13,902
Interest	(f)	307	...	307	483	391	874
Other Dividends and Distributions	(f)	2,570	...	2,570	2,854	(1,655)	1,199
Total Revenue from Transactions		87,965	...	87,965	91,772	(1,214)	90,558
Expenses from Transactions							
Depreciation and Amortisation	(b)(d)(f)	6,930	(26)	6,904	10,332	5	10,336
Interest	(f)	2,199	...	2,199	3,032	14	3,046
Other Operating Expenses	(d)(f)	24,560	40	24,600	27,450	404	27,854
Total Expenses from Transactions		95,038	14	95,052	100,521	422	100,943
Transactions from Discontinuing Operations							
	
NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)							
		(7,072)	(14)	(7,087)	(8,749)	(1,636)	(10,385)
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT							
Gain/(Loss) from Other Liabilities	(f)	495	...	495	306	(1,080)	(774)
Other Net Gains/(Losses)	(b)(f)	2,085	(1,338)	747	4,795	1,096	5,891
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	(f)	(82)	...	(82)	(82)	8	(74)
Other Economic Flows - included in Operating Result		2,649	(1,338)	1,311	5,006	24	5,030
OPERATING RESULT		(4,423)	(1,352)	(5,775)	(3,743)	(1,612)	(5,355)
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME							
<i>Items that will not be reclassified to operating result</i>							
Revaluations	(b)(f)	3,948	87	4,035	(14,357)	348	(14,009)
Other	(f)	227	...	227	297	0	297
Other Economic Flows - Other Comprehensive Income		346	87	433	(334)	348	13
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS							
		(4,077)	(1,265)	(5,343)	(4,077)	(1,265)	(5,343)
KEY FISCAL AGGREGATES							
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS							
		(4,077)	(1,265)	(5,343)	(4,077)	(1,265)	(5,343)
Less: Net Other Economic Flows		(2,995)	1,251	(1,744)	(4,672)	(371)	(5,043)
NET OPERATING BALANCE		(7,072)	(14)	(7,087)	(8,749)	(1,637)	(10,385)
Less: Net Acquisition of Non-Financial Assets							
Purchases of Non-Financial Assets	(d)(f)	17,775	(40)	17,735	23,395	326	23,722
Less: Depreciation and Amortisation	(b)(d)(f)	(6,930)	26	(6,904)	(10,332)	(5)	(10,336)
Equals Total Net Acquisition of Non-Financial Assets		14,345	(14)	14,331	16,389	322	16,711
EQUALS: NET LENDING/(BORROWING)		(21,418)	...	(21,418)	(25,138)	(1,958)	(27,095)

Consolidated Statement of Financial Position (Extract)

As at 30 June 2021

30 June 2021	General Government Sector			Total State Sector			
	Note	30 June 2021 Published \$m	Adjustment \$m	30 June 2021 Restated for Corrections \$m	30 June 2021 Published \$m	Adjustment \$m	30 June 2021 Restated for Corrections \$m
ASSETS							
Financial Assets							
Cash and Cash Equivalent Assets	(f)	3,781	...	3,781	9,198	(154)	9,044
Receivables	(e)(f)	12,567	(355)	12,212	11,977	(85)	11,892
Investments, Loans and Placements							
Financial Assets at Fair Value	(f)	47,662	...	47,662	52,444	(4,634)	47,810
Other Financial Assets	(e)(f)	1,436	355	1,791	1,783	74	1,857
Equity Investments							
Investments in Associates	(f)	13,358	...	13,358	13,358	317	13,674
Other Equity Investments	(f)	5	...	5	25,629	(3,404)	22,224
Total Financial Assets		168,211	...	168,211	115,256	(7,886)	107,370
Non-Financial Assets							
Investment Properties	(f)	...	...	...	623	998	1,621
Property, Plant and Equipment							
Land and Buildings	(b)	102,282	897	103,179	172,483	897	173,380
Infrastructure Systems	(a)(b)(f)	156,665	(2,304)	154,361	201,670	(1,772)	199,898
Intangibles	(d)(f)	4,575	(119)	4,456	5,455	14	5,469
Total Non-Financial Assets		285,884	(1,526)	284,358	410,459	136	410,595
TOTAL ASSETS		454,096	(1,526)	452,570	525,715	(7,750)	517,965
LIABILITIES							
Payables	(e)(f)	10,052	(355)	9,697	11,345	(382)	10,963
Borrowings and Derivatives at Fair Value	(f)	212	...	212	114,997	(92)	114,905
Borrowings at Amortised Cost	(e)(f)	90,133	355	90,488	18,818	893	19,712
Other Provisions	(f)	14,180	...	14,180	22,731	6	22,737
Other Liabilities	(f)	22,028	...	22,028	36,685	(6,649)	30,036
TOTAL LIABILITIES		219,509	...	219,509	291,128	(6,225)	284,903
NET ASSETS		234,587	(1,526)	233,061	234,587	(1,526)	233,061
NET WORTH							
Accumulated Funds	(b)(d)(f)	75,365	(1,985)	73,379	88,733	(2,263)	86,470
Reserves	(a)(b)(f)	159,222	459	159,681	145,853	738	146,592
TOTAL NET WORTH		234,587	(1,526)	233,061	234,587	(1,526)	233,061
OTHER FISCAL AGGREGATES							
Net Debt		37,076	...	37,076	70,459	13,092	83,551
Net Financial Liabilities		137,076	...	137,076	175,872	1,661	177,533

Consolidated Statement of Financial Position (Extract)

As at 1 July 2020

1 July 2020	General Government Sector			Total State Sector			
		1 July 2020 Published	Adjustment	1 July 2020 Restated for	1 July 2020 Published	Adjustment	1 July 2020 Restated for
	Note	\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
Financial Assets							
Cash and Cash Equivalents	(f)	6,134	...	6,134	10,434	318	10,752
Receivables	(f)	11,468	...	11,468	11,151	(13)	11,138
Investments, Loans and Placements							
Financial Assets at Fair Value	(f)	40,874	...	40,874	45,909	(1,636)	44,273
Other Financial Assets	(f)	1,608	...	1,608	1,858	22	1,880
Equity Investments							
Investments in Associates	(f)	11,866	...	11,866	11,866	301	12,166
Other Equity Investments	(f)	7	...	7	21,741	(139)	21,602
Total Financial Assets		174,746	...	174,746	103,736	(1,148)	102,588
Non-Financial Assets							
Investment Properties	(f)	...	...	...	676	515	1,192
Property, Plant and Equipment							
Land and Buildings	(b)	95,566	721	96,287	169,557	721	170,279
Infrastructure Systems	(a)(b)(f)	146,483	(876)	145,607	202,558	(590)	201,968
Intangibles	(d)(f)	4,476	(106)	4,370	5,558	264	5,822
Other	(f)	1,065	...	1,065	1,650	1	1,651
Total Non-Financial Assets		268,766	(261)	268,505	409,662	913	410,575
TOTAL ASSETS		443,512	(261)	443,251	513,398	(235)	513,163
LIABILITIES							
Payables	(f)	7,207	...	7,207	8,324	(4)	8,320
Borrowings and Derivatives at Fair Value	(f)	392	...	392	98,358	(9)	98,349
Borrowings at Amortised Cost	(f)	71,205	...	71,205	19,703	415	20,118
Other Provisions	(f)	14,101	...	14,101	21,786	6	21,792
Other Liabilities	(f)	19,178	...	19,178	29,471	(382)	29,089
TOTAL LIABILITIES		204,848	...	204,848	274,734	26	274,759
NET ASSETS		238,664	(261)	238,403	238,664	(261)	238,403
NET WORTH							
Accumulated Funds	(b)(d)(f)	68,241	(633)	67,608	80,014	(651)	79,363
Reserves	(a)(b)(f)	170,423	373	170,795	158,650	391	159,041
TOTAL NET WORTH		238,664	(261)	238,403	238,664	(261)	238,403
OTHER FISCAL AGGREGATES							
Net Debt		22,732	...	22,732	60,148	11,312	71,460
Net Financial Liabilities		129,587	...	129,587	170,998	1,173	172,171

Consolidated Statement of Cash Flow (Extract)

For the Financial Year Ended 30 June 2021	General Government Sector			Total State Sector			
	Note	2020-21 Published \$m	Adjustment \$m	2020-21 Restated for Corrections \$m	2020-21 Published \$m	Adjustment \$m	2020-21 Restated for Corrections \$m
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
Sale of Goods and Services	(f)	10,268	...	10,268	14,291	50	14,341
Interest	(f)	217	...	217	579	388	967
Other	(f)	9,948	...	9,948	16,002	(5,035)	10,967
Total Receipts		91,780	...	91,780	100,670	(4,597)	96,073
Payments							
Payments for Goods and Services	(d)(f)	(23,817)	(40)	(23,857)	(25,883)	(241)	(26,124)
Interest	(f)	(2,201)	...	(2,201)	(3,004)	(14)	(3,018)
Other	(f)	(6,717)	...	(6,717)	(7,939)	45	(7,894)
Total Payments		(90,864)	(40)	(90,904)	(93,244)	(209)	(93,453)
NET CASH FLOWS FROM OPERATING ACTIVITIES		916	(40)	876	7,425	(4,806)	2,619
CASH FLOWS FROM INVESTING ACTIVITIES							
Non-financial Assets							
Purchases	(d)(f)	(16,395)	40	(16,355)	(21,602)	(326)	(21,928)
Net Cash Flows from Investments in Non-Financial Assets		(16,090)	40	(16,050)	(21,033)	(326)	(21,360)
Net Cash Flows from Investments in Financial Assets (Policy Purposes)		(2,528)	...	(2,528)	584	...	584
Financial Assets (Liquidity Purposes)							
Purchase of Investments	(f)	(4,416)	...	(4,416)	(10,328)	4,855	(5,474)
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)		(1,460)	...	(1,460)	(5,201)	4,855	(346)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(20,078)	40	(20,038)	(25,651)	4,529	(21,122)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from Borrowings	(f)	18,853	...	18,853	81,635	124	81,758
NET CASH FLOWS FROM FINANCING ACTIVITIES		16,805	...	16,805	16,989	124	17,113
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2,357)	...	(2,357)	(1,236)	(154)	(1,390)
Opening Cash and Cash Equivalents		6,134	...	6,134	10,434	...	10,434
Reclassification of Cash Equivalents and Other Adjustments		4	...	4	0	...	0
CLOSING CASH AND CASH EQUIVALENTS		3,781	...	3,781	9,198	(154)	9,044
DERIVATION OF CASH RESULT							
Net Cash Flows from Operating Activities		916	(40)	876	7,425	(4,806)	2,619
Net Cash Flows from Investments in Non-Financial Assets		(16,090)	40	(16,050)	(21,033)	(326)	(21,360)
CASH SURPLUS/(DEFICIT)		(15,174)	...	(15,174)	(13,608)	(5,132)	(18,740)

Note 34: 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 2021-22 \$000	Total State Sector 2020-21 \$000
KMP Compensation Comprises:		
Short-term Employee Benefits		
Salaries	6,792	6,454
Other Monetary Allowances	3,107	2,970
Non-monetary Benefits	1,888	1,655
Post-Employment Benefits	717	747
Total KMP Compensation	12,505	11,826

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 35: Budgetary Information on 2021-22 General Government Sector Financial Statements

The budgeted amounts for the General Government Sector are drawn from the original 2021-22 budget presented to Parliament on 22 June 2021. 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 2022

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
Revenue from Transactions			
Taxation	36,201	39,007	2,806
Grants and Subsidies			
Commonwealth General Purpose	21,819	23,298	1,479
Commonwealth Specific Purpose Payments	12,261	11,100	(1,161)
Commonwealth National Partnership Payments	3,300	9,220	5,920
Other Grants and Subsidies	1,370	1,270	(100)
Sale of Goods and Services	11,026	9,451	(1,575)
Interest	287	262	(25)
Dividend and Income Tax Equivalents from Other Sectors	682	454	(228)
Other Dividends and Distributions	2,276	2,442	166
Fines, Regulatory Fees and Other	4,622	6,982	2,360
Total Revenue from Transactions	93,846	103,486	9,640
Expenses from Transactions			
Employee	38,835	40,207	1,372
Superannuation			
Superannuation Interest Cost	955	858	(97)
Other Superannuation	3,584	3,736	152
Depreciation and Amortisation	7,625	7,101	(524)
Interest	2,741	2,527	(214)
Other Operating Expenses	26,251	29,697	3,446
Grants and Subsidies			
Recurrent Grants and Subsidies	20,184	32,643	12,459
Capital Grants	2,276	2,046	(230)
Total Expenses from Transactions	102,450	118,815	16,365
TRANSACTIONS FROM DISCONTINUING OPERATIONS	...	...	...
NET RESULT FROM TRANSACTIONS			
NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)	(8,604)	(15,329)	(6,725)

The NSW General Government Statement of Comprehensive Income for the Year Ended 30 June 2022 (continued)

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
NET OPERATING BALANCE	(8,604)	(15,329)	(6,725)
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT			
Gain/(Loss) from Other Liabilities	216	2,862	2,646
Other Net Gains/(Losses)	69	932	863
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	138	273	135
Dividends from Asset Sale Proceeds	...	85	85
Deferred Income Tax from Other Sectors	29	191	162
Other	(16)	(81)	(65)
Other Economic Flows - included in Operating Result	436	4,261	3,825
OPERATING RESULT	(8,168)	(11,068)	(2,900)
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to operating result			
Revaluations	4,008	19,782	15,774
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result	...	...	...
Remeasurements of Post-Employment Benefits	4,335	15,108	10,773
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income	2,946	28,705	25,759
Deferred Tax Direct to Equity	28	492	464
Other	(0)	(317)	(317)
Items that may be reclassified subsequently to operating result			
Net Gain/(Loss) on Financial Instruments at Fair Value	...	0	...
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result	...	959	959
Other	(42)	0	42
Other Economic Flows - Other Comprehensive Income	11,276	64,729	53,453
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	3,108	53,661	50,553
KEY FISCAL AGGREGATES			
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	3,108	53,661	50,553
Less: Net Other Economic Flows	(11,712)	(68,990)	(57,278)
NET OPERATING BALANCE	(8,604)	(15,329)	(6,725)
Less: Net Acquisition of Non-Financial Assets			
Purchases of Non-Financial Assets	21,695	18,853	(2,842)
Sales of Non-Financial Assets	(966)	(476)	490
Less: Depreciation and Amortisation	(7,625)	(7,101)	524
Plus: Change in inventories	(326)	(819)	(493)
Plus: Other Movements in Non-Financial Assets			
Assets Acquired Using Leases	1,321	1,499	178
Assets Acquired Using Service Concession Arrangements			
Financial Liability Model	213	248	35
Grant of a Right to the Operator Model	1,701	517	(1,184)
Other	(688)	(1,098)	(410)
Equals Total Net Acquisition of Non-Financial Assets	15,325	11,624	(3,701)
EQUALS: NET LENDING/(BORROWING)	(23,929)	(26,953)	(3,024)

Analysis of the General Government Sector Results

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 2022 was a deficit of \$15.3 billion, \$6.7 billion higher than the forecast deficit in the 2021-22 original budget of \$8.6 billion.

