

Report on State Finances

2014-15



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1. Foreword

The 2014-15 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 2014-15
- details of further developments in financial reporting and management of the State's finances
- the audited Consolidated Financial Statements of the General Government and Total State Sectors for 2014-15, including a full set of note disclosures required by Australian Accounting Standards, and
- 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 2014-15, prepared in accordance with the Uniform Presentation Framework adopted by all Australian governments (including the Loan Council Allocation Outcome for the State).

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

The New South Wales Total State Sector is made up of the General Government Sector (GGS), and the State's Public Non-Financial Corporations (PNFCs) and Public Financial Corporations (PFCs).

General Government Sector agencies carry out policy, regulatory and service delivery functions.

PNFCs, also known as Public Trading Enterprises (PTEs), are responsible for supplying public infrastructure services, including electricity, water and public transport. PNFCs, other than in the transport and housing sectors, are largely self-funded from user charges and in most cases have been given a specific charter to run their businesses on commercial lines, including the achievement of a commercial rate of return on the resources employed.

PFCs may accept demand, time or savings deposits and/or have the authority to incur liabilities and acquire financial assets in the market on their own account. An example of a PFC is the New South Wales Treasury Corporation.

A reference to one billion dollars is one thousand million dollars.

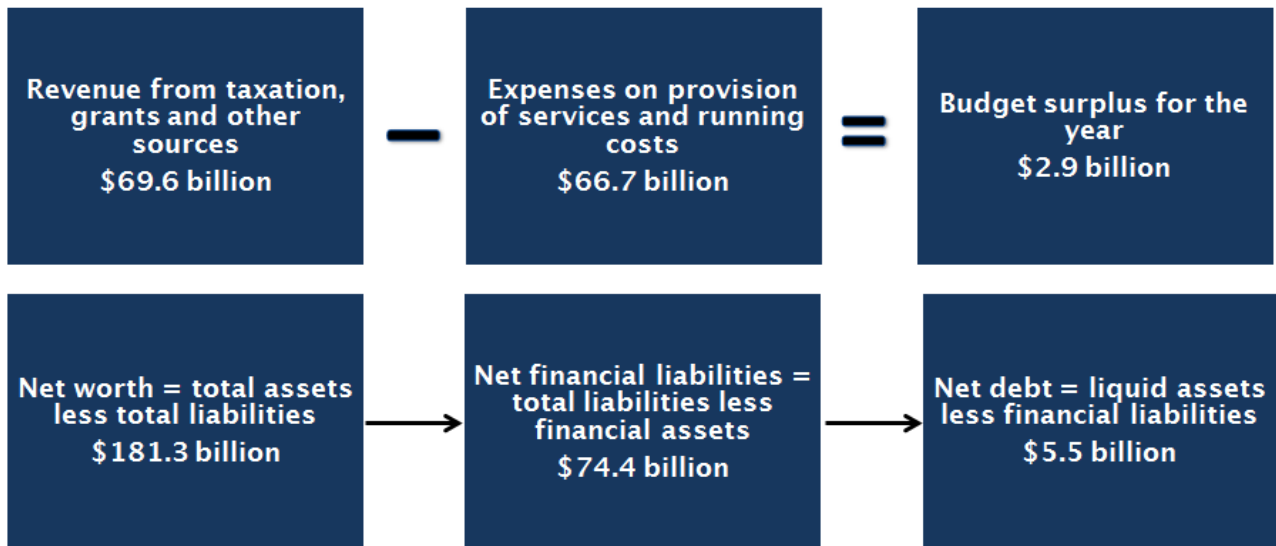
All figures in tables, charts and text are rounded to the nearest million dollars. Discrepancies between totals and the sum of components reflect rounding. Percentages are based on the underlying unrounded amounts.

Prior year comparatives have been restated to take account of changes to accounting standards and corrections of prior period errors (if applicable).

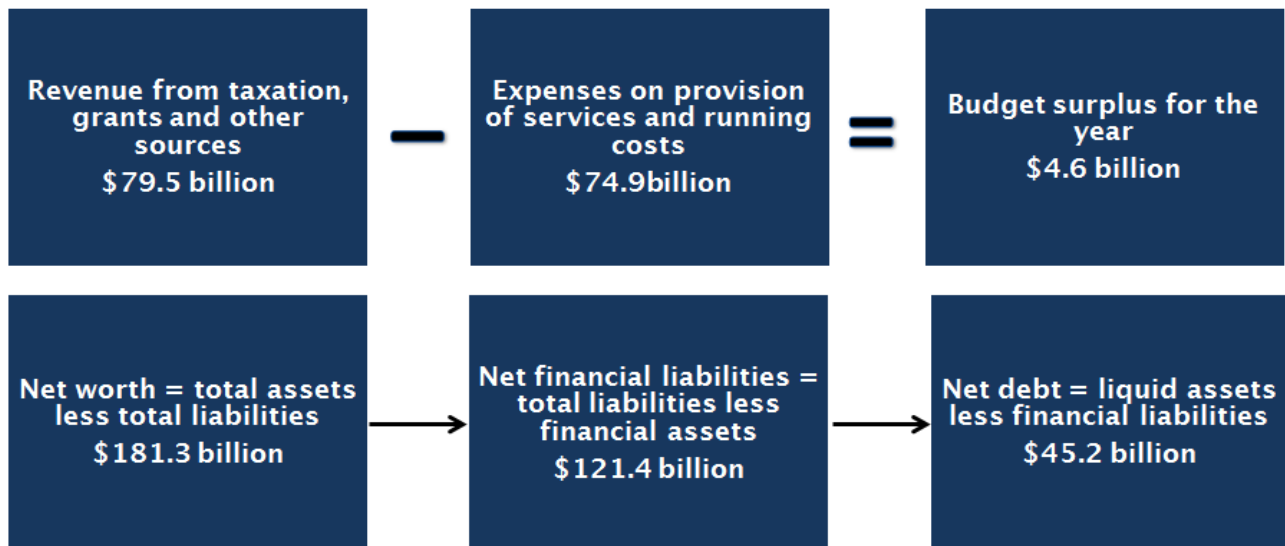
2. 2014-15 Overview

The following is an overview of the financial results in the Report on State Finances for 2014-15. The overview highlights the Key Performance Indicators for the General Government Sector and Total State Sector. These are discussed in more detail in the subsequent chapters.

General Government Sector



Total State Sector



3. Fiscal Context

3.1 Fiscal Targets and Principles

The Government's fiscal targets and principles are articulated in the *Fiscal Responsibility Act 2012*. The key objective of the Act is to maintain the State's triple-A credit rating. This objective is supported by two fiscal targets of holding General Government Sector expense growth below long term average revenue growth and eliminating the State's unfunded superannuation liabilities by 2030.

The Act also requires the Government to pursue its objective in accordance with the three principles of sound financial management, responsible and sustainable spending, taxation and infrastructure investment; effective financial and asset management; and achieving intergenerational equity.

Further information about the Government's performance against the Act is outlined in Annex 1.

3.2 NSW's Economic and Fiscal Environment

The 2014–15 Budget expected the NSW economy to gain momentum as it benefitted from the national transition, away from mining investment towards more diversified economic growth. Low interest rates, a lower exchange rate and strong population growth were all expected to support strong growth. The household sector was expected to be the main driver of growth with non-mining business investment remaining firm and export growth improving. In contrast, national economic growth was forecast to slow in response to declining mining investment.

Consistent with expectations, NSW economic activity in 2014–15 was driven primarily by the household sector. Dwelling investment was supported by strong pent up demand, population growth and investor interest in residential property and low interest rates. Positive wealth effects from rising house prices supported household consumption despite labour income growth being persistently subdued. Real household consumption grew by 3.4 per cent in 2014-15, up from 2.8 per cent in 2013-14.

A tentative recovery in non-mining business investment did emerge over 2014-15, despite the dampening effect for much of the year from subdued business confidence both nationally and in New South Wales.

In contrast to initial expectations, sharp falls in commodity prices and the resulting decline in the terms of trade placed downward pressure on national income growth, which led to subdued national economic conditions and weaker demand from the rest of Australia for interstate exports. Global growth forecasts were revised down during the year, but a greater than expected depreciation of the Australian dollar provided support for New South Wales' overseas exports.

The weaker than expected global and national economies, particularly the lower demand from the rest of Australia, was reflected in a downgrade to growth expectations for 2014-15 in the 2015-16 Budget. NSW Real Gross State Product (GSP) growth is expected to be 2.5 per cent¹, 0.5 of a percentage point lower than at the time of the 2014-15 Budget.

¹ ABS National Accounts final GSP for 2014-15 not released at the time of publication

Employment growth moderated in mid-2014-15, and coupled with an increase in the participation rate saw the unemployment rate trend upwards. Towards the latter half of the year employment growth strengthened significantly, but strong population growth and a high participation rate has moderated the decline in the unemployment rate. The unemployment rate eased back to 5.8 per cent by the June quarter 2015 to be not far from the Budget forecast of 5.5 per cent in 2014-15. Employment growth in 2014-15 was 1.2 per cent against a Budget expectation of 1.75 per cent.

For 2015–16, the outlook for economic growth remains strong, continuing to be led by household consumption, dwelling investment, non-mining business investment and public infrastructure projects.

4. General Government Sector Results

- The 2014-15 Budget Result for the General Government Sector was a surplus of \$2.9 billion, \$0.8 billion higher compared with the revised estimates published in the 2015-16 Budget. This was due to increased revenues of \$0.5 billion and decreased expenses of \$0.3 billion. The improvements were due in a large part to small one-off items.
- The \$2.9 billion surplus was an improvement of \$1.6 billion over the prior year. This improvement reflects increases in revenue of \$3.6 billion (5.5 per cent), partially offset by increases in expenses of \$2.0 billion (3.1 per cent).
- Higher revenue over the prior year was primarily driven by an increase in state tax revenues (\$1.8 billion), changes to Commonwealth grant payments (\$0.8 billion), increases in sales of goods and services (\$0.6 billion) and an increase in other dividends and distributions (\$0.5 billion).
- State taxes increased primarily due to higher stamp duty (\$1.4 billion) as a result of stronger than expected growth in the residential and commercial property sectors, and receipts from large one-off business asset sales and lease transactions.
- Increased expenses over the prior year reflected growth in employee related costs (\$0.8 billion), higher grants and subsidies (\$0.5 billion) and higher other operating expenses (\$0.5 billion).
- Capital expenditure was \$9.5 billion, an increase of \$0.9 billion (10.9 per cent) over the prior year. This is the highest level of annual spend ever recorded in New South Wales. This level of spend reflects the Government's commitment to increased infrastructure spending, to address backlogs, and promote economic growth.
- Net debt fell during 2014-15 by \$1.4 billion to \$5.5 billion to be at 1.1 per cent of forecast Gross State Product (GSP) (2013-14: 1.4 per cent of GSP). Lower net debt reflects both the improved operating results and the proceeds of business asset sales and lease transactions, which are now being invested in new infrastructure.
- Net financial liabilities increased by \$3.7 billion to \$74.4 billion at 30 June 2015. This change is primarily due to increases in the defined benefit superannuation liabilities and other employee related liabilities, both in turn affected by changes to discount rates.
- The cash result of \$2.2 billion surplus represents an improvement on the prior year of \$0.7 billion. The improved cash result reflects the operating result as well as asset sales.

4.1 Operating Result

Table 4.1: General Government Sector Key Financial Indicators – Performance on Operating Result

Key Financial Indicators (GGS) – Statement of Comprehensive Income					
		Actual 2013-14	Original Budget 2014-15	Revised Estimate ^(a) 2014-15	Actual 2014-15
General Government Sector					
Revenue	\$b	66.0	67.1	69.1	69.6
Expenses	\$b	64.8	67.4	67.1	66.7
Transactions from Discontinued Operations	\$b	-	-	-	-
Budget Result (Net Operating Balance)	\$b	1.2	(0.3)	2.1	2.9
Comprehensive Result	\$b	7.9	16.2	6.6	13.6
Gross Capital Expenditure	\$b	8.5	10.2	9.6	9.5
Cash Result	\$b	1.5	(2.9)	0.5	2.2
Net Lending/(Borrowing)	\$b	(1.2)	(3.7)	(1.2)	(0.1)

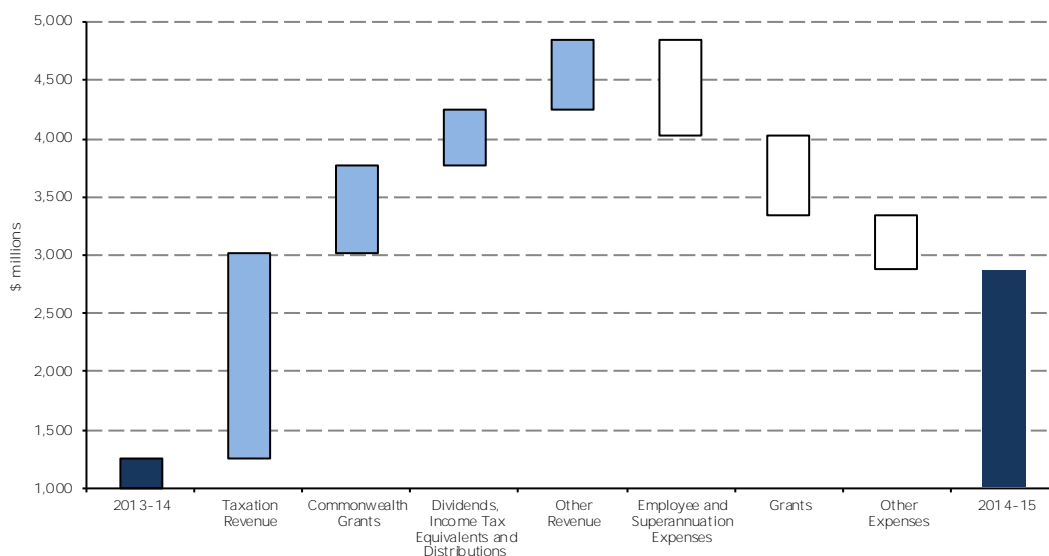
(a) Revised Estimate for 2014-15 as presented in the 2015-16 Budget Papers.

4.2 Budget Result

The Budget Result was a surplus of \$2,881 million, an improvement of \$1,634 million over 2013-14, and \$3,164 million better than the original budget estimate set out in the 2014-15 Budget. An overview of the Budget Result compared to the original Budget estimates is outlined in detail in Note 32 to the Audited Consolidated Financial Statements.

The Budget Result was also \$823 million better than the revised estimate for 2014-15 as presented in the 2015-16 Budget Papers. Revenues increased by \$474 million and expenses improved by \$349 million. The improvements were due in large part to a small number of one-off items. Revenues from realised distributions from investments were \$385 million higher and Commonwealth payments were \$100 million higher. Reductions to expenses included actuarial adjustments in workers compensation (\$208 million), reductions in general insurances (\$290 million) and dust diseases costs (\$185 million).

Chart 4.1: Key Changes in Budget Result on 2013-14



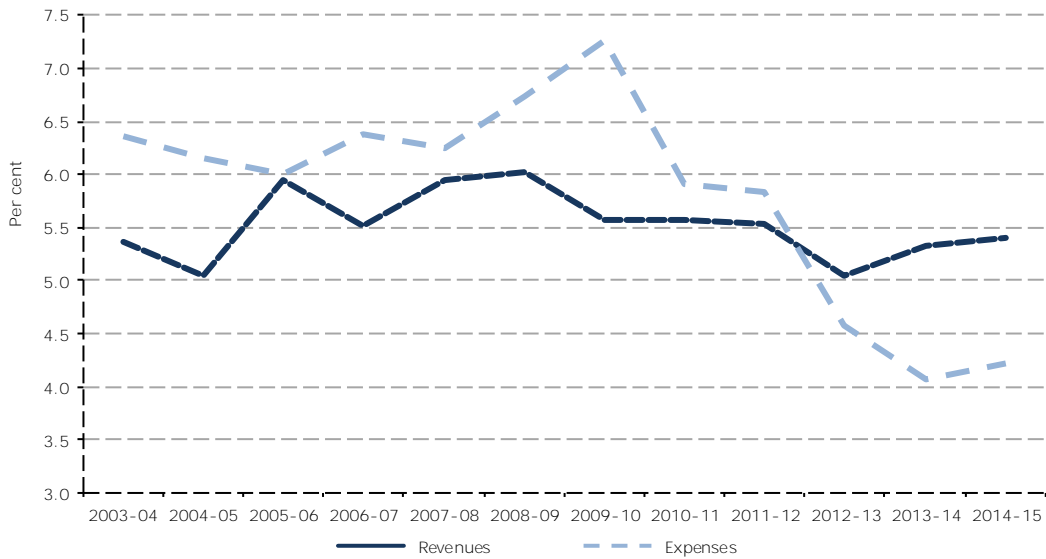
The improvement to the Budget Result over the prior year reflected higher revenues of \$3,612 million (5.5 per cent) partially offset by higher expenses of \$1,979 million (3.1 per cent). Chart 4.1 shows the main changes between the 2013-14 Budget Result and the 2014-15 Budget Result.

The improvement in revenue was primarily driven by state tax revenues of \$1,772 million, changes to the Commonwealth grant payments of \$761 million, increases in Sales of Goods and Services of \$578 million and an increase in other dividends and distributions of \$464 million. State tax revenue grew due to an increase in stamp duty revenue of \$1,387 million (17.7 per cent), and payroll tax of \$378 million (5.3 per cent).

The rise in expenses was due to growth in employee related costs of \$762 million (2.8 per cent), an increase in grants and subsidies paid of \$468 million (3.7 per cent), as well as higher other operating expenses of \$464 million (3.2 per cent).

The year on year increase in revenues exceeded the year on year increase in expenses. This is consistent with the Government’s fiscal strategy that long term revenue growth should exceed expense growth. The performance in 2014-15 delivers on this commitment, which has been achieved on a four-year average basis since 2012-13, as illustrated in Chart 4.2.

Chart 4.2: Average Revenue and Expense Growth^(a) – 2003-04 to 2014-15 (including the retrospective impact of AASB 119)



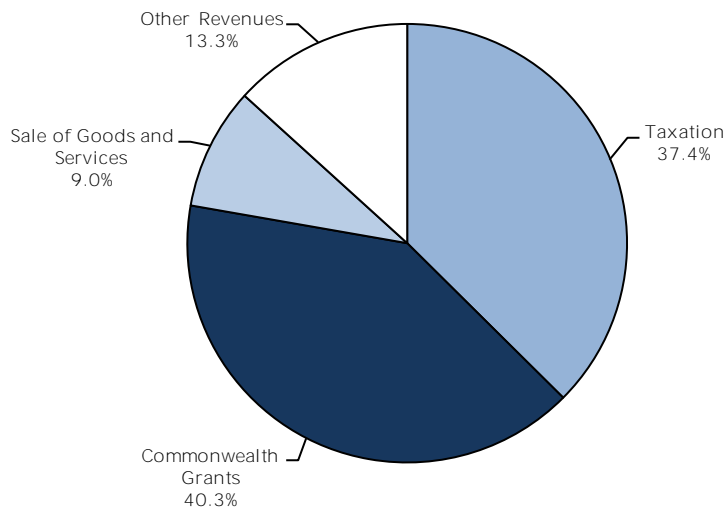
(a) Four-year average per cent change to indicated year.

4.3 Revenue

General Government Sector revenues were stronger than estimated in the 2014-15 Budget, being \$69,617 million, an increase of \$2,504 million (3.7 percent). Revenues increased by \$3,612 million (5.5 per cent) over 2013-14.

General Government Sector revenues comprised: revenues from taxation \$26,067 million; monies from the Commonwealth Government \$28,067 million; sales of goods and services \$6,255 million; dividends, distributions and tax equivalents \$3,571 million; and other revenues \$5,658 million.

Chart 4.3: Components of General Government Sector Revenue 2014-15



Tax Revenues

The three largest state taxes: payroll tax, stamp duty on property transfers (transfer duty) and land tax, together provided around 73.5 per cent of taxation revenue in 2014-15. Transfer duty (which is a key component of stamp duty) exceeded expectations reflecting continuing strength in the property market that has been supported by historically low interest rates and unprecedented investor demand.

Stamp duty revenues were \$1,387 million (17.7 per cent) higher than 2013-14 and grew more strongly than anticipated in the 2014-15 Budget.

Payroll tax increased by \$378 million (5.3 per cent) since 2013-14, but came in lower than expected in the 2014-15 Budget due to both softer growth in employment and average employee compensation in NSW.

Taxes received in excess of the 2014-15 Budget are treated as windfall gains and transferred into Restart NSW to finance critical infrastructure, such as projects from the Housing Acceleration Fund.

Other significant changes between 2013-14 and 2014-15 included:

- An increase in land tax of \$137 million (5.8 per cent).
- Lower tax revenues levied by the Workers Compensation (Dust Diseases) Board of \$557 million. This was due to changes in the underlying costs recoverable from industry. Claims provisions increased in 2013-14 and reduced in 2014-15, creating a large year on year movement in tax revenues.

Commonwealth Grants

New South Wales receives General Purpose Grants, National Partnership payments, Special Project Payments and a small number of other payments from the Commonwealth. Total grants were \$826 million (2.9 per cent) higher than the prior year.

General Purpose Grants were \$1,171 million (7.4 per cent) higher than 2013-14. General Purpose Grants are comprised mostly of GST. GST revenue was higher than expected because of an adjustment payment received in 2014-15 for the underestimation of the pool in 2013-14 (\$122 million), an upward revision to the pool and an upward revision to the NSW population share. GST revenues from the Australian Government are distributed among States. GST revenues depend on the total amount of GST collected (pool size), population share of NSW and the relativity calculated by the Commonwealth Grants Commission (CGC). Any change in pool size, population share or relativity impacts the State's financial result.

Remaining grants and subsidies were reduced by \$345 million from 2013-14 as a number of grants related to 2014-15 and future years were paid by the Commonwealth in 2013-14. This was partially offset by further re-profiling of revenues from future years into 2014-15. Grants were impacted by lower Commonwealth health payments of \$145 million, national land transport payments of \$420 million and natural disaster payments of \$476 million. This was partially offset by increases in school generated revenue from community programs of \$82 million and increased Commonwealth Education payments of \$310 million.

Other revenues

Other revenues included the sales of goods and services, dividends from government businesses, interest and fines and fees.

Dividends received from government businesses are a return on investment in those businesses.

Government businesses also make tax equivalent payments to the State which ensure competitive neutrality with businesses in the private sector. Commercial PTEs within the electricity and water sectors currently contribute the largest proportion of total dividend and tax equivalent payments.

Dividends and tax equivalent payments from the water sector were \$946 million, and from electricity network businesses were \$1,234 million in 2014-15, both of which were in line with the 2014-15 Budget forecast.

Other dividends and distributions were higher than 2013-14 by \$464 million due to distributions from TCorp managed investment schemes.

Sales of goods and services were \$578 million (10.2 per cent) higher than the prior year due to an:

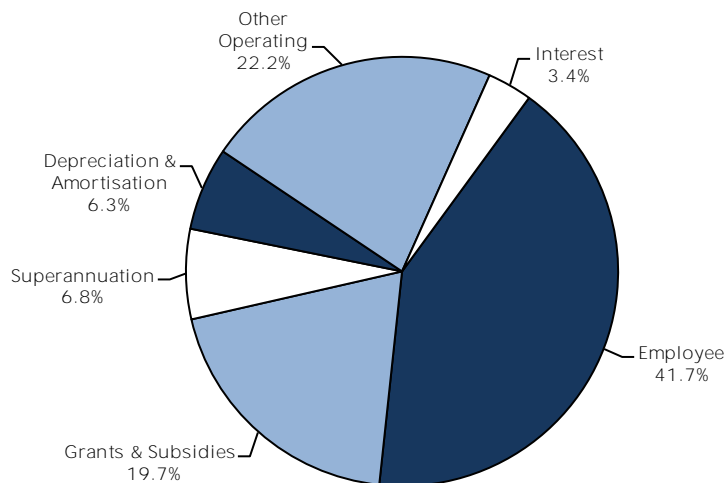
- Increase in revenues (\$287 million) following implementation of the GSE Act in February 2014, where staff services are provided to the PTE sector,
- Increase in revenues (\$119 million) received by the Ministry of Health as result of changed arrangements for the provision of services to residents of other jurisdictions and higher levels of private insurance recoveries, and
- Increase in revenues (\$110 million) from services provided to projects under development in the PTE sector such as WestConnex.

4.4 Expenses

General Government Sector expenses were \$66,736 million, \$1,979 million (3.1 per cent) higher than 2013-14, but \$660 million (1.0 per cent) lower than original estimate set out in the 2014-15 Budget.

Employee expenses and superannuation together accounted for almost half of the Sector’s total expenditure. Other operating expenses, which include maintenance expenses, utilities, rent, hospital medical equipment and supplies, accounted for just under a quarter of the Sector’s expenses. The remaining expenses related to grants and subsidies, depreciation and amortisation, and interest.

Chart 4.4: Components of General Government Sector Expenses 2014-15



Employee expenses

Government initiatives, spanning 2011 to the present, including the NSW Public Sector Wages Policy, the Labour Expense Cap, and the revised Managing Excess Employees Policy, have helped drive down employee expenses growth. Growth in 2014-15 of 2.8 per cent reflected these previous decisions as well as the delivery of efficiencies (primarily in back office functions) offset by additional staff employed in front line services (including health, education and policing). Employee costs were \$762 million higher than 2013-14. This included:

- Wage inflation increases (\$641 million) in line with the wages policy of 2.5 per cent,
- The full year effect of the GSE Act implemented in February 2014 (\$287 million), where staff services are provided by general government agencies to the PTE sector (see other revenues),
- Increased cost of long service leave due to actuarial revaluations (\$106 million) and
- Reductions in workers compensation expenses (\$205 million).

Superannuation expenses were \$4,529 million, \$73 million (1.6 per cent) higher than 2013-14.

Grant expenses

Recurrent grants and subsidies were \$9,895 million, \$251 million (2.6 per cent) higher than 2013-14 and capital grants and subsidies were \$3,270 million, \$218 million (7.1 per cent) higher than 2013-14. In total grants and subsidies expenses were \$468 million (3.7 per cent) higher than prior year. This included:

- Increases in grants paid (\$220 million) to Sydney and NSW Trains for the delivery of transport services,
- Increases in grants paid (\$260 million) to non-government organisations for the delivery of disability services including NDIS and Homecare,
- Grants paid (\$448 million) to Delta to support capital restructuring, in accordance with the Treasury Commercial Policy Framework, following the sale of Colongra Power Station and
- Increases in insurance costs (\$102 million) associated with Home Building and Transport Accidents Compensation funds.
- Reductions in insurance claims costs (\$348 million) due to changes in actuarial assumptions associated with worker and spouse mortality rates for dust diseases, and
- Reductions in grants paid (\$130 million) in response to natural disasters and drought.