An analysis of the result compared to the original budget is outlined below.

Total Revenues

Total revenues were \$9.6 billion higher than the original budget forecasts as outlined below.

Taxation

Taxation was \$2.8 billion higher than the original budget forecast mainly due to:

- Transfer Duty, which was \$3.1 billion higher than the original budget estimate, due to stronger than expected growth in property prices post COVID-19
- Payroll tax was \$121 million higher than the original budget estimate due to stronger than expected growth in wages and employment
- Land tax revenues were \$71 million higher than the original budget estimate, due to higher than expected residential land values and number of assessments issued.

Grants and Subsidies

Grants and subsidies revenue was higher than the original budget forecasts by \$6.1 billion mainly due to:

- Commonwealth national partnership payments, which were \$5.9 billion higher than forecast in the 2021-22 budget, largely due to \$2.1 billion in additional payments in support of the COVID-19 response and an additional receipt of \$3.3 billion in payments in support of the Job Saver Program
- Commonwealth general purpose grants were \$1.5 billion higher than in the 2021-22 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
- These increases were partially offset by lower-than-expected results in:
 - Commonwealth specific purpose payments were \$1.2 billion lower than forecast in the 2021-22 budget. This was primarily driven by National Health Reform grant payments to support the COVID-19 response being lower than expected
 - Other Commonwealth payments were broadly inline with the 2021-22 budget, and were \$100 million lower than forecast.

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 lower than forecast in the 2021-22 budget by \$1.6 billion, mainly attributable to:

- Fees for services were \$746 million lower than the 2021-22 budget estimate mainly as a result of revenues in Transport for NSW recorded \$818 million less in fees compared to budget estimates as a result of COVID-19 travel restrictions. This is offset by Sydney Metro exceeding budgeted figures by \$155 million due to \$156 million in extra TAHE cost recoveries
- Fees for hospital charges, primarily budgeted to the Ministry of Health, were \$382 million lower than the 2021-22 budget estimate as a result of operational restrictions associated with COVID-19
- Personnel services revenue was \$210 million lower than the 2021-22 budget estimate, driven by a \$198 million shortfall in Transport for NSW as a result of COVID-19 travel restrictions and increased working from home.

These lower-than-expected revenues were partially offset by:

- NSW Self Insurance Corporation exceeding budget for recoveries by \$221 million
- Higher-than-expected recoupment of administration costs revenue of \$156 million against the initial 2021-22 budget. This was mainly driven by Transport for NSW who exceeded budget figures by \$174 million.

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 2021-22 budget estimate at \$262 million, with a small variance of \$25 million.

Financial Distributions (Dividends and Income Tax Equivalent)

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 equivalents were \$228 million below the 2021-22 budget estimate at \$454 million. This is largely a result of PNFCs distributing \$221 million less than budgeted, including Sydney Water Corporation whose budgeted distributions were \$109 million less.

Other Dividends and Distributions

Other dividends and distributions were \$166 million higher than forecast in the 2021-22 budget, mainly driven by higher-than-expected investment income from:

- Higher distributions from NSW Treasury Corporation Investment Management funds (\$97 million)
- Higher dividends and distributions (\$73 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 \$2.4 billion higher than forecast in the original budget. This was mainly driven by mining royalties which were \$2.1 billion higher than the 2021-22 budget estimates.

Expenses

Total expenses were higher than forecast in the original budget by \$16.4 billion as outlined below.

Employee Expenses (excluding superannuation)

Employee expenses (excluding superannuation) were \$1.4 billion higher than the 2021-22 budget estimate at \$40.2 billion. This was mainly driven by the following:

- Workers compensation expense was \$646 million above the 2021-22 budget estimate. This was driven primarily by NSW Self Insurance Corporation who were \$647 million above budget estimates due to higher net claims expenses resulting from the valuations of outstanding claims
- Wages and Salaries were \$618 million higher than expected in comparison to the 2021-22 budget estimate as a result of higher than budgeted spend by Service NSW (\$176 million above budget estimates), the Ministry of Health (\$539 million above budget estimates) and Transport for NSW (\$134 million above budget estimates). This is partially offset by the Department of Communities and Justice who were \$134 million below 2021-22 budget estimates
- Other employee related expenses were \$429 million above the 2021-22 budget estimate. The main drivers of this were NSW Police who were \$305 million above budget estimate as a result of insurance premium increases, Transport for NSW who were \$60 million above budget estimate and the Crown Finance Entity who were \$89 million above budget estimates.

Superannuation Interest Cost and Other Superannuation Expenses

- Other superannuation expense was \$152 million higher than the original budget estimate due to minor variances across several General Government agencies
- Superannuation interest costs was \$97 million lower than the 2021-22 budget estimate at \$858 million. This was due to a higher bond rate used in budget of 1.75% vs 1.485% in current year actuals.

Depreciation and Amortisation Expenses

- Depreciation and amortisation expenses were \$524 million lower than forecast in the 2021-22 budget, primarily due to minor variances across several General Government agencies.

Interest Expenses

Interest expenses were \$214 million lower than forecast in the 2021-22 budget mainly driven by:

- \$147 million lower than the budget forecasts in Crown Finance Entity, mainly due to a significant increase in T-Corp debt repayment of \$7.7 billion in 2021-22 versus budgeted repayments of \$0.1 million
- \$99 million lower in Transport for NSW due to lower than budgeted borrowings
- The residual variances were due to minor variances across multiple General Government agencies.

Other Operating Expenses

Other operating expenses were \$3.4 billion higher than forecast in the 2021-22 budget. This was mainly driven by the following:

- Ministry of Health, which was \$2.1 billion higher than the 2021-22 budget estimate, primarily due to the impact of the COVID-19 pandemic and the costs of the State's response to the Delta and Omicron strains
- NSW Self Insurance Corporation, which was \$1.6 billion greater than the 2021-22 budget estimate, mainly due to higher net claims expenses resulting from valuations of outstanding claims and event losses largely relating to flooding
- Transport for NSW, which was \$402 million lower than the 2021-22 budget estimate, mainly due to decreases from the slow-down of projects due to COVID-19 construction pauses
- The Treasury, which was \$286 million lower than the 2021-22 budget estimate, mainly as a result of lower-than-expected funding requirements for quarantining accommodation costs
- Service NSW, which was \$170 million higher than the 2021-22 budget estimate, mainly due to ICT costs associated with the administration of COVID-19 initiatives and COVID-19 related operational costs, resulting in increased demand across multiple platforms.

Grants and Subsidies Expenses

Recurrent and capital grants, subsidies and other transfers expenses were \$12.2 billion higher than the 2021-22 budget forecasts.

This is mainly driven by:

- \$11.4 billion greater than the 2021-22 budget estimate in the Department of Customer Service as a result of increased COVID-19 stimulus programs
- \$684 million more than budget in Transport for NSW due to increase grants payments to Sydney and NSW Trains to assist with operating and capital funding, including loss of revenue due to COVID-19
- \$500 million more than budget in Department of Communities and Justice due to additional funding for out of home care of \$190 million and \$150 million of other grant funding approved after budget publication
- \$428 million less than budget in Crown Finance Entity mainly due to reduction in actual claims from local councils from Restart funds of \$300 million due to delayed projects as a result of COVID-19 restrictions and adverse weather.

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 2021-22 was a deficit of \$11.1 billion, \$2.9 billion lower than expected against the original budget estimate. This result captures the sum of the budget result variance of \$6.7 billion explained above, and a net positive variance in other economic flows included in the operating result of \$3.8 billion, mainly driven by gains on long service and recreational leave balances which were higher than expected due to higher discount rates.

Comprehensive Result

The comprehensive result is the operating result plus the sum of other economic flows - other comprehensive income.

The comprehensive result for 2021-22 was a deficit of \$53.7 billion, a \$50.6 billion improvement on the budget estimate. This result was attributable to the operating result variance of \$2.9 billion explained above, but offset by variances in other economic flows – other comprehensive income of \$53.5 billion primarily due to increases in the value of equity investments in other public sector entities (\$25.8 billion), gains on actuarial adjustment gains to superannuation provisions (\$10.8 billion) and gains on revaluations (\$15.8 billion).

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 \$3.0 billion, primarily due to the purchase of non financial assets being greater than budgeted.

The NSW General Government Sector Consolidated Statement of Financial Position as at 30 June 2022

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
ASSETS			
Financial Assets			
Cash and Cash Equivalents	838	3,216	2,378
Receivables	9,829	12,093	2,264
Tax Equivalents Receivable	55	29	(26)
Investments, Loans and Placements			
Financial Assets at Fair Value	50,127	44,572	(5,555)
Other Financial Assets	1,771	3,598	1,827
Advances Paid	1,778	1,185	(593)
Deferred Tax Equivalents	2,166	2,985	819
Equity			
Investments in Other Public Sector Entities	88,103	117,025	28,922
Investments in Associates	11,096	8,805	(2,291)
Other Equity Investments	7	6	(1)
Total Financial Assets	165,769	193,513	27,744
Non-Financial Assets			
Contract Assets	29	53	24
Inventories	972	1,307	335
Forestry Stock and Other Biological Assets	4	23	19
Assets Classified as Held for Sale	135	62	(73)
Investment Properties	0	...	...
Property, Plant and Equipment			
Land and Buildings	105,109	116,737	11,628
Plant and Equipment	13,972	13,530	(442)
Infrastructure Systems	171,163	171,990	827
Right-of-Use Assets	7,243	7,174	(69)
Intangibles	4,502	4,774	272
Other Non-Financial Assets	822	1,386	564
Total Non-Financial Assets	303,952	317,036	13,084
TOTAL ASSETS	469,720	510,549	40,828
LIABILITIES			
Deposits Held	69	353	284
Payables	7,644	9,700	2,056
Contract Liabilities	843	873	30
Tax Equivalents Payable	8	57	49
Borrowings and Derivatives at Fair Value	183	14	(169)
Borrowings at Amortised Cost	116,950	107,441	(9,509)
Advances Received	569	545	(24)
Employee Provisions	22,609	23,603	994
Superannuation Provision	51,285	43,556	(7,729)
Deferred Tax Equivalent Provision	53	50	(3)
Other Provisions	13,190	15,355	2,165
Other Liabilities	21,804	22,282	478
TOTAL LIABILITIES	235,208	223,828	(11,380)
NET ASSETS	234,513	286,722	52,209

The NSW General Government Sector Consolidated Statement of Financial Position as at 30 June 2022 (continued)

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
NET WORTH			
Accumulated Funds	72,084	76,924	4,840
Reserves	162,428	209,798	47,370
TOTAL NET WORTH	234,513	286,722	52,209
OTHER FISCAL AGGREGATES			
Net Debt	63,258	55,781	(7,477)
Net Financial Liabilities	157,542	147,340	(10,202)

Analysis of the General Government Sector Statement of Financial Position

Net Debt

Net debt was \$55.8 billion at 30 June 2022. This was \$7.5 billion lower than forecast in the 2021-22 budget, primarily driven by less than forecasted borrowings of \$9.7 billion and increased investments on-hand of \$3.7 billion included in financial assets at fair value. As there were better than expected cash flows in the current year less borrowings were required, allowing for increased repayments of loans by T-Corp.

Net Financial Liabilities

Net financial liabilities were \$147.3 billion at 30 June 2022. This was a \$10.2 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 \$286.7 billion at 30 June 2022. This was \$52.2 billion higher than the original budget. Net worth increased as a result of less than budgeted increases or greater than budget decreases to liabilities, such as borrowings and superannuation provisions, in combination with an increase in assets above budget figures such as the value of investments in other public sector entities and PP&E.

The NSW General Government Sector Consolidated Statement of Cash Flows for the Year Ended 30 June 2022

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxation	36,580	38,275	1,695
Sale of Goods and Services	11,422	9,696	(1,726)
Grants and Subsidies	39,731	45,082	5,351
Interest	200	195	(5)
Dividends and Income Tax Equivalents from Other Sectors	657	536	(121)
Other	7,831	10,957	3,126
Total Receipts	96,420	104,742	8,322
Payments			
Employee Related	(38,297)	(38,405)	(108)
Superannuation	(3,461)	(3,521)	(60)
Payments for Goods and Services	(25,688)	(26,614)	(926)
Grants and Subsidies	(21,494)	(33,039)	(11,545)
Interest	(2,686)	(2,543)	143
Other	(2,962)	(5,554)	(2,592)
Total Payments	(94,588)	(109,677)	(15,089)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,832	(4,935)	(6,767)
CASH FLOWS FROM INVESTING ACTIVITIES			
Non-financial Assets			
Proceeds from Sale of Non-Financial Assets	966	493	(473)
Purchases	(21,480)	(19,881)	1,599
Net Cash Flows from Investments in Non-Financial Assets	(20,513)	(19,387)	1,126
Financial Assets (Policy Purposes)			
Receipts	1,760	10,794	9,034
Payments	(4,674)	(2,436)	2,238
Net Cash Flows from Investments in Financial Assets (Policy Purposes)	(2,914)	8,358	11,272
Financial Assets (Liquidity Purposes)			
Proceeds from Sale of Investments	3,570	3,158	(412)
Purchase of Investments	(10,846)	(3,807)	7,039
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)	(7,276)	(650)	6,626
NET CASH FLOWS FROM INVESTING ACTIVITIES	(30,704)	(11,679)	19,025

The NSW General Government Sector Consolidated Statement of Cash Flows for the Year Ended 30 June 2022 (continued)

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances Received	(0)	(0)	...
Advances Repaid	(90)	(109)	(19)
Proceeds from Borrowings	28,586	27,011	(1,575)
Repayments of Borrowings	(2,783)	(10,921)	(8,138)
Deposits Received/(Paid) - Net	...	70	70
Other (Net)	28	(0)	(28)
NET CASH FLOWS FROM FINANCING ACTIVITIES	25,742	16,051	(9,691)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
	(3,130)	(563)	2,567
Opening Cash and Cash Equivalents	3,967	3,781	(186)
Reclassification of Cash Equivalents and Other Adjustments	(0)	(2)	(2)
CLOSING CASH BALANCE	838	3,216	2,378
DERIVATION OF CASH RESULT			
Net Cash Flows from Operating Activities	1,832	(4,935)	(6,767)
Net Cash Flows from Investments in Non-Financial Assets	(20,513)	(19,387)	1,126
CASH SURPLUS/(DEFICIT)	(18,681)	(24,322)	(5,641)

Analysis of the General Government Sector Statement of Cash Flows

Cash Result

The cash deficit was \$24.3 billion at 30 June 2022, a \$5.6 billion decrease against the estimated budget cash deficit of \$18.7 billion. This was mainly driven by increased outflows relating to COVID-19 stimulus programs, partially offset by higher than expected grants and subsidies received from the Commonwealth combined with higher taxation revenue and less than budgeted capital acquisition spend.

Net Cash Flows from Operating Activities

Net cash flows from operating activities were \$6.8 billion below budget driven by a \$11.0 billion variance from subsequent increased COVID-19 stimulus program payments. This was partially offset by \$5.3 billion higher than expected grants and subsidies received from the Commonwealth. This comprises \$3.3 billion variance in grants received, particularly relating to the JobSaver program, and \$2.1 billion for the National Health Reform Agreement and National Partnership Agreement on COVID-19.

Net Cash Flows from Investing Activities

Net cash flows from investing activities were \$19.0 billion above budget primarily due to sales proceeds of \$10.3 billion from the State's interest in WestConnex Group and \$6.7 billion New South Wales Generation Fund (NGF) appropriation suspension.

Net Cash Flows from Financing Activities

Net cash flows from financing activities was \$9.7 billion below budget, mainly driven by a significant increase in Crown Finance Entity's debt repayment to TCorp.

Note 36: 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 2020-21 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 Statement of Comprehensive Income by Sector for the Year Ended 30 June 2022

	General Government		Public Non-Financial Corporations	
	2021-22	2020-21	2021-22	2020-21
		Restated ^(a)		Restated ^(a)
FROM CONTINUING OPERATIONS	\$m	\$m	\$m	\$m
Revenue from Transactions				
Taxation	39,007	34,407	...	...
Grants and Subsidies				
Commonwealth General Purpose	23,298	18,897	...	...
Commonwealth Specific Purpose Payments ^(a)	11,100	10,856	...	...
Commonwealth National Partnership Payments ^(a)	9,220	4,733	...	...
Other Grants and Subsidies ^(a)	1,270	1,159	5,087	4,568
Sale of Goods and Services ^(a)	9,451	9,949	6,870	7,006
Interest ^(a)	262	307	30	30
Dividend and Income Tax Equivalents from Other Sectors	454	1,077	...	...
Other Dividends and Distributions ^(a)	2,442	2,570	23	43
Fines, Regulatory Fees and Other	6,982	4,009	1,425	647
Total Revenue from Transactions	103,486	87,965	13,435	12,294
Expenses from Transactions				
Employee Expenses	40,207	37,142	2,806	2,911
Superannuation				
Superannuation Interest Cost	858	589	33	25
Other Superannuation	3,736	3,426	220	200
Depreciation and Amortisation ^(a)	7,101	6,904	2,634	3,402
Interest ^(a)	2,527	2,199	939	897
Income Tax Equivalents	...	...	116	193
Other Property Expense	...	...	...	...
Other Operating Expense ^(a)	29,697	24,600	5,492	5,498
Grants and Subsidies				
Recurrent Grants and Subsidies	32,643	18,548	84	68
Capital Grants	2,046	1,644	11	45
Total Expenses from Transactions	118,815	95,052	12,335	13,238
TRANSACTIONS FROM DISCONTINUING OPERATIONS	...	...	...	...
NET RESULT FROM TRANSACTIONS -				
NET OPERATING BALANCE (BUDGET RESULT				
FOR THE GENERAL GOVERNMENT SECTOR)	(15,329)	(7,087)	1,100	(944)

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

Public Financial Corporations		Eliminations		Total State Sector	
2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
\$m	\$m	\$m	\$m	\$m	\$m
606	573	(521)	(465)	39,092	34,515
...	...	...	...	23,298	18,897
...	...	...	...	11,100	10,856
...	...	...	...	9,220	4,733
...	...	(5,142)	(4,620)	1,215	1,107
1,070	1,025	(3,978)	(4,078)	13,414	13,902
3,228	2,828	(2,684)	(2,292)	835	874
...	...	(454)	(1,077)	...	...
1,016	1,141	(2,411)	(2,555)	1,070	1,199
2	6	(990)	(187)	7,420	4,475
5,922	5,573	(16,180)	(15,274)	106,663	90,558
270	250	(341)	(493)	42,941	39,810
...	0	0	...	891	613
23	20	(1)	(1)	3,979	3,644
56	52	(22)	(22)	9,770	10,336
2,530	2,221	(2,629)	(2,272)	3,367	3,046
42	35	(158)	(228)	...	...
...
5,298	4,526	(6,724)	(6,771)	33,763	27,854
16	22	(4,822)	(4,460)	27,922	14,178
...	...	(1,250)	(227)	807	1,462
8,235	7,126	(15,946)	(14,473)	123,439	100,943
...
(2,313)	(1,552)	(234)	(802)	(16,776)	(10,385)

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The NSW Total State Sector Accounts Statement of Comprehensive Income by Sector for the Year Ended 30 June 2022 (continued)

	General Government		Public Non-Financial Corporations	
	2021-22	2020-21	2021-22	2020-21
		Restated ^(a)		Restated ^(a)
	\$m	\$m	\$m	\$m
NET OPERATING BALANCE	(15,329)	(7,087)	1,100	(944)
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT				
Gain/(Loss) from Liabilities ^(a)	2,862	495	92	9
Other Net Gains/(Losses) ^(a)	932	747	(261)	(175)
Share of Earnings/(Losses) from Equity Investments (excl. Dividends) ^(a)	273	(82)	...	...
Dividends from Asset Sale Proceeds	85	...	...	...
Deferred Income Tax from Other Sectors	191	158	(29)	(12)
Other	(81)	(7)	(10)	(6)
Discontinuing Operations - Other Economic Flows	...	...	...	...
Other Economic Flows - included in Operating Result	4,261	1,311	(207)	(184)
OPERATING RESULT	(11,068)	(5,775)	892	(1,128)
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to operating result</i>				
Revaluations ^(a)	19,782	4,035	12,313	(18,306)
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result	...	1,611	...	...
Remeasurements of Post-Employment Benefits	15,108	11,088	854	619
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income	28,705	(17,039)	...	...
Deferred Tax Direct to Equity	492	112	(492)	(112)
Other	(317)	227	(105)	(103)
<i>Items that may be reclassified subsequently to operating result</i>				
Net Gain/(Loss) on Financial Instruments at Fair Value	0	0	7	8
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result	959	399	...	...
Other Economic Flows - Other Comprehensive Income	64,729	433	12,578	(17,894)
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	53,661	(5,343)	13,470	(19,022)
Dividends Distributed	...	...	(286)	(756)
Net Equity Injections/(Transfers)	...	...	2,542	3,332
Total Change in Net Worth	53,661	(5,343)	15,726	(16,446)
KEY FISCAL AGGREGATES				
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	53,661	(5,343)	13,470	(19,022)
Less: Net Other Economic Flows ^(a)	(68,990)	(1,744)	(12,370)	18,078
NET OPERATING BALANCE	(15,329)	(7,087)	1,100	(944)
Less: Net Acquisition of Non-Financial Assets				
Purchases of Non-Financial Assets ^(a)	18,853	17,735	5,165	5,204
Sales of Non-Financial Assets	(476)	(238)	(544)	(263)
Less: Depreciation and Amortisation ^(a)	(7,101)	(6,904)	(2,634)	(3,402)
Plus: Change in inventories	(819)	626	3	116
Plus: Other Movements in Non-Financial Assets				
Assets Acquired Using Leases	1,499	762	50	42
Assets Acquired Using Service Concession Arrangements				
Financial Liability Model	248	281	...	18
Grant of a Right to the Operator Model	517	2,902	...	...
Other	(1,098)	(833)	1,150	346
Equals Total Net Acquisition of Non-Financial Assets	11,624	14,331	3,190	2,062
EQUALS: NET LENDING/(BORROWING)	(26,953)	(21,418)	(2,090)	(3,006)

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

Public Financial Corporations		Eliminations		Total State Sector	
2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
	Restated ^(a)		Restated ^(a)		Restated ^(a)
\$m	\$m	\$m	\$m	\$m	\$m
(2,313)	(1,552)	(234)	(802)	(16,776)	(10,385)
7,450	(4,271)	(4,441)	2,993	5,964	(774)
10,251	8,310	4,478	(2,992)	15,401	5,891
58	8	...	...	331	(74)
...	...	(85)	...	...	...
...	...	(162)	(146)	...	...
...	...	...	...	(91)	(13)
...
17,759	4,048	(209)	(145)	21,604	5,030
15,446	2,496	(443)	(947)	4,828	(5,355)
72	262	...	...	32,167	(14,009)
...	...	...	...	...	1,611
2	1	(0)	...	15,964	11,708
...	...	(28,705)	17,039	(0)	0
...
0	(0)	156	173	(266)	297
...	...	...	...	7	8
...	...	...	...	959	399
75	263	(28,549)	17,212	48,831	13
15,521	2,758	(28,991)	16,263	53,661	(5,343)
(95)	(94)	381	850	...	...
...	...	(2,542)	(3,332)	...	...
15,426	2,664	(31,152)	13,781	53,661	(5,343)
15,521	2,758	(28,991)	16,263	53,661	(5,343)
(17,834)	(4,311)	28,758	(17,067)	(70,436)	(5,043)
(2,313)	(1,552)	(234)	(802)	(16,776)	(10,385)
357	377	(0)	405	24,375	23,722
(0)	...	(1)	(1)	(1,021)	(502)
(56)	(52)	22	22	(9,770)	(10,336)
...	...	0	(405)	(816)	336
106	7	9	(29)	1,665	782
...	...	...	...	248	300
...	...	...	...	517	2,902
...	...	31	(6)	83	(493)
407	332	62	(14)	15,282	16,711
(2,720)	(1,884)	(296)	(788)	(32,058)	(27,095)

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The NSW Total State Sector Accounts Statement of Changes in Equity for the Whole of Government by Sector for the Year Ended 30 June 2022

	Equity at 1 July 2021 Restated ^(a)	Comprehensive Result	Transfers between equity classes	Transactions with owners as owners	Equity at 30 June 2022
	\$m	\$m	\$m	\$m	\$m
General Government Sector					
Accumulated Funds ^(a)	73,379	4,215	(671)	...	76,924
Reserves					
Asset Revaluation Surplus ^(a)	103,528	19,782	788	...	124,098
Equity Investment Revaluation Surplus/ Hedge Reserve in Associate	1,203	959	(117)	...	2,044
Hedging Reserve	(7)	0	...	...	(6)
Financial Assets at Fair Value through Other Comprehensive Income	54,956	28,705	...	...	83,662
Other	(0)	...	...	...	(0)
	233,061	53,661	...	...	286,722
Public Non-Financial Corporation Sector					
Accumulated Funds	48,399	1,150	959	2,256	52,762
Reserves					
Asset Revaluation Surplus	41,517	12,313	(960)	...	52,870
Equity Investment Revaluation Surplus/ Hedge Reserve in Associate	...	...	...	...	...
Hedging Reserve	(1)	7	...	...	7
Financial Assets at Fair Value through Other Comprehensive Income	0	...	...	...	0
Other	70	...	1	...	71
	89,983	13,470	...	2,256	105,709
Public Financial Corporation Sector					
Accumulated Funds ^(a)	(4,362)	15,449	...	(95)	10,992
Reserves					
Asset Revaluation Surplus ^(a)	279	72	...	...	352
Equity Investment Revaluation Surplus/ Hedge Reserve in Associate	...	...	...	...	...
Hedging Reserve	...	...	...	...	...
Financial Assets at Fair Value through Other Comprehensive Income	(0)	...	...	...	(0)
Other	...	...	...	...	...
	(4,083)	15,521	...	(95)	11,343
Eliminations	(85,900)	(28,991)	...	(2,161)	(117,052)
Total State Sector^(a)	233,061	53,661	...	...	286,722

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The NSW Total State Sector Accounts Statement of Changes in Equity for the Whole of Government by Sector for the Year Ended 30 June 2021