Other expenses

Other expenses comprise depreciation and amortisation, interest and other operating expenses.

Other operating expenses were \$14,809 million, \$464 million (3.2 per cent) higher than 2013-14. This included:

- Changes to other provisions (\$300 million), including a provision to meet the State's commitment with regard to the loose fill asbestos program.
- Increased operating costs (\$118 million), incurred on capital projects such as WestConnex, subsequently charged to the PTE sector; and
- Reduced costs (\$175 million) associated with better claims experience impacting insurance provisions by the NSW Self Insurance Corporation.

4.5 Comprehensive Result

The General Government Sector Comprehensive Result was a surplus of \$13,555 million, \$5,685 million better than the prior year. This improvement was due to an:

- Increase in Budget surplus (\$1,634 million),
- Increase in the value of the State's assets (\$4,136 million – refer to 4.10),
- Increase in the net value of the Government's investments in other parts of the public sector (\$2,244 million),
- Offset by actuarial losses on superannuation due to reductions in discount rate (\$3,183 million).

4.6 Capital Expenditure

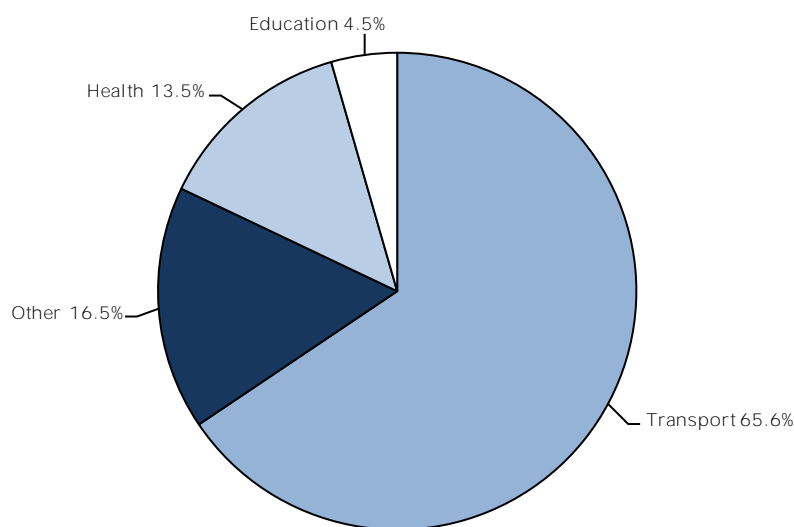
General Government Sector capital expenditure during 2014-15 was \$9,483 million, an increase of \$937 million (11 per cent) against the prior year. This is the highest General Government capital spend ever recorded in New South Wales, reflecting the Government's strong capital expenditure program.

The benefits of such a program are wide-ranging and include a boost to jobs and economic activity. Investment has allowed the Government to address the State's infrastructure backlog, deliver new roads and rail projects to ease congestion for motorists and public transport customers, and to connect growing population centres in Sydney with jobs and employment. It has also allowed support for the construction of new schools and hospitals.

The increased program over the previous year was consistent with the Government's commitment to provide infrastructure that contributes to the economic growth of the State, improves frontline services and closes the infrastructure gap. Major projects progressed during 2014-15 included:

- Pacific Highway upgrades (\$1,059 million),
- Sydney Metro Northwest (formerly North West Rail Link (\$754 million),
- Westconnex Stage 1 costs associated with M4 widening (\$405 million) and
- North Sydney Freight Corridor (\$305 million).

Chart 4.5: Distribution of Capital Expenditure for 2014-15



During 2014-15, \$283 million of capital spend was funded from Restart NSW. Restart NSW funds are designated for the delivery of infrastructure with the purpose of promoting economic growth and productivity. Restart NSW is the repository for net proceeds from business asset transactions, including the long-term lease of Ports Kembla and Botany and the Port of Newcastle. Other sources of Restart NSW funds include windfall tax revenues and Waratah bonds.

Restart is subject to an assessment process carried out by INSW. This process includes a specific recommendation by INSW to the Treasurer, based on a three part test for assessing and recommending projects:

- Strategic assessment – the project’s consistency with Restart objectives and themes and NSW Government policy,
- Business case and independent assurance – whether the project has successfully completed the appropriate business case development and independent review processes,
- Economic assessment – the economic merit of the project demonstrated through a benefit cost ratio greater than 1.

During 2014-15 a number of major projects were completed. These included:

- South West Rail Link,
- Royal North Shore Hospital – Public Private Partnership and
- Sydney Cricket Ground – Stage 2 Redevelopment.

4.7 Net Lending / (Borrowing)

The Net Lending Result is a proxy for the financing requirement of the Government, calculated taking into account both recurrent and capital transactions.

The General Government Sector Net Lending Result was a borrowing of \$126 million, a reduction in borrowing of \$1,110 million over 2013-14. This was mainly due to the improvement in the Budget Result of \$1,634 million, partially offset by higher expenditures on purchases of non-financial assets of \$944 million.

4.8 Cash Result

The Cash Result was a surplus of \$2,205 million, an improvement of \$664 million over the prior year surplus of \$1,541 million. The improved cash result reflected the operating result as well as asset sales.

4.9 Balance Sheet

Table 4.2: General Government Sector Key Financial Indicators – Balance Sheet Performance

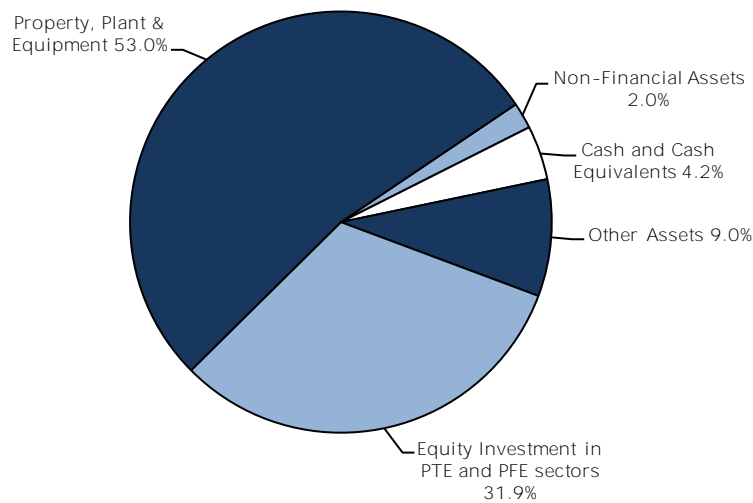
Key Financial Indicators (GGS) - Statement of Financial Position					
		Actual 2014	Original Budget 2015	Revised Estimate ^(a) 2015	Actual 2015
Total Assets	\$b	278.3	289.6	293.5	298.9
Total Liabilities	\$b	110.6	92.5	119.1	117.6
Net Worth	\$b	167.8	197.0	174.4	181.3
Net Unfunded Superannuation Liability	\$b	48.3	31.2	54.1	52.5
Net Debt	\$b	6.9	12.4	6.7	5.5
Net Debt as a % of GSP	%	1.4%	2.4%	1.3%	1.1%
Net Financial Liabilities (NFL)	\$b	70.7	55.5	77.0	74.4
NFL as a % of GSP	%	14.4%	10.7%	15.0%	14.5%

(a) Revised Estimate for 2014-15 as presented in the 2015-16 Budget Papers.

4.10 Total Assets

Assets comprise non-financial and financial assets. The graph below illustrates the breakdown of General Government asset holdings as at 2014-15.

Chart 4.6: Distribution of Total Assets as at 30 June 2015



Non-Financial Assets

The main components of non-financial assets are, Property Plant and Equipment (PPE) and Intangible Assets. These accounted for 53.9 per cent of the General Government total assets at 30 June 2015. The value of PPE increased by \$9,582 million relative to June 2014. This reflects additions of \$9,466 million, revaluations of \$6,631 million and depreciation and other movements of \$5,873 million. Revaluations included:

- An increase of \$2,714 million in the carrying value of the infrastructure assets of Roads and Maritime Services,
- An increase of \$1,009 million in the carrying value of the Collection Assets at The State Library of New South Wales, and
- An increase of \$576 million in the carrying value of the land and buildings held by the Department of Education.

Financial Assets

Cash and cash equivalents were \$12,433 million, \$2,466 million greater than in June 2014. Cash and cash equivalents included \$7,835 million (2014: \$6,227 million) of monies invested in the State's dedicated infrastructure fund, Restart NSW. This fund is used to deliver major capital infrastructure projects across the State.

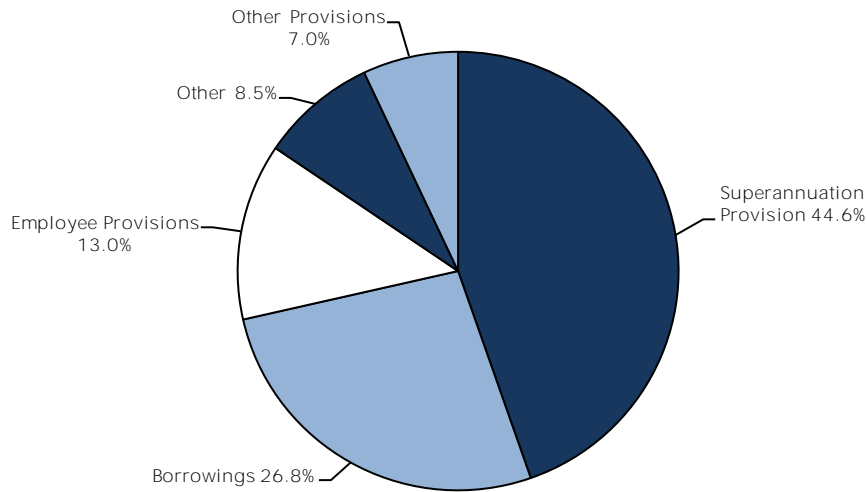
In addition, the government held a number of investment funds. Investment funds are held by a number of agencies across the General Government Sector and are generally managed by NSW Treasury Corporation (TCorp) or the Crown. The majority of these funds are invested in growth-based portfolios to meet designated liabilities, principally for workers compensation, other insurance, dust diseases and long service payments in the construction industry.

In order to provide an enhanced whole-of-portfolio view of the State's financial assets, streamline the administration of the funds and reduce management costs, in 2014-15 the Government amalgamated fund management activities. The management of funds held in Safety, Return to Work & Support and SAS Trustee Corporation (State Super) have now been amalgamated into TCorp, which already manages New South Wales Self Insurance Corporation's (SICorp) Treasury Managed Fund and the funds of the Long Service Corporation. This amalgamation makes TCorp a top 10 Australian investment manager, which will generate efficiencies and improve access to expertise in fund management within the NSW Government. The Government will continue to assess its management strategies and procure independent advice where necessary to ensure that the State earns appropriate returns on its assets.

4.11 Total Liabilities

The graph below displays the distribution of the State’s liabilities by class. The majority of these liabilities relate to employee and superannuation provisions, which together accounted for 57.7 per cent of the State’s obligations at 30 June 2015. Additionally, the State’s borrowings contributed 26.8 per cent.

Chart 4.7: Distribution of Total Liabilities as at 30 June 2015



Superannuation Liabilities

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. During 2014-15, net unfunded superannuation liabilities increased by \$4,236 million to \$52,498 million. In accordance with AASB 119 Employee Benefits, the State uses the 10-year Commonwealth Government bond yields at 30 June to revalue the superannuation liability. The increase in the superannuation liability was largely due to a decrease in this bond yields from 3.57 per cent in 2014 to 3.03 per cent in 2015.

The State adopted the revised AASB 119 Employee Benefits standard retrospectively in 2013-14. This included the splitting of investment returns and the grossing up of liabilities to reflect contributions tax. While future franking credits arising on the fund’s investment income offset contribution tax, revisions to the Standard requires the superannuation contributions tax payable to be applied to the gross liabilities after taking account of administration costs and death and disability premiums. Because future franking credits are expected to be available to offset the future superannuation contributions tax payable, the State is not expecting a cash impact resulting from the adoption of this Standard.

Contributions are made in line with the Government’s commitment to fully fund superannuation liabilities by 2030. The Government remains on track to meet this commitment.

Employee Provisions and Other Provisions

Employee provisions included annual and long service leave and self-funded obligations for workers compensation. These liabilities grew by 6.1 per cent to \$15,313 million during 2014-15. The increase in the employee provisions was largely due to a decrease in the bond yield used to value liabilities.

Other provisions primarily comprised insurance obligations, liabilities for dust disease claims, university superannuation, and provisions for land remediation and restoration costs.

4.12 Net Worth

Net worth is the difference between Total Assets and Total Liabilities. Net worth of the General Government Sector increased by \$13,555 million (8.1 per cent) to \$181,323 million for the year ended 30 June 2015 (2014: \$167,768 million).

The increase in net worth was due to:

- A Budget Result surplus of \$2,881 million,
- Revaluation increments of \$7,525 million,
- Increased value of the Government's investment in public sector corporations; \$6,590 million,
- Actuarial losses associated with Superannuation \$3,183 million.

4.13 Net Debt

General Government Sector net debt fell to \$5,461 million or 1.1 per cent of forecast GSP at 30 June 2015. At 30 June 2014 the net debt was \$6,869 million or 1.4 per cent of GSP.

In recent years the Government has increased its focus on strengthening and improving the efficiency of the balance sheet. The Government has actively pursued innovative financing strategies including asset recycling and Public Private Partnerships to fund its capital expenditure program. As a result, even while capital expenditure increased substantially from 2011, net debt as a percentage of GSP has fallen from 3.0 per cent to 1.1 per cent between June 2012 and June 2015.

The use of innovative strategies has allowed the State to access funding for infrastructure investments in an economically efficient manner without significantly increasing borrowings. The Government's significant asset recycling program has converted the proceeds gained from the sale or lease of a number of the State's assets into the Restart NSW Fund to deliver much-needed infrastructure investments.

The Government is also using Public Private Partnerships to access private capital to finance infrastructure projects and manage project risk, particularly in the transport sector. Public Private Partnerships provide an efficient blend of public and private sector expertise to deliver innovative and cost effective infrastructure for the State. Public Private Partnerships are being used in the delivery of key projects including Sydney Metro NorthWest, Sydney Light Rail and NorthConnex.

Chart 4.8: Net Debt and Net Debt as a percentage of GDP

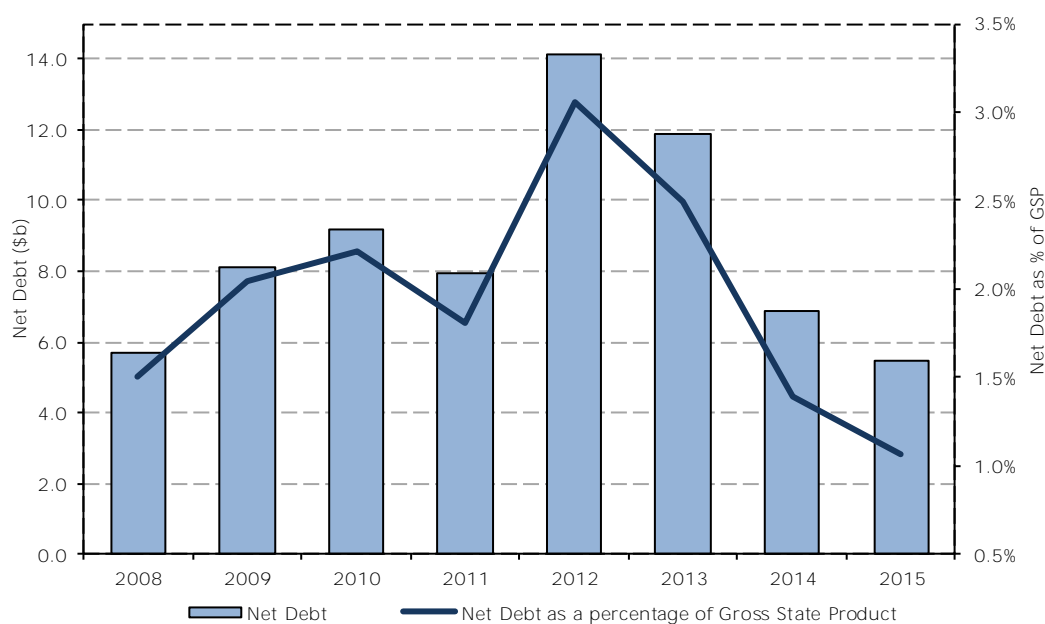


Table 4.3: General Government Sector – Net Debt

	Actual June 2014 \$b	Actual June 2015 \$b
Cash and Cash Equivalents	10.0	12.4
Investments, Loans and Placements	14.2	13.7
Advances Paid	0.9	0.9
Deposits Held	(0.1)	(0.1)
Borrowings and Derivatives at Fair Value	(0.0)	(0.0)
Borrowings at Amortised Cost	(31.0)	(31.5)
Advances Received	(0.8)	(0.9)
Net Debt	6.8	5.5
Net Debt as a % of GDP	1.4%	1.1%

4.14 Net Financial Liabilities

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

They comprise net debt, unfunded superannuation liabilities, employee provisions and other provisions, including insurance obligations and land remediation, after deducting receivables and other financial assets.

This is a broader indicator of the State's fiscal position compared to net debt, because it includes other liabilities such as the Government's unfunded superannuation liabilities.

Net financial liabilities at 30 June 2015 were \$74.4 billion which was \$3.7 billion higher than the prior year. This increase was primarily due to the increase in superannuation liabilities of \$4.2 billion, associated with the impact of the reduced discount rate used in calculating the State's superannuation obligations.

As a share of forecast GSP, net financial liabilities increased to 14.5 per cent at 30 June 2015, from 14.4 per cent at 30 June 2014 (refer Table 4.2).

Table 4.4: General Government Sector – Net Financial Liabilities

	Actual June 2014	Actual June 2015
	\$b	\$b
Net Debt	6.8	5.5
Superannuation Provision	48.3	52.5
Employee Provisions	14.4	15.3
Insurance Obligations	6.2	6.0
Other Net Liabilities / (Assets)	(5.1)	(4.9)
Net Financial Liabilities (NFL)	70.7	74.4
NFL as a % of GSP	14.4%	14.5%

5. Total State Sector Results

- The Net Operating Balance in 2014-15 was a surplus of \$4.6 billion, an improvement of \$1.9 billion in comparison to 2013-14. This improvement was driven by an increase in revenue of \$3.4 billion partially offset by an increase in expenses of \$1.6 billion.
- Higher revenue of \$3.4 billion was primarily due to an increase in state tax revenue (\$1.8 billion), changes to the timing and quantum of Commonwealth grant payments (\$0.8 billion) and an increase in other dividends and distributions (\$0.7 billion).
- Higher expenses of \$1.6 billion were primarily driven by an increase in employee related costs (\$0.5 billion) and an increase in other operating expenses (\$1.3 billion).
- Revenues and expenses for PTEs have decreased since 2013-14. This reflects the sale or lease of assets in Green State Power, Macquarie Generation, Delta Coast (Colongra) and Hunter Water Australia Pty Ltd in 2014-15, and the sales of Delta West and Eraring Energy and the long term lease of the Port of Newcastle during 2013-14.
- Capital expenditure of the Total State Sector for 2014-15 was \$13.5 billion, a decrease of \$0.4 billion on the previous year. Whilst there has been a large increase in spend within the General Government sector, spend in the PTE sector has moderated.
- Net debt of the Total State Sector was \$45.2 billion at 30 June 2015, an increase of \$4.8 billion during the year. This reflects a reclassification of investments in 2014-15. Without this change, Net Debt would have reduced by \$3.0 billion.
- Net financial liabilities of the Total State Sector were \$121.4 billion at 30 June 2015, an increase of \$2.8 billion over the previous year. This was largely due to the increase in superannuation liabilities of \$4.1 billion, as a result of a decrease in the discount rate from 3.57 per cent to 3.03 per cent at 30 June 2015.
- Net worth of the Total State Sector increased by \$13.6 billion (or 8.1 per cent) to \$181.3 billion for the year ended 30 June 2015. This change was largely due to increases in the value of financial and non-financial assets, offset by an increase to superannuation liabilities.

5.1 Operating Result

Table 5.1: Total State Sector Key Financial Indicators – Statement of Comprehensive Income

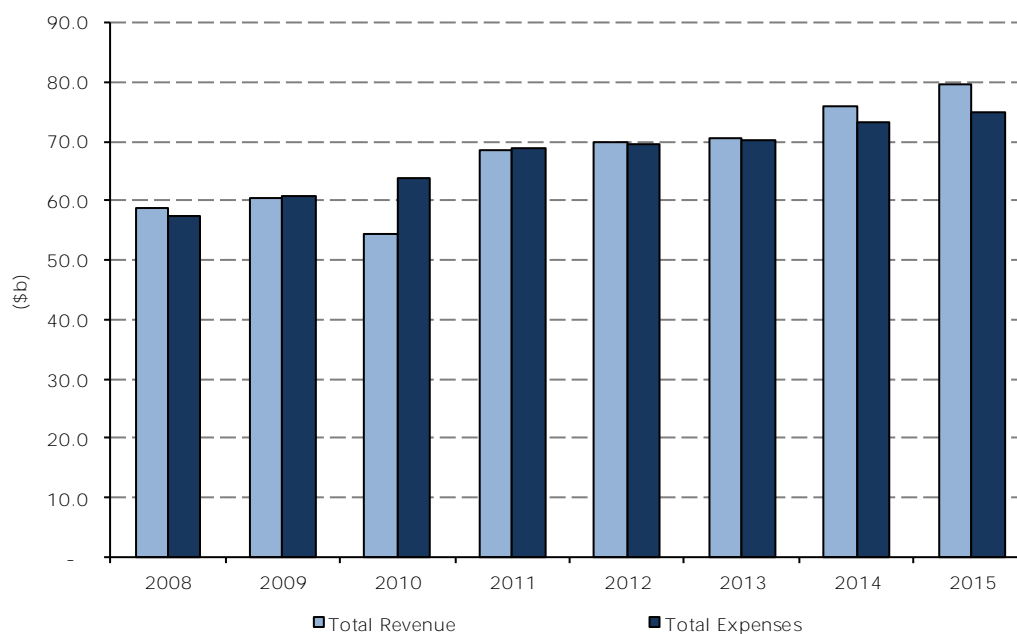
Key Financial Indicators (TSS) – Statement of Comprehensive Income					
		Actual 2013-14	Original Budget 2014-15	Revised Estimate ^(a) 2014-15	Actual 2014-15
Total State Sector					
Revenue	\$b	76.1	77.7	78.3	79.5
Expenses	\$b	73.3	77.5	75.7	74.9
Net Operating Balance	\$b	2.8	(0.2)	2.6	4.6
Comprehensive Result	\$b	7.9	16.2	6.6	13.6
Gross Capital Expenditure	\$b	13.9	14.9	13.8	13.5
Cash Result	\$b	0.3	(4.3)	(1.4)	2.8
Net Borrowing	\$b	(3.1)	(6.4)	(3.1)	(0.8)

(a) Restated to include a reclassification between revenue and expenses.

5.2 Net Operating Balance

The Net Operating Balance for the Total State Sector was a surplus of \$4,646 million, compared to a \$2,794 million surplus in 2013-14. The Net Operating Balance comprises State revenues and expenses from transactions prepared in accordance with Australian Accounting Standards.

Chart 5.1: Total State Sector Revenue and Expenses – 2007-08 to 2014-15

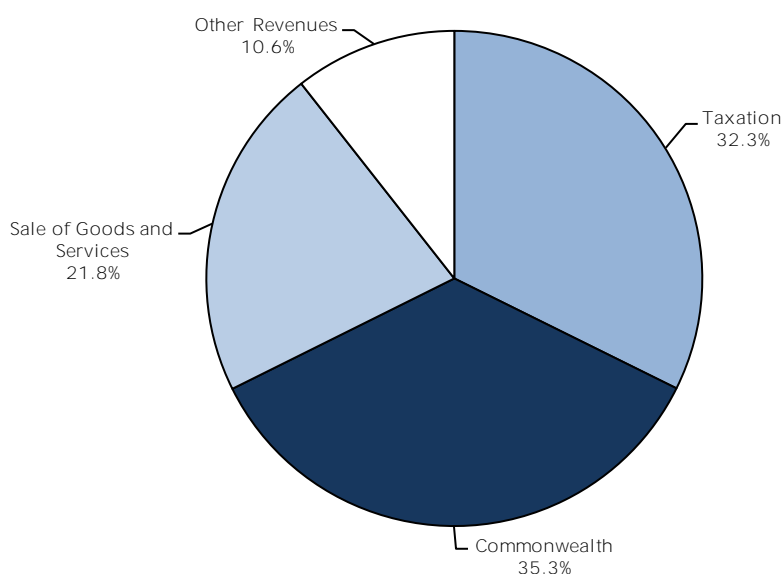


Note: Historic expenditure figures have been adjusted to incorporate the retrospective application of the revised standard on employee benefits.

5.3 Revenue

Total State Sector revenue for 2014-15 was \$79,500 million, \$3,414 million (4.5 per cent) higher than 2013-14. Total State Sector revenues comprised: revenues from taxation \$25,695 million; monies from the Commonwealth Government \$28,083 million; sales of goods and services \$17,304 million; and other revenues \$8,418 million.

Chart 5.2: Total State Sector Revenue 2014-15



Taxation revenues were \$25,695 million, \$1,814 million (7.6 per cent) higher than 2013-14. The key driver behind this was an increase of \$1,407 million in stamp duty as a result of stronger than expected growth in the residential and commercial property sectors, and receipts from large one-off business asset sales and lease transactions.

Commonwealth grants were \$28,083 million, an increase of \$768 million (2.8 per cent) on 2013-14. GST, the largest element of these grants, increased by \$1,049 million as a consequence of the pool growth increasing NSW GST revenue payments augmented by a residual payment of \$122 million from 2013-14.