	Equity at 1 July 2020	Correction to Prior Period ^(a)	Equity at 1 July 2020 Restated ^(a)	Comprehensive Result	Transfers between equity classes	Transactions with owners as owners	Equity at 30 June 2021 Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
General Government Sector							
Accumulated Funds ^(a)	68,241	(633)	67,608	5,651	123	...	73,379
Reserves							
Asset Revaluation Surplus ^(a)	99,233	373	99,606	4,035	(112)	...	103,528
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	(799)	...	(799)	2,010	(11)	...	1,203
Hedging Reserve	(7)	...	(7)	0	...	...	(7)
Financial Assets at Fair Value through Other Comprehensive Income	71,995	...	71,995	(17,039)	...	...	54,956
Other	(0)	...	(0)	...	...	...	(0)
	238,664	(261)	238,403	(5,343)	...	...	233,061
Public Non-Financial Corporation Sector							
Accumulated Funds	46,210	...	46,210	(725)	337	2,576	48,399
Reserves							
Asset Revaluation Surplus	60,195	...	60,195	(18,306)	(372)	...	41,517
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	...	...	...	...	...	...	...
Hedging Reserve	(9)	...	(9)	8	...	...	(1)
Financial Assets at Fair Value through Other Comprehensive Income	0	...	0	...	...	...	0
Other	34	...	34	...	35	...	70
	106,429	...	106,429	(19,022)	...	2,576	89,983
Public Financial Corporation Sector							
Accumulated Funds ^(a)	(6,745)	(18)	(6,763)	2,495	...	(94)	(4,362)
Reserves							
Asset Revaluation Surplus ^(a)	(1)	18	17	262	...	...	279
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	...	...	...	...	...	...	...
Hedging Reserve	...	...	...	...	...	...	...
Financial Assets at Fair Value through Other Comprehensive Income	(0)	...	(0)	...	...	...	(0)
Other	...	...	...	...	...	...	...
	(6,746)	...	(6,746)	2,756	...	(94)	(4,083)
Eliminations	(99,684)	...	(99,684)	16,266	...	(2,482)	(85,900)
Total State Sector^(a)	238,664	(261)	238,403	(5,343)	...	...	233,061

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The NSW Total State Sector Accounts Statement of Financial Position as at 30 June 2022

	General Government		Public Non-Financial Corporations	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
ASSETS				
Financial Assets				
Cash and Cash Equivalents ^(a)	3,216	3,781	3,066	2,142
Receivables ^(a)	12,093	12,212	1,256	1,327
Investments, Loans and Placements				
Financial Assets at Fair Value ^{(a)(b)}	44,572	47,662	473	371
Other Financial Assets ^(a)	3,598	1,791	612	480
Advances paid	1,185	1,298	21	18
Tax Equivalents Receivable	29	35	45	35
Deferred Tax Equivalents	2,985	2,291	49	50
Equity Investments				
Investments in Other Public Sector Entities	117,025	85,778	...	...
Investments in Associates ^(a)	8,805	13,358	...	...
Other ^(a)	6	5	...	156
Total Financial Assets	193,513	168,211	5,524	4,579
Non-Financial Assets				
Contract Assets	53	97	9	...
Inventories	1,307	1,378	701	712
Forestry Stock and Other Biological Assets	23	18	624	754
Assets Classified as Held for Sale	62	123	26	37
Investment Properties ^(a)	...	...	611	623
Property, Plant and Equipment				
Land and Buildings ^(a)	116,737	103,179	81,594	70,190
Plant and Equipment	13,530	13,112	3,950	3,611
Infrastructure Systems ^(a)	171,990	154,361	48,311	44,462
Right-of-Use Assets	7,174	6,513	2,615	2,796
Intangibles ^(a)	4,774	4,456	895	860
Other Non-Financial Assets	1,386	1,122	651	537
Total Non-financial Assets	317,036	284,358	139,987	124,582
TOTAL ASSETS	510,549	452,570	145,511	129,161
LIABILITIES				
Deposits Held	353	282	27	27
Payables ^(a)	9,700	9,697	2,409	2,174
Contract Liabilities	873	934	132	139
Borrowings and Derivatives at Fair Value ^(a)	14	212	1	2
Borrowings at Amortised Cost ^(a)	107,441	90,488	30,332	29,331
Advances Received	545	625	312	448
Employee Provisions ^(a)	23,603	23,386	1,213	1,293
Superannuation Provision	43,556	57,591	1,426	2,261
Tax Equivalents Payable	57	35	8	27
Deferred Tax Equivalent Provision	50	50	2,984	2,291
Other Provisions ^(a)	15,355	14,180	632	946
Other Liabilities ^(a)	22,282	22,028	326	238
TOTAL LIABILITIES	223,828	219,509	39,802	39,178
NET WORTH	286,722	233,061	105,709	89,983
OTHER FISCAL AGGREGATES				
Net Debt	55,781	37,076	26,499	26,797
Net Financial Liabilities	147,340	137,076	34,278	34,598

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Financial Assets at Fair Value in the PFC sector comprise TCorp loans to government measured at fair value. However, a consolidation adjustment is made to eliminate the difference between the sectors.

Public Financial Corporations		Eliminations		Total State Sector	
2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
\$m	\$m	\$m	\$m	\$m	\$m
5,953	3,759	(214)	(638)	12,021	9,044
1,759	1,626	(1,998)	(3,274)	13,109	11,892
170,465	147,689	(163,996)	(147,911)	51,514	47,810
34	86	(2,131)	(500)	2,113	1,857
...	...	(312)	(448)	894	868
...	...	(74)	(71)	...	...
...	...	(3,034)	(2,342)	...	...
...	...	(117,025)	(85,778)	...	...
982	317	...	...	9,787	13,674
22,760	22,063	...	...	22,766	22,224
201,953	175,541	(288,785)	(240,961)	112,205	107,370
...	...	(0)	...	62	97
...	...	...	(543)	2,008	1,547
...	...	...	...	646	771
...	...	(0)	...	88	160
1,130	998	...	0	1,741	1,621
16	12	...	...	198,347	173,380
4	6	50	...	17,534	16,729
607	532	13	543	220,921	199,898
123	59	(256)	(196)	9,655	9,173
200	153	...	...	5,869	5,469
115	98	(52)	(8)	2,100	1,749
2,195	1,859	(246)	(204)	458,972	410,595
204,148	177,400	(289,031)	(241,165)	571,177	517,965
1,775	234	(1,722)	(232)	432	311
428	1,629	(1,646)	(2,538)	10,891	10,963
...	...	(5)	(22)	999	1,051
122,356	114,914	(181)	(223)	122,189	114,905
741	616	(119,845)	(100,723)	18,669	19,712
...	...	(312)	(448)	545	625
54	48	(11)	(19)	24,859	24,708
1	3	...	...	44,983	59,855
10	8	(74)	(71)	...	...
...	...	(3,034)	(2,342)	...	...
7,795	8,333	(402)	(721)	23,380	22,737
59,645	55,697	(44,745)	(47,927)	37,508	30,036
192,805	181,482	(171,979)	(155,266)	284,455	284,903
11,343	(4,083)	(117,052)	(85,899)	286,722	233,061
(36,789)	(28,194)	44,593	47,871	90,083	83,551
(9,148)	5,942	(219)	(83)	172,251	177,533

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The NSW Total State Sector Accounts Statement of Cash Flows by Sector for the Year Ended 30 June 2022

	General Government		Public Non-Financial Corporations	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21
	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Taxation	38,275	34,344	...	...
Sale of Goods and Services ^(a)	9,696	10,268	7,012	6,934
Grants and Subsidies	45,082	35,421	5,132	4,573
Interest ^(a)	195	217	9	23
Dividends and Income Tax Equivalents from Other Sectors	536	1,582	...	0
Other ^(a)	10,957	9,948	1,423	1,261
Total Receipts	104,742	91,780	13,576	12,791
Payments				
Employee Related	(38,405)	(35,904)	(2,605)	(2,481)
Superannuation	(3,521)	(3,191)	(233)	(221)
Payments for Goods and Services ^(a)	(26,614)	(23,857)	(5,791)	(5,955)
Grants and Subsidies	(33,039)	(19,035)	(85)	(108)
Interest ^(a)	(2,543)	(2,201)	(870)	(853)
Distributions Paid	0	0	(39)	(9)
Other ^(a)	(5,554)	(6,717)	(915)	(828)
Total Payments	(109,677)	(90,904)	(10,539)	(10,455)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(4,935)	876	3,037	2,336
CASH FLOWS FROM INVESTING ACTIVITIES				
Non-financial Assets				
Proceeds from Sale of Non-financial Assets	493	305	508	263
Purchases ^(a)	(19,881)	(16,355)	(4,934)	(4,840)
Net Cash Flows from Investments in Non-financial Assets	(19,387)	(16,050)	(4,427)	(4,577)
Financial Assets (Policy Purposes)				
Receipts	10,794	787	0	0
Payments	(2,436)	(3,315)	(30)	(17)
Net Cash Flows from Investments in Financial Assets (Policy Purposes)	8,358	(2,528)	(30)	(17)
Financial Assets (Liquidity Purposes)				
Proceeds from Sale of Investments	3,158	2,956	4	1
Purchase of Investments ^(a)	(3,807)	(4,416)	(102)	(69)
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)	(650)	(1,460)	(97)	(70)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(11,679)	(20,038)	(4,554)	(4,665)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances Received	(0)	0	2,303	3,160
Advances Repaid	(109)	(101)	(151)	(31)
Proceeds from Borrowings ^(a)	27,011	18,853	1,309	2,026
Repayments of Borrowings	(10,921)	(1,945)	(573)	(844)
Dividends Paid	...	...	(343)	(1,459)
Deposits Received/(Paid) - Net	70	(10)	(0)	7
Other - Net	(0)	8	(105)	(215)
NET CASH FLOWS FROM FINANCING ACTIVITIES	16,051	16,805	2,441	2,643
NET INCREASE/(DECREASE) IN CASH HELD	(563)	(2,357)	924	315

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

Public Financial Corporations		Eliminations		Total State Sector	
2021-22	2020-21 Restated ^(a)	2020-21	2020-21 Restated ^(a)	2020-21	2020-21 Restated ^(a)
\$m	\$m	\$m	\$m	\$m	\$m
602	571	(484)	(490)	38,393	34,425
1,053	1,051	(6,393)	(3,912)	11,369	14,341
...	...	(5,178)	(4,622)	45,036	35,372
3,527	3,148	(2,789)	(2,420)	942	967
...	...	(536)	(1,583)	(0)	0
2,558	2,261	(288)	(2,503)	14,651	10,967
7,741	7,031	(15,668)	(15,530)	110,391	96,073
(274)	(239)	153	142	(41,132)	(38,482)
(23)	(20)	(0)	(0)	(3,778)	(3,432)
(3,687)	(3,408)	7,132	7,096	(28,960)	(26,124)
(5)	(12)	5,194	4,652	(27,935)	(14,503)
(2,353)	(2,369)	2,782	2,404	(2,983)	(3,018)
(40)	(39)	79	47	...	...
(183)	(129)	(89)	(221)	(6,741)	(7,894)
(6,565)	(6,216)	15,251	14,121	(111,528)	(93,453)
1,176	816	(417)	(1,409)	(1,138)	2,619
0	...	1	1	1,002	569
(357)	(377)	(183)	(356)	(25,355)	(21,928)
(357)	(377)	(183)	(355)	(24,354)	(21,360)
...	...	(236)	(31)	10,558	756
...	...	2,303	3,160	(162)	(172)
0	...	2,067	3,129	10,396	584
8,557	6,300	(3,557)	(4,130)	8,162	5,127
(30,993)	(25,047)	25,554	24,059	(9,349)	(5,474)
(22,437)	(18,747)	21,996	19,931	(1,187)	(346)
(22,794)	(19,124)	23,881	22,705	(15,146)	(21,122)
...	...	(2,303)	(3,160)	(0)	0
...	...	151	31	(109)	(101)
75,713	81,754	(29,897)	(20,875)	74,136	81,758
(51,808)	(62,730)	8,411	961	(54,891)	(64,558)
(94)	(76)	437	1,535	...	...
...	...	...	0	70	(4)
...	...	160	224	55	16
23,811	18,949	(23,042)	(21,284)	19,260	17,113
2,193	640	422	12	2,977	(1,390)

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

The NSW Total State Sector Accounts Statement of Cash Flows by Sector for the Year Ended 30 June 2022 (continued)

	General Government		Public Non-Financial Corporations	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21
	\$m	\$m	\$m	\$m
Opening Cash and Cash Equivalents	3,781	6,134	2,142	1,827
Reclassification of Cash Equivalents	(2)	4	...	...
CLOSING CASH BALANCE	3,216	3,781	3,066	2,142
DERIVATION OF CASH RESULT				
Net Cash Flows from Operating Activities ^(a)	(4,935)	876	3,037	2,336
Net Cash Flows from Investments in Non-Financial Assets ^(a)	(19,387)	(16,050)	(4,427)	(4,577)
Dividend Distributions	...	...	(343)	(1,459)
CASH SURPLUS/(DEFICIT)	(24,322)	(15,174)	(1,732)	(3,700)

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

Public Financial Corporations		Eliminations		Total State Sector	
2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
\$m	\$m	\$m	\$m	\$m	\$m
3,759	3,119	(638)	(646)	9,044	10,434
...	...	2	(4)	0	0
5,953	3,759	(214)	(638)	12,021	9,044
1,176	816	(417)	(1,409)	(1,138)	2,619
(357)	(377)	(183)	(355)	(24,354)	(21,360)
(94)	(76)	437	1,535	...	...
725	363	(163)	(229)	(25,492)	(18,740)

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

Information on Expenses and Assets by Function

	General		Total	
	Government Sector		State Sector	
	2021-22	2020-21 Restated ^(a)	2021-22	2020-21 Restated ^(a)
	\$m	\$m	\$m	\$m
Total Expenses by Function (Policy Area)				
General Public Services ^(a)	23,215	8,050	23,983	9,270
Defence	...	...	...	...
Public Order and Safety	9,883	9,303	9,899	9,322
Economic Affairs	5,165	5,135	6,912	6,720
Environmental Protection	2,005	1,669	1,905	1,630
Housing and Community Amenities	2,376	1,895	4,558	3,886
Health	29,433	25,756	29,413	25,739
Recreation, Culture and Religion	1,647	1,339	2,212	1,794
Education	20,079	18,590	19,714	18,350
Social Protection	8,923	8,436	10,591	9,638
Transport	16,089	14,878	14,251	14,594
Total Expenses^(b)	118,815	95,052	123,439	100,943
Total Assets by Function (Policy Area)				
General Public Services ^{(a)(c)}	171,550	140,326	109,471	102,210
Defence	...	...	...	...
Public Order and Safety ^(a)	15,848	15,083	15,837	15,075
Economic Affairs	19,513	15,554	24,394	18,951
Environmental Protection	1,257	1,172	1,338	1,250
Housing and Community Amenities	16,018	15,009	29,773	28,250
Health	33,167	28,833	33,165	28,833
Recreation, Culture and Religion	14,521	13,742	22,552	21,035
Education	47,922	41,317	47,908	41,313
Social Protection	5,138	4,499	76,174	65,702
Transport	185,615	177,034	210,565	195,348
Total Assets^(b)	510,549	452,570	571,177	517,965

(a) Refer to Note 33: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) 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.

(c) General Public Services for the General Government Sector includes the State's equity investment in the PNFC/PFC sectors which is eliminated in 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 2021-22 financial year is a \$28,991 million net surplus (2020-21: \$16,263 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 37: 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.
Non-contractual licences arising from statutory requirements	Revenue associated with non-contractual licences arising from statutory requirements is presented as licence fee revenue under AASB 15 <i>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.

Convergence Difference	AAS Treatment	GFS Treatment
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 38: Details of Consolidated Entities

The controlled entities of the State of NSW are listed below.

Two controlled entities (2020-21: two 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.

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) 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.

- Department of Enterprise, Investment and Trade was established as a NSW Government agency under the *Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021* effective 21 December 2021.
- Department of Planning, Industry and Environment was renamed to Department of Planning and Environment under the *Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021* effective 1 April 2022.
- Destination NSW Staff Agency was established as a Public Service agency under the *Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021* effective 1 April 2022.
- Greater Sydney Commission was renamed to Greater Cities Commission under the *Greater Cities Commission Act 2022 No 8* effective 13 April 2022.
- Regional NSW was renamed to Department of Regional NSW under the *Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021* effective 1 April 2022.
- State Archives and Records Authority of New South Wales Staff Agency was established as a Public Service agency under the *Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021* effective 1 April 2022.

General Government Sector Controlled Entities

Aboriginal Housing Office	Environmental Trust
Dunghutti Aboriginal Elders Tribal Council Trust	Epsilon Distribution Ministerial Holding Corporation
Alpha Distribution Ministerial Holding Corporation	Fire and Rescue NSW
Art Gallery of New South Wales Trust	Gaagal Wanggaan (South Beach) National Park Board of Management ^{(a)(*)}
The Australian Institute of Asian Culture and Visual Arts Limited (VisAsia)	Generator Property Management Pty Ltd ^(*)
Art Gallery of New South Wales Trust Staff Agency	Greater Cities Commission ^(f)
Art Gallery of NSW Foundation ^(*)	<i>Greater Sydney Commission</i> ^(f)
Australian Museum Trust	Greyhound Welfare and Integrity Commission ^(*)
Australian Museum Trust Staff Agency	Office of the Greyhound Welfare and Integrity Commission
Belgenny Farm Agricultural Heritage Centre Trust ^(*)	Gulaga National Park Board of Management ^{(a)(*)}
Biamanga National Park Board of Management ^{(a)(*)}	Health Care Complaints Commission
Biodiversity Conservation Trust of New South Wales	Health Care Complaints Commission Staff Agency
Border Fence Maintenance Board ^(*)	Heritage Council of New South Wales
Building Insurers' Guarantee Corporation	Historic Houses Trust of New South Wales
C.B. Alexander Foundation ^(*)	Foundation for the Historic Houses Trust of New South Wales
Cemeteries and Crematoria NSW ^(*)	Hamilton Rouse Hill Trust
Centennial Park and Moore Park Trust	Rouse Hill Hamilton Collection Pty Limited
Chief Investigator of the Office of Transport Safety Investigations	Home Purchase Assistance Fund
Combat Sports Authority of New South Wales ^(*)	Hunter and Central Coast Development Corporation
Consolidated Fund	Independent Commission Against Corruption
Corporation Sole 'Minister Administering the Heritage Act, 1977' ^(*)	Independent Liquor and Gaming Authority
Crown Solicitor's Office	Independent Pricing and Regulatory Tribunal
Dams Safety Committee ^(*)	Independent Pricing and Regulatory Tribunal Staff Agency
Department of Communities and Justice	Information and Privacy Commission
John Williams Memorial Charitable Trust	Infrastructure NSW
Department of Customer Service	Infrastructure NSW Staff Agency
Safe Work NSW	Investment NSW
Department of Education	Jobs for NSW Fund
Advocate for Children and Young People	Judicial Commission of New South Wales
Department of Enterprise, Investment and Trade ^(b)	Lands Administration Ministerial Corporation
Department of Planning and Environment ^(c)	Legal Aid Commission of New South Wales
<i>Department of Planning, Industry and Environment</i> ^(c)	Legal Aid Commission Staff Agency
Aboriginal Fishing Trust Fund	Liability Management Ministerial Corporation
Agricultural Scientific Collections Trust	Library Council of New South Wales
Aquaculture Trust Fund	Library Council of New South Wales Staff Agency
Charter Fishing Trust Fund	State Library of New South Wales Foundation
Coal Innovation Fund	Local Land Services
Commercial Fishing Trust Fund	Local Land Services Staff Agency
Crown Reserves Improvement Fund	Long Service Corporation
Fish Conservation Trust Fund	Lord Howe Island Board ^(*)
Game and Pest Management Trust Fund	Luna Park Reserve Trust
Independent Planning Commission	Mental Health Commission of New South Wales
Natural Resources Access Regulator	Mental Health Commission Staff Agency
Planning Ministerial Corporation	Ministerial Holding Corporation ^(*)
Recreational Fishing (Fresh) Trust Fund	Ministry of Health ^(g)
Recreational Fishing (Salt) Trust Fund	Agency for Clinical Innovation
Department of Premier and Cabinet	Albury Base Hospital
Department of Regional NSW ^(d)	Albury Wodonga Health Employment Division
Department of Transport	Bureau of Health Information
Transport for NSW	Cancer Institute (NSW)
Transport Service of New South Wales	Central Coast Local Health District
Destination NSW	Clinical Excellence Commission
Destination NSW Staff Agency ^(e)	Far West Local Health District
Electricity Assets Ministerial Holding Corporation	Graythwaite Trust
Electricity Retained Interest Corporation (ERIC-A)	Health Administration Corporation
Electricity Retained Interest Corporation (ERIC-E)	Health Education and Training Institute
Electricity Transmission Ministerial Holding Corporation	Hunter New England Local Health District
Energy Corporation of New South Wales ^(*)	Illawarra Shoalhaven Local Health District
Environment Protection Authority	Justice Health and Forensic Mental Health Network
Environment Protection Authority Staff Agency	Mid North Coast Local Health District

Murrumbidgee Local Health District	Parliamentary Counsel's Office
Nepean Blue Mountains Local Health District	Parramatta Park Trust ^(*)
Northern NSW Local Health District	Ports Assets Ministerial Holding Corporation ^(h)
Northern Sydney Local Health District	Port of Newcastle Lessor Pty Limited ^(h)
South Eastern Sydney Local Health District	Port Botany Lessor Pty Limited ^(h)
South Western Sydney Local Health District	Port Kembla Lessor Pty Limited ^(h)
Southern NSW Local Health District	Property NSW
Sydney Local Health District	Public Service Commission
The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)	Regional Growth NSW Development Corporation
Western NSW Local Health District	<i>Regional NSW</i>
Western Sydney Local Health District	Rental Bond Board
Mt Grenfell Historic Site Board of Management ^{(a)(*)}	Resilience NSW
Multicultural NSW	Responsible Gambling Fund ^(*)
Multicultural NSW Staff Agency	Roads Retained Interest Pty Ltd
Mutawintji Board of Management ^{(a)(*)}	Royal Botanic Gardens and Domain Trust
National Art School ^(*)	Service NSW
Natural Resources Commission	Sporting Injuries Compensation Authority ^(*)
Natural Resources Commission Staff Agency	State Insurance Regulatory Authority
New South Wales Crime Commission	State Rail Authority Residual Holding Corporation ^(*)
New South Wales Crime Commission Staff Agency	State Archives and Records Authority of New South Wales
New South Wales Electoral Commission	State Archives and Records Authority of New South Wales Staff Agency ^(e)
New South Wales Electoral Commission Staff Agency	State Rescue Board of New South Wales ^(*)
New South Wales Government Telecommunications Authority	Statutory Land Managers (numerous Trust Boards managing Crown Land Reserves) ^(*)
New South Wales Institute of Sport ^(*)	Sydney Metro
Institute of Sport Staff Agency	The Audit Office of New South Wales
New South Wales Rural Assistance Authority	Sydney Olympic Park Authority
NSW Ovine Johne's Disease Transaction Based Contribution Scheme	Technical Education Trust Fund ^(*)
NSW Crown Holiday Parks Trust ^(*)	The Legislature
NSW Education Standards Authority	The Treasury
NSW Education Standards Authority Staff Agency	Trustees of the Anzac Memorial Building ^(*)
NSW Food Authority	Trustees of the Museum of Applied Arts and Sciences
NSW Health Foundation ^(*)	Trustees of the Museum of Applied Arts and Sciences Staff Agency
NSW Police Force	Water Administration Ministerial Corporation
NSW Self Insurance Corporation	Water Investment Trust Fund
NSW Skills Board ^(*)	Western Parkland City Authority
New South Wales Technical and Further Education Commission	Western Parkland City Authority Staff Agency
TAFE Commission (Senior Executives) Staff Agency	Western Sydney Parklands Trust
NSW Trustee and Guardian	Worimi Board of Management ^{(a)(*)}
Office of Ageing and Disability Commissioner ^(*)	Workers' Compensation (Dust Diseases) Authority
Office of the Law Enforcement Conduct Commission	
Office of the Children's Guardian	
Office of the Director of Public Prosecutions	
Office of the Independent Planning Commission	
Office of the Independent Review Officer	
Office of the NSW Rural Fire Service	
Office of the NSW State Emergency Services	
Office of the Inspector of the Law Enforcement Conduct Commission	
Office of Sport	
Ombudsman's Office	

Public Non-Financial Corporations

Catholic Metropolitan Cemeteries Trust
 Cobar Water Board^(*)
 Essential Energy
 NorthPower Energy Services Pty Limited
 Forestry Corporation of New South Wales
 Hunter Water Corporation
 Hunter Water Australia
 Jenolan Caves Reserves Trust
 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
 Rookwood General Cemeteries Reserve Land Manager
 Rookwood Necropolis Land Manager^(*)
 Southern Metropolitan Cemeteries Land Manager^(*)
 State Sporting Venues Authority
 State Transit Authority of New South Wales
 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
 Venues NSW
 Venues NSW Staff Agency
 Newcastle International Sports Centre Club
 Waste Assets Management Corporation
 Water NSW
 Water NSW Infrastructure Pty Ltd
 Wentworth Park Sporting Complex Trust^(*)
 Zoological Parks Board of New South Wales

Public Financial Corporations⁽ⁱ⁾

First Australian Mortgage Acceptance Corporation
 (FANMAC) Trusts
 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
 SAS Trustee Corporation Staff Agency
 Snowy Hydro Legacy Fund Investment Trust^(j)
 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^(k)
 TCorpIM Core Alternatives Fund
 TCorpIM Defensive Alternative Fund^(l)
 TCorpIM Developed Market Property Fund
 TCorpIM Developed Markets Equities (Hedged) Fund^(l)
 TCorpIM Developed Markets Equities (Sovereign Investor -
 Hedged) 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^(l)
 TCorpIM Direct Investment Fund F
 TCorpIM Direct Investment Fund G
 TCorpIM Direct Investment Fund K
 TCorpIM Direct Investment Fund M^(m)
 TCorpIM Direct Investment Fund N⁽ⁿ⁾
 TCorpIM Emerging Market Debt Fund
 TCorpIM Emerging Market Share Fund
 TCorpIM Global Credit Fund^(l)
 TCorpIM High Yield 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 E^(o)
 TCorpIM Short Term Income Fund
 TCorpIM Sustainable Development (Infrastructure) Fund^(p)
 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 established 21 December 2021 under the *Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021*.
- (c) Agency was renamed 1 April 2022 as the Department of Planning and Environment from Department of Planning, Industry and Environment under the *Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021*.
- (d) Agency was renamed 1 April 2022 as the Department of Regional NSW from Regional NSW under the *Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021*.
- (e) Agency was established 1 April 2022 under the *Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021*.
- (f) Agency was renamed 13 April as the Greater Cities Commission from Greater Sydney Commission under the *Greater Cities Commission Act 2022 No 8*.
- (g) The special purpose service entities of the local health districts have not been listed.
- (h) Agency to be abolished in 2022-23 and replaced by Port of Newcastle Lessor Pty Limited, Port Botany Lessor Pty Limited, and Port Kembla Lessor Pty Limited.
- (i) There were 40 TCorpIM Funds controlled by the State as of 30 June 2022 (37 TCorpIM Funds as of 30 June 2021). Out of this number, 23 TCorpIM Funds (24 TCorpIM Funds as of 30 June 2021) had unitholders not controlled by the State such as universities, local government authorities, and the Workers Compensation Nominal Insurer. The State's economic interest in the controlled TCorpIM Funds varied from 32% to 100% over 2020-21 and 2021-22, while the State's voting rights percentage was either equal to its economic interest or higher since some non-State unitholders transfer their voting rights to the State through TCorp.
- (j) Fund established 14 December 2021.
- (k) The Fund was controlled and not-controlled (under AASB 10) by the State during 2020-21 and 2021-22. The Fund was controlled as at 30 June 2021 and was not controlled as at 30 June 2022.
- (l) The Fund was not controlled (under AASB 10) by the State during 2020-21. The State controlled the Fund as at 30 June 2022.
- (m) Fund established 13 December 2021.
- (n) Fund established 21 January 2022.
- (o) Fund established 26 October 2021.
- (p) Fund established 23 November 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 39: 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

Uniform Presentation Framework:
Outcomes Report
2021 - 2022

UNIFORM PRESENTATION FRAMEWORK: OUTCOMES REPORT

Purpose

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

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 2021-22 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.