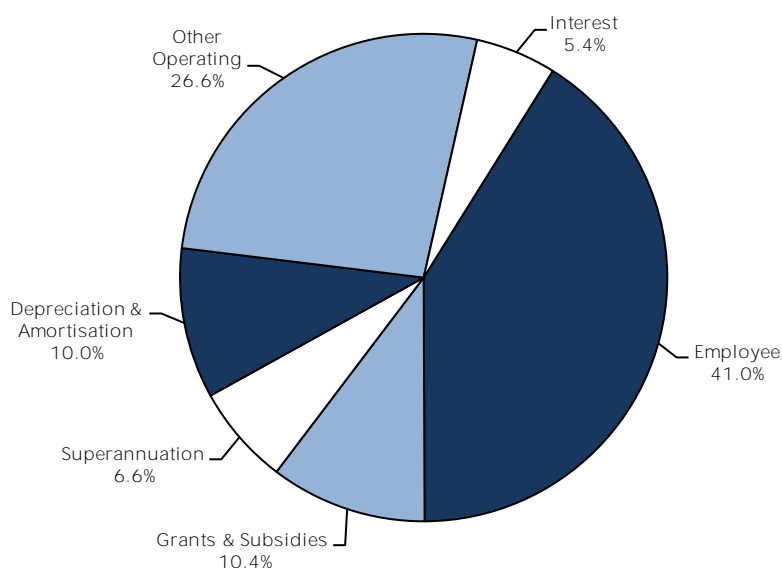
Sales of goods and services were \$135 million lower than in 2013-14. This reflected lower revenues in the PTE sector following the sales of Green State Power, Macquarie Generation, Delta Coast (Colongra) and Hunter Water Australia Pty Ltd in 2014-15, and the sales of Delta West and Eraring Energy and the long term lease of Ports Kembla and Botany in 2013-14.

Note 2 to the Consolidated Financial Statements details the revenues by class and their components, and Note 5 to the Consolidated Financial Statements details the operations discontinued.

5.4 Expenses

Total State Sector expenses were \$74,862 million, \$1,560 million (2.1 per cent) higher than in 2013-14. Employee expenses and superannuation together accounted for almost half of the State's total expenditure. Other operating expenses, which included maintenance expenses, utilities, rent, medical equipment and supplies, accounted for just over a quarter of the State's expenses. The remaining expenses related to grants and subsidies, depreciation and amortisation and interest.

Chart 5.3: Total State Sector Expenses 2014-15



Employee expenses (excluding superannuation) were \$30,730 million, \$543 million (1.8 per cent) higher than 2013-14. This reflects the State's wages policy for General Government Sector employees that has limited pay increases to 2.5 per cent, increases to front line staff, and the impact of the sales of Green State Power, Macquarie Generation, Delta Coast (Colongra) and Hunter Water Australia Pty Ltd in 2014-15, and the sales of Delta West and Eraring Energy and the long term lease of the Port of Newcastle in 2013-14. The growth was also impacted by a reduction in the State's Workers Compensation costs from \$553 million in 2013-14 to \$335 million in 2014-15 due to lower claims levels.

Depreciation and amortisation expense rose by \$259 million (3.6 per cent) to \$7,469 million during 2014-15. The increase was mainly in relation to transport assets where there were revaluations to traffic control systems, maritime assets and increases in the rolling stock plant and equipment in Sydney Trains.

5.5 Sale and Lease of Government Business Assets

In line with Government policy to reinvest the proceeds of business asset sales and leases to fund new infrastructure for the State, the *Electricity Generator Assets (Authorised Transactions) Bill 2012* was passed in June 2012. The Act authorises the transfer of electricity generator assets and associated rights and liabilities to private sector buyers.

In accordance with this legislation, the State disposed of Green State Power in July 2014 and Macquarie Generation in September 2014. Additionally, Delta Electricity sold the power station at Colongra in January 2015.

In addition to the sale of electricity generation assets, Hunter Water Corporation sold its subsidiary, Hunter Water Australia Pty Ltd, in December 2014.

As a consequence of these sales the State received proceeds of \$1,816 million. Stamp Duty of \$109 million on these transactions was paid to the Office of State Revenue from these proceeds. The State's revenues and expenses have also fallen as a result of the transfer of operations to the private sector. Information on all these transactions is outlined in greater detail in Note 5.

5.6 Comprehensive Result

The Comprehensive Result for 2014-15 was a surplus of \$13,555 million, which was \$5,685 million higher than 2013-14. The increase was primarily due to the increase in Operating Result of \$2,140 million and an increase in asset revaluations of \$6,685 million, partially offset by an increased actuarial loss of \$3,025 million on the State's future superannuation obligations (primarily due to a change in discount rates).

The revaluation surpluses in 2014-15 of \$12,993 million were primarily due to:

- An increase of \$1,009 million in the carrying value of the Collection Assets at The State Library of New South Wales,
- An increase of \$576 million in the carrying value of the land and buildings held by the Department of Education,
- An increase of \$2,714 million in the carrying value of the infrastructure assets of Roads and Maritime Services,
- An increase of \$4,301 million in the carrying value of the residential property portfolio of New South Wales Land and Housing Corporation,
- An increase of \$1,055 million in the carrying value of the land and buildings held by the Rail Corporation of New South Wales, and
- An increase in the carrying value of the State's investment in Snowy Hydro Ltd by \$894 million.

5.7 Capital Expenditure

Capital expenditure of \$13,472 million was \$405 million lower than in 2013-14. As previously noted, spend by General Government grew by \$0.9 billion in 2014-15. Purchases of infrastructure assets by the State Owned Corporations in the electricity sector fell by \$541 million, reflecting the Government's strategy to reduce growth in electricity sector investment to put downward pressure on prices while maintaining service standards.

5.8 Cash Result

In 2014-15, the Cash surplus improved by \$2,491 million from \$276 million to \$2,767 million. The major driver of this improvement was the better result from operating activities of \$2,949 million, partly offset by an increased spend on non-financial assets of \$458 million.

5.9 Net Lending/(Borrowing)

In 2014-15 the Net Lending Result was a deficit of \$816 million, an improvement of \$2,283 million in comparison to 2013-14. This improvement was largely attributable to a better net result of \$1,852 million and a reduction in the net acquisition of non-financial assets of \$431 million.

5.10 Balance Sheet

Table 5.2: Total State Sector Key Financial Indicators – Statement of Financial Position

Key Financial Indicators (TSS) – Statement of Financial Position					
		Actual as at June 2014	Original Budget 2015	Revised Estimate ^(a) June 2015	Actual as at June 2015
Total Assets	\$b	339.7	346.7	354.9	359.9
Total Liabilities	\$b	171.9	149.7	180.5	178.6
Net Worth	\$b	167.8	197.0	174.4	181.3
Net Unfunded Superannuation Liability	\$b	51.0	33.1	57.1	55.2
Net Debt	\$b	40.4	43.7	41.4	45.2
Net Debt as a % of GSP	%	8.2%	8.4%	8.1%	8.8%
Net Financial Liabilities (NFL)	\$b	118.6	101.4	126.3	121.4
NFL as a % of GSP	%	24.1%	19.6%	24.7%	23.7%

(a) Revised Estimate for 2014-15 as presented in the 2015-16 Budget Papers.

5.11 Net Worth

Net worth represents the difference between total assets and total liabilities. Net worth of the Total State Sector has increased by \$13.6 billion (or 8.1 per cent) to \$181.3 billion for the year ended 30 June 2015 (\$167.8 billion in 2014). This change was due to the improved Comprehensive Result of \$13.6 billion. This is reflected in increases to the value of financial assets (largely associated with major business asset sales and lease transactions) and non-financial assets (largely associated with new asset additions and revaluations), offset by increases to the superannuation liability.

The Sector's non-financial assets were valued at \$302.7 billion at 30 June 2015, an increase of \$16.3 billion over 2014-15. This increase was primarily driven by additions and revaluations to Property, Plant and Equipment as detailed in Note 13. Non-financial assets represent infrastructure items such as public schools, hospitals, roads, bridges, transport, public housing and sporting facilities.

The net worth of the General Government and the Total State Sectors are the same, as the General Government sector records an equity investment in the Net Assets of the Public Non-financial Corporations (PNFC) and Public Financial Corporation (PFC) sectors.

5.12 Net Debt

Net debt comprised borrowings, advances received and deposits held, less cash and cash equivalent assets, financial assets at fair value and advances paid.

During 2014-15, the net debt of the Total State Sector increased by \$4,821 million. At 30 June 2015, the net debt was \$45,184 million or 8.8 per cent of forecast GSP. At 30 June 2014 the net debt was \$40,363 million or 8.2 per cent of GSP. Changes in AASB 10 have resulted in the State consolidating the Hour Glass Funds for the first time this year. Please refer to Note 1 to the Accounts. The underlying listed equity investments in the Hour Glass Funds have now been classified as Other Equity Investments in the Total State Sector Accounts. As the current definition of Net Debt does not include Equity Investments, Net Debt has increased. In the absence of this reclassification of financial assets, Net Debt would have reduced by \$7,797 million to \$37,387 million.

Table 5.3: Total State Sector – Net Debt

	Actual June 2014	Actual June 2015
	\$b	\$b
Cash and Cash Equivalents	13.2	15.5
Investments, Loans and Placements	29.7	22.2
Advances Paid	0.5	0.5
Deposits Held	(0.7)	(0.5)
Borrowings and Derivatives at Fair Value	(77.3)	(77.2)
Borrowings at Amortised Cost	(5.0)	(4.8)
Advances Received	(0.8)	(0.9)
Net Debt	(40.4)	(45.2)
Net Debt as a % of GSP	8.2%	8.8%

5.13 Net Financial Liabilities

Net financial liabilities at 30 June 2015 were \$121,381 million, being 23.7 per cent of forecast GSP, which was \$2,738 million higher than in 30 June 2014 (24.1 per cent of GSP). This was primarily due to the increase in superannuation liabilities of \$4,114 million, associated with future contributions tax, and the impact of the reduced discount rate used in calculating the State's superannuation obligations.

Table 5.4: Total State Sector – Net Financial Liabilities

	June 2014	June 2015
	\$b	\$b
Net Debt	40.4	45.2
Superannuation Liabilities	51.0	55.2
Employment Provision	16.4	17.2
Insurance Obligations and Other Provisions	8.6	8.7
Other Net Liabilities / (Assets)	2.2	(4.8)
Net Financial Liabilities	118.6	121.4
NFL as a % of GSP	24.1%	23.7%

6. Developments in Financial Reporting

Throughout 2014-15 Treasury engaged widely across the sector and benefited from the expert views of key personnel, such as CFOs of departments.

Improving the statutory accounts - A key focus has been to provide support and guidance to agencies to ensure that issues that could give rise to qualification of the NSW Total State Sector Accounts (TSSA) and/or agency accounts are identified and resolved early. During the year, engagement with agencies, including the initiation of regular financial reporting working group meetings with lead cluster agencies, has helped to address and resolve existing and emerging financial reporting issues.

Mandatory early close procedures were applied to all NSW public sector agencies including State Owned Corporations for the first time for the 2014-15 financial year. All early close procedures were conducted as at 31 March 2015, unless otherwise agreed with Treasury. As a result of this process, there has been a marked improvement in the underlying data used to assist with preparation of the State Budget, as well as the TSSA.

Developments in accounting standards - Assistance was provided by Treasury to help agencies prepare for changes in Australian Accounting Standards. This included identifying and researching emerging issues with particular relevance to the public sector. To enhance engagement, working groups were established with lead cluster agencies to share and discuss relevant issues.

Managing the transfer of spend between years - A new policy was developed and implemented to better manage the budget risks associated with changes in the timing of agency expenditure. The policy provides incentive to agencies to declare spending shortfalls and requested carry forwards at an earlier stage, and requires agencies to provide better information on the drivers. Such information ensures more informed Government decision-making. The policy streamlines approval for carry forwards which are clearly outside of agency control, while limiting the budget impacts for adjustments within agency control.

Financial Management Transformation (FMT) - The FMT program is a multi-year program to reform financial management in the NSW public sector and provide a supporting financial IT system for Treasury to prepare whole-of-Government budgeting and reporting. These reforms will:

- improve the timeliness and quality of information and advice provided to the Government to support the Government's investment and resource allocation decisions,
- contribute to the efficiency and effectiveness of Government spending, and
- support the development of financial management capability across the sector.

Cash management reforms - A reform project was implemented in 2014-15, with its primary objective being to centralise cash management across NSW public sector agencies where possible. Centralised management facilitates the State's ability to optimise cash balances, have greater visibility and control of funds, reduce risk by improving internal controls and governance, and generate efficiency savings in the management of cash and debt portfolios.

Agency certification - New mandatory requirements were introduced that formalised the annual requirement for agency Chief Financial Officers (CFOs) to certify the effectiveness of the agency's internal controls over financial information. Better practice guidance was also provided, allowing CFOs to benchmark their systems of internal control over financial information against this guidance.

Annexures

The Fiscal Responsibility Act 2012 also requires the Budget to include: a fiscal strategy statement; a report on performance against the Act's objective, targets and principles; an explanation of any departures from the objective, targets or principles along with a plan to restore compliance; and an assessment of the impact of Budget measures on the long term fiscal gap. Every five years (with the next report in 2016-17) the Budget is to include an updated Long Term Fiscal Pressures Report and a reassessment of the long term fiscal gap.

The financial results for 2014-15 are consistent with the Government's fiscal strategy with a Budget surplus in 2014-15 of \$2,881 million.

Performance against the Fiscal Targets and Principles of the Fiscal Responsibility Act

The 2014-15 actual results have been assessed against the objective, targets and principles of the *Fiscal Responsibility Act 2012* to provide a status update against each measure below.

Object	2015- 16 Budget Status	2014 - 15 State Finances (End of Year Status Update)
The object of the FRA is to maintain the State's triple-A credit rating.	New South Wales triple-A ratings were reaffirmed by international credit rating agencies Moody's and Standard and Poor's in 2014.	Standard & Poor's reaffirmed the triple-A rating and upgraded the outlook to stable on 15 October 2014. Moody's reaffirmed the triple-A rating on 9 December 2014.
Hold expense growth below long-run revenue growth	Historical long-term average annual revenue growth was estimated at 5.6 per cent in the 2011-12 Long Term Fiscal Pressures Report (refer to page 4-9 in that report). Over the four years of the 2015-16 Budget, expense growth is projected to average 2.8 per cent per annum - 2.8 percentage points below target.	Long term average expense growth was maintained below long term average revenue growth in 2014-15, delivering a surplus result for the State.
Eliminate the State's unfunded superannuation liabilities by 2030	The most recent triennial actuarial review of superannuation liabilities was completed as at 30 June 2012. Based on the current Crown funding plan, the review concluded that liabilities were on track to be fully funded by 2030 in line with the target. Latest estimates indicate this is still the case with the PTE sector as a whole now fully funded, based on the AAS25 measurement. This follows the high rate of earnings achieved in 2012-13, 2013-14 and the current year to date. The next triennial actuarial review has commenced and will update the funding position to reflect the latest market conditions and outlook. Further discussion on unfunded superannuation liabilities can be found in Chapter 2 Fiscal Strategy and Budget Priorities.	As per the Budget Status.

Object	2015-16 Budget Status	2014-15 State Finances (End of Year Status Update)
Responsible and sustainable spending, taxation and infrastructure investment	<p>The 2015-16 Budget delivered historically low average expense growth over the budget and forward estimates that is below long-term average revenue growth. These outcomes will deliver significant budget surpluses that can fund the Government's large infrastructure spending program in a sustainable way. Taxation policies remain stable and predictable.</p>	Expenditures were maintained below revenue in 2014-15, delivering a surplus result for the State.
Effective financial and asset management	<p>Since coming to office, a key objective of the Government has been to improve financial and asset management of the State. A significant program of reform, initially informed by Commission of Audit reviews of the State's finances and public sector management, has seen the delivery of:</p> <ul style="list-style-type: none"> ▪ heightened accountability of Ministers and agency CEOs in maintaining their expenses to budget, ▪ expense growth brought under control, ▪ private sector provision of public services and introduction of contestability in the delivery of services, ▪ infrastructure priorities being determined on the basis of the best economic and social outcomes through Infrastructure NSW, ▪ better use of existing infrastructure, ▪ divestment of assets that are not core to the delivery of public services and the sale of surplus property assets. 	As per the Budget Status.
Achieving intergenerational equity	<p>Lowering total state net debt, as delivered in the 2014-15 Budget, will assist in future generations bearing less of the burden of today's expenditure decisions.</p> <p>Another way to consider the effects of Government policies on intergenerational equity is by measuring the change in the long term fiscal gap from one Budget to the next. The long term fiscal gap is the change in the primary balance of the general government sector as a share of gross state product (GSP) from 2009-10 to 2050-51.</p> <p>The fiscal gap increased from 1.5 per cent to 2.9 per cent in the 2014-15 Budget. The increase in the fiscal gap is almost entirely the result of the Commonwealth's reduced commitment to health and hospital funding.</p>	Net debt of \$45.2 million or around 8.8 per cent of GSP, in 2014-15 was largely in line with the Revised Budget Estimate.

The final 2014-15 outcome and the 2015-16 Budget comply with the requirements of the *Fiscal Responsibility Act 2012*.

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Total State Sector Accounts
2014 – 2015

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

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Statement of Compliance

In our opinion the Total State Sector Accounts:

- have been prepared on the basis of the financial reporting requirements as prescribed in the *Public Finance and Audit Act 1983*, and
- are in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and all other Australian Accounting Standards.



The Hon. Gladys Berejiklian MP
Treasurer



Rob Whitfield
Secretary
The Treasury



Karen Sanderson
Executive Director
The Treasury

7 October 2015



INDEPENDENT AUDITOR'S REPORT

New South Wales General Government and Total State Sectors

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the New South Wales General Government and Total State Sectors (the Total State Sector Accounts), which comprise the statements of financial position as at 30 June 2015, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the Total State Sector Accounts are prepared, in all material respects, in accordance with Australian Accounting Standards and section 6 of the *Public Finance and Audit Act 1983* (the PF&A Act). My opinion should be read in conjunction with the rest of this report.

Treasurer's Responsibility for the Total State Sector Accounts

The Treasurer is responsible for the preparation of the Total State Sector Accounts in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Treasurer determines is necessary to enable the preparation of the Total State Sector Accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the Total State Sector Accounts based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the Total State Sector Accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Treasurer, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



A T Whitfield PSM
Acting Auditor-General

9 October 2015
SYDNEY

The NSW Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2015

	Note	General		Total State Sector	
		2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
FROM CONTINUING OPERATIONS					
Revenue from Transactions					
Taxation	2	26,067	24,295	25,695	23,881
Grants and Subsidies					
Commonwealth General Purpose	2	17,065	15,894	17,065	15,894
Commonwealth Specific Purpose Payments	2	8,103	7,449	8,119	7,458
Commonwealth National Partnership Payments	2	2,899	3,963	2,899	3,963
Other Grants and Subsidies	2	1,091	1,026	812	805
Sale of Goods and Services	2	6,255	5,677	17,304	17,439
Interest	2	658	609	1,050	961
Dividend and Income Tax Equivalents from Other Sectors	2	2,407	2,260	...	...
Other Dividends and Distributions	2	1,164	700	1,539	854
Fines, Regulatory Fees and Other	2	3,909	4,133	5,017	4,832
Total Revenue from Transactions		69,617	66,005	79,500	76,086
Expenses from Transactions					
Employee	3	27,818	27,056	30,730	30,187
Superannuation					
Superannuation Interest Cost	3	1,683	1,762	1,768	1,838
Other Superannuation	3	2,846	2,694	3,198	3,057
Depreciation and Amortisation	3	4,172	3,954	7,469	7,210
Interest	3	2,243	2,249	4,012	4,062
Other Operating	3	14,809	14,345	19,911	18,656
Grants and Subsidies					
Current Grants and Subsidies	3	9,895	9,644	7,209	7,205
Capital Grants	3	3,270	3,052	565	1,086
Total Expenses from Transactions		66,736	64,757	74,862	73,302
TRANSACTIONS FROM DISCONTINUING OPERATIONS	5	...	...	8	10
NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)		2,881	1,247	4,646	2,794

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

The NSW Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2015

	Note	General			
		Government Sector		Total State Sector	
		2014-15	2013-14	2014-15	2013-14
		\$m	\$m	\$m	\$m
NET OPERATING BALANCE		2,881	1,247	4,646	2,794
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT					
Loss from Liabilities	4	(819)	(689)	(820)	(689)
Other Net Gains/(Losses)	4	382	285	(365)	(764)
Share of Earnings from Associates (excluding Dividends)	4	18	118	94	117
Dividends from Asset Sale Proceeds	4	177	...	...	...
Deferred Income Tax from Other Sectors	4	137	(458)	...	...
Other	4	3	(42)	21	(69)
Discontinuing Operations - Other Economic Flows	5	...	...	12	58
Other Economic Flows - included in Operating Result		(102)	(785)	(1,057)	(1,346)
OPERATING RESULT		2,779	462	3,589	1,449
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME					
Items that will not be Reclassified to Operating Result					
Revaluations		6,631	3,790	12,099	6,709
Share of Earnings from Associates from Revaluations		894	(401)	894	(401)
Actuarial Loss from Superannuation		(3,183)	(83)	(3,075)	(50)
Items that may be Reclassified Subsequently to Operating Result					
Net Gain/(Loss) on Equity Investments in Other Sectors		6,590	3,978	...	...
Net Gain/(Loss) on Equity Investments in Other Sectors Discontinued		(220)	148	...	...
Net Loss on Financial Instruments at Fair Value		...	(3)	(31)	(21)
Other		64	(21)	79	185
Other Economic Flows - Other Comprehensive Income		10,776	7,408	9,966	6,422
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS		13,555	7,870	13,555	7,870
KEY FISCAL AGGREGATES					
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS		13,555	7,870	13,555	7,870
Less: Net Other Economic Flows		(10,674)	(6,623)	(8,908)	(5,076)
NET OPERATING BALANCE		2,881	1,247	4,646	2,794
Less: Net Acquisition of Non-Financial Assets					
Purchases of Non-Financial Assets		9,376	8,432	13,323	12,970
Sales of Non-Financial Assets		(700)	(517)	(1,046)	(907)
Less: Depreciation and Amortisation		(4,172)	(3,954)	(7,469)	(7,210)
Plus: Change in Inventories		(8)	(25)	(270)	(56)
Plus: Other Movements in Non-Financial Assets					
Assets Acquired Using Finance Leases		107	114	149	907
Other		(1,596)	(1,567)	775	190
Equals Total Net Acquisition of Non-Financial Assets		3,007	2,484	5,462	5,894
EQUALS: NET LENDING/(BORROWING)		(126)	(1,236)	(816)	(3,099)

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

The NSW Consolidated Statement of Changes in Equity for the Year Ended 30 June 2015

	Equity at 1 July 2014 \$m	Changes in Classification \$m	Comprehensive Result \$m	Transfers between Equity Classes \$m	Equity at 30 June 2015 \$m
2014-15					
General Government Sector					
Accumulated Funds	20,085	...	(556)	72	19,601
Reserves					
Asset Revaluation Surplus	60,986	...	6,631	(113)	67,504
Equity Investment Revaluation Surplus	1,992	11	894	(10)	2,887
Hedging Reserve	(3)	(11)	...	...	(14)
Available for Sale Reserve	84,696	...	6,646	(0)	91,341
Equity Relating to Assets Held for Sale	12	...	(60)	52	4
	167,768	...	13,555	...	181,323
Total State Sector					
Accumulated Funds	55,521	...	612	1,364	57,498
Reserves					
Asset Revaluation Surplus	110,250	...	12,099	(1,385)	120,964
Equity Investment Revaluation Surplus	1,992	...	894	7	2,893
Hedging Reserve	(18)	...	(17)	(24)	(59)
Available for Sale Reserve	...	...	...	...	...
Equity Relating to Assets Held for Sale	23	...	(33)	38	28
	167,768	...	13,555	...	181,323
2013-14					
General Government Sector					
Accumulated Funds	16,535	...	359	3,191	20,085
Reserves					
Asset Revaluation Surplus	57,776	...	3,790	(580)	60,986
Equity Investment Revaluation Surplus	2,393	...	(401)	...	1,992
Hedging Reserve	...	...	(3)	...	(3)
Available for Sale Reserve	83,192	137	3,978	(2,611)	84,696
Equity Relating to Assets Held for Sale	1	(137)	148	...	12
	159,898	...	7,870	...	167,768
Total State Sector					
Accumulated Funds	52,446	...	1,584	1,491	55,521
Reserves					
Asset Revaluation Surplus	105,012	...	6,709	(1,471)	110,250
Equity Investment Revaluation Surplus	2,393	...	(401)	...	1,992
Hedging Reserve	1	...	(21)	2	(18)
Available for Sale Reserve	...	...	...	...	...
Equity Relating to Assets Held for Sale	45	...	...	(22)	23
	159,898	...	7,870	...	167,768

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

The NSW Consolidated Statement of Financial Position as at 30 June 2015

	Note	General Government Sector		Total State Sector	
		2015	2014 Restated	2015	2014 Restated
		\$m	\$m	\$m	\$m
ASSETS					
Financial Assets					
Cash and Cash Equivalents	6	12,433	9,967	15,534	13,237
Receivables	7	7,355	6,833	6,695	6,788
Investments, Loans and Placements					
Financial Assets at Fair Value	8	10,487	9,562	18,618	24,836
Other Financial Assets	8	3,231	4,607	3,582	4,892
Advances Paid	9	928	944	496	485
Tax Equivalents Receivable	16	156	206	...	...
Deferred Tax Equivalents Asset	16	4,659	4,695	...	...
Equity Investments					
Investments in Other Public Sector Entities	10	91,341	84,695	...	...
Investments in Associates	10	3,949	3,038	3,951	3,039
Other Equity Investments	10	10	10	8,332	12
Total Financial Assets		134,549	124,557	57,209	53,289
Non-Financial Assets					
Inventories	11	239	248	1,076	1,202
Forestry Stock and Other Biological Assets		9	7	868	790
Assets Classified as Held for Sale	12	349	106	592	2,215
Investment Properties		...	137	546	631
Property, Plant and Equipment					
Land and Buildings	13	67,821	64,219	126,765	117,300
Plant and Equipment	13	10,929	9,544	17,390	16,339
Infrastructure Systems	13	79,590	74,995	148,349	141,645
Intangibles	14	2,904	2,471	4,434	4,020
Other Non-Financial Assets	15	2,512	2,061	2,684	2,271
Total Non-Financial Assets		164,353	153,789	302,704	286,411
TOTAL ASSETS		298,902	278,346	359,913	339,700
LIABILITIES					
Deposits Held	17	126	117	514	723
Payables	18	5,720	5,553	6,975	7,084
Liabilities Directly Associated with Assets Held for Sale	12	...	...	...	348
Borrowings and Derivatives at Fair Value	19	11	13	77,228	77,320
Borrowings at Amortised Cost	20	31,500	31,028	4,770	4,977
Advances Received		903	791	903	791
Employee Provisions	21	15,313	14,435	17,160	16,377
Superannuation Provision	22	52,498	48,262	55,154	51,040
Tax Equivalents Payable	16	10	40	...	...
Deferred Tax Equivalent Provision	16	406	488	...	...
Other Provisions	23	8,234	7,934	11,650	11,158
Other Liabilities	24	2,858	1,918	4,236	2,113
TOTAL LIABILITIES		117,579	110,578	178,590	171,932
NET ASSETS		181,323	167,768	181,323	167,768
NET WORTH					
Accumulated Funds		19,601	20,085	57,498	55,521
Reserves		161,722	147,683	123,825	112,247
TOTAL NET WORTH		181,323	167,768	181,323	167,768
OTHER FISCAL AGGREGATES					
Net Debt		5,461	6,869	45,184	40,363
Net Financial Liabilities		74,371	70,715	121,381	118,643