Table 1: NSW Public Sector Consolidated Statement of Financial Position at 30 June 2022^(a)

	General Government Sector \$m	Public Non-Financial Corporations \$m	Non-Financial Public Sector \$m	Public Financial Corporations \$m	Total State Sector \$m
Assets					
Financial Assets					
Cash and Cash Equivalent Assets	3,216	3,066	6,291	5,953	12,021
Receivables	12,093	1,256	12,155	1,759	13,109
Investments, Loans and Placements					
Financial Assets at Fair Value	44,572	473	45,048	170,465	51,514
Other Financial Assets	3,598	612	3,717	34	2,113
Advances paid	1,185	21	894	...	894
Tax Equivalents Receivable	29	45	10	...	0
Deferred Tax Equivalent Assets	2,985	49	(0)	...	0
Equity Investments					
Investments in Other Public Sector Entities	117,025	...	11,351	...	...
Investments in Associates	8,805	...	8,805	982	9,787
Other	6	...	6	22,760	22,766
Total Financial Assets	193,513	5,524	88,275	201,953	112,205
Non-Financial Assets					
Contract Assets	53	9	62	...	62
Inventories	1,307	701	2,008	...	2,008
Forestry Stock and Other Biological Assets	23	624	646	...	646
Assets Classified as Held for Sale	62	26	88	...	88
Investment Properties	...	611	611	1,130	1,741
Property, Plant and Equipment					
Land and Buildings	116,737	81,594	198,331	16	198,347
Plant and Equipment	13,530	3,950	17,530	4	17,534
Infrastructure Systems	171,990	48,311	220,314	607	220,921
Right of Use Assets	7,174	2,615	9,532	123	9,655
Intangibles	4,774	895	5,669	200	5,869
Other	1,386	651	1,990	115	2,100
Total Non-Financial Assets	317,036	139,987	456,782	2,195	458,972
Total Assets	510,549	145,511	545,058	204,148	571,176
Liabilities					
Deposits Held	353	27	380	1,775	432
Payables	9,700	2,409	11,155	428	10,891
Contract Liabilities	873	132	996	...	999
Borrowings and Derivatives at Fair Value	14	1	14	122,356	122,189
Borrowings at Amortised Cost	107,441	30,332	137,224	741	18,669
Advances Received	545	312	545	...	545
Employee Provisions	23,603	1,213	24,805	54	24,859
Superannuation Provision ^(b)	43,556	1,426	44,982	1	44,983
Tax Equivalents Payable	57	8	0	10	...
Deferred Tax Equivalent Provision	50	2,984	0	...	0
Other Provisions	15,355	632	15,680	7,795	23,380
Other	22,282	238	22,555	59,645	37,508
Total Liabilities	223,828	39,802	258,336	192,805	284,455
NET ASSETS	286,722	105,709	286,722	11,343	286,722

Table 1: NSW Public Sector Consolidated Statement of Financial Position at 30 June 2022 (cont)

	General Government Sector	Public Non-financial Corporations	Non-financial Public Sector	Public Financial Corporations	Total State Sector
	\$m	\$m	\$m	\$m	\$m
NET WORTH					
Accumulated Funds	76,924	52,761	120,220	10,992	107,287
Reserves	209,798	52,948	166,501	352	179,435
TOTAL NET WORTH	286,722	105,709	286,722	11,343	286,722
OTHER FISCAL AGGREGATES					
Net Debt^(c)	55,781	26,499	82,213	(36,789)	90,083
Net Financial Liabilities^(d)	147,340	34,278	181,411	(9,148)	172,251
Net Financial Worth^(e)	(30,315)	(34,278)	(170,061)	9,148	(172,251)

(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

	2021-22 Budget \$m	2021-22 Actual \$m
Revenue from Transactions		
Taxation	36,201	39,007
Grants and Subsidies		
- Commonwealth General Purpose	21,819	23,298
- Commonwealth Specific Purpose Payments	12,261	11,100
- Commonwealth National Partnership Payments	3,300	9,220
- Other Commonwealth Payments ^(a)	725	475
- Other Grants and Subsidies ^(a)	645	795
Sale of Goods and Services	11,026	9,451
Interest	287	262
Dividend and Income Tax Equivalents from Other Sectors	682	454
Other Dividends and Distributions	2,276	2,442
Fines, Regulatory Fees and Other	4,622	6,982
Total Revenue from Transactions	93,846	103,486
Expenses from Transactions		
Employee	38,835	40,207
Superannuation		
- Superannuation Interest Cost	955	858
- Other Superannuation	3,584	3,736
Depreciation and Amortisation	7,625	7,101
Interest	2,741	2,527
Other Operating Expense	26,251	29,697
Grants, Subsidies and Other Transfer	22,459	34,689
Total Expenses from Transactions	102,450	118,815
BUDGET RESULT - SURPLUS/(DEFICIT) [Net Operating Balance]	(8,604)	(15,329)

Table 2: NSW General Government Sector Consolidated Statement of Comprehensive Income (cont)

	2021-22 Budget \$m	2021-22 Actual \$m
Other Economic Flows - Included in the Operating Result		
Gain/(Loss) from Liabilities	216	2,862
Other Net Gains/(Losses)	69	932
Share of Earnings/(Losses) from Equity Investments (excl. Dividends)	138	273
Dividends from Asset Sale Proceeds	(0)	85
Allowance for Impairment of Receivables	(16)	(81)
Deferred Income Tax from Other Sectors	29	191
Other	...	...
Other Economic Flows - included in Operating Result	436	4,261
Operating Result	(8,168)	(11,068)
Other Economic Flows - Other Comprehensive Income		
Items that will not be Reclassified to Operating Result	11,318	63,769
Revaluations	4,008	19,782
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result	...	...
Actuarial Gain/(Loss) from Superannuation	4,335	15,108
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	2,946	28,705
Deferred Tax Direct to Equity	28	492
Other	0	(317)
Items that may be Reclassified Subsequently to Operating Result	(42)	959
Net Gain/(Loss) on Financial Instruments at Fair Value	...	0
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result	...	959
Other	(42)	...
Other Economic Flows - Other Comprehensive Income	11,276	64,729
Comprehensive Result - Total Change in Net Worth	3,108	53,661
Key Fiscal Aggregates		
Comprehensive Result - Total Change in Net Worth	3,108	53,661
Less: Net Other Economic Flows	(11,712)	(68,990)
Equals: Budget Result - Net Operating Balance	(8,604)	(15,329)
Less: Net Acquisition of Non-Financial Assets		
Purchases of Non-Financial Assets ^(b)	21,695	18,853
Sales of Non-Financial Assets	(966)	(476)
Less: Depreciation	(7,625)	(7,101)
Plus: Change in Inventories	(326)	(819)
Plus: Other Movements in Non-Financial Assets		
- Assets Acquired Using Leases ^(b)	1,321	1,499
- Assets Acquired Using Service Concession Arrangements ^(b) (Financial Liability Model)	213	248
- Assets Acquired Using Service Concession Arrangements (Grant of Right to the Operator Model)	1,701	517
- Other	(688)	(1,098)
Equals: Total Net Acquisition of Non-Financial Assets	15,325	11,624
Equals: Net Lending/(Borrowing) [Fiscal Balance]	(23,929)	(26,953)
OTHER FISCAL AGGREGATES		
Capital Expenditure ^(b)	23,229	20,600

(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 2022^(a)

	2022 Budget	2022 Actual
	\$m	\$m
Assets		
Financial Assets		
Cash and Cash Equivalent Assets	838	3,216
Receivables	9,829	12,093
Investments, Loans and Placements		
Financial Assets at Fair Value	50,127	44,572
Other Financial Assets	1,771	3,598
Advances Paid	1,778	1,185
Tax Equivalents Receivable	55	29
Deferred Tax Equivalents	2,166	2,985
Equity Investments		
Investments in Other Public Sector Entities	88,103	117,025
Investments in Associates	11,096	8,805
Other	7	6
Total Financial Assets	165,769	193,513
Non-Financial Assets		
Contract Assets	29	53
Inventories	972	1,307
Forestry Stock and Other Biological Assets	4	23
Assets Classified as Held for Sale	135	62
Property, Plant and Equipment		
Land and Buildings	105,109	116,737
Plant and Equipment	13,972	13,530
Infrastructure Systems	171,163	171,990
Right of Use Assets	7,243	7,174
Intangibles	4,502	4,774
Other	822	1,386
Total Non-Financial Assets	303,952	317,036
Total Assets	469,720	510,549
Liabilities		
Deposits Held	69	353
Payables	7,644	9,700
Contract Liabilities	843	873
Borrowings and Derivatives at Fair Value	183	14
Borrowings at Amortised Cost	116,950	107,441
Advances Received	569	545
Employee Provisions	22,609	23,603
Superannuation Provision ^(b)	51,285	43,556
Tax Equivalents Payable	8	57
Deferred Tax Equivalent Provision	53	50
Other Provisions	13,190	15,355
Other	21,804	22,282
Total Liabilities	235,208	223,828
NET ASSETS	234,513	286,722

Table 3: NSW General Government Sector Consolidated Statement of Financial Position at 30 June 2022 (cont)

	2022 Budget	2022 Actual
	\$m	\$m
NET WORTH		
Accumulated Funds	73,110	76,924
Reserves	161,403	209,798
TOTAL NET WORTH	234,513	286,722
OTHER FISCAL AGGREGATES		
Net Debt ^(c)	63,258	55,781
Net Financial Liabilities ^(d)	157,542	147,340
Net Financial Worth ^(e)	(69,439)	(30,315)

(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

	2021-22 Budget \$m	2021-22 Actual \$m
Cash Receipts from Operating Activities		
Taxation	36,580	38,275
Sale of Goods and Services	11,422	9,696
Grants and Subsidies	39,731	45,082
Interest	200	195
Dividends and Income Tax Equivalents from Other Sectors	657	536
Other	7,831	10,957
Total Cash Receipts from Operating Activities	96,420	104,742
Cash Payments from Operating Activities		
Employee Related	(38,297)	(38,405)
Personnel Services ^(a)	(0)	(0)
Superannuation	(3,461)	(3,521)
Payments for Goods and Services ^(a)	(25,688)	(26,614)
Grants and Subsidies	(21,494)	(33,039)
Interest	(2,686)	(2,543)
Other	(2,962)	(5,554)
Total Cash Payments from Operating Activities	(94,588)	(109,677)
Net Cash Flows from Operating Activities	1,832	(4,935)
Cash Flows from Investments in Non-Financial Assets		
Proceeds from Sale of Non-Financial Assets	966	493
Purchases of Non-Financial Assets	(21,480)	(19,881)
Net Cash Flows from Investments in Non-Financial Assets	(20,513)	(19,387)
Cash Flows from Investments in Financial Assets for Policy Purposes		
Receipts	1,760	10,794
Payments	(4,674)	(2,436)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(2,914)	8,358
Cash Flows from Investments in Financial Assets for Liquidity Purposes		
Proceeds from Sale of Investments	3,570	3,158
Purchase of Investments	(10,846)	(3,807)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	(7,276)	(650)
Net Cash Flows from Investing Activities	(30,704)	(11,679)
Cash Flows from Financing Activities		
Advances Received	(5)	(0)
Advances Repaid	(85)	(109)
Proceeds from Borrowings	28,586	27,011
Repayments of Borrowings	(2,783)	(10,921)
Deposits Received/(Paid) - (Net)	...	70
Other (Net)	28	(0)
Net Cash Flows from Financing Activities	25,742	16,051
Net Increase/(Decrease) in Cash Held	(3,130)	(563)
Opening Cash and Cash Equivalents	3,967	3,781
Reclassification of Cash Equivalents	(0)	(2)
CLOSING CASH AND CASH EQUIVALENTS	838	3,216
Derivation of Cash Result		
Net Cash Flows from Operating Activities	1,832	(4,935)
Net Cash Flows from Investments in Non-Financial Assets	(20,513)	(19,387)
Cash Surplus/(Deficit)	(18,681)	(24,322)

(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

	2021-22 Budget \$m	2021-22 Actual \$m
Taxes on Employers' Payroll and Labour Force	9,113	9,297
Taxes on Property		
Land Taxes	4,767	4,838
Other	171	164
Total Taxes on Property	4,938	5,002
Taxes on the Provision of Goods and Services		
Excises and Levies	...	...
Taxes on Gambling	2,905	2,431
Taxes on Insurance	3,170	3,215
Stamp Duties on Financial and Capital Transactions	11,806	14,680
Total Taxes on the Provision of Goods and Services	17,881	20,326
Taxes on Use of Goods and Performance of Activities		
Motor Vehicle Taxes	3,442	3,508
Franchise Taxes	0	...
Other	828	874
Total Taxes on Use of Goods and Performance of Activities	4,270	4,382
Total Taxation Revenue	36,201	39,007

Table 6: NSW General Government Sector Dividend and Income Tax Equivalent Income

	2021-22 Budget \$m	2021-22 Actual \$m
Dividend and Income Tax Revenue from the PNFC Sector	538	317
Dividend and Income Tax Revenue from the PFC Sector	144	137
Other Dividend Income	2,276	2,442
Total Dividend and Income Tax Equivalent Income	2,958	2,896

Table 7: NSW General Government Sector Grant Revenue and Expense

	2021-22 Budget \$m	2021-22 Actual \$m
Current Grants and Subsidies		
Current Grants from the Commonwealth ^(a)		
General Purpose Grants	21,819	23,298
Specific Purpose Payments	12,261	11,100
National Partnership Payments	1,608	7,326
Other Commonwealth Payments	719	475
Total	36,407	42,198
Other Grants and Subsidies	605	770
Total Current Grants and Subsidies Revenue	37,012	42,968
Capital Grants and Subsidies		
Capital Grants from the Commonwealth ^(a)		
General Purpose Payments	...	0
Specific Purpose Payments	...	...
National Partnership Payments	1,693	1,894
Other Commonwealth Payments	6	0
Total	1,698	1,894
Other Grants and Subsidies	40	25
Total Capital Grants and Subsidies Revenue	1,738	1,919
Total Grants and Subsidies Revenue	38,750	44,887
Current Grants, Subsidies and Transfer Payments Expense to:		
State/Territory Government	2	17
Local Government ^(a)	2,667	2,360
Private and Not-for-Profit Sector ^(a)	10,546	22,220
Other Sectors of Government	6,970	8,046
Total Current Grants, Subsidies and Transfer Payments Expense	20,184	32,643
Capital Grants, Subsidies and Transfer Payments to:		
State/Territory Government	...	...
Local Government ^(a)	860	347
Private and Not-for-Profit Sector ^(a)	1,005	449
Other Sectors of Government	411	1,250
Total Capital Grants, Subsidies and Transfer Payments Expense	2,276	2,046
Total Grants and Subsidies Expense	22,459	34,689
(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.		
Transfer Receipts and Payments from the Commonwealth Government on-passed by New South Wales to Third Parties		
Transfer Receipts		
Current Transfer Receipts for Specific Purposes	4,927	6,241
Capital Transfer Receipts for Specific Purposes	...	...
Total Receipts	4,927	6,241
Current Transfer Payments to:		
Local Government	410	1,078
Private and Not-For-Profit Sector	4,517	5,163
Capital Transfer Payments to:		
Local Government	...	...
Private and Not-For-Profit Sector	...	0
Total Payments	4,927	6,241

Table 8: NSW General Government Sector Expenses by Function^(a)

	2021-22 Budget \$m	2021-22 Actual \$m
General Public Services		
Executive and legislative organs, financial and fiscal affairs, external affairs	1,453	1,686
General Services	2,325	14,130
Public debt transactions	3,527	3,237
Transfers of a general character between different levels of government	448	84
General public services n.e.c.	704	4,078
Total General Public Services	8,458	23,215
Defence		
Total Defence	...	...
Public Order and Safety		
Police services	4,112	4,326
Civil and fire protection services	1,384	1,320
Law courts	1,603	1,633
Prisons	2,304	2,488
Public order and safety n.e.c.	110	116
Total Public Order and Safety	9,513	9,883
Economic Affairs		
General economic, commercial and labour affairs	5,027	3,538
Agriculture, forestry, fishing and hunting	958	1,249
Fuel and energy	374	186
Mining, manufacturing and construction	45	22
Communication	236	104
Other industries	129	51
Economic affairs n.e.c.	71	14
Total Economic Affairs	6,840	5,165
Environmental Protection		
Waste management	...	...
Waste water management	...	...
Pollution abatement	186	105
Protection of biodiversity and landscape	15	16
Environmental protection n.e.c.	1,478	1,884
Total Environmental Protection	1,678	2,005
Housing and Community Amenities		
Housing development	503	381
Community development	1,001	1,531
Water supply	683	465
Street lighting	...	...
Housing and community amenities n.e.c.	...	...
Total Housing and Community Amenities	2,187	2,376
Health		
Medical products, appliances and equipment	619	666
Outpatient services	4,208	5,158
Hospital services	16,570	17,342
Mental health institutions	324	334
Community health services	3,224	3,859
Public health services	916	1,213
Research & development health	461	401
Health n.e.c.	387	459
Total Health	26,708	29,433

Table 8: NSW General Government Sector Expenses by Function^(a) (cont)

	2021-22 Budget \$m	2021-22 Actual \$m
Recreation, Culture and Religion		
Recreational and sporting services	967	683
Cultural services	792	885
Broadcasting and publishing services	...	...
Religious and other community services	...	...
Recreation, culture and religion n.e.c.	47	79
Total Recreation, culture and religion	1,806	1,647
Education		
Pre-primary and primary education	8,138	8,047
Secondary education	6,861	6,849
Tertiary education	2,541	2,339
Education not definable by level	(0)	...
Subsidiary services to education	417	521
Education n.e.c.	2,295	2,324
Total Education	20,251	20,079
Social Protection		
Sickness and disability	3,344	3,352
Old age	334	420
Survivors	...	...
Family and children	2,358	2,650
Unemployment	...	...
Housing	914	728
Social exclusion n.e.c.	693	816
Social protection n.e.c.	1,235	957
Total Social Protection	8,878	8,923
Transport		
Road transport	5,869	6,235
Bus transport	(0)	...
Water transport	128	160
Railway transport	5,948	6,137
Air transport	70	...
Multi-mode urban transport	4,100	3,530
Pipeline and other transport	...	...
Transport n.e.c.	13	27
Total Transport	16,129	16,089
Total Expenses	102,450	118,815

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 \$806 million for potential COVID related expenditure during the Budget Year.

Table 9: NSW General Government Sector Capital Expenditure by Function ^{(a)(b)}

	2021-22	2021-22
	Budget	Actual
	\$m	\$m
General public services	1,422	1,477
Defence	...	...
Public order and safety	954	556
Economic affairs	1,353	498
Environmental protection	40	23
Housing and community amenities	452	599
Health	2,464	1,905
Recreation, culture and religion	366	363
Education	2,952	1,976
Social protection	291	196
Transport	12,936	13,008
Total Purchases of Non-Financial Assets	23,229	20,600

- (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

	2021-22 Budget	2021-22 Actual
	\$m	\$m
Revenue from Transactions		
Grants and Subsidies		
- Commonwealth General Purpose	...	...
- Other Commonwealth Payments ^(a)	3	6
- Other Grants and Subsidies ^(a)	4,004	5,082
Sale of Goods and Services	7,925	6,870
Interest	34	30
Other Dividends and Distributions	6	23
Fines, Regulatory Fees and Other	518	1,425
Total Revenue from Transactions	12,489	13,435
Expenses from Transactions		
Employee	2,565	2,471
Personnel Services Expense	678	467
Superannuation		
- Superannuation Interest Cost	36	33
- Other Superannuation	211	220
Depreciation and Amortisation	2,422	2,634
Interest	982	939
Income Tax Equivalent	190	116
Other Operating Expense	5,371	5,360
Grants, Subsidies and Other Transfers	75	95
Total Expenses from Transactions	12,530	12,335
NET OPERATING BALANCE - SURPLUS/(DEFICIT) AFTER TAX	(41)	1,100

Table 10: NSW Public Non-Financial Corporation Sector Consolidated Statement of Comprehensive Income (cont)

	2021-22 Budget \$m	2021-22 Actual \$m
Other Economic Flows - Included in the Operating Result		
Gain/(Loss) from Liabilities	...	92
Other Net Gains/(Losses)	(143)	(261)
Allowance for Impairment of Receivables	(5)	(10)
Deferred Income Tax	(29)	(29)
Other Economic Flows - included in Operating Result	(177)	(207)
Operating Result	(217)	892
Other Economic Flows - Other Comprehensive Income		
Items that will not be Reclassified to Operating Result	2,138	12,570
Revaluations	1,883	12,313
Actuarial Gain/(Loss) from Superannuation	283	854
Deferred Tax Direct to Equity	(28)	(492)
Other		(105)
Items that may be Reclassified Subsequently to Operating Result	...	7
Net Gain/(Loss) on Financial Instruments at Fair Value	...	7
Other Economic Flows - Other Comprehensive Income	2,138	12,578
Comprehensive Result - Before Transactions with Owners in their capacity as Owners	1,921	13,470
Dividends Distributed	(347)	(286)
Net Equity Injections/(Transfers)	3,084	2,542
Comprehensive Result - Total Change in Net Worth	4,657	15,726
Key Fiscal Aggregates		
Comprehensive Result - Before Transactions with Owners in their capacity as Owners	1,921	13,470
Less: Net Other Economic Flows	(1,961)	(12,370)
Equals: Net Operating Balance	(40)	1,100
Less: Net Acquisition of Non-Financial Assets		
Purchases of Non-Financial Assets ^(b)	7,051	5,165
Sales of Non-Financial Assets	(403)	(544)
Less: Depreciation	(2,422)	(2,634)
Plus: Change in inventories	131	3
Plus: Other Movements in Non-Financial Assets		
- Assets Acquired Using Leases ^(b)	71	50
- Assets Acquired Using Service Concession Arrangements ^(b) (Financial Liability Model)	...	...
- Assets Acquired Using Service Concession Arrangements (Grant of Right to the Operator Model)	...	...
- Other	306	1,150
Equals: Total Net Acquisition of Non-Financial Assets	4,734	3,190
Equals: Net Lending/(Borrowing) [Fiscal Balance]	(4,774)	(2,090)
OTHER FISCAL AGGREGATES		
Capital Expenditure ^(b)	7,122	5,215
Dividend Accrued	342	286

(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 2022^(a)

	2022 Budget	2022 Actual
	\$m	\$m
Assets		
Financial Assets		
Cash and Cash Equivalent Assets	1,758	3,066
Receivables	1,147	1,256
Investments, Loans and Placements		
Financial Assets at Fair Value	243	473
Other Financial Assets	477	612
Advances paid	0	21
Tax Equivalents Receivable	8	45
Deferred Tax Equivalents	53	49
Equity Investments		
Other	181	...
Total Financial Assets	3,867	5,524
Non-Financial Assets		
Contract Assets	...	9
Inventories	792	701
Forestry Stock and Other Biological Assets	825	624
Assets Classified as Held for Sale	54	26
Investment Properties	621	611
Property, Plant and Equipment		
Land and Buildings	76,047	81,594
Plant and Equipment	5,847	3,950
Infrastructure Systems	38,082	48,311
Right of Use Assets	2,721	2,615
Intangibles	1,247	895
Other	513	651
Total Non-Financial Assets	126,748	139,987
Total Assets	130,616	145,511
Liabilities		
Deposits Held	55	27
Payables	2,337	2,409
Contract Liabilities	129	132
Borrowings and Derivatives at Fair Value	8	1
Borrowings at Amortised Cost	30,176	30,332
Advances Received	432	312
Employee Provisions	1,267	1,213
Superannuation Provision ^(b)	1,809	1,426
Tax Equivalents Payable	44	8
Deferred Tax Equivalent Provision	2,166	2,984
Other Provisions	864	632
Other	235	326
Total Liabilities	39,523	39,802
NET ASSETS	91,093	105,709

Table 11: NSW Public Non-Financial Corporation Sector Consolidated Statement of Financial Position at 30 June 2022 (cont)

	2022 Budget	2022 Actual
	\$m	\$m
NET WORTH		
Accumulated Funds	33,244	52,761
Reserves	57,849	52,948
TOTAL NET WORTH	91,093	105,709
OTHER FISCAL AGGREGATES		
Net Debt^(c)	28,192	26,499
Net Financial Liabilities^(d)	35,655	34,278
Net Financial Worth^(e)	(35,655)	(34,278)

(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

	2021-22 Budget \$m	2021-22 Actual \$m
Cash Receipts from Operating Activities		
Sale of Goods and Services	8,019	7,012
Grants and Subsidies	3,997	5,132
Interest	13	9
Other	739	1,423
Total Cash Receipts from Operating Activities	12,767	13,576
Cash Payments from Operating Activities		
Employee Related	(2,697)	(2,605)
Personnel Services ^(a)	(678)	(467)
Superannuation	(246)	(233)
Payments for Goods and Services ^(a)	(5,393)	(5,324)
Grants and Subsidies	(75)	(85)
Interest	(900)	(870)
Distributions Paid	(138)	(39)
Other	(203)	(915)
Total Cash Payments from Operating Activities	(10,331)	(10,539)
Net Cash Flows from Operating Activities	2,437	3,037
Cash Flows from Investments in Non-Financial Assets		
Proceeds from Sale of Non-financial Assets	403	508
Purchases of Non-Financial Assets	(7,054)	(4,934)
Net Cash Flows from Investments in Non-financial Assets	(6,651)	(4,427)
Cash Flows from Investments in Financial Assets for Policy Purposes		
Receipts	0	0
Payments	(0)	(30)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	0	(30)
Cash Flows from Investment in Financial Assets for Liquidity Purposes		
Proceeds from Sale of Investments	75	4
Purchase of Investments	...	(102)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	75	(97)
Net Cash Flows from Investing Activities	(6,575)	(4,554)
Cash Flows from Financing Activities		
Advances Received	3,084	2,303
Advances Repaid	(31)	(151)
Proceeds from Borrowings	2,003	1,309
Repayments of Borrowings	(375)	(573)
Dividends Paid	(381)	(343)
Deposits Received/(Paid) - (Net)	17	(0)
Other (Net)	(28)	(105)
Net Cash Flows from Financing Activities	4,289	2,441
Net Increase/(Decrease) in Cash Held	151	924
Opening Cash and Cash Equivalents	1,608	2,142
Reclassification of Cash Equivalents	...	...
CLOSING CASH AND CASH EQUIVALENTS	1,758	3,066
Derivation of Cash Result		
Net Cash Flows from Operating Activities	2,437	3,037
Net Cash Flows from Investments in Non-Financial Assets	(6,651)	(4,427)
Dividend Distributions	(381)	(343)
Cash Surplus/(Deficit)	(4,595)	(1,732)