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

The NSW Consolidated Statement of Cash Flows for the Year Ended 30 June 2015

	Note	General			
		Government Sector		Total State Sector	
		2014-15	2013-14	2014-15	2013-14
		Restated		Restated	
		\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Taxation		26,288	24,081	25,895	23,623
Sale of Goods and Services		6,585	6,316	18,474	19,356
Grants and Subsidies		29,026	28,272	28,738	27,941
Interest		617	550	929	904
Dividends and Income Tax Equivalents from Other Sectors		2,240	2,806	...	1
Other		8,620	7,441	11,109	9,972
Total Receipts		73,376	69,467	85,145	81,796
Payments					
Employee Related		(27,423)	(26,297)	(30,402)	(29,803)
Superannuation		(3,424)	(3,392)	(3,746)	(3,828)
Payments for Goods and Services		(16,031)	(15,865)	(21,527)	(20,754)
Grants and Subsidies		(9,482)	(8,556)	(6,072)	(5,755)
Interest		(1,680)	(1,614)	(3,616)	(3,555)
Other		(4,413)	(4,482)	(4,696)	(5,965)
Total Payments		(62,453)	(60,205)	(70,059)	(69,659)
NET CASH FLOWS FROM OPERATING ACTIVITIES	6	10,923	9,262	15,086	12,137
CASH FLOWS FROM INVESTING ACTIVITIES					
Non-Financial Assets					
Proceeds from Sale of Non-Financial Assets		690	605	1,036	970
Purchases		(9,408)	(8,325)	(13,355)	(12,831)
Net Cash Flows from Investments in Non-Financial Assets		(8,718)	(7,720)	(12,319)	(11,861)
Financial Assets (Policy Purposes)					
Receipts		1,095	2,875	1,705	2,778
Payments		(1,281)	(305)	(205)	(265)
Net Cash Flows from Investments in Financial Assets (Policy Purposes)		(186)	2,570	1,500	2,513
Financial Assets (Liquidity Purposes)					
Proceeds from Sale of Investments		12,422	724	15,094	3,454
Purchase of Investments		(11,791)	(4,984)	(15,217)	(7,889)
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)		632	(4,260)	(124)	(4,435)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(8,273)	(9,410)	(10,942)	(13,783)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances Received		150	98	288	98
Advances Repaid		(62)	(54)	(62)	(54)
Proceeds from Borrowings		1,130	2,204	48,831	73,063
Repayments of Borrowings		(1,188)	(444)	(50,613)	(69,758)
Deposits Received/(Paid) - Net		8	(956)	54	(1,009)
Other - Net		(12)	15	(10)	115
NET CASH FLOWS FROM FINANCING ACTIVITIES		26	863	(1,512)	2,455
NET INCREASE IN CASH HELD		2,676	715	2,631	810
Opening Cash and Cash Equivalents		9,967	8,943	13,237	12,086
Reclassification of Cash Equivalents and Other Adjustments		(210)	310	(335)	341
CLOSING CASH BALANCE	6	12,433	9,967	15,534	13,237
DERIVATION OF CASH RESULT					
Net Cash Flows from Operating Activities		10,923	9,262	15,086	12,137
Net Cash Flows from Investments in Non-Financial Assets		(8,718)	(7,720)	(12,319)	(11,861)
CASH SURPLUS	34	2,205	1,541	2,767	276

The Statements 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 Trading Enterprise (PTE) Sector and the Public Financial Enterprise (PFE) 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 2005 (cat. No.5514)* (ABS GFS Manual) as amended from time to time.

For accounting purposes, the NSW Total State Sector and General Government Sector are not-for-profit entities.

The financial statements of the Total State Sector and General Government Sector for the year ended 30 June 2015 were authorised for issue by the Treasurer on 7 October 2015. This report was issued from:

The Treasury

52 Martin Place

Sydney NSW 2000

AUSTRALIA

Basis of Preparation

The Total State Sector financial statements are general purpose financial reports. The purpose of these financial statements is to provide users with information about the stewardship by the NSW Government in relation to the Total State Sector and General Government Sector, and information that facilitates assessments of the macroeconomic impact of the State.

The financial statements of the Total State Sector and the General Government Sector are prepared using the accrual basis of accounting, which recognises the effect of transactions and events when they occur.

The financial statements have also been prepared in accordance with:

- applicable Australian Accounting Standards (which include paragraphs applicable to not-for-profit entities and Australian Interpretations), and in particular Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, and
- section 6 of the *Public Finance and Audit Act 1983*.

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 36.

All amounts are rounded to the nearest million dollars (\$m) and are expressed in Australian dollars.

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.

Changes in Accounting Policy and Revisions to Estimates

Changes in accounting estimates are recognised in the period when the estimate is revised. Such changes are not adjusted retrospectively to the financial statements. In 2014-15, the State has early adopted AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*, which provides relief from certain disclosure requirements for assets within the scope of AASB 116 *Property, Plant and Equipment* that are held mainly for their current service potential. Quantitative information on significant unobservable inputs used, total gains and losses included in profit or loss relating to the change in unrealised gains or losses for assets held, and narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs for Level 3 recurring fair value measurements are no longer required. Refer to Note 13 for further detail.

Impact of New and Revised Accounting Standards

The following Australian Accounting Standards have been adopted in 2014-15.

AASB 10, 11, 12, 127 and 128 regarding Consolidated/Separate Financial Statements.

The State adopted AASB 10 *Consolidated Financial Statements* for the first time in 2014-15 in accordance with the transitional requirements in the standard. AASB 10 supersedes the previous guidance on control with a new control model for determining whether the State controls another agency. This new model places emphasis on the combination of power, exposure to variable returns and the ability to use that power to affect variable returns when assessing control.

The entities that are consolidated in the Total State Sector Accounts (TSSA) as a result of AASB 10 are:

- The Hour-Glass Funds: where the State has more than 50 per cent of the units in an Hour-Glass Fund, the State controls the fund by virtue of its aggregate ownership of units in the fund.
- The Cemeteries Trusts: Where there is no separation between the Reserve Trust and the Trust Board, both are controlled by the Minister. The majority of the economic benefits associated with the reserved land remain with the Reserve Trust and therefore with the Minister. The reserved land and other associated assets, liabilities, income and expenses are therefore included in the TSSA.

City West Housing was deconsolidated from the TSSA. The NSW Government does not have the ability to direct the relevant activities of City West Housing and therefore does not have power over the company. As a result there can be no ability to use power to affect the returns.

The application of AASB 10 did not materially impact the agencies consolidated or deconsolidated by the State, and the amounts recognised in the financial statements. Note 35 lists the agencies consolidated in the TSSA.

In conjunction with the adoption of AASB 10, the following associated Accounting Standards were also adopted:

- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*

AASB 11 *Joint Arrangements* uses the principle of control in AASB 10 to define joint control and requires joint arrangements to be accounted for based on their contractual arrangements, and distinguishes between joint operations and joint ventures. The application of AASB 11 did not have a material impact on the State's financial results and Statement of Financial Position. The 2013-14 balances have been restated where there has been an impact. The 2013-14 financial statements were amended to accommodate changes resulting from the de-recognition of the Law Courts Limited and the Murray-Darling Basin Authority as joint ventures, previously accounted for under equity accounting rules. They are now accounted for as joint operations in accordance with AASB 11 *Joint Arrangements*.

AASB 12 *Disclosure of Interests in Other Entities* introduces enhanced disclosure around judgements made in determining whether control exists and contains all the disclosure requirements associated with other related entities (i.e. subsidiaries, associates and joint ventures) that were previously located in AASB 127, 128 and 131 and Interpretation 112 and 113. The application of AASB 12 did not have a material impact on the State's financial results and Statement of Financial Position.

AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* have been amended as a result of the release of AASB 10, 11 and 12. AASB 127 prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when separate financial statements are prepared. AASB 128 provides guidance on accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The State is not materially impacted by the application of AASB 127 and AASB 128.

AASB 1055 regarding budgetary reporting

The budgetary reporting requirements that were previously in AASB 1049 *Whole of Government and General Government Sector Financial Reporting* have been relocated to AASB 1055 *Budgetary Reporting*. The State has adopted AASB 1055 in 2014-15 and it did not have a material impact on the Whole of Government and General Government Sector financial statements as the budgetary information was reported under AASB 1049 in previous years.

New Accounting Standards Issued but Not Effective

The following accounting standards, amendments and interpretations have been issued, but are not yet effective, and have not been adopted:

- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Part C Financial Instruments]*
- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*
- AASB 2015-4 *Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent*
- AASB 14 *Regulatory Deferral Accounts*
- AASB 2014-1 *Amendments to Australian Accounting Standards [Part D Regulatory Deferral Accounts]*
- AASB 1056 *Superannuation Entities*
- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants*
- AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*
- AASB 9 *Financial Instruments*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

It is considered impracticable to presently determine the impact of adopting the other listed accounting standards issued, but not yet effective. Agencies have assessed the impact as unlikely to be material at this time.

Principles of Consolidation

The TSSA consolidate all assets, liabilities, equities, revenues and expenses of the NSW Government including those of entities controlled by the State, in accordance with AASB 10 *Consolidated Financial Statements*.

The General Government Sector financial statements consolidate only those entities within the General Government Sector, using the consolidation procedures specified in AASB 10. The General Government Sector financial statements are not required to apply the full requirements of AASB 10 and AASB 139 *Financial Instruments: Recognition and Measurement*. Instead of consolidating the PTEs and PFEs on a line by line basis, the General Government Sector financial statements recognise an asset, being the equity investment in those entities, and a gain or loss for changes in the carrying amount of the asset.

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 or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. The financial statements of the controlled entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Excluded entities include local government bodies, universities, certain reserve trusts created under the *Crown Lands Act 1989*, 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. 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. Dissimilar accounting policies adopted by agencies have been amended to ensure consistent policies are adopted in similar circumstances, unless an Accounting Standard permits categorisation of items for which different policies may be appropriate.

Details of consolidated entities are included in Note 35.

Presentation Changes in the 2014-15 Financial Statements

There are no changes in the presentation of the 2014-15 Financial Statements compared to the previous year. Significant accounting policies previously disclosed under Note 1 that relate to a specific note have been moved into that relevant note disclosure.

Revenue

Revenue is measured at the fair value of the consideration or contribution received or receivable, in accordance with AASB 1004 *Contributions*, AASB 118 *Revenue*, and Interpretation 18 *Transfers of Assets from Customers*. The policies adopted for the recognition of significant categories of revenue are discussed in Note 2.

Expenses

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

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.

'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 as 'other comprehensive income', as defined in AASB 101 *Presentation of Financial Statements*. Certain items are split into 'transaction' and 'other economic flow' components as required under Accounting Standards.

Assets

Assets recognised in the Statement of Financial Position are classified into financial and non-financial assets, based on liquidity. Financial assets are recognised in the State's Statement of Financial Position based on AASB 139 *Financial Instruments: Recognition and Measurement*.

Liabilities

Liabilities in the Statement of Financial Position are presented on a liquidity basis. Financial liabilities are recognised in the State's Statement of Financial Position based on AASB 139 *Financial Instruments: Recognition and Measurement*.

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*.

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 entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities that the entity 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 Note 12, Note 13, Note 22 and Note 25 for further disclosures regarding fair value measurements of non-financial and financial assets.

Transfers between levels within the fair value hierarchy during the year were not material (2014: nil).

Significant Accounting Judgements and Estimates

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. 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. 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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made in the application of Accounting Standards that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment and useful lives of property, plant and equipment (PP&E) where applicable (refer to Note 13)
- the impairment of physical and intangible assets, and the associated recoverable amount (refer to Notes 13 and 14)
- 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 21 and Note 22)
- an assessment of contingent liabilities, commitments and guarantees (refer Note 29), and
- provisions for outstanding claims (refer to Note 23).

Other Significant Accounting Policies

Forestry Stock

The fair value of native forest crops, softwood plantations and hardwood plantations is determined using the appropriate approach in line with AASB 13. The valuation assumes the continuation of existing practices with regard to forest management and silviculture. The valuation is prepared by professional foresters, employed by Forestry Corporation of New South Wales, using techniques/methods published in scientific journals and accepted by the forestry industry.

Investment Properties

The State owns properties to earn rentals and/or for capital appreciation. These investment properties are stated at fair value in the Statement of Financial Position, 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'.

Management has determined that the following be treated as PP&E, instead of investment properties based on AASB 140 *Investment Property*:

- public housing is treated as PP&E because the properties are held to provide a social service rather than for investment purposes, and
- properties leased within the NSW public sector by Government Property NSW are treated as PP&E because the properties are held to provide a service rather than for investment purposes.

Accounting for the Goods and Services Tax (GST)

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

- where the amount of GST incurred as a purchaser is not recoverable from the Australian Taxation Office, 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.

Cash flows are included in the 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 Australian Taxation Office is classified as an operating cash flow.

Note 2: Revenue

Taxation

	General		Total State Sector			
	Government Sector		2014-15		2013-14	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m	\$m	\$m
Taxation						
Payroll Tax	7,461	7,083	7,265	6,883		
Stamp Duties	9,240	7,853	9,238	7,831		
Land Tax	2,467	2,335	2,408	2,275		
Gambling and Betting	2,067	1,910	2,067	1,910		
Motor Vehicle Taxes	2,298	2,169	2,311	2,178		
Other	2,533	2,946	2,406	2,805		
Total Taxation Revenue	26,067	24,295	25,695	23,881		

State taxation is recognised upon assessment as follows:

- Government-assessed revenues (mainly land tax) are recognised at the time the assessments are issued.
- Taxpayer-assessed revenues (including payroll tax and stamp duty) are recognised when the funds are received by the tax collecting agency as this is when the revenues can be reliably measured. Additional revenues, identified after review of taxpayer returns, are recognised upon amended assessment.

Grants

	General		Total State Sector			
	Government Sector		2014-15		2013-14	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m	\$m	\$m
Grants and Subsidies Revenue						
Commonwealth General Purpose	17,065	15,894	17,065	15,894		
Commonwealth Specific Purpose Payments	8,103	7,449	8,119	7,458		
Commonwealth National Partnership Payments	2,899	3,963	2,899	3,963		
Other Grants and Subsidies	1,091	1,026	812	805		
Total Grants and Subsidies Revenue	29,158	28,332	28,896	28,119		
Grants dissected into Current and Capital Components						
Current Grants and Subsidies Revenue from the Commonwealth						
General Purpose	17,065	15,894	17,065	15,894		
Specific Purpose	8,103	7,449	8,103	7,450		
National Partnership Payments	1,163	2,065	1,163	2,065		
Current Grants from the Commonwealth	26,331	25,408	26,331	25,409		
Other Grants and Subsidies	1,088	1,019	743	754		
Total Current Grant Revenue	27,419	26,427	27,073	26,163		
Capital Grant Revenue from the Commonwealth						
Specific Purpose	...	...	16	8		
National Partnership Payments	1,736	1,898	1,736	1,898		
Capital Grants from the Commonwealth	1,736	1,898	1,753	1,906		
Other Grants and Subsidies	3	7	70	51		
Total Capital Grant Revenue	1,739	1,905	1,822	1,957		
Total Grants and Subsidies Revenue	29,158	28,332	28,896	28,119		

Commonwealth General Purpose, Specific Purpose, and National Partnership payments are recognised when the State gains control over the grants and subsidies, which is normally obtained when the cash is received. General Purpose recurrent grants mainly comprise New South Wales' share of the GST.

Grant revenue and expenses exclude the following transfer payments from the Commonwealth that New South Wales on-passes to third parties. They are not recorded as New South Wales 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 New South Wales to Third Parties	General Government Sector		Total State Sector	
	2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
Transfer Receipts				
Recurrent Transfer Receipts for Specific Purposes	4,293	3,335	4,293	3,335
Capital Transfer Receipts for Specific Purposes	...	121	...	121
Total Receipts	4,293	3,456	4,293	3,456
Transfer Payments				
Current Transfer Payments to Local Government ^(a)	716	354	716	354
Current Transfer Payments to the Private and Not-For-Profit Sector	3,222	2,981	3,222	2,981
Capital Transfer Payments to Local Government	...	...	...	...
Capital Transfer Payments to the Private and Not-for-Profit Sector	...	121	...	121
Total Payments	3,937	3,456	3,937	3,456

(a) Includes grants received on 30 June, passed to Local Government on 1 July 2015

Sales of Goods and Services

Sale of Goods and Services comprise Revenue from:	General Government Sector		Total State Sector	
	2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
Sale of Goods	187	186	3,554	3,767
Rentals from Public Housing and Other Non-Investment Properties ^(b)	212	204	1,107	1,114
Rentals from Investment Properties	1	2	57	53
Rendering of Other Services	5,855	5,284	12,586	12,505
	6,255	5,677	17,304	17,439

(b) Includes revenues from the provision of public housing:

Market Rent and Other Tenant Charges	75	70	1,945	1,828
Less: Rental Subsidies to Tenants	(23)	(21)	(1,080)	(996)
Rentals from Public Housing	52	50	865	832

Sale of goods are recognised when the State transfers to the buyer the significant risks and rewards of ownership of the assets. Revenue from the rendering of services is recognised when the service is provided by reference to the stage of completion. Rental revenue (including from public housing and investment properties) is recognised on a straight-line basis over the lease term (net of rental subsidies) in accordance with AASB 117 *Leases*.

Interest

	General		Total State Sector	
	Government Sector	2013-14	2014-15	2013-14
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Interest Revenue comprises:				
Interest from Managed Fixed Interest Facility	20	12	56	50
Interest from Hour-Glass Cash Managed Fund	17	79	...	111
Interest from Other Financial Institutions	621	519	994	800
	658	609	1,050	961

Interest revenue is recognised as it accrues using the effective interest method in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. Net realised or unrealised gains and losses on the revaluation of investments do not form part of 'Revenue / Expenses from Transactions' but are reported as part of 'Other Economic Flows – included in the Operating Result'.

Dividends and Income Tax Equivalents from other sectors

	General		Total State Sector	
	Government Sector	2013-14	2014-15	2013-14
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Dividend and Income Tax Equivalents from Other Sectors:				
Dividends from the PNFC Sector	1,577	1,318	...	...
Dividends from the PFC Sector	80	59	...	...
Income Tax Equivalents from the PNFC Sector	704	854	...	...
Income Tax Equivalents from the PFC Sector	45	29	...	...
	2,407	2,260	...	...

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

Dividends are recognised as revenue when the right to receive payment is established. Dividends paid out of asset sale proceeds are treated as 'other economic flows – included in the operating result'.

Income tax equivalents (represented by the current tax payable/receivable by/from the PTE and PFE sector) are recognised as 'Revenue from Transactions' in the period when earned. Tax equivalent receivables /payables from/to the PTE and PFE sector are also recognised in the General Government Sector, when controlled.

Other Dividends and Distributions

	General		Total State Sector	
	Government Sector		2014-15	2013-14
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Other Dividends and Distributions:				
Distributions from Managed Funds	1,074	555	1,449	709
Dividends from Associates	90	145	90	145
	1,164	700	1,539	854

Other dividends include dividends received from investments in entities other than the PTE and PFE sectors and are recognised when the right to receive payment is established.

Fines, Regulatory Fees and Other Revenues

	General		Total State Sector	
	Government Sector		2014-15	2013-14
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Other Revenue comprise:				
Royalties from Mining	1,254	1,338	1,254	1,338
Fines	533	505	533	505
Fees	215	225	215	225
Licences	114	146	114	146
Emerging Right to Receive Privately Financed Infrastructure Developer, Industry and Other Contributions	238	240	244	245
Other Revenue	795	893	1,341	1,231
	3,909	4,133	5,017	4,832

Other Revenues (including Fines and Regulatory Revenue) are recognised when earned if the monetary amounts can be determined reliably.

- Fines issued by the Courts are recognised when the fine is issued. Traffic infringement fines, such as those administered by the State Debt Recovery Office, are recognised when the cash is received. Revenue from enforcement orders is regarded as being reliably measured when the order is issued.
- Regulatory fees, royalty revenue and contributions are generally recognised on an accrual basis in accordance with the substance of the relevant agreement.

Contributions from the Commonwealth

The following contributions received from the Commonwealth for National Partnership and Specific Purpose Payments can only be spent on specific agreed items and to a specific timetable agreed with the Commonwealth (subject to timing variations). Funds not spent as agreed must be returned. These disclosures relate to revenue recognised for both the General Government and the Total State Sectors.

Conditional Contributions with no Designated Future Expenditure Timetable that were Recognised as Revenue in 2014-15 and not fully spent

Policy Area	Balance \$m	
	2014-15	2013-14
Education and Communities	392	269
Family and Community Services	...	...
Health	93	59
Police and Emergency Services	1	3
Water Initiatives ^(a)	47	36
Total	533	368

(a) Included in Water initiatives in 2013-14 is \$2 million for Pest Management in Drought.

Conditional Contributions as at 30 June 2015 with a Designated Future Expenditure Timetable for the Provision of Goods and Services (and not included in the above table)

Policy Area	Conditional Contribution Balance June 2015 \$m	Period to which the amounts relate			
		2015-16 \$m	2016-17 \$m	2017-18 \$m	Beyond \$m
Transport ^(a)	1,379	1,184	195	...	...
Water Initiatives	7	7	...	...	...
Total	1,386	1,191	195	...	...

(a) The conditional contribution balance of \$1,379 million at June 2015 consists of the 2013-14 balance of \$1,479 million plus contributions received in 2014-15 of \$738 million, less total contributions spent of \$838 million.

Conditional Contributions as at 30 June 2014 with a Designated Future Expenditure Timetable for the Provision of Goods and Services

Policy Area	Conditional Contribution Balance June 2014 \$m	Period to which the amounts relate			
		2014-15 \$m	2015-16 \$m	2016-17 \$m	Beyond \$m
Transport ^(a)	1,479	1,093	230	102	54
Water Initiatives	18	11	7	...	...
Total	1,497	1,104	237	102	54

(a) The conditional contribution balance of \$1,479 million at June 2014 consists of the 2012-13 balance of \$706 million, plus contributions received in 2013-14 of \$1,354 million, less total contributions spent of \$581 million.

Listed below are unspent Commonwealth contributions at previous year end, and amounts spent in the current year from previous year unspent balance.

Contributions Spent in the 2014-15 Financial Year from the previous 30 June Balance^(a)

Policy Area	General			
	Government Sector		Total State Sector	
	Balance as at June 2014	Spent in 2014-15	Balance as at June 2014	Spent in 2014-15
	\$m	\$m	\$m	\$m
Education and Communities	419	232	419	232
Health	79	54	79	54
Family and Community Services	75	10	75	10
Police and Emergency Services	9	3	9	3
Transport ^(b)	1,479	804	1,479	827
Water Initiatives	34	32	34	32
Total	2,095	1,135	2,095	1,158

(a) Includes all cumulative prior year balances carried forward as unspent.

(b) See footnote above.

Contributions Spent in the 2013-14 Financial Year from the previous 30 June Balance^(a)

Policy Area	General			
	Government Sector		Total State Sector	
	Balance as at June 2013	Spent in 2013-14	Balance as at June 2013	Spent in 2013-14
	\$m	\$m	\$m	\$m
Education and Communities	550	400	550	400
Health	71	50	71	50
Family and Community Services	105	30	105	30
Police and Emergency Services	13	4	13	4
Transport	706	529	706	529
Water Initiatives	57	38	57	38
Total	1,502	1,051	1,502	1,051

(a) Includes all cumulative prior year balances carried forward as unspent.

Note 3: Expenses

Employee Expenses (excluding Superannuation)

	General		Total State Sector	
	Government Sector		2014-15	2013-14
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Employee Expenses comprise:				
Salaries and Wages (including recreation leave)	25,847	24,947	28,235	27,607
Long Service Leave	986	880	1,088	979
Workers' Compensation	319	524	335	553
Other	665	706	1,071	1,048
	27,818	27,056	30,730	30,187

The recognition and measurement policy for employee expenses is detailed in the associated liability policy note. 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 PTE and PFE amounts, in the Total State Sector financial statements.

Superannuation Expense

	General		Total State Sector	
	Government Sector		2014-15	2013-14
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Superannuation Interest Costs comprise:				
Net Interest	1,683	1,762	1,768	1,838
	1,683	1,762	1,768	1,838
Other Superannuation Expenses comprise:				
Defined Benefit Plans, excluding Actuarial Gains/Losses ^(a)	730	723	838	841
Defined Contribution Plans	2,117	1,971	2,361	2,216
	2,846	2,694	3,198	3,057

(a) Refer to Note 22 Superannuation Provisions for a dissection of Defined Benefit Superannuation Expense by component.

Depreciation and Amortisation Expense

	General		Total State Sector	
	Government Sector		2014-15	2013-14
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Depreciation and Amortisation Expense comprise:				
Depreciation on ^(a)				
Buildings	1,241	1,195	1,905	1,785
Plant and Equipment	772	753	1,192	1,288
Infrastructure Systems	1,762	1,646	3,646	3,480
Amortisation of ^(a)				
Leased Property, Plant and Equipment	116	89	227	94
Intangibles	281	271	499	564
	4,172	3,954	7,469	7,210

(a) Refer to Note 13 Property, Plant and Equipment and Note 14 Intangibles for the basis of useful lives applied to calculate depreciation of Property, Plant and Equipment and amortisation of Intangibles.

Interest Expense

	General		Total State Sector	
	Government Sector		2013-14	
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Interest Expenses comprise:				
Interest on Borrowings	1,554	1,573	2,976	3,060
Interest on Finance Leases	213	163	412	350
Unwinding of Discounts on Provision Liabilities	476	514	624	652
	2,243	2,249	4,012	4,062

Interest costs, including borrowing costs under AASB 123 *Borrowing Costs*, are recognised as expenses in the period in which they occur.