(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

	2021-22 Budget \$m	2021-22 Actual \$m
Revenue from Transactions		
Taxation	35,650	38,499
Grants and Subsidies		
- Commonwealth General Purpose	21,819	23,298
- Commonwealth Specific Purpose Payments	12,261	11,100
- Commonwealth National Partnership Payments	3,300	9,220
- Other Commonwealth Payments ^(a)	728	480
- Other Grants and Subsidies ^(a)	540	735
Sale of Goods and Services	14,731	12,620
Interest	270	224
Dividend and Income Tax Equivalents from Other Sectors	144	137
Other Dividends and Distributions	2,283	2,465
Fines, Regulatory Fees and Other	5,094	7,419
Total Revenue from Transactions	96,821	106,197
Expenses from Transactions		
Employee	41,389	42,673
Superannuation		
- Superannuation Interest Cost	990	891
- Other Superannuation	3,794	3,955
Depreciation and Amortisation	10,030	9,712
Interest	3,672	3,398
Other Operating Expense	27,519	31,179
Grants and Subsidies and Other Transfers	18,405	28,723
Total Expenses from Transactions	105,799	120,531
NET OPERATING BALANCE - SURPLUS/(DEFICIT)	(8,979)	(14,334)

Table 13: NSW Non-Financial Public Sector Consolidated Statement of Comprehensive Income (cont)

	2021-22 Budget \$m	2021-22 Actual \$m
Other Economic Flows - Included in the Operating Result		
Gain/(Loss) from Liabilities	216	2,955
Other Net Gains/(Losses)	(74)	665
Share of Earnings/(Losses) from Equity Investments (excl. Dividends)	138	273
Allowance for Impairment of Receivables	(21)	(91)
Other	...	...
Other Economic Flows - included in Operating Result	259	3,801
Operating Result	(8,719)	(10,533)
Other Economic Flows - Other Comprehensive Income		
Items that will not be Reclassified to Operating Result	11,865	63,225
Revaluations	5,892	32,095
Share of Earnings from Associates from Revaluations	...	...
Actuarial Gain/(Loss) from Superannuation	4,618	15,962
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	1,356	15,434
Deferred Tax Direct to Equity	0	...
Other		(266)
Items that may be Reclassified Subsequently to Operating Result	(38)	967
Net Gain/(Loss) on Financial Instruments at Fair Value	0	7
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result	0	959
Other	(38)	
Other Economic Flows - Other Comprehensive Income	11,827	64,191
Comprehensive Result - Total Change in Net Worth	3,108	53,659
Key Fiscal Aggregates		
Comprehensive Result - Before Transactions with Owners in their capacity as Owners	3,108	53,659
Less: Net Other Economic Flows	(12,087)	(67,992)
Equals: Net Operating Balance	(8,979)	(14,333)
Less: Net Acquisition of Non-Financial Assets		
Purchases of Non-Financial Assets ^(b)	28,746	24,018
Sales of Non-Financial Assets	(1,369)	(1,021)
Less: Depreciation	(10,030)	(9,712)
Plus: Change in inventories	(195)	(816)
Plus: Other Movements in Non-Financial Assets		
- Assets Acquired Using Leases ^(b)	1,391	1,554
- Assets Acquired Using Service Concession Arrangements ^(b) (Financial Liability Model)	213	248
- Assets Acquired Using Service Concession Arrangements (Grant of Right to the Operator Model)	1,701	517
- Other	(385)	83
Equals Total Net Acquisition of Non-Financial Assets	20,073	14,872
Equals: Net Lending/(Borrowing) [Fiscal Balance]	(29,051)	(29,206)
OTHER FISCAL AGGREGATES		
Capital Expenditure ^(b)	30,350	25,820
Dividend 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 2022^(a)

	2022 Budget \$m	2022 Actual \$m
Assets		
Financial Assets		
Cash and Cash Equivalent Assets	2,596	6,291
Receivables	9,707	12,155
Investments, Loans and Placements		
Financial Assets at Fair Value	50,370	45,048
Other Financial Assets	2,198	3,717
Advances paid	1,073	894
Tax Equivalents Receivable	11	10
Deferred Tax Equivalents	(0)	0
Equity Investments		
Investments in Other Public Sector Entities	(2,859)	11,351
Investments in Associates	11,096	8,805
Other	187	6
Total Financial Assets	74,379	88,275
Non-Financial Assets		
Contract Assets	29	62
Inventories	1,764	2,008
Forestry Stock and Other Biological Assets	829	646
Assets Classified as Held for Sale	189	88
Investment Properties	621	611
Property, Plant and Equipment		
Land and Buildings	181,156	198,331
Plant and Equipment	19,818	17,530
Infrastructure Systems	209,246	220,314
Right of Use Assets	9,782	9,532
Intangibles	5,748	5,669
Other	1,331	1,990
Total Non-financial Assets	430,513	456,782
Total Assets	504,893	545,058
Liabilities		
Deposits Held	124	380
Payables	9,061	11,155
Contract Liabilities	972	996
Borrowings and Derivatives at Fair Value	191	14
Borrowings at Amortised Cost	147,042	137,224
Advances Received	569	545
Employee Provisions	23,856	24,805
Superannuation Provision ^(b)	53,094	44,982
Other Provisions	13,430	15,680
Other	22,039	22,555
Total Liabilities	270,379	258,336
NET ASSETS	234,513	286,720

Table 14: NSW Non-Financial Public Sector Consolidated Statement of Financial Position at 30 June 2022 (cont)

	2022 Budget \$m	2022 Actual \$m
NET WORTH		
Accumulated Funds	95,255	120,220
Reserves	139,258	166,501
TOTAL NET WORTH	234,513	286,722
OTHER FISCAL AGGREGATES		
Net Debt ^(c)	91,690	82,213
Net Financial Liabilities ^(d)	193,141	181,411
Net Financial Worth ^(e)	(196,000)	(170,061)

(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

	2021-22 Budget \$m	2021-22 Actual \$m
Cash Receipts from Operating Activities		
Taxation	36,077	37,804
Sales of Goods and Services	15,215	12,889
Grants and Subsidies	39,618	45,036
Interest	178	152
Dividends and Income Tax Equivalents	137	134
Other	8,537	12,223
Total Cash Receipts from Operating Activities	99,763	108,237
Cash Payments from Operating Activities		
Employee Related	(40,845)	(40,862)
Payment for Personnel Services(a)	0	0
Superannuation	(3,707)	(3,754)
Payments for Goods and Services(a)	(27,126)	(27,991)
Grants and Subsidies	(17,440)	(27,930)
Interest	(3,551)	(3,360)
Other	(3,471)	(6,574)
Total Cash Payments from Operating Activities	(96,139)	(110,472)
Net Cash Flows from Operating Activities	3,624	(2,235)
Cash Flows from Investments in Non-Financial Assets		
Proceeds from Sale of Non-financial Assets	1,369	1,002
Purchases of Non-Financial Assets	(28,542)	(24,890)
Net Cash Flows from Investments in Non-financial Assets	(27,173)	(23,889)
Cash Flows from Investments in Financial Assets for Policy Purposes		
Receipts	1,729	10,558
Payments	(1,317)	(162)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	412	10,396
Cash Flows from Investment in Financial Assets for Liquidity Purposes		
Proceeds from Sale of Investments	3,636	3,151
Purchase of Investments	(10,847)	(3,909)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	(7,211)	(758)
Net Cash Flows from Investing Activities	(33,972)	(14,251)
Cash Flows from Financing Activities		
Advances Received	(5)	(0)
Advances Repaid	(85)	(109)
Proceeds from Borrowings	30,589	28,320
Repayments of Borrowings	(3,148)	(11,481)
Dividends Paid	...	...
Deposits Received/(Paid) - (Net)	17	70
Other (Net)	0	55
Net Cash Flows from Financing Activities	27,369	16,855
Net Increase/(Decrease) in Cash Held	(2,979)	370
Opening Cash and Cash Equivalents	5,575	5,923
Reclassification of Cash Equivalents and Other Adjustments	0	(2)
CLOSING CASH AND CASH EQUIVALENTS	2,596	6,291
Derivation of Cash Result		
Net Cash Flows from Operating Activities	3,624	(2,235)
Net Cash Flows from Investments in Non-Financial Assets	(27,173)	(23,889)
Dividends Paid	...	...
Cash Surplus/(Deficit)	(23,549)	(26,123)

(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^(a)

	2021-22
	Actual
	\$m
Revenue from Transactions	
Sale of Goods and Services ^(b)	1,676
Interest	3,228
Other Dividends and Distributions	1,016
Fines, Regulatory Fees and Other	2
Total Revenue from Transactions	5,922
Expenses from Transactions	
Employee	270
Superannuation	
- Superannuation Interest Cost	...
- Other Superannuation	23
Depreciation and Amortisation	56
Interest	2,530
Income Tax Equivalents	42
Other Operating Expenses	5,298
Grants and Subsidies and Other Transfers	16
Total Expenses from Transactions	8,235
NET OPERATING BALANCE - SURPLUS / (DEFICIT) AFTER TAX	(2,313)

Table 16: NSW Public Financial Corporations Sector Consolidated Statement of Comprehensive Income (cont)

	2021-22
	Actual
	\$m
Other Economic Flows - Included in the Operating Result	
Gain/(Loss) from Liabilities	7,450
Other Net Gains/(Losses)	10,251
Other Economic Flows - included in Operating Result	17,759
Operating Result	15,446
Other Economic Flows - Other Comprehensive Income	
Items that will not be Reclassified to Operating Result	75
Revaluations	72
Actuarial Gain/(Loss) from Superannuation	2
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	...
Deferred Tax Direct to Equity	...
Items that may be Reclassified Subsequently to Operating Result	0
Net Gain/(Loss) on Financial Instruments at Fair Value	...
Other	0
Other Economic Flows - Other Comprehensive Income	75
Comprehensive Result - Before Transactions with Owners in their capacity as Owners	15,521
Dividends Distributed	(95)
Net Equity Injections/(Transfers)	...
Comprehensive Result -Total Change in Net Worth	15,426
Key Fiscal Aggregates	
Comprehensive Result - Before Transactions with Owners in their capacity as Owners	15,521
Less: Net Other Economic Flows	(17,834)
Equals: Net Operating Balance	(2,313)
Less: Net Acquisition of Non-Financial Assets	
Purchases of Non-Financial Assets ^(c)	357
Sales of Non-Financial Assets	(0)
Less: Depreciation	(56)
Plus: Change in inventories	...
Plus: Other Movements in Non-Financial Assets	
- Assets Acquired Using Leases ^(c)	106
- Assets Acquired Using Service Concession Arrangements ^(c) (Financial Liability Model)	...
- Assets Acquired Using Service Concession Arrangements (Grant of Right to the Operator Model)	...
Equals: Total Net Acquisition of Non-Financial Assets	407
Equals : Net Lending /(Borrowing) [Fiscal Balance]	(2,720)
OTHER FISCAL AGGREGATES	
Capital Expenditure ^(c)	463
Dividends Accrued	95

(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 2022^{(a)(b)}

	2022 Actual \$m
Assets	
Financial Assets	
Cash and Cash Equivalent Assets	5,953
Receivables	1,759
Investments, Loans and Placements	
Financial Assets at Fair Value	170,465
Other Financial Assets	34
Equity Investments	982
Other	22,760
Total Financial Assets	201,953
Non-Financial Assets	
Investment Properties	1,130
Property, Plant and Equipment	
Land and Buildings	16
Plant and Equipment	4
Right of Use Assets	123
Intangibles	200
Other	115
Total Non-Financial Assets	2,195
Total Assets	204,148
Liabilities	
Deposits Held	1,775
Payables	428
Borrowings and Derivatives at Fair Value	122,356
Borrowings at Amortised Cost	741
Employee Provisions	54
Superannuation Provision ^(c)	1
Tax Equivalents Payable	10
Other Provisions	7,795
Other	59,645
Total Liabilities	192,805
NET ASSETS	11,343
NET WORTH	
Accumulated Funds	10,992
Reserves	352
TOTAL NET WORTH	11,343
OTHER FISCAL AGGREGATES	
Net Debt^(d)	(51,580)
Net Financial Liabilities^(e)	(9,148)
Net Financial Worth^(f)	9,148

(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^(a)

	2021-22 Actual \$m
Cash Receipts from Operating Activities	
Sale of Goods and Services ^(b)	1,656
Interest	3,527
Other	2,558
Total Cash Receipts from Operating Activities	7,741
Cash Payments from Operating Activities	
Employee Related	(274)
Superannuation	(23)
Payments for Goods and Services	(3,687)
Grants and Subsidies	(5)
Interest	(2,353)
Distributions Paid	(40)
Other	(183)
Total Cash Payments from Operating Activities	(6,565)
Net Cash Flows from Operating Activities	1,176
Cash Flows from Investments in Non-Financial Assets	
Proceeds from Sale of Non-financial Assets	0
Purchases of Non-Financial Assets	(357)
Net Cash Flows from Investments in Non-financial Assets	(357)
Cash Flows from Investments in Financial Assets for Policy Purposes	
Receipts	...
Payments	...
Net Cash Flows from Investments in Financial Assets for Policy Purposes	...
Cash Flows from Investment in Financial Assets for Liquidity Purposes	
Proceeds from Sale of Investments	8,557
Payments for Purchase of Investments	(30,993)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	(22,437)
Net Cash Flows from Investing Activities	(22,794)
Cash Flows from Financing Activities	
Proceeds from Borrowings	75,713
Repayments of Borrowings	(51,808)
Dividends Paid	(94)
Deposits Received/(Paid) - (Net)	...
Other (Net)	...
Net Cash Flows from Financing Activities	23,811
Net Increase/(Decrease) in Cash Held	2,193
Opening Cash and Cash Equivalents	3,759
Reclassification of Cash Equivalents and Other Adjustments	...
CLOSING CASH AND CASH EQUIVALENTS	5,953
Derivation of Cash Result	
Net Cash Flows from Operating Activities	1,176
Net Cash Flows from Investments in Non-Financial Assets	(357)
Dividends Paid	(94)
Cash Surplus/(Deficit)	725

(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.