Other Operating Expense

	General		Total State Sector	
	Government Sector		2013-14	
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Other Operating Expenses comprise:				
Operating Lease Rentals - Minimum Lease Payments	637	599	833	858
Contractor Fees	515	465	1,340	1,246
Consultancy Fees	159	173	180	197
Inventories Used Up	30	38	780	556
Audit Fees ^(a)	...	...	...	...
Insurance Claims	212	388	512	670
Supplies, Services and Other	11,539	10,998	13,161	12,102
External Maintenance (excluding Employee Costs associated with Maintenance)	1,717	1,684	3,104	3,027
	14,809	14,345	19,911	18,656

(a) Fees to the Audit Office of New South Wales have not been recognised as expenses because they have been eliminated in consolidation of the NSW Total State and General Government sectors. The fees eliminated are for financial audits: \$21 million to the General Government sector (2014: \$22 million), and \$28 million to the Total State sector (2014: \$30 million). In addition, \$7 million for General Government and Total State sector performance audits and Auditor-General's Reports to Parliament (2014: \$7 million) have been eliminated.

Grants and Subsidies

	General Government Sector		Total State Sector	
	2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
Grants, Subsidies and Transfers for				
Recurrent purposes	9,895	9,644	7,209	7,205
Capital purposes	3,270	3,052	565	1,086
	13,165	12,697	7,775	8,291
Recurrent and Capital Grants Subsidies and Transfers are provided for:				
Education and Training	1,455	1,485	1,455	1,447
Human Services (Ageing, Disability and Home Care Services, Community Services and Public Housing) ^(a)	3,239	3,014	3,076	2,847
Health	1,157	1,123	1,157	1,123
Public Transport	4,431	4,207	26	26
First Home Owners Scheme	207	215	207	215
Other Purposes ^(a)	2,676	2,651	1,854	2,633
	13,165	12,697	7,775	8,291

(a) Refer to Note 33 for information on total expenses (excluding losses) by function.

Grants and subsidy expenses generally comprise 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 PTEs and PFEs, which are eliminated in the Total State Sector

Note 4: Other Economic Flows Included in the Operating Result

Other Economic Flows mainly comprise 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', in accordance with AASB 101 *Presentation of Financial Statements*.

	General		Total State Sector	
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Net Gains/(Losses) from Liabilities				
Changes in Discount Rates for Long Service Leave Liabilities	(489)	(358)	(490)	(359)
Changes in Discount and Inflation Rates for Insurance Liabilities	(275)	(330)	(275)	(330)
Other Net Gains/(Losses) from Liabilities	(54)	...	(54)	...
	(819)	(689)	(820)	(689)
Other Net Gains/(Losses) in the Operating Result				
From the Sale of Discontinuing Operations (excludes GFS transactions)	...	7	(152)	590
From Disposal of Property, Plant and Equipment	123	41	45	129
From Disposal of Intangible Assets	5	(2)	(23)	(19)
From Fair Value Adjustments to:				
Investment Property	6	11	54	27
Non-Current Assets Classified as Held for Sale	(2)	(0)	(27)	(4)
Financial Instruments	(39)	581	(1,264)	(1,216)
Other				
Infrastructure and Other Assets Written Off	4	7	468	216
Other	285	(359)	535	(487)
	382	285	(365)	(764)
Share of Earnings from Associates and Joint Ventures (excluding Dividends)	18	118	94	117
Dividends from Asset Sales Proceeds	177	...	...	...
Deferred Income Tax from Other Sectors	137	(458)	...	...
Other Economic Flows				
Allowance for Impairment of Receivables	(3)	(51)	15	(77)
Other	6	8	6	8
	3	(42)	21	(69)
Discontinuing Operations ^(a)	...	...	12	58

(a) Refer to Note 5 for further information.

Note 5: Discontinued Operations

During the 2014-15 year, four operations were classified as discontinuing being the operations of Delta Coast (Colongra), Macquarie Generation, Green State Power and Hunter Water Australia Pty Ltd. Additionally, in 2013-14 the operations of Delta West, Eraring Energy and Port of Newcastle were classified as discontinuing. The combined results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	General		Total State Sector	
	Government Sector 2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m Restated
Net Operating Result of the Discontinued Operations				
Delta West	4
Delta Coast (Colongra)	(17)	...
Macquarie Generation	31	(21)
Green State Power	(3)	8
Hunter Water	(3)	...
Eraring Energy	(27)
Port of Newcastle	46
	8	10
Other Economic Flows of the Discontinued Operations				
Delta West
Delta Coast (Colongra)	6	...
Macquarie Generation	1	58
Green State Power
Hunter Water	5	...
Eraring Energy	(0)
Port of Newcastle
	12	58
Cash Flows of the Discontinued Operations				
Operating Activities	(164)	(608)
Investing Activities	896	72
Financing Activities	(790)	8

Electricity Generators

The *Electricity Generator Assets (Authorised Transaction) Bill 2012* was passed to authorise the efficient transfer of all electricity generator assets and associated rights and liabilities to private sector buyers. During the year, three energy transactions were finalised as follows:

Operation	Purchaser	Consideration \$m	Transaction Stamp Duty \$m	Gain/(Loss) recognised in the comprehensive result \$m
Green State Power	Trustpower Limited	72	3	1
Macquarie Generation	AGL	1,505	93	(220)
Delta Coast (Colongra)	Snowy Hydro Limited	233	13	(1)
Total		1,810	109	(220)

During 2013-14, two energy transactions were finalised as follows:

Operation	Purchaser	Consideration \$m	Transaction Stamp Duty \$m	Gain/(Loss) recognised in the comprehensive result \$m
Delta West	Energy Australia	475	19	139
Eraring Energy	Origin Energy	657	...	7
Total		1,132	19	146

Green State Power

On 9 December 2013, the NSW Government announced its intention to dispose of the New South Wales renewable energy assets held by Green State Power. Green State Power disposed of the renewable energy business activities through the sale of the assets and liabilities relating to those activities on 18 July 2014. The consideration received was \$72 million. Stamp duty of \$3 million was paid to the Office of State Revenue on behalf of the purchaser, resulting in net proceeds on the sale of \$69 million.

The transaction included the sale of hydro-electric generators at Hume Dam, Keepit Dam and Burrinjuck Dam, as well as the Blayney Wind Farm and Green State Power's share of the Crookwell Wind Farm, with the remaining assets and liabilities within Green State Power being transferred to other agencies. Following the completion of the sale (and transfer) of Green State Power assets and liabilities, Green State Power was deregistered on 5 July 2015.

The results of Green State Power discontinued operations for the year are presented below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued operations in the current year.

	General		Total State Sector	
	Government Sector 2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
Net Operating Result of the Discontinued Operation				
Revenues from Discontinued Operation				
Sale of Goods and Services	...	...	1	22
Other Income	...	...	...	4
	...	...	1	26
Expenses from Discontinued Operation				
Expenses	...	...	4	18
	...	...	4	18
Net Operating Balance from Discontinued Operation	...	...	(3)	8
Other Economic Flows of the Discontinued Operation				
...
CashFlows of Green State Power				
Operating Activities	...	...	(10)	14
Investing Activities	...	...	(17)	(7)
Financing Activities	...	...	...	...
Gain/(Loss) from Green State Power				
The consideration received:				
Proceeds from Sale	...	...	69	...
Residual Interest in Leased Assets	...	...	...	...
Less:				
Book Value of Net Assets Disposed	...	...	(68)	...
Change in value of equity investment in PTE sector, from net assets disposed	1	...	...	...
Gain recognised in the Comprehensive Result	1	...	1	...
			2014-15 \$m	2013-14 \$m
The carrying amounts of assets and liabilities as at the date of sale were:				
Property, Plant and Equipment			68	...
Trade Receivables and Other Current Assets			...	...
Trade Creditors and Other Payables			...	...
Provision for Employee Benefits			...	...
Net Assets Attributable to Green State Power			68	...

Macquarie Generation

On 30 July 2013, the NSW Government announced its intention to dispose of the New South Wales electricity generation assets held by Macquarie Generation. Macquarie Generation disposed of electricity generation business activities through the sale of the assets and liabilities relating to those activities on 2 September 2014. The consideration received was \$1,505 million. Stamp duty of \$93 million was paid to the Office of State Revenue on behalf of the purchaser, resulting in net proceeds on the sale of \$1,412 million.

The transaction includes the sale of the electricity generation business activities (including the Liddell and Bayswater Power Station), with the remaining assets and liabilities within Macquarie Generation being transferred to other agencies. Following the completion of the sale (and transfer) of Macquarie Generation assets and liabilities, Macquarie Generation was wound up on 27 February 2015.

The \$220 million loss recognised in the Comprehensive Result reflects the net movement in the value of assets, liabilities and anticipated expenditure compared to the recorded book value of net assets disposed, which represents the accounting value at a single point in time.

The results of Macquarie Generation discontinued operations for the year are presented below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued operations in the current year.

	General		Total State Sector	
	Government Sector 2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Net Operating Result of the Discontinued Operation				
Revenues from Discontinued Operation				
Sale of Goods and Services	139	1,088
Other Income	10	21
	149	1,109
Expenses from Discontinued Operation				
Expenses	118	1,130
	118	1,130
Net Operating Balance from Discontinued Operation	31	(21)
Other Economic Flows of the Discontinued Operation				
	1	58
Cash Flows of Macquarie Generation				
Operating Activities	(146)	(613)
Investing Activities	685	(41)
Financing Activities	(781)	3

	General		Total State Sector	
	Government Sector 2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Gain/(Loss) from Macquarie Generation				
The consideration received:				
Proceeds from Sale	...	...	1,412	...
Residual Interest in Leased Assets	...	...	...	...
Less:				
Book Value of Net Assets Disposed	...	...	(1,632)	...
Change in Value of Equity Investment in PTE sector, from Net Assets Disposed	(220)	...	...	...
Loss recognised in the Comprehensive Result	(220)	...	(220)	...

	2014-15	2013-14
	\$m	\$m
The carrying amounts of assets and liabilities as at the date of sale were:		
Property, Plant and Equipment	1,408	...
Trade Receivables and Other Current Assets	508	...
Trade Creditors and Other Payables	(138)	...
Provision for Employee Benefits	(146)	...
Net Assets Attributable to Macquarie Generation	1,632	...

Delta Coast (Colongra)

On 30 January 2015 Delta Electricity sold the power station at Colongra together with the associated assets and liabilities to Snowy Hydro Ltd. This transaction is considered to be an asset sale rather than an entity sale. Snowy Hydro Ltd is an equity investment of the State. The consideration received was \$233 million. Stamp duty of \$13 million was paid to the Office of State Revenue on behalf of the purchaser, resulting in net proceeds on the sale of \$220 million.

The results of Delta's sale transaction for the year are presented below.

	General		Total State Sector	
	Government Sector 2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Net Operating Result of the Discontinued Operation				
Revenues from Discontinued Operation				
Sale of Goods and Services	5	...
Other Income
	5	...
Expenses from Discontinued Operation				
Expenses	22	...
	22	...
Net Operating Balance from Discontinued Operation	(17)	...
Other Economic Flows of the Discontinued Operation	6	...
Cash Flows of Delta Coast (Colongra) Discontinued Operation				
Operating Activities	(7)	...
Investing Activities	220	...
Financing Activities	(2)	...

	General		Total State Sector	
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Gain/(Loss) from Delta Coast (Colongra)				
The consideration received:				
Proceeds from Sale	...	...	220	...
Residual Interest in Leased Assets	...	...	...	...
Less:				
Book Value of Net Assets Disposed	...	...	(221)	...
Change in Value of Equity Investment in PTE sector, from Net Assets Disposed	(1)	...	...	...
Loss recognised in the Comprehensive Result	(1)	...	(1)	...
			2014-15	2013-14
			\$m	\$m
The carrying amounts of assets and liabilities as at the date of sale were:				
Property, Plant and Equipment			320	...
Trade Receivables and Other Current Assets			2	...
Trade Creditors and Other Payables			(97)	...
Provision for Employee Benefits			(4)	...
Net Assets Attributable to Delta Coast (Colongra)			221	...

Delta West

On 15 November 2012, the NSW Government announced its intention to dispose of the New South Wales electricity generators, including Delta Electricity's Mt Piper and Wallerawang (Delta West) power stations.

On 2 September 2013, the transaction was completed and the successful bidder, Energy Australia, acquired the Delta West operations through the purchase of the identified Delta West assets and liabilities. The consideration received was \$475 million. Stamp duty of \$19 million was paid to the Office of State Revenue on behalf of the purchaser, resulting in net proceeds on the sale of \$456 million.

The transaction included the business activities of Delta West only, with the remaining activities of Delta Electricity continuing.

The results of the Delta West discontinued operations for the year are presented below.

	General		Total State Sector	
	Government Sector 2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
Net Operating Result of the Discontinued Operation				
Revenues from Discontinued Operation				
Sale of Goods and Services	95
Other Income	2
	98
Expenses from Discontinued Operation				
Expenses	93
	93
Net Operating Balance from Discontinued Operation	4
Other Economic Flows of the Discontinued Operation

Cash Flows of Delta West Discontinued Operation

Operating Activities	...	...	...	...
Investing Activities	...	...	...	115
Financing Activities	...	...	...	...

	General		Total State Sector	
	Government Sector 2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
Gain/(Loss) from Delta West				
The consideration received:				
Proceeds from Sale	456
Residual Interest in Leased Assets
Less:				
Book Value of Net Assets Disposed	(317)
Change in Value of Equity Investment in PTE sector, from Net Assets Disposed	...	139	...	...
Gain recognised in the Comprehensive Result	...	139	...	139

2013-14
\$m

The carrying amounts of assets and liabilities as at the date of sale were:

Property, Plant and Equipment	11
Trade Receivables and Other Current Assets	464
Trade Creditors and Other Payables	(73)
Provision for Employee Benefits	(85)
Net Assets Attributable to Delta West	317

Eraring Energy

On 24 November 2011, the NSW Government announced its intention to dispose of the New South Wales electricity generators, including Eraring Energy and to terminate the associated coal supply agreements with Cobbora coal mine.

On 1 August 2013, the transaction was completed and the successful bidder, Origin Energy, acquired 100 per cent of the State's Equity Investment in Eraring Energy. The total cash consideration for the transaction was \$657 million.

The transaction included the business activities of the whole of Eraring Energy, excluding Hydro and Wind Renewable Operations and the Warragamba power station. These other operations were transferred to other agencies.

The results of Eraring Energy's discontinued operations for the year are presented below.

	General		Total State Sector	
	Government Sector 2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
Net Operating Result of the Discontinued Operation				
Revenues from Discontinued Operation				
Sale of Goods and Services	20
Dividend
	20
Expenses from Discontinued Operation				
Expenses	47
	47
Net Operating Balance from Discontinued Operation	(27)
Other Economic Flows of the Discontinued Operation				
	(0)
Cash Flows of Eraring Energy Discontinued Operation				
Operating Activities	(55)
Investing Activities	6
Financing Activities

	General		Total State Sector	
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Gain/(Loss) from Earing Energy				
The consideration received:				
Proceeds from Sale	657
Residual Interest in Leased Assets
Less:				
Book Value of Net Assets Disposed	(650)
Change in Value of Equity Investment in PTE sector, from Net Assets				
Disposed	...	7	...	...
Gain recognised in the Comprehensive Result	...	7	...	7

	2013-14
	\$m
The carrying amounts of assets and liabilities as at the date of sale were:	
Property, Plant and Equipment	32
Trade Receivables and Other Current Assets	675
Trade Creditors and Other Payables	(34)
Provision for Employee Benefits	(23)
Net Assets Attributable to Earing Energy	650

Other Transactions

Hunter Water

Hunter Water Corporation resolved in July 2014 to sell its subsidiary, Hunter Water Australia Pty Ltd. The associated assets and liabilities of the subsidiary that made up the operations of Hunter Water Australia Pty Ltd were sold through two separate transactions to ALS Pty Ltd and Hunter H2O Pty Ltd in December 2014. Stamp duties on the transactions were paid by the purchasers.

The results of Hunter Water Corporation discontinued operations for the year are presented below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued operations in the current year.

	General		Total State Sector	
	Government Sector 2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
Net Operating Result of the Discontinued Operation				
Revenues from Discontinued Operation				
Sale of Goods and Services	...	...	6	14
Other Income	...	...	...	...
	...	...	6	14
Expenses from Discontinued Operation				
Expenses	...	...	9	14
	...	...	9	14
Net Operating Balance from Discontinued Operation	...	...	(3)	...
Other Economic Flows of the Discontinued Operation	...	...	5	...
Cash Flows of Hunter Water Discontinued Operation				
Operating Activities	...	...	(1)	(5)
Investing Activities	...	...	8	...
Financing Activities	...	...	(7)	5
Gain/(Loss) from Hunter Water				
The consideration received:				
Proceeds from Sale	...	...	6	...
Residual Interest in Leased Assets	...	...	...	...
Less:				
Book Value of Net Assets Disposed	...	...	(1)	...
Change in Value of Equity Investment in PTE sector, from Net Assets Disposed	5	...	...	...
Gain recognised in the Comprehensive Result	5	...	5	...
			2014-15 \$m	2013-14 \$m
The carrying amounts of assets and liabilities as at the date of sale were:				
Property, Plant and Equipment			5	...
Trade Receivables and Other Current Assets			...	...
Trade Creditors and Other Payables			...	...
Provision for Employee Benefits			(4)	...
Net Assets Attributable to Hunter Water			1	...

Port of Newcastle

On 18 June 2013, the NSW Government announced its intention to proceed with a scoping study for the long term lease of the assets owned by the Newcastle Port Corporation in order to fund priority infrastructure projects across New South Wales. Following the delivery of the scoping study on 5 November 2013, the Government announced it would proceed with the transaction.

In order to facilitate this transaction, on 21 October 2013 the Corporation incorporated two wholly owned subsidiary companies being Port of Newcastle Operations Pty Limited and Port of Newcastle Lessor Pty Limited.

A number of statutory vesting orders under the *Ports Assets (Authorised Transaction) Act 2012* transferred specific assets, rights and liabilities in relation to Newcastle Port Corporation owned assets to the Port of Newcastle Operations Pty Limited and Port of Newcastle Lessor Pty Limited, effective on 1 January 2014.

On 30 May 2014, the Port of Newcastle Operations Pty Limited was sold to the successful bidder. On the same date, the assets held by the Port of Newcastle Lessor Pty Limited were leased under a 98-year finance lease to the successful bidder and the Port of Newcastle Lessor Pty Limited was subsequently transferred to the Ports Assets Ministerial Holding Corporation (a NSW government agency) for nil consideration.

Cash consideration of \$1,697 million (net of stamp duty) comprising the purchase price for Port of Newcastle Operations Pty Limited and an upfront lease premium for the assets held by the Port of Newcastle Lessor Pty Limited was paid directly to the Restart NSW fund.

The results of the Port of Newcastle discontinued operations for the year are presented below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the 2013-14 year.

	General		Total State Sector	
	Government Sector 2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Net Operating Result of the Discontinued Operation				
Revenues from Discontinued Operation				
Sale of Goods and Services	87
Other Income
	87
Expenses from Discontinued Operation				
Expenses	41
	41
Net Operating Balance from Discontinued Operation	46
Other Economic Flows of the Discontinued Operation
Cash Flows of				
Operating Activities	51
Investing Activities
Financing Activities

	General		Total State Sector	
	Government Sector 2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Gain/(Loss) from				
The consideration received:				
Proceeds from Transaction	1,697
Residual Interest in Leased Assets	51
Less:				
Book Value of Net Assets Disposed	(1,253)
Change in Value of Equity Investment in PTE sector, from Net Assets Disposed	...	491	...	...
Costs of Transaction	...	(26)	...	(30)
Gain recognised in the Comprehensive Result	...	465	...	465

	2013-14
	\$m
The carrying amounts of assets and liabilities as at the date of sale were:	
Derecognised under a 98-year Finance Lease	
Property, Plant and Equipment	505
Disposed through sale	
Property, Plant and Equipment	753
Trade Receivables and Other Current Assets	6
Trade Creditors and Other Payables	(5)
Provision for Employee Benefits	(6)
Net Assets Attributable to Port of Newcastle	1,253

Note 6: Cash and Cash Equivalents

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, short term deposits with an original maturity of three months or less, and deposits in New South Wales Treasury Corporation's Hour-Glass Managed Fund Cash Facility. Cash and cash equivalents is presented net of outstanding bank overdrafts for the purposes of the Statement of Cash Flows.

	General		Total State Sector	
	Government Sector 2015	2014 Restated	2015	2014 Restated
	\$m	\$m	\$m	\$m
Cash administered by NSW Treasury Corporation				
Hour -Glass Cash Facility (Managed Fund)	555	1,154	...	1,896
Managed Fixed Interest Portfolio (Short Term Deposits Facility)	42	...	71	134
Cash and Deposits Held at Other Financial Institutions	11,837	8,814	15,464	11,207
	12,433	9,967	15,534	13,237

The State's interest in the Hour-Glass Cash Facility is brought to account as cash equivalents because deposits and withdrawals can be made on a daily basis and are not subject to significant risk of a change in value. Cash and deposits include net proceeds of asset sales and leases. The majority of these monies are being held as part of Restart NSW for infrastructure investment.

TCorp's Hour-Glass investments are available to all NSW public authorities, including universities and local government authorities. Each Hour-Glass investment has been established as an individual unit trust and each trust has its own investment objective and strategy.

During 2014-15, the State, as the majority unit holder in the Hour-Glass Trusts, has been assessed to control the Trusts as defined under AASB 10 *Consolidated Financial Statements*. Accordingly, the Hour-Glass Trusts' assets and liabilities have been consolidated into the State accounts for the first time.

In total, Hour-Glass Trusts have cash and deposits with other financial institutions amounting to \$690 million.

Refer to Note 31 Restated Comparative Financial Statements for further information on restated figures.

Reconciliation of Operating Result to Net Cash Flows from Operating Activities

	General		Total State Sector	
	Government Sector 2014-15	2013-14 Restated	2014-15	2013-14 Restated
	\$m	\$m	\$m	\$m
Operating result for the year	2,779	462	3,589	1,449
Adjust for:				
Non-cash items added back:				
Depreciation and Amortisation	4,172	3,954	7,469	7,210
Other	1,596	1,567	(775)	(190)
Other Economic Flows - included in the Operating Result	102	785	1,057	1,346
Net Change in Operating Assets and Liabilities	2,274	2,494	3,746	2,322
Net Cash Flows from Operating Activities	10,923	9,262	15,086	12,137

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

Cash assets in the statement of financial position comprise cash and deposits at call. Deposits in TCorp Hour-Glass cash facilities and other TCorp deposits with a maturity of less than 90 days are reported as cash and deposits at call. Cash and cash equivalents recognised in the statement of financial positions are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

	General		Total State Sector	
	Government Sector 2015	2014 Restated	2015	2014 Restated
	\$m	\$m	\$m	\$m
Cash and Deposits at Call	12,433	9,967	15,535	13,238
Bank Overdraft	...	...	(1)	(1)
	12,433	9,967	15,534	13,237

Restricted Cash Assets

Cash held in Crown Special Deposit Accounts for Restart NSW of \$7,835 million (2014: \$6,227 million) can only be used in accordance with the legislation that established the Account. Sales proceeds from major asset transactions are invested in the State's dedicated infrastructure fund Restart NSW, to fund the delivery of major capital infrastructure projects across the State. Conditional contributions disclosed in Note 2 are also considered restricted assets.

Acquisition and Disposal of Entities

During 2014-15 there were no major acquisitions of entities.

Note 5 Discontinued Operations, details information on the proceeds from Delta Coast (Colongra), Macquarie Generation, Green State Power and Hunter Water Australia Pty Ltd.

Non-Cash Financing and Investing Activities

During 2014-15:

- A total of \$244 million (2014: \$245 million) was recognised in the Total State Sector for an emerging interest in private sector provided infrastructure. In the General Government Sector, a total of \$238 million was recognised (2014: \$240 million). It includes \$200 million recognised for roads (2014: \$199 million) and \$34 million for Olympic Park infrastructure (2014: \$32 million).
- Other assets acquired free of cost in the Total State Sector amounted to \$666 million (2014: \$549 million). In the General Government Sector, they amounted to \$120 million (2014: \$218 million). They include sub-divider/developer contributions of water assets of \$138 million (2014: \$114 million) and electricity assets of \$379 million (2014: \$220 million), and roads and bridges from local councils to the value of \$69 million in 2014.
- It is impracticable to report on the numerous other assets donated to NSW public sector agencies particularly dedicated for health, education and cultural purposes. They are generally reported in individual agency financial statements.
- The Total State Sector Statement of Cash Flows excludes new assets acquired under finance leases with a value of \$127 million (2014: \$907 million). For the General Government Sector, excluded new finance lease assets amount to \$107 million (2014: \$114 million).

Note 7: Receivables

Receivables are recognised initially at fair value, based on the transaction cost or face value, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 13 *Fair Value Measurement*.

Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment. Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Statutory receivables, such as taxes receivable, are not classified as financial instruments.

A change in receivables is accounted for when impaired ('Other Economic Flows – included in the Operating Result'), derecognised ('Other Economic Flows – included in the Operating Result') or through the amortisation process ('Transaction').

	General		Total State Sector	
	Government Sector 2015 \$m	2014 \$m	2015 \$m	2014 \$m
Current	5,613	5,038	5,140	5,258
Non-current	1,741	1,795	1,555	1,530
	7,355	6,833	6,695	6,788
Receivables Comprise				
Debtors and accruals from:				
Sale of Goods and Services ^(a)	2,043	1,627	3,131	2,899
Dust Disease Insurance Levies Accrued ^(b)	828	1,132	828	1,132
Taxation	1,828	1,693	1,435	1,293
Dividends from the Public Corporation Sector	1,675	1,368	...	...
Settlements Receivable on New Borrowings and Other Financial Instruments ^(c)	...	...	83	284
Asset Sales	25	15	25	15
Interest	49	44	51	49
Other	1,272	1,338	1,543	1,558
	7,719	7,216	7,096	7,231
Less Allowance for Impairment ^(d)	(364)	(383)	(401)	(443)
	7,355	6,833	6,695	6,788

(a) The 2015 increase reflects the concession payments receivable under the NorthConnex M7 (\$171 million) and Lane Cove Tunnel (\$164 million) projects.

(b) 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.

(c) Settlements receivable on new borrowings and other financial instruments relates to New South Wales Treasury Corporation outstanding trade settlements receivable.

(d) The allowance for impairment mainly comprises doubtful debts related to the sales of goods and services and the collection of fees and fines.

Note 8: Investments, Loans and Placements

Purchases and sales of financial assets under contracts, that require delivery of the asset within the timeframe established by convention or regulation, are recognised on the trade date, i.e. the dates the Government committed to purchase or sell the asset. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Financial Assets at Fair Value

Financial assets at fair value are recognised in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. Changes in fair value for assets classified or designated at fair value through profit and loss are recognised as 'other economic flows - included in the operating result'. Changes in fair value for available for sale assets are recognised as 'other economic flows - other comprehensive income', until impaired or disposed of.

A change in fair value excludes 'interest' and 'distributions', which are recognised as 'revenue from transactions'.

Financial assets designated at fair value through profit or loss are designated on the basis that these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to key management personnel.

Financial Assets at Fair Value

	General			
	Government Sector		Total State Sector	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Current	1,360	389	15,857	10,768
Non-current	9,127	9,173	2,761	14,069
	10,487	9,562	18,618	24,836
Financial Assets at Fair Value Comprise:				
Financial Assets Held for Trading				
Derivative Assets ^(a)				
Electricity Contracts	...	...	9	186
Swaps	...	...	60	5
Futures	23	22	24	37
Other	0	0	3	4
	23	22	95	232
Designated and Effective Hedging Instruments				
Derivative Assets ^(a)				
Swaps	...	...	576	418
Other	0	0	1	4
	0	0	576	422
Financial Assets Designated at Fair Value through Profit or Loss				
Fiduciary Investments Administered by NSW Treasury Corporation				
Hour-Glass Managed Funds	9,577	8,767	...	10,713
Managed Fixed Interest Portfolio	391	239	1,684	1,380
Securities and Placements Held by NSW Treasury Corporation	...	...	5,725	3,719
Held with Other Financial Institutions	496	534	10,539	8,370
	10,464	9,540	17,947	24,182
Total Financial Assets at Fair Value	10,487	9,562	18,618	24,836

(a) Refer to Note 25 Financial Instruments for a description of the major types of derivatives.

Other Financial Assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity. These investments are measured at amortised cost using the effective interest method.

	General			
	Government Sector		Total State Sector	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Current	2,648	4,130	2,666	4,152
Non-current	583	477	917	740
	3,231	4,607	3,582	4,892
Financial Assets at Amortised Cost Comprise:				
Term Deposits - Maturity Greater Than 3 Months	2,573	4,047	2,573	4,057
Finance Leases Receivable ^(b)	657	561	1,009	835
	3,231	4,607	3,582	4,892

(b) Refer to Note 27 for an overview of finance lease assets.

Note 9: Advances Paid

Advances paid are initially measured at fair value plus transaction costs and are generally contracted at interest rates that are below market rates. The difference between the market and the contracted interest rates is recognised in the operating result.

Advances paid consist of non-derivative financial assets with fixed or determinable payments that are intended to be held to maturity or are not quoted in an active market. These financial assets are subsequently measured at amortised cost using the effective interest method, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. Changes in advances paid are accounted for when impaired ('other economic flows – included in the operating result'), derecognised ('other economic flows – included in the operating result') or through an amortisation process ('transaction').

	General		Total State Sector	
	Government Sector	2014	2015	2014
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Current	99	111	71	85
Non-current	829	833	425	400
	928	944	496	485
Advances Comprise:				
Treasury Advances for Public Housing and Other Purposes	590	658	157	192
Loans for Rural Assistance	200	153	200	153
Loans for Road Transport Infrastructure	136	127	136	127
Other	3	6	4	13
	928	944	496	485

Note 10: Equity Investments

Equity Investments in Other Public Sector Entities

In the General Government Sector financial statements, the interest in the PTE and PFE sectors is, in the absence of fair value, 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 *Whole of Government and General Government Sector Financial Reporting*. Any change in the carrying amount of the investment is accounted for as a change in fair value in a manner consistent with the treatment of 'Available for Sale' financial assets in AASB 139 *Financial Instruments: Recognition and Measurement* and is recognised as an 'Other Economic Flow – Other Comprehensive Income'.

Note 35 details the entities that the Government has full ownership.

Investments in Associates

Equity investments in joint venture entities and associates are accounted for using the Equity Method.

Non-current Equity Investments	General		Total State Sector	
	Government Sector 2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Investments in Public Sector Entities				
Investments in Public Non-financial Corporations	95,143	88,852	...	...
Investments in Public Financial Corporations	2,433	1,111	...	...
Consolidation Adjustment to Investment in Net Assets	(6,235)	(5,269)	...	...
	91,341	84,695	...	...

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 Non-Owner Movement in Equity'.

Investments in Associates and Joint Ventures Accounted for Using the Equity Method comprise the State's share in:	General		Total State Sector	
	Government Sector 2015	2014 Restated	2015	2014 Restated
	\$m	\$m	\$m	\$m
Snowy Hydro Ltd	3,949	3,038	3,949	3,038
Murray-Darling Basin Authority ^(a)	...	...	...	...
Law Courts Ltd ^(a)	...	...	...	...
Other Entities	...	...	2	2
	3,949	3,038	3,951	3,039

(a) In accordance with AASB 11 *Joint Arrangements*, this is now recognised as a joint operation. Refer to Note 31 Restated Prior Year Comparatives for further details on restated figures.

Investments in Associates and Joint Ventures

Snowy Hydro Ltd

Snowy Hydro Ltd is an unlisted public company limited by guarantee. Snowy Hydro Ltd is mainly involved in generating and marketing renewable electricity, as well as the storage and diversion of bulk water to the Murray and Murrumbidgee Rivers.

New South Wales has a 58 per cent share of Snowy Hydro Ltd, with the Commonwealth and Victorian governments retaining 13 per cent and 29 per cent, respectively. New South Wales does not control the entity, with one of up to nine board directors and equal one-third shareholder voting rights with the other governments as prescribed by the *Snowy Hydro Corporatisation Act 1997*. As New South Wales does not control the entity it has applied the equity method to account for its investment in Snowy Hydro Ltd.

There is no published quotation price for the fair value of this investment. The State recognises its investment in Snowy Hydro Ltd (SHL) based upon 58 per cent of net assets reported in its financial statements with the exception of PP&E. The State recognises 58 per cent of SHL's PP&E and adjusts this to fair value using the income approach under AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

The reporting date of Snowy Hydro Ltd is 27 June 2015.

Snowy Hydro Ltd purchased the power station at Colongra, together with the associated assets and liabilities, from Delta Electricity on 30 January 2015.

The following table summarises information on New South Wales' investment in Snowy Hydro Ltd:

	General		Total State Sector	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Summary Financial Information for Snowy Hydro Ltd:				
Current Assets	1,000	744	1,000	744
Non-current Assets ^(a)	7,449	5,074	7,449	5,074
Current Liabilities	(297)	(201)	(297)	(201)
Non-Current Liabilities	(1,343)	(380)	(1,343)	(380)
Net Assets	6,809	5,237	6,809	5,237
Revenue	1,755	1,292	1,755	1,292
Profit/(Loss) Before Income Tax	292	707	292	707
Income Tax Expense	(82)	(211)	(82)	(211)
Profit After Income Tax	211	496	211	496
Other Comprehensive Income	(20)	...	(20)	...
Total Comprehensive Result	191	496	191	496
New South Wales Share of Snowy Hydro Ltd's Net Assets and Profit:				
Net Assets	3,949	3,038	3,949	3,038
Profit After Income Tax	122	287	122	287

(a) Snowy Hydro Ltd's non-current assets adjusted to fair value using the income approach under AASB 116 and AASB 13.

There were no impairment losses relating to the investment in Snowy Hydro Ltd and there were no material contingencies.

Other Equity Investments

	General		Total State Sector	
	Government Sector 2015 \$m	2014 \$m	2015 \$m	2014 \$m
Other Equity Investments				
Other Equity Investments	10	10	8,332	12
	10	10	8,332	12

The \$8.3 billion of ‘Other Equity Investments’ is the State’s investment in TCorp Hour-Glass Facility and Sector Trusts and City West Housing Limited (CWH). These are described in greater detail below.

TCorp Hour-Glass Facility and Sector Trusts

As the majority unit holder in the Hour-Glass Trusts (approximately 98 per cent is owned), the State has been assessed to control the Trusts under AASB 10 *Consolidated Financial Statements*. Thus, the Hour-Glass Trusts’ assets and liabilities have been consolidated into the State accounts for the first time in 2015.

TCorp’s Hour-Glass investments are available to all NSW public authorities, including universities. Local councils are also eligible to invest in Hour-Glass investments. Each Hour-Glass investment has been established as an individual unit trust and each trust has its own investment objective and strategy.

Investors acquire units in the selected Facility or Sector Trust. Facility Trusts provide a range of investments based on investment horizons. The Sector Trusts are asset class specific trusts. The Sector Trusts provide the building blocks for the Facility Trusts.

In total, Hour-Glass Trusts have investments in listed equity securities amounting to \$7,797 million.

City West Housing Limited

Under AASB 10 *Consolidated Financial Statements*, the State was assessed not to control City West Housing Limited, despite the Minister for Housing and the Treasurer holding the only ordinary shares of CWH on behalf of the State.

As such, the assets and liabilities of CWH are not consolidated into State accounts for 2015. Rather, they are treated as Financial Assets under AASB 139. The net assets of CWH amount to \$523 million.

Note 11: Inventories

Inventories held for distribution are stated at cost, adjusted when applicable for any loss of service potential, in accordance with AASB 102 *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.

Land held for resale, for government authorities that trade in land, is recorded taking account of acquisition costs, development and other costs.

The current replacement cost is the cost the State would incur to acquire the asset on the reporting date.

	Government Sector		Total State Sector	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Current	195	193	638	712
Non-current	44	55	438	490
	239	248	1,076	1,202

Inventories Comprise:

Materials Held at Cost				
Raw Materials	10	15	42	42
Work in Progress	5	1	9	6
Finished Goods	18	17	18	17
Consumable Stores	151	143	338	354
Consumable Stores Held for Distribution	5	5	6	6
Finished Goods at Net Realisable Value	2	3	2	3
Consumable Stores Held for Distribution at Current Replacement Cost	...	...	1	1
Land Held for Resale	47	63	660	773
	239	248	1,076	1,202

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

	General		Total State Sector	
	Government Sector	2014	2015	2014
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Acquisition Cost	41	47	369	416
Development Cost	6	16	238	316
Other Costs	...	...	53	41
	47	63	660	773

Note 12: 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.

	General		Total State Sector	
	Government Sector		2015	2014
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Assets Held for Sale				
Land and Buildings	347	106	526	299
Plant and Equipment	2	0	2	15
Infrastructure Systems	0	0	57	1,454
Trade and Other Receivables	...	...	...	84
Other Assets	...	...	...	196
Other Financial Assets	...	...	7	168
	349	106	592	2,215

The following liabilities and equity are associated with the above assets:

Liabilities Directly Associated with Assets Held for Sale				
Trade and Other Payables	...	...	...	84
Provisions	...	...	...	147
Other Financial Liabilities	...	...	...	117
	...	...	...	348

Amounts Recognised through Other Comprehensive Income Relating to Assets Held for Sale

Property, Plant and Equipment Asset Revaluation Increments	4	12	27	23
	4	12	27	23

The key assets classified as held for sale at 30 June 2015 are:

UrbanGrowth NSW Development Corporation

On 25 May 2015, UrbanGrowth NSW Development Corporation announced its intention to sell the estate and buildings, collectively known as the Australian Technology Park, by an Invitation to Tender (ITT) process. The ITT process concluded on 12 August 2015 with the sale to be completed towards the end of financial year 2015-16. The buildings that are covered under the ITT process include the Biomedical Building, International Business Centre, Locomotive Workshop and Conference Centre & Exhibition Buildings.

UrbanGrowth NSW Development Corporation has re-classified the park land and buildings as assets held for sale since the carrying amount will be recovered principally through a sale transaction rather than through continuing use. The park land and buildings were classified as Investment Properties measured at fair value through profit or loss and hence their measurement is not impacted by the re-classification of these assets as held for sale.

	2015
Assets	\$m
Land and Buildings	184
Plant and Equipment	2
Assets Classified as Held for Sale	186
Liabilities	...
Liabilities Classified as Held for Sale	...
Net Assets of UrbanGrowth NSW Development Corporation Operations Held for Sale	186

Other

Other land and buildings, plant and equipment and infrastructure systems held for sale as at 30 June 2015 include surplus properties to be sold through various agency sale programs. Assets held for sale are expected to be sold in the following financial year.

The key assets classified as held for sale at 30 June 2014 were:

Green State Power Pty Ltd

During the 2014 financial year the State disposed of the New South Wales renewable energy assets held by Green State Power. Green State Power disposed of the renewable energy business activities through the sale of the assets and liabilities relating to those activities on 18 July 2014.

The major classes of assets and liabilities of Green State Power as at 30 June 2014 were:

	2014
Assets	\$m
Land and Buildings	4
Plant and Equipment	0
Infrastructure Systems	64
Assets Classified as Held for Sale	68
Net Assets of Green State Power Operations Held for Sale	68

Macquarie Generation

On 12 February 2014, Macquarie Generation, a State-owned entity, signed a contract with AGL Energy Limited for the sale of Macquarie Generation electricity generation assets and liabilities.

Macquarie Generation disposed of electricity generation business activities through the sale of the assets and liabilities relating to those activities on 2 September 2014.

The major classes of assets and liabilities of Macquarie Generation as at 30 June 2014 were:

	2014
Assets	\$m
Land and Buildings	37
Plant and Equipment	13
Infrastructure Systems	1,337
Trade and Other Receivables	84
Other Assets	196
Other Financial Assets	168
Assets Classified as Held for Sale	1,834
Liabilities	
Trade and Other Payables	84
Provisions	147
Other Financial Liabilities	117
Liabilities Classified as Held for Sale	348
Net Assets of Macquarie Generation Operations Held for Sale	1,486

Note 13: Property, Plant and Equipment

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

Property, plant and equipment are initially recognised at cost, in accordance with AASB 116 *Property, Plant and Equipment*. 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.

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.

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

- Land under roads is valued using a market approach at existing use, based on an englobo valuation approach or proxy such as open space land (i.e. as such land 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 an income approach based on the net present value of the income stream.
- 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 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.

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, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The cost approach (i.e. depreciated 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 and 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 revalues non-current assets using the cost approach, the gross amount and accumulated depreciation are separately restated.

Heritage and cultural assets are not recognised where they cannot be reliably measured.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

Impairment of Property, Plant and Equipment

The State assesses at each reporting date whether there is any indication that an asset or a cash generating unit may be impaired, in accordance with AASB 136 *Impairment of Assets*. If such an indication exists, the State estimates the recoverable amount. An impairment loss is recognised where the carrying amount of the asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognised as 'other economic flows – included in operating result'.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs of disposal and its value in use, based on the expected future cash flows.

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 *Property, Plant and Equipment*. Depreciation is generally allocated on a straight-line basis.

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. Land is not a depreciable asset.

Average useful lives for major assets 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 (leased and non-leased) ^(b)	32-42 years
Infrastructure	
Power Stations	50 years
Electricity System Assets	1-70 years
Water System Assets	3-200 years
Roads Pavements	4-100 years
Roads Earthworks	50 years
Roads Earthworks (other)	indefinite life
Bridges	60-100 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 civil components generally have a longer useful life than electrical and mechanical components.

(b) The average useful lives of rail rolling stock (previously 32-35 years) and electricity system assets (previously 4-70 years) were updated in 2013-14.

General Government Sector

Fair Value	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Total \$m
At 30 June 2014 (Restated) ^(a)				
Gross Carrying Amount	91,344	13,902	111,133	216,378
Accumulated Depreciation and Impairment	(27,124)	(4,358)	(36,138)	(67,620)
Net Carrying Amount	64,219	9,544	74,995	148,758

at 30 June 2015				
Gross Carrying Amount	96,058	15,586	117,472	229,116
Accumulated Depreciation and Impairment	(28,237)	(4,658)	(37,882)	(70,777)
Net Carrying Amount	67,821	10,929	79,590	158,340

Reconciliation:	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Total \$m
Year Ended 30 June 2015				
Net Carrying Amount at Start of Year	64,219	9,544	74,995	148,758
Additions	2,788	1,098	5,580	9,466
Assets Reclassified To Held for Sale	(345)	(2)	...	(347)
Disposals	(142)	(152)	...	(294)
Net Revaluation Increments Recognised In Reserves	2,622	1,130	2,879	6,631
Depreciation Expense	(1,241)	(772)	(1,762)	(3,775)
Other Movements (Inc. Amortisation of Leased Assets)	(80)	82	(2,102)	(2,098)
Net Carrying Amount at End of Year	67,821	10,929	79,590	158,340

(a) Prior period amendment due to Murray-Darling Basin Authority and the Law Courts treated as joint arrangements. Please refer to Note 31 for further details.

General Government Sector

Fair Value	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Total \$m
At 30 June 2013				
Gross Carrying Amount	86,409	13,570	103,691	203,671
Accumulated Depreciation and Impairment	(25,126)	(4,152)	(32,906)	(62,184)
Net Carrying Amount	61,283	9,418	70,785	141,487

At 30 June 2014 (Restated) ^(a)				
Gross Carrying Amount	91,344	13,902	111,133	216,378
Accumulated Depreciation and Impairment	(27,124)	(4,358)	(36,138)	(67,620)
Net Carrying Amount	64,219	9,544	74,995	148,758

Reconciliation:	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Total \$m
Year Ended 30 June 2014				
Net Carrying Amount at Start of Year	61,283	9,418	70,785	141,487
Additions	2,838	2,983	3,238	9,058
Assets Reclassified to Held for Sale	(95)	(0)	...	(96)
Disposals	(82)	(150)	(595)	(827)
Net Revaluation Increments Recognised In Reserves	1,260	(4)	2,534	3,790
Depreciation Expense	(1,195)	(753)	(1,646)	(3,593)
Other Movements (Inc. Amortisation of Leased Assets)	210	(1,949)	678	(1,061)
Net Carrying Amount at End of Year	64,219	9,544	74,995	148,758

(a) Prior period amendment due to Murray-Darling Basin Authority and the Law Courts treated as joint arrangements. Refer to Note 31 for further details.

Total State Sector

Fair Value	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Total \$m
At 30 June 2014 (Restated) ^(a)				
Gross Carrying Amount	148,462	26,901	211,372	386,735
Accumulated Depreciation and Impairment	(31,162)	(10,562)	(69,727)	(111,452)
Net Carrying Amount	117,300	16,339	141,645	275,283
At 30 June 2015				
Gross Carrying Amount	160,027	28,474	221,020	409,521
Accumulated Depreciation and Impairment	(33,262)	(11,084)	(72,672)	(117,018)
Net Carrying Amount	126,765	17,390	148,349	292,504

Reconciliation:	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Total \$m
Year Ended 30 June 2015				
Net Carrying Amount at Start of Year	117,300	16,339	141,645	275,283
Additions	3,823	1,491	8,592	13,906
Assets Reclassified to Held for Sale	(579)	(2)	(31)	(612)
Disposals	(284)	(184)	...	(469)
Net Revaluation Increments Recognised in Reserves	8,202	1,131	2,766	12,099
Depreciation Expense	(1,905)	(1,192)	(3,655)	(6,752)
Other Movements (Inc. Amortisation of Leased Assets)	209	(192)	(968)	(951)
Net Carrying Amount at End of Year	126,765	17,390	148,349	292,504

(a) Prior period amendment due to Murray-Darling Basin Authority and the Law Courts treated as joint arrangements. Refer to Note 31 for further details.

Total State Sector

Fair Value	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Total \$m
At 30 June 2013				
Gross Carrying Amount	143,624	26,330	252,692	422,648
Accumulated Depreciation and Impairment	(29,592)	(11,240)	(116,990)	(157,822)
Net Carrying Amount	114,032	15,090	135,702	264,826
At 30 June 2014 (Restated) ^(a)				
Gross Carrying Amount	148,462	26,901	211,372	386,735
Accumulated Depreciation and Impairment	(31,162)	(10,562)	(69,727)	(111,452)
Net Carrying Amount	117,300	16,339	141,645	275,283
Reconciliation:				
	Land and Buildings \$m	Plant and Equipment \$m	Infrastructure Systems \$m	Total \$m
Year Ended 30 June 2014				
Net Carrying Amount at Start of Year	114,032	15,090	135,702	264,826
Additions	3,170	2,284	9,035	14,488
Assets Classified to Held for Sale	(668)	(24)	(1,585)	(2,277)
Disposals	(205)	(180)	(693)	(1,078)
Net Revaluation Increments Recognised in Reserves	3,221	460	3,027	6,709
Depreciation Expense	(1,785)	(1,288)	(3,480)	(6,553)
Other Movements (Inc. Amortisation of Leased Assets)	(465)	(3)	(362)	(830)
Net Carrying Amount at End of Year	117,300	16,339	141,645	275,283

(a) Prior period amendment due to Murray-Darling Basin Authority and the Law Courts treated as joint arrangements. Refer to Note 31 for further details.

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 2015	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings	...	17,341	50,480	...	67,821
Plant and Equipment ^(a)	...	6,374	639	3,915	10,929
Infrastructure Systems	...	1,439	78,151	...	79,590
Non-current Assets Held for Sale (Note 12)	...	330	18	...	349
	...	25,485	129,289	3,915	158,689
<hr/>					
30 June 2014	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings	...	15,608	48,612	...	64,219
Plant and Equipment ^(a)	...	5,895	1,194	2,455	9,544
Infrastructure Systems	...	1,016	73,979	...	74,995
Non-current Assets Held for Sale (Note 12)	...	106	...	...	106
	...	22,625	123,785	2,455	148,865

Total State Sector

30 June 2015	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings	...	20,990	105,775	...	126,765
Plant and Equipment ^(a)	...	6,692	5,979	4,720	17,391
Infrastructure Systems	...	1,534	146,814	...	148,348
Non-current Assets Held for Sale (Note 12)	...	459	126	...	585
	...	29,675	258,693	4,720	293,089
<hr/>					
30 June 2014	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings	...	21,093	96,207	...	117,300
Plant and Equipment ^(a)	...	6,690	6,968	2,681	16,339
Infrastructure Systems	...	1,088	140,557	...	141,645
Non-current Assets Held for Sale (Note 12)	...	1,768	...	...	1,768
	...	30,640	243,732	2,681	277,053

(a) Plant and Equipment at historical cost are measured using depreciated historical cost as a surrogate for fair value under AASB 13 *Fair Value Measurement*.

Reconciliation of Recurring Level 3 Fair Value Measurements

General Government Sector

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Assets Held for Sale	Total Recurring Level 3 Fair Value
	\$m	\$m	\$m	\$m	\$m
Fair Value as at 1 July 2014 (Restated) ^(a)	48,612	1,194	73,979	...	123,785
Additions	1,205	51	3,312	...	4,569
Revaluation increments/(Decrements) Recognised in Other Comprehensive Income	2,012	(70)	2,879	...	4,820
Transfers into Level 3	477	811	1,596	18	2,902
Transfers out of Level 3	(664)	(1,327)	(1,628)	...	(3,618)
Disposals	(60)	(5)	...	(2)	(66)
Depreciation Expense	(1,148)	(15)	(1,739)	...	(2,902)
Other Movements (inc. Amortisation of Leased Assets)	45	(0)	(248)	2	(201)
Fair Value as at 30 June 2015	50,480	639	78,151	18	129,289

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total Recurring Level 3 Fair Value
	\$m	\$m	\$m	\$m
Fair value as at 1 July 2013	47,949	1,167	70,358	119,474
Additions	1,064	1,941	3,200	6,205
Revaluation Increments/(Decrements) Recognised in Other Comprehensive Income	693	8	2,553	3,253
Transfers from Level 2	37	...	...	37
Transfers to Level 2	(2)	...	...	(2)
Disposals	(35)	(1)	(594)	(630)
Depreciation Expense	(1,087)	(38)	(1,558)	(2,683)
Other Movements (inc. Amortisation of Leased Assets)	(6)	(1,883)	21	(1,868)
Fair Value as at 30 June 2014 (Restated) ^(a)	48,612	1,194	73,979	123,785

Total State Sector

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Assets Held for Sale	Total Recurring Level 3 Fair Value
	\$m	\$m	\$m	\$m	\$m
Fair Value as at 1 July 2014 (Restated) ^(a)	96,207	6,968	140,557	...	243,732
Additions	2,177	216	8,208	...	10,602
Revaluation Increments/(Decrements) Recognised in Other Comprehensive Income	7,473	(71)	2,760	(1)	10,161
Transfers into Level 3	3,055	913	1,919	105	5,992
Transfers out of Level 3	(975)	(1,634)	(2,149)	...	(4,758)
Disposals	(189)	(16)	...	(115)	(320)
Depreciation Expense	(1,779)	(277)	(3,632)	...	(5,688)
Other Movements (inc. Amortisation of Leased Assets)	(195)	(121)	(850)	138	(1,029)
Fair Value as at 30 June 2015	105,775	5,979	146,814	126	258,693

(a) Prior period amendment due to Murray-Darling Basin Authority and the Law Courts treated as joint arrangements. Refer to Note 31 for further details.

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total Recurring Level 3 Fair Value
	\$m	\$m	\$m	\$m
Fair value as at 1 July 2013	94,526	5,876	132,625	233,026
Additions	1,712	1,003	8,785	11,500
Revaluation Increments/(Decrements) Recognised in Other Comprehensive Income	2,440	216	3,122	5,778
Transfers from Level 2	233	...	66	299
Transfers to Level 2	(3)	...	...	(3)
Disposals	(175)	(15)	(671)	(861)
Depreciation Expense	(1,473)	(111)	(2,944)	(4,529)
Other Movements (inc. Amortisation of Leased Assets)	(1,053)	(0)	(425)	(1,479)
Fair Value as at 30 June 2014 (Restated)^(a)	96,207	6,968	140,557	243,732

(a) Prior period amendment due to Murray-Darling Basin Authority and the Law Courts treated as joint arrangements. Refer to Note 31 for further details.

Valuation techniques, inputs and processes

Land and Buildings

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

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

Public Housing: Public Housing is valued using a market approach and is classified as Level 3 due to the mass approval technique and the use of significant unobservable inputs. Fair values are determined by applying an annual rolling benchmark valuation approach whereby one-third of benchmark properties are valued each year by valuers with reference to market sales comparisons to calculate a market movement index. The valuation utilises recent sales of comparable properties and adjustments for any different attributes to benchmark properties.

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 depreciated 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 use of the land. The value utilises a market sales comparison approach utilising recent sales of comparable properties. Hospital buildings are mainly classified as Level 3 and are valued using the depreciated replacement cost method. The current replacement cost per square metre is assessed by reference to external publications with allowances made for regional locations. Remaining economic life is assessed based on physical depreciation and obsolescence.

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

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

Crown land: Crown land is generally classified as Level 2 and is valued using the market value approach by utilising market comparable land. Valuations take account of the sale price of comparable land and adjusted for the size of the land and the long term land appreciated rate. The estimated fair value would increase/(decrease) if the comparable land values increase/(decrease).

Plant and Equipment

Plant and Equipment comprises 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 a surrogate for fair value do not require fair value hierarchy disclosures under AASB 13 *Fair Value Measurement*.

Rail rolling stock: Rolling stock is valued using a depreciated 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: Buses are valued using a market valuation method based on the market price for buses.

Ferries: Ferries are valued using a depreciated 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. 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 market prices for buses increased/(decreased).
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 increased/(decreased).

Infrastructure Systems

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

Electricity systems: The majority of the State's electricity system assets are valued using an income valuation method. The discounted cash flow model is used to perform the value in use calculation to determine the value of the assets. The valuation is performed taking account of forecast cash inflows and outflows, electricity forward prices and discount rate.

Dams and water system assets: The majority of the State's dams and water system assets are valued using an income valuation method. The discounted cash flow model is used to perform the value in use calculation to determine the value of the assets. The Regulatory Asset Based Value, determined by the Independent Pricing and Regulatory Tribunal (IPART), is used in conjunction with forecast cash flows and a discount rate.

Road infrastructure: Road infrastructure is valued using the depreciated 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.

Rail infrastructure: Trackwork and related infrastructure is valued using the depreciated replacement cost method. Replacement cost rates for each significant asset component are determined based on the replacement cost of the various asset components.

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).

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. The majority of assets are classified at Level 2 as their value has been determined on market observable inputs, being the sale proceeds for the assets.

Note 14: Intangibles

Intangible assets are measured initially at cost, in accordance with AASB 138 *Intangible Assets*. 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.

Intangible assets with finite lives are amortised under the straight line method and expensed in the statement of comprehensive income for the period, in accordance with AASB 138 *Intangible Assets*. Intangible assets with an indefinite life are not amortised, but are tested for impairment annually either individually or at the cash generating unit level.

Easements are treated as having an indefinite life as the access rights are considered to be permanent.

Assumptions

	Computer Software	Easements	Other
Useful lives	Finite (2-10 years)	Indefinite	Finite (4-10 years)
Amortisation method	Straight line	Not amortised	Various
Internally Generated/Acquired	Both	Acquired	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

General Government Sector

	Computer Software \$m	Easements ^(a) Restated \$m	Other \$m	Total \$m
At 1 July 2014				
Cost (Gross Carrying Amount)	3,677	285	...	3,962
Accumulated Amortisation and Impairment	(1,491)	...	...	(1,491)
Net Carrying Amount	2,186	285	...	2,471
At 30 June 2015				
Cost (Gross Carrying Amount)	4,278	311	5	4,594
Accumulated Amortisation and Impairment	(1,691)	...	...	(1,691)
Net Carrying Amount	2,588	311	5	2,904
Reconciliation:				
Year ended 30 June 2015				
Net Carrying Amount at Start of Year	2,186	285	...	2,471
Additions	739	...	...	739
Disposals	(4)	...	...	(4)
Reclassification from Property, Plant and Equipment	25	...	...	25
Impairment	(19)	22	...	3
Amortisation	(274)	...	...	(274)
Other Movements	(65)	4	5	(56)
Net carrying amount at end of year	2,588	311	5	2,904

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

General Government Sector

	Computer Software \$m	Easements ^(a) Restated \$m	Other \$m	Total \$m
At 1 July 2013				
Cost (Gross Carrying Amount)	3,209	156	...	3,365
Accumulated Amortisation and Impairment	(1,303)	...	...	(1,303)
Net Carrying Amount	1,906	156	...	2,062
At 30 June 2014				
Cost (Gross Carrying Amount)	3,677	285	...	3,962
Accumulated Amortisation and Impairment	(1,491)	...	...	(1,491)
Net Carrying Amount	2,186	285	...	2,471
Reconciliation:				
Year ended 30 June 2014				
Net Carrying Amount at Start of Year	1,906	156	...	2,062
Additions	623	...	...	623
Disposals	(1)	...	...	(1)
Reclassification from Property, Plant and Equipment	49	...	...	49
Impairment	(1)	...	...	(1)
Amortisation	(271)	...	...	(271)
Other Movements ^(b)	(119)	129	...	10
Net carrying amount at end of year	2,186	285	...	2,471

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

(b) Prior period amendment due to Murray-Darling Basin Authority treated as a joint arrangement. Refer to Note 31 for further details.

Total State Sector

	Computer Software \$m	Easements ^(a) Restated \$m	Other \$m	Total \$m
At 1 July 2014				
Cost (Gross Carrying Amount)	5,818	1,063	...	6,881
Accumulated Amortisation and Impairment	(2,862)	...	...	(2,862)
Net carrying amount	2,957	1,063	...	4,020
At 30 June 2015				
Cost (Gross Carrying Amount)	6,443	1,111	83	7,637
Accumulated Amortisation and Impairment	(3,188)	(0)	(15)	(3,203)
Net Carrying Amount	3,255	1,111	68	4,434

Reconciliation:

Year Ended 30 June 2015				
Net Carrying Amount at Start of Year	2,957	1,063	...	4,020
Additions	920	13	33	965
Disposals	(5)	(1)	(0)	(6)
Reclassification from Property, Plant and Equipment	27	...	...	27
Assets Held for Sale	...	...	...	...
Impairment	(47)	24	0	(23)
Amortisation	(496)	...	(1)	(497)
Other Movements	(99)	12	36	(52)
Net Carrying Amount at End of Year	3,255	1,111	68	4,434

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

Total State Sector

	Computer Software \$m	Easements ^(a) Restated \$m	Other \$m	Total \$m
At 1 July 2013				
Cost (Gross Carrying Amount)	5,308	968	...	6,276
Accumulated Amortisation and Impairment	(2,568)	(20)	...	(2,588)
Net Carrying Amount	2,740	948	...	3,688
At 30 June 2014				
Cost (Gross Carrying Amount)	5,818	1,063	...	6,881
Accumulated Amortisation and Impairment	(2,862)	...	...	(2,862)
Net Carrying Amount	2,957	1,063	...	4,020
Reconciliation:				
Year Ended 30 June 2014				
Net Carrying Amount at Start of Year	2,740	948	...	3,688
Additions	847	...	...	847
Disposals	(3)	...	...	(3)
Reclassification from Property, Plant and Equipment	46	...	...	46
Assets Held for Sale	(13)	...	...	(13)
Impairment	(17)	...	...	(17)
Amortisation	(564)	...	...	(564)
Other Movements ^(b)	(79)	115	...	36
Net Carrying Amount at End of Year	2,957	1,063	...	4,020

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

(b) Prior period amendment due to Murray-Darling Basin Authority treated as a joint arrangement. Refer to Note 31 for further details.

Note 15: Other Non-Financial Assets

Privately Financed Projects and Service Concession Arrangements

In a privately financed project (PFP), a public sector entity (the grantor) arranges for the private sector (the operator) to design, finance and build infrastructure and provide associated operational or management services for an agreed period (the service period).

Many PFPs include a service concession arrangement (SCA) as described in Interpretation 129 *Service Concession Arrangements: Disclosures*. An SCA is an agreement under which the public sector (the grantor) grants a concession to the private sector (the operator) to provide services that give the public access to major economic and social facilities. In effect, the SCA operator (rather than the grantor) is the primary provider of the services with the infrastructure and provides the services to the public.

PFPs are accounted for in three different ways in accordance with TPP 06-8 *Accounting for Privately Financed Projects*, depending on the extent of the grantor's control of the underlying infrastructure, i.e. whether the infrastructure is:

- grantor-controlled from the beginning of the service period

- purchased under a deferred payment arrangement or acquired under a finance lease and is grantor-controlled from the beginning of the service period. This is recognised as property, plant and equipment and depreciated over its useful life or the term of the lease in accordance with AASB 116 *Property, Plant and Equipment* or AASB 117 *Leases*, or
- operator-controlled during the service period and grantor-controlled thereafter.

A right to receive the infrastructure for a nominal sum (including zero) at the end of the service period is recognised as revenue and an asset whose value emerges during that period. The accumulated value of the right at the end of the service period equates to the written down replacement cost of the infrastructure at that time. The value is allocated during the service period as if it were the compound value of an annuity discounted at the NSW government bond rate applicable to the purchaser at the commencement of the service period. Any increase or decrease in the fair value of the right to receive the infrastructure that occurs during the service period is recognised as an asset revaluation, similarly to a revaluation of property plant and equipment.

An up-front contribution by the operator (or grantor) that is substantively part of the PFP is recognised progressively over the period of the concession period, reducing the net cost.

Emerging rights to receive SCA infrastructure are classified as ‘other assets’ and ‘other revenue’. Up-front contributions are classified as ‘other liabilities’ (if received from the operator) or ‘prepayments’ (if paid to the operator).

A land lease in connection with a PFP is accounted for in accordance with AASB 117 *Leases*.

	General		Total State Sector	
	Government Sector 2015	2014 Restated	2015	2014 Restated
	\$m	\$m	\$m	\$m
Current	311	128	427	241
Non-current	2,202	1,933	2,258	2,030
	2,512	2,061	2,684	2,271
Other Non-Financial Assets comprise:				
Right to Receive Privately Financed Infrastructure	1,799	1,561	1,856	1,612
Prepayments	408	309	490	432
Emission Rights	...	...	1	3
Other	305	191	337	224
	2,512	2,061	2,684	2,271

The following service concession arrangements (SCA) are in place:

Infrastructure subject to the arrangement	Concession period (duration in years and final year)
Transport	
▪ M4 Service Centre	25 / 2017
▪ Sydney Harbour Tunnel	31 / 2023
▪ M5	34 / 2026
▪ Parramatta Transport Interchange	24 / 2029
▪ Airport Line railway stations	30 / 2030
▪ Sydney Light Rail	15 / 2034
▪ North West Rail Link, Operations, Trains and Systems (OTS)	16 / 2034
▪ Cross City Tunnel	30 / 2035
▪ Lane Cove Tunnel	30 / 2037
▪ M7	31 / 2037
▪ M2	49 / 2046
▪ NorthConnex	29 / 2048
▪ Eastern Distributor	49 / 2048
▪ WestConnex - Stage 1	44 / 2060
Health	
▪ Hawkesbury Hospital	20 / 2016
▪ NSW Health Retrieval Network	10 / 2027
▪ Newcastle Community Health Centre	20 / 2027
▪ Newcastle Maternal Hospital Redevelopment	24 / 2033
▪ Bathurst, Orange & Associated Health Services	25 / 2035
▪ Northern Beaches Hospital	21 / 2038
▪ Chris O'Brien Lifehouse	40 / 2053
▪ Various hospital car parks	24-25 / various
Utilities	
▪ Illawarra/Woronora Water Treatment Plants	23 / 2019
▪ Prospect Water Treatment Plant	26 / 2021
▪ Colongra Gas Pipeline and Storage Facility	18 / 2027
▪ Blue Mountain Sewerage Transfer Tunnel	33 / 2028
▪ Eastern Creek Alternative Waste Technology Facility	25 / 2029
▪ Macarthur Water Treatment Plant	35 / 2030
▪ Rosehill Camellia Recycled Water Project	20 / 2031
Other	
▪ Olympic Arena	31 / 2031
▪ Sydney SuperDome	31 / 2031
▪ Olympic Stadium	32 / 2031
▪ New Schools Project	28 / 2032
▪ Long Bay Prison and Forensic Hospital	26 / 2034
▪ New Schools Project 2	29 / 2035
▪ Sydney International Convention, Exhibition and Entertainment Precinct	25 / 2041
▪ Opera House car park	50 / 2043

Note 16: Income Tax Equivalents

Commercial PNFCs and PFCs, excluding TCorp, are part of a National Tax Equivalent Regime (NTER). TCorp is part of a Tax Equivalent Regime (TER). Although exempt from income tax obligations to the Commonwealth, members of the NTER/ TER accrue and pay income tax equivalents to the State and adopt tax effect accounting to maintain competitive neutrality for commercial government entities. The General Government Sector recognises accrued receivables and payables which equate to the amounts accrued by PNFCs and PFCs for income tax equivalents. These amounts are eliminated on consolidation of the Total State Sector.

	General		Total State Sector	
	Government Sector		2015	2014
	2015	2014	\$m	\$m
	\$m	\$m	\$m	\$m
Tax Equivalents Receivable	156	206	...	...
Deferred Tax Equivalents Receivable	4,659	4,695	...	...
Tax Equivalents Payable	(10)	(40)	...	...
Deferred Tax Equivalents Provision	(406)	(488)	...	...
Net Balances Receivable from the PNFC/PFC Sectors	4,399	4,373	...	...

Note 17: Deposits Held

Deposits held represent liabilities for customer and contractors' security deposits for utilities such as electricity and water. Customer and contractor deposits can be refunded at any time. These deposits are recognised at no less than the amount payable on demand, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

	General		Total State Sector	
	Government Sector		2015	2014
	2015	2014	\$m	\$m
	\$m	\$m	\$m	\$m
Current	126	117	511	713
Non-current	...	...	3	10
	126	117	514	723
Deposits are Held for the Purposes of:				
Electricity Supply	...	...	20	19
Held by Public Financial Corporations for Other Agencies	...	...	292	556
Other	126	117	202	148
	126	117	514	723

Note 18: Payables

Payables are recognised initially at fair value, usually based on the transaction cost or face value, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 13 *Fair Value Measurement*. Subsequent measurement is at amortised cost using the effective interest method.

Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

	General		Total State Sector	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Current	5,720	5,553	6,975	7,084
Non-current	...	...	...	...
	5,720	5,553	6,975	7,084
Payables comprise:				
Payables Of A Capital Nature	879	915	1,140	1,176
Accrued Employee Benefits	951	895	1,043	984
Interest On Borrowings & Advances	356	357	2	6
Settlement Of Borrowings & Other Financial Instruments	...	...	67	221
Creditors & Other Accruals ^(a)	3,534	3,386	4,722	4,697
	5,720	5,553	6,975	7,084

(a) Includes trade creditors.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 25 Financial Instruments.

Note 19: Borrowings and Derivative Liabilities at Fair Value

Borrowings

Borrowings are not held for trading and represent funds raised from the following sources:

- loans raised by the Commonwealth on behalf of the State under the previous Financial Agreement
- domestic and overseas borrowings raised by the New South Wales Treasury Corporation, and
- borrowings by public sector agencies (including finance leases).

Borrowings include borrowings by and from New South Wales Treasury Corporation (TCorp). Borrowings from TCorp by other NSW Public Sector entities are eliminated in the Total State Sector.

General Government Sector borrowings are direct loans with no market value and are recognised at amortised cost using the effective interest method, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. Amortised cost is the face value of the debt less unamortised discount or plus unamortised premiums. The discount or premiums are treated as finance charges and amortised using the effective interest rate method over the term of the debt. Refer to Note 20 Borrowings at Amortised Cost for further details.

Domestic and overseas borrowings are designated at 'fair value through profit or loss' under AASB 139 in the Total State Sector. Overseas borrowings are translated at exchange rates prevailing at the reporting date.

Gains or losses arising from fair value movements in borrowings 'designated at fair value through profit or loss' (excluding interest), foreign exchange and debt restructuring transactions are included as 'other economic flows – included in the operating result' in the period in which they arise.

Derivative Liabilities

Derivatives are measured at fair value as at reporting date, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 13 *Fair Value Measurement*. Where an active market exists, fair values are determined by reference to the specific market quoted prices/yields at year end. 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 one valuation date to the next are recognised as 'Other Economic Flows – included in the Operating Result'.

Designated and effective 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 as an 'Other Economic Flow – included in the Operating Result'. Gains or losses on the effective portion of cash flow hedges are recognised as an 'Other Economic Flow – Other Comprehensive Income', until the forecast transaction affects profit or loss and it is recycled into 'Other Economic Flows – included in the Operating Result'. The ineffective portion of cash flow hedges is recognised as an 'Other Economic Flow – included in the Operating Result'.

Other derivatives are categorised as held for trading financial instruments.

All derivatives are recognised on the Statement of Financial Position at trade date (the date the State becomes party to the contractual provisions of the financial instrument concerned).

	General		Total State Sector	
	Government Sector 2015 \$m	2014 \$m	2015 \$m	2014 \$m
Current	5	5	16,724	15,686
Non-current	6	8	60,504	61,634
	11	13	77,228	77,320
Borrowings and Derivative Liabilities at Fair Value Comprise:				
Borrowings at Fair Value				
Bonds and Other Borrowings Issued by Tcorp	...	...	76,599	76,594
Other Fair Value Borrowings	8	10	8	10
	8	10	76,607	76,604
Derivatives Held For Trading				
Swaps	...	...	26	39
Electricity Contracts	...	...	0	175
Futures	...	...	...	4
Other	3	3	12	15
	3	3	38	233
Designated And Effective Hedging Instruments				
Swaps	...	...	572	479
Electricity Contracts	...	...	5	4
Other	0	0	5	0
	0	0	582	483
Total Borrowings and Derivative Liabilities at Fair Value	11	13	77,228	77,320

Note 20: Borrowings at Amortised Cost

	General		Total State Sector	
	Government Sector 2015 \$m	2014 \$m	2015 \$m	2014 \$m
Current	1,708	1,697	246	257
Non-current	29,793	29,331	4,524	4,720
	31,500	31,028	4,770	4,977
Borrowings at Amortised Cost Comprise:				
Other Borrowings at Amortised Cost	28,474	27,952	71	74
Bank Overdraft	0	...	1	1
Finance Leases	3,026	3,075	4,698	4,902
	31,500	31,028	4,770	4,977

A schedule of maturity analysis (of contractual cash flows) including future interest commitments is reported in Note 25. More information on borrowings at amortised cost is included in Note 19.

Refer to Note 27 for further information on finance leases.

Note 21: 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* (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, worker's 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, modified to reflect entity/liability specific risks.

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, WorkCover Authority or by the State's self-insurance scheme, known as the Treasury Managed Fund.

These liabilities are actuarially calculated and measured on a discounted cash flow basis.

	General		Total State Sector	
	Government Sector		Total State Sector	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Current	11,309	10,885	12,810	12,447
Non current	4,003	3,550	4,350	3,930
	15,313	14,435	17,160	16,377
These Comprise:				
Long Service Leave	8,156	7,468	9,276	8,651
Annual and Other Leave Entitlements	2,968	2,846	3,312	3,216
Self Funded Worker's Compensation	3,665	3,593	3,815	3,748
Other	524	528	758	762
Total Employee Provisions	15,313	14,435	17,160	16,377

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 4.75 per cent (2014: 5.25 per cent) and a future inflation rate of 2.5 to 3.5 per cent (2014: 2.5 to 4.0 per cent) and a superimposed inflation rate of 0 to 5.0 per cent (2014: 0 to 3.0 per cent).

Note 22: Superannuation Provisions

An unfunded superannuation liability is recognised in respect of the State's defined benefit schemes, in accordance with AASB 119 *Employee Benefits*. It is measured as the difference between the estimated present value of members' accrued benefits at reporting date and the estimated net market value of the superannuation scheme assets at that date.

The actuaries apply estimation techniques to value the unfunded superannuation liability. The liability is assessed annually using the latest triennial review actuarial economic assumptions, except for the discount rate. The discount rate is based on the 10-year Commonwealth government bond rate as at 30 June.

The present value of accrued benefits is based on expected future payments that arise from membership of the fund to reporting date in respect of the contributory service of current and past New South Wales State government employees.

The accrued benefits amount is calculated having regard to:

- expected future wage and salary levels
- the growth rate in the Consumer Price Index
- superannuation contribution tax, and
- the experience of employee departures and their periods of service.

Detailed information regarding the most recent assumptions from the 2012 triennial review is available from the *Report on Actuarial Investigation of State Superannuation Schemes 2012* at www.statesuper.nsw.gov.au.

Actuarial gains and losses resulting from changes in measurement assumptions, the return 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 as part of 'other economic flows – other comprehensive income'. Net interest expense and other expenses related to the defined benefit plans are recognised in 'expenses from transactions'.

	General		Total State Sector	
	Government Sector 2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Current	1,477	1,396	1,497	1,400
Non-current	51,021	46,866	53,657	49,640
	52,498	48,262	55,154	51,040

The State public sector superannuation liability is made up of the assets and liabilities. This includes a number of State Sector Schemes:

- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS).

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 Scheme Act 1987*, and their associated regulations.

It also includes the Parliamentary Contributory Superannuation Scheme (PCSS), which is established and governed by the *Parliamentary Contributory Superannuation Act 1971* and its associated regulations, the Judges' Pension Scheme (JPS), which is established and governed by *Judges' Pensions Act 1953 No 41* (as amended to 19 May 2010), and the Energy Industries Superannuation Schemes (EISS).

EISS was established on 30 June 1997 by a Trust Deed made under an Act of the NSW Parliament, for the purpose of providing retirement benefits for employees from certain energy industries bodies in New South Wales. EISS is regulated primarily by the *Superannuation Industry (Supervision) Act 1993* (Cth) (the SIS Act), but is also subject to regulation under the *Superannuation Administration Act 1996* (NSW).

These schemes are all defined benefit schemes – at least a component 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. All of the above schemes (except for JPS) are closed to new entrants.

The assets of the State Sector Schemes are pooled together in the Pooled Fund.

Regulatory Framework

The State Sector Schemes, PCSS and JPS are exempt public sector superannuation schemes under the SIS Act. The SIS Act treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

It 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 2012 for the State Sector Schemes and at 30 June 2014 for PCSS and JPS. The next actuarial investigation for the State Sector Schemes is due as at 30 June 2015 and the report is expected to be released by the end of 2015. EISS received an exemption from annual actuarial valuation and the last actuarial valuation of the Scheme was performed as at 30 June 2012. The next actuarial investigation is due as at 30 June 2015 and the report is expected to be released by the end of 2015.

Governance of the Schemes

The SAS Trustee Corporation (STC) is responsible for the governance of the State Sector Schemes. The trustee of PCSS is a statutory body which comprises two trustees from the Legislative Council, five trustees from the Legislative Assembly, and the Secretary of the Treasury (or a Treasury official appointed in their absence). The Energy Industries Superannuation Scheme Pty Limited is trustee for EISS and is responsible for the governance of EISS. JPS does not have a trustee.

The Trustees have a legal obligation to act solely in the best interests of fund beneficiaries. The Trustees are responsible for administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules; management and investment of the fund assets; compliance with other applicable regulations; and compliance with the Trust Deeds (EISS).

Under a Heads of Government agreement, the NSW Government undertakes to ensure 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.

The NSW Government prudentially monitors and audits the State Sector Schemes and PCSS and the activities of each of the Trustee Boards in a manner consistent with the prudential controls of the SIS Act. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

All of the schemes' assets are invested at arm's length through independent fund managers. The Trustees monitor the asset-liability risks continuously in setting investment strategies. The Trustees also monitor cash flows to manage liquidity requirements.

The NSW Government has committed under the *Fiscal Responsibility Act 2012* to fully fund the State Sector Schemes by 2030.

Funding Arrangements for Employer Contributions

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, the Trustees and NSW Treasury. Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review. JPS is a pay-as-you-go scheme.

Valuation Method

The Trustees' actuary, Mercer Human Resource Consulting, calculated the unfunded superannuation liabilities schemes for the years ended 30 June 2015 and 30 June 2014 in accordance with AASB 119 *Employee Benefits* and AAS 25 *Financial Reporting by Superannuation Plans*.

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligations.

Actuarial calculations for the unfunded superannuation liabilities schemes were based on the latest scheme membership data, demographic assumptions of the 2012 Triennial Valuation and AASB 119 applying to employee benefits as at 30 June 2015.

Description of the Risks and Significant Events

There are a number of risks to which the schemes expose the employer. The more significant risks relating to the defined benefits 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.

All of the schemes' defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. There is no significant concentration of investment risk or liquidity risk. There are no assets in JPS.

There were no fund amendments, curtailments or settlements during the period.

Movement in Unfunded Liabilities and the Impact of Assumptions

The major potential for volatility arises from movements in the market prices of plan assets and the 30 June long term Commonwealth government bond rate, which is applied to discount the accrued liabilities.

The increase of \$4.2 billion in General Government and \$4.1 billion for Total State Sector unfunded liabilities over the 12 months to 30 June 2015, largely explained by a decrease in the liability discount rate for the State Sector Schemes and EISS from 3.57 per cent to 3.03 per cent.

The future liability value can also be impacted, generally to a lesser degree, by revisions to long term actuarial assumptions including those listed in the previous table, as well as changes to mortality and other actuarially applied rates.

Member Numbers and Superannuation Position for AASB 119

General Government Sector

For the year ended 30 June 2015

Member Numbers	----- NSW Public Sector Superannuation Schemes -----						Total
	SASS	SANCS	SSS	PSS	PCSS	JPS	
Contributors	23,380	30,875	6,239	1,255	29	124	
Deferred Benefits	10,393	11,973	1,324	72	2	...	
Pensioners	3,409	...	45,124	6,572	289	233	
Pensions Fully Commuted	...	...	14,225	...	...	...
Superannuation Position for AASB 119 Purposes							
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Accrued Liability ^(a)	14,519	2,605	54,762	15,835	757	1,036	89,514
Estimated Reserve Account Balance	(10,280)	(1,729)	(20,097)	(4,627)	(283)	...	(37,016)
Deficit/(Surplus)	4,239	876	34,665	11,208	474	1,036	52,498
Future Service Liability ^(b)	1,558	697	538	76	...	...	2,868
Surplus In Excess Of Recovery Available	0	0	0	...	...	...	0
Net (Asset)/Liability to be Recognised in Statement of Financial Position	4,239	876	34,665	11,208	474	1,036	52,498

- (a) The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%. PCSS assets and accrued liability based on 2015 data. JPS accrued liability is projected from 2014 data. The accrued liability includes a contribution tax provision for PCSS. 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%.
- (b) The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the 'surplus in excess of recovery' is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision.)

For the year ended 30 June 2014

Member Numbers	----- NSW Public Sector Superannuation Schemes -----						Total
	SASS	SANCS	SSS	PSS	PCSS	JPS	
Contributors	25,749	34,998	7,887	1,362	46	142	
Deferred Benefits	10,488	12,109	1,509	84	2	...	
Pensioners	3,367	...	43,939	6,579	285	179	
Pensions Fully Commuted	...	...	14,451	...	...	...
Superannuation Position for AASB 119 Purposes (Restated)							
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Accrued Liability ^(a)	13,864	2,645	50,485	14,491	693	997	83,175
Estimated Reserve Account Balance	(9,699)	(1,691)	(18,927)	(4,338)	(258)	...	(34,913)
Deficit/(Surplus)	4,165	954	31,558	10,153	435	997	48,262
Future Service Liability ^(b)	(1,444)	(783)	(508)	(117)	...	...	(2,853)
Surplus in Excess of Recovery Available	0	0	0	...	...	...	0
Net (Asset)/Liability to be Recognised in Statement of Financial Position	4,165	954	31,558	10,153	435	997	48,262

- (a) The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%. PCSS assets and accrued liability based on 2012 data. JPS accrued liability is projected from 2010 data.
- (b) The FSL does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the 'surplus in excess of recovery' is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision.)

Total State Sector

For the year ended 30 June 2015

Member Numbers	----- NSW Public Sector Superannuation Schemes -----							Total
	SASS	SANCS	SSS	PSS	PCSS	JPS	EISS	
Contributors	26,543	34,393	6,594	1,255	29	124	2,346	
Deferred Benefits	10,393	11,973	1,425	72	2	...	23	
Pensioners	4,053	...	47,582	6,572	289	233	539	
Pensions Fully Commuted	...	...	15,286	...	...	...	9	
Superannuation Position for AASB 119 Purposes								
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Accrued Liability ^(a)	16,858	2,847	57,648	15,835	757	1,035	2,309	97,289
Estimated Reserve Account Balance	(11,845)	(1,885)	(21,743)	(4,627)	(283)	...	(1,766)	(42,149)
Deficit/(Surplus)	5,014	962	35,905	11,208	474	1,035	542	55,140
Future Service Liability ^(b)	1,663	773	575	76	...	...	(183)	2,904
Surplus In Excess of Recovery Available	0	0	14	...	...	...	...	14
Net (Asset)/Liability to be Recognised in Statement of Financial Position	5,014	962	35,919	11,208	474	1,035	542	55,154

(a) Refer to footnote in General Government Sector 30 June 2015 table above.

(b) Refer to footnote in General Government Sector 30 June 2015 table above.

For the year ended 30 June 2014

Member Numbers	----- NSW Public Sector Superannuation Schemes -----							Total
	SASS	SANCS	SSS	PSS	PCSS	JPS	EISS	
Contributors	29,541	39,280	8,377	1,362	46	142	3,026	
Deferred Benefits	10,488	12,109	1,630	84	2	...	23	
Pensioners	3,933	...	46,501	6,579	285	179	503	
Pensions Fully Commuted	...	...	15,558	...	...	...	11	
Superannuation Position for AASB 119 Purposes (Restated)								
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Accrued Liability ^(a)	16,247	2,912	53,436	14,491	693	997	2,683	91,460
Estimated Reserve Account Balance	(11,292)	(1,862)	(20,656)	(4,338)	(258)	...	(2,026)	(40,432)
Deficit/(Surplus)	4,955	1,050	32,780	10,153	435	997	657	51,028
Future Service Liability ^(b)	(1,304)	(678)	(447)	(117)	...	...	(262)	(2,809)
Surplus In Excess of Recovery Available	0	0	12	...	...	...	...	12
Net (Asset)/Liability to be Recognised in Statement of Financial Position	4,955	1,050	32,792	10,153	435	997	657	51,040

(a) Refer to footnote in General Government Sector 30 June 2014 table above.

(b) Refer to footnote in General Government Sector 30 June 2014 table above.

Reconciliation of the Present Value of the Defined Benefit Liability/(Asset)

	General		Total State Sector	
	Government Sector 2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
Net Defined Benefit Liability/(Asset) At Beginning of the Period	48,262	46,770	51,040	49,935
Current Service Cost	730	723	838	841
Actual Return on Fund Assets less interest cost	(1,177)	(1,632)	(1,246)	(1,870)
Past Service Cost	...	...	...	...
(Gains)/Losses Arising from Settlements	...	...	(13)	...
Net Equity Transfer	...	218	...	...
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	30	141	34	141
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	6,232	2,783	6,643	3,251
Actuarial (Gains)/Losses Arising from Liability Experience	(219)	649	(587)	253
Adjustment For Effect of Asset Ceiling	0	(8)	2	3
Employer Contributions	(1,474)	(1,382)	(1,539)	(1,512)
Effects of Transfers In/Out Due to Business Combinations and Disposal:	115	...	(16)	...
Net Defined Benefit Liability/(Asset) at end of the Period	52,498	48,262	55,154	51,040

Reconciliation of the Fair Value of Fund Assets

	General		Total State Sector	
	Government Sector 2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 \$m
Fair Value of Fund Assets at Beginning of the Period	34,889	32,089	40,253	37,939
Actual Return on Fund Assets Less Interest Income	4,066	4,547	4,438	5,116
Equity Transfer	...	205	...	...
Employer Contributions	1,474	1,382	1,539	1,512
Contributions by Participants	246	288	480	340
Benefits Paid	(3,937)	(3,780)	(4,635)	(4,843)
Taxes, Premiums & Expenses Paid	162	158	198	187
Transfers In	115	...	(7)	...
Contributions to Accumulation Section	...	...	...	...
Settlements	...	...	(117)	...
Exchange Rate Changes	...	...	...	...
Fair Value of Fund Assets at End of the Period	37,016	34,889	42,149	40,253

Reconciliation of the Present Value of the Defined Benefit Obligations

	General		Total State Sector	
	Government Sector 2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Present Value of Defined Benefit Obligations at Beginning of the Period	83,151	78,860	91,293	87,874
Current Service Cost	730	723	838	841
Interest Cost	2,889	2,915	3,191	3,246
Contributions by Participants	246	288	466	340
Equity Transfer	...	422	...	...
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	30	141	34	141
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	6,232	2,783	6,643	3,251
Actuarial (Gains)/Losses Arising from Liability Experience	(219)	649	(587)	253
Benefits Paid	(3,937)	(3,780)	(4,635)	(4,843)
Adjustments for Effect of Asset Ceiling	0	(8)	2	3
Taxes, Premiums & Expenses Paid	162	158	198	187
Transfers In	230	...	(24)	...
Contributions to Accumulation Section	...	...	...	...
Past Service Cost	...	...	...	...
Settlements	...	...	(130)	...
Exchange Rate Changes	...	...	...	...
Present Value of Defined Benefit Obligations at End of the Period	89,514	83,151	97,289	91,293

Reconciliation of the Asset Ceiling

	Government Sector		Total State Sector	
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Adjustment for Effect of Asset Ceiling at Beginning of the Period	0	9	12	9
Change in the Effect of Asset Ceiling	0	(8)	2	3
Adjustment for Effect of Asset Ceiling at End of the Period	0	0	14	12

Fair Value of Fund Assets

State Sector Schemes

All of the State Sector Schemes' assets are invested by STC at arm's length through independent fund managers. The Pooled Fund assets are not separately invested for each scheme and it is not possible or appropriate to disaggregate and attribute fund assets to individual schemes.

Asset category	2014-15				2014-15	2013-14
	Total \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m		
Short Term Securities	2,642	96	2,546	0	6.5%	6.5%
Australian Fixed Interest	2,657	1	2,639	17	6.6%	6.2%
International Fixed Interest	1,004	(0)	1,004	0	2.5%	2.3%
Australian Equities	10,407	9,899	504	4	25.7%	30.9%
International Equities	13,111	9,963	2,585	563	32.4%	28.8%
Property	3,453	948	718	1,786	8.6%	8.6%
Alternatives	7,170	622	3,020	3,528	17.7%	16.7%
Total^(a)	40,443	21,529	13,016	5,898	100.0%	100.0%

(a) Additional to the assets disclosed above, at 30 June 2015 the Pooled Fund has provisions for receivables/(payables) estimated to be around \$1.74 billion. This gives total estimated assets of \$42.2 billion.

The fair value of the Pooled Fund assets as at 30 June 2015 includes \$209.2 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- Government Property NSW occupies part of a property owned by the Pooled Fund with a fair value of \$159 million (30 June 2014: \$153 million).
- NSW Ambulance occupies part of a property 50 per cent owned by the Pooled Fund with a fair value of \$204 million (30 June 2014: \$205 million).

EISS

The fair value of Plan assets includes no amounts relating to any of the entity's own financial instruments, or any property occupied by, or other assets used by, the entity.

Some Pool B assets are invested in accordance with member investment choices. For Pool B assets invested in the Energy Investment Fund but not subject to member investment choice, the percentage invested in each asset class at the reporting date is:

Asset category	2014-15				2014-15	2013-14
	Total \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m		
Australian Equities	282	...	282	...	12.0%	17.0%
International Equities	846	...	846	...	36.0%	23.0%
Emerging Markets	...	...	...	...	0.0%	4.0%
Property	94	...	94	...	4.0%	7.0%
Private Equity	47	...	47	...	2.0%	1.0%
Infrastructure	165	...	165	...	7.0%	10.0%
Alternatives	752	...	752	...	32.0%	25.0%
Fixed Income	...	...	...	...	0.0%	12.0%
Cash	165	...	165	...	7.0%	1.0%
Total	2,351	...	2,351	...	100.0%	100.0%

JPS and PCSS

There are no assets in JPS. For PCSS the asset categories split was not available at 30 June 2015.

Significant Actuarial Assumptions

The principal economic assumptions at the reporting dates are as per the following table.

Significant Actuarial Assumptions	At 30 June 2015		At 30 June 2014	
	State Super Schemes, JPS, PCSS	EISS	State Super Schemes, JPS, PCSS	EISS
Discount Rate	3.03% pa	3.03% pa	3.57% pa	3.57% pa
Salary Increase Rate	2.50% pa ^(a)	0.00% pa ^(b)	2.27% pa	2.7% pa
Rate of CPI Increase	2.5% pa	2.5% pa	2.5% pa	2.5% pa
Pensioner Mortality	as per 30 June 2012 triennial valuation for State Super Schemes and EISS, as per 2014 triennial actuarial valuation for JPS and PCSS			

(a) Salary increase rate (excluding promotional increases) for State Super Funds Schemes and PCSS for forward years are: 2.50% for 2015-16 to 2018-19, 3.50% 2019-20 and 2020-21, 3.00% pa for 2021-22 to 2025-26 (taking into account increases in the superannuation guarantee rates) and 3.50% pa onwards.

(b) Salary Increase rate (excluding promotional increases) for EISS (excluding Transgrid) for forward years are: 0% pa until 31 Dec 2015 for Endeavour Energy and Ausgrid (0% for Essential Energy until 31 Dec 2017) and 2.50% on 31 December 2016 for Endeavour Energy and Ausgrid (Essential Energy moves to 2.5% from 1 July 2017). Transgrid is 2.50% from 2014-15 onwards.

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2015 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2015.

There are a number of variables that impact on the valuation of the defined benefit superannuation liabilities including discount rate, future salary increases, future increase in the Consumer Price Index (CPI), and future life expectancy. The key variable relates to movement of the discount rate. For the Total State Sector, sensitivity analysis of a discount rate movement of *plus* 1.0 per cent would reduce accrued liabilities by an estimated \$11,609 million, and a discount rate movement of *minus* 1.0 per cent would increase accrued liabilities by an estimated \$14,441 million.

	State Sector Schemes				EISS			
	Discount Rate	Rate of CPI Increase	Salary Inflation Rate	Defined Benefit Obligation (\$m)	Discount Rate	Rate of CPI Increase	Salary Inflation Rate	Defined Benefit Obligation (\$m)
Base Case	3.03%	base rate	base rate	93,188	3.03%	2.50%	0.00%	2,309
Scenario A -10%Discount Rate	2.03%	base rate	base rate	107,021	2.03%	base rate	base rate	2,622
Scenario B +10%Discount Rate	4.03%	base rate	base rate	82,065	4.03%	base rate	base rate	2,057
Base Case	base rate	base rate	base rate	93,188	base rate	base rate	base rate	2,309
Scenario A -10%Discount Rate	base rate	above rates plus 0.5%pa	base rate	99,117	base rate	3.00%	base rate	2,393
Scenario B +10%Discount Rate	base rate	above rates less 0.5%pa	base rate	87,820	base rate	2.00%	base rate	2,231
Base Case	base rate	base rate	base rate	93,188	base rate	base rate	base rate	2,309
Scenario E +0.5%Salary Increase Rate	base rate	base rate	above rates plus 0.5%pa	93,810	base rate	base rate	as above for each employer +0.5%	2,378
Scenario F -0.5%Salary Increase Rate	base rate	base rate	above rates less 0.5%pa	92,589	base rate	base rate	as above for each employer -0.5%	2,255
Base Case	N/A	N/A	N/A	93,188	N/A	N/A	N/A	2,309
Scenario G +5%Pensioner Mortality Rates	N/A	N/A	N/A	92,232	N/A	N/A	N/A	2,294
Scenario H -5%Pensioner Mortality Rates	N/A	N/A	N/A	94,200	N/A	N/A	N/A	2,324
	PCSS				JPS			
	Discount Rate	Rate of CPI Increase	Salary Inflation Rate	Defined Benefit Obligation (\$m)	Discount Rate	Rate of CPI Increase	Salary Inflation Rate	Defined Benefit Obligation (\$m)
Base Case	3.03%	N/A	N/A	757	3.03%	N/A	N/A	1,024
Scenario A -10%Discount Rate	2.03%	N/A	N/A	902	2.03%	N/A	N/A	1,175
Scenario B +10%Discount Rate	4.03%	N/A	N/A	645	4.03%	N/A	N/A	902
Base Case	base rate	N/A	base rate	757	base rate	N/A	base rate	1,024
Scenario C +0.5%Salary Increase Rate	base rate	N/A	above rates plus 0.5%pa	829	base rate	N/A	above rates plus 0.5%pa	1,101
Scenario D -0.5%Salary Increase Rate	base rate	N/A	above rates less 0.5%pa	693	base rate	N/A	above rates less 0.5%pa	955
Base Case	N/A	N/A	N/A	757	N/A	N/A	N/A	1,024
Scenario E +0.5%Pensioner Mortality Rates	N/A	N/A	N/A	731	N/A	N/A	N/A	989
Scenario F -0.5%Pensioner Mortality Rates	N/A	N/A	N/A	785	N/A	N/A	N/A	1,062

AAS25 Valuation

The following is a summary of the 30 June financial position of the fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*.

	General		Total State Sector	
	Government Sector		2014-15	2013-14
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
Accrued Benefits	49,582	48,769	54,506	54,354
Net Market Value of Fund assets	(37,013)	(34,913)	(42,149)	(40,432)
Net (Surplus)/Deficit	12,570	13,856	12,357	13,922

The primary difference between the net deficit above (per AAS 25) and the net deficit calculated in accordance with AASB 119 (and brought to account in the TSSA's Statement of Financial Position) is that the accrued benefits discount rate is based on the more volatile 30 June long term Commonwealth government bond rate for the AASB 119 calculation, whereas the AAS 25 calculation uses a less volatile long term earnings rate. As the long term earning rate exceeds the Commonwealth government bond rate, liabilities valued under AAS 25 are lower than liabilities valued under AASB 119.

Employer Contributions

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 employer. Under the Aggregate Funding method, the employer contributions rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets, future contributions and the maturity profile of the funds.

	Expected contributions		Maturity profile	Recommended contribution rates
	2014-15	2013-14	2014-15	
	\$m	\$m	Years	
Pooled Fund				
SASS	N/A	N/A	13	multiple of member contributions
SANCS	N/A	N/A	13	% member salary
SSS	N/A	N/A	13	multiple of member contributions
PSS	N/A	N/A	13	% of member salary
PCSS	16.0	15.0	16	multiple of member contributions
JPS	45.7	41.7	13.6	% member salary
EISS	61.8	67.8	13.8	Division B - multiple of member contributions Division C - % member salary Division D - multiple of member contributions

Economic Assumptions

The economic assumptions adopted from the 2012 triennial actuarial reviews of the State Sector Schemes and EISS for the Aggregate Funding Method were:

Weighted-Average Assumption	At 30 June 2015 ^(a)		At 30 June 2014 ^(a)	
	Pooled Fund	EISS	Pooled Fund	EISS
Expected Rate of Return on Assets Backing Current Pension Liabilities	8.3% pa	7.0% pa	8.3% pa	7.0% pa
Expected Rate of Return on Assets Backing Other Liabilities	7.3% pa	7.0% pa	7.3% pa	7.0% pa
Expected Salary Increase Rate ^(b)	2.7% pa	3.5% pa	2.7% pa	3.5% pa
Expected Rate of CPI Increase	2.5% pa	2.5% pa	2.5% pa	2.5% pa

(a) 2015 and 2014 assumptions are derived from the 2012 triennial actuarial review.

(b) SASS, SANCS, SSS expected salary increase rate until 30 June 2018. PSS and EISS expected salary increase rate of 3.5 per cent until 30 June 2018. In both cases, a rate of 4.0 per cent is applied thereafter.

Note 23: 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.

Other provisions are recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. 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.

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, and the anticipated fund management fees. 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.

Any change to the liabilities, from the unwinding of the discount rate over time, is recognised as interest in 'expenses from transactions' in the operating result.

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	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Current	1,516	1,442	2,016	2,108
Non-current	6,717	6,491	9,634	9,050
	8,234	7,934	11,650	11,158
These Comprise:				
Outstanding Claims:				
Self Insurance Corporation (Excluding Self Funded Worker's Compensation)	2,985	2,990	2,985	2,990
Workers' Compensation (Dust Diseases)	1,845	2,050	1,845	2,050
Lifetime Care And Support Scheme	...	...	2,738	2,392
Workcover Authority	142	149	142	149
Long Service Corporation Schemes	868	816	868	816
HIH Loss Compensation	65	112	65	112
Victims Support Fund	62	123	62	123
Provision for Land Remediation, Restoration Costs and Other Claims	2,266	1,693	2,944	2,525
Total Other Provisions	8,234	7,934	11,650	11,158
Insurance Recoveries Receivable Include those Accrued by:				
Self Insurance Corporation - for Reinsurance and Other Recoveries Receivable	240	219	240	219
Workers' Compensation (Dust Diseases) Board - Insurance Levies Accrued	828	1,132	828	1,132
	1,068	1,351	1,068	1,351

- 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' (factors such as trends in court awards). This provision is actuarially assessed in consultation with the claims managers of SICorp at each 30 June. The discount rate used is based on NSW Treasury's estimate of fair value for the 10-year New South Wales 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 Self Insurance Corporation (excluding worker's compensation) are:

	TMF		GWC		TAC	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Not Later Than One Year						
Inflation Rate	2.5 - 3.0	2.5 - 4.0	3.0 - 3.5	2.9 - 3.0	2.5	3.0
Discount Rate	4.8	5.3	4.8	5.3	4.8	5.3
Superimposed Inflation ^(a)	0 - 5	0 - 3.0	0 - 1.5	0 - 1.5	3.5	2.5
Later Than One Year						
Inflation Rate	2.5 - 3.8	2.5 - 4.0	3.0 - 4	2.8 - 3.4	2.5 - 3.8	3.3 - 3.4
Discount Rate	4.8	5.3	4.8	5.3	4.8	5.3
Superimposed Inflation ^(a)	0 - 5	0 - 3.0	0 - 1.5	0 - 1.5	3.5	2.5

(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) Board provides a no-fault compensation scheme to victims under the *Workers' Compensation (Dust Diseases) Act 1942*. As at 30 June 2015, this liability was actuarially assessed by Taylor Fry Pty Ltd.
- 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 2015, this liability was actuarially assessed by PricewaterhouseCoopers Actuarial.
- The provision for WorkCover 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 2015, liabilities for compensation payments and estimated compensation for future claims was actuarially assessed by PricewaterhouseCoopers and Finity Consulting Pty Ltd.
- 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 2015, this liability was actuarially assessed by Professional Financial Solutions.
- A provision for loss compensation associated with the former HIH Insurance Limited has been raised by the State for building warranty insurance and for motor vehicle claims. As at 30 June 2015, these liabilities were actuarially assessed by Finity Consulting Pty Ltd.
- 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 2015, this liability for universities superannuation was actuarially assessed by Mercer Actuarial Consulting.
- A provision exists for the Victims Support Fund (VSF), which was established under the *Victims Rights and Support Act 2013*, for the purpose of compensating victims with injuries resulting from acts of violence, witnesses to such acts, close relatives of the deceased victims and to law enforcement victims.

Key actuarial assumptions adopted for other Schemes are as follows:

Scheme	Discount Rate %		Inflation Rate %	
	2015	2014	2015	2014
Claims expected to be paid not later than one year				
Workers' Compensation (Dust Diseases) Board	2.0	2.5	3.0	3.5
Lifetime Care and Support	6.0	6.0	4.0	4.0
WorkCover Authority	2.0 - 2.2	2.5-2.8	3.0	3.5
Building and Construction Industry Long Service Payment Scheme	7.0	7.0	3.5	4.0
HIH Loss Compensation	2.0	2.5	3.0	3.0
Claims expected to be paid later than one year				
Workers' Compensation (Dust Diseases) Board	3.5	2.5-5.0	2.8	3.0-3.5
Lifetime Care and Support	6.0	6.0	4.0	4.0
WorkCover Authority	2.0 - 4.5	2.6 - 5.0	2.4 - 3.0	2.6 - 3.5
Building and Construction Industry Long Service Payments Scheme	7.0	7.0	3.5	4.0
HIH Loss Compensation	2.0	2.7-4.9	3.0	3.3-3.6

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

2014- 15 Movement in Other Provisions

	Carrying Amount 1 July 2014 \$m	Additional Provisions \$m	Amounts Used \$m	Unused Amounts Reversed \$m	Actuarial (Gain)/Loss \$m	Unwinding / change in discount rate \$m	Carrying Amount 30 June 2015 \$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	2,990	344	(420)	...	(70)	141	2,985
Workers' Compensation (Dust Diseases)	2,050	...	(98)	(179)	...	72	1,845
WorkCover Authority	149	...	(11)	(9)	...	13	142
Long Service Corporation	816	65	(69)	...	...	57	868
HIH Loss Compensation	112	...	(30)	(19)	...	2	65
Victims Support Fund	123	12	(60)	(14)	...	...	62
Land Remediation, Restorations and Other Claims	1,693	688	(152)	(40)	14	64	2,266
Total Other Provisions	7,934	1,110	(840)	(261)	(57)	349	8,234

2013- 14 Movement in Other Provisions

	Carrying Amount 1 July 2013 Restated \$m	Additional Provisions \$m	Amounts Used \$m	Unused Amounts Reversed \$m	Actuarial (Gain)/Loss \$m	Unwinding / change in discount rate \$m	Carrying Amount 30 June 2014 \$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	2,931	349	(442)	...	2	150	2,990
Workers' Compensation (Dust Diseases)	1,673	376	(96)	...	...	97	2,050
WorkCover Authority	140	...	(10)	...	9	10	149
Long Service Corporation	767	63	(68)	...	...	53	816
HIH Loss Compensation	131	...	(15)	(6)	(1)	3	112
Victims Support Fund	150	47	(41)	(33)	...	...	123
Land Remediation, Restorations and Other Claims	1,108	773	(194)	(29)	(2)	37	1,693
Total Other Provisions	6,900	1,609	(866)	(69)	9	350	7,934

Total State Sector

2014- 15 Movement in Other Provisions

	Carrying Amount 1 July 2014 \$m	Additional Provisions \$m	Amounts Used \$m	Unused Amounts Reversed \$m	Actuarial (Gain)/Loss \$m	Unwinding / change in discount rate \$m	Carrying Amount 30 June 2015 \$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	2,990	344	(420)	...	(70)	141	2,985
Workers' Compensation (Dust Diseases)	2,050	...	(98)	(179)	...	72	1,845
Lifetime Care and Support Scheme	2,392	317	(111)	...	...	140	2,738
WorkCover Authority	149	...	(11)	(9)	(0)	13	142
Long Service Corporation	816	65	(69)	...	...	57	868
HH Loss Compensation	112	...	(30)	(19)	...	2	65
Victims Support Fund	123	12	(60)	(14)	...	...	62
Land Remediation, Restorations and Other Claims	2,525	1,011	(508)	(169)	14	72	2,944
Total Other Provisions	11,158	1,749	(1,308)	(390)	(57)	497	11,650

2013- 14 Movement in Other Provisions

	Carrying Amount 1 July 2013 Restated \$m	Additional Provisions \$m	Amounts Used \$m	Unused Amounts Reversed \$m	Actuarial (Gain)/Loss \$m	Unwinding / change in discount rate \$m	Carrying Amount 30 June 2014 \$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	2,931	349	(442)	...	2	150	2,990
Workers' Compensation (Dust Diseases)	1,673	376	(96)	...	...	97	2,050
Lifetime Care and Support Scheme	2,067	306	(101)	...	...	121	2,392
WorkCover Authority	140	...	(10)	...	9	10	149
Long Service Corporation	767	63	(68)	...	...	53	816
HH Loss Compensation	131	...	(15)	(6)	(1)	3	112
Victims Support Fund	150	47	(41)	(33)	...	...	123
Land Remediation, Restorations and Other Claims	2,025	1,562	(1,016)	(78)	(18)	49	2,525
Total Other Provisions	9,884	2,704	(1,789)	(117)	(7)	483	11,158

Note 24: Other Liabilities

Other Liabilities

All other liabilities are recorded at the estimate of the obligation to pay.

Up-front payments received in respect of privately financed projects are deferred and amortised over the term of the arrangement. Refer to Note 15 Other Non-Financial Assets for further details.

	General		Total State Sector	
	Government Sector 2015 \$m	2014 \$m	2015 \$m	2014 \$m
Current	1,061	523	2,368	689
Non-current	1,797	1,394	1,867	1,424
	2,858	1,918	4,236	2,113
Other Liabilities Comprise:				
Deferred Revenue on the Private Provision of Infrastructure ^(a)	588	270	588	270
Other Deferred Revenue	1,884	1,392	1,948	1,482
Other	386	255	1,699	361
	2,858	1,918	4,236	2,113

(a) Payments received by the State for the reimbursement of development costs under various privately financed Infrastructure projects following the letting of the Lane Cove Tunnel, Cross City Tunnel and Westlink M7 Motorway contracts. These up-front payments are amortised over the life of the concession period.

Note 25: Financial Instruments

The principal financial instruments of the Total State Sector are outlined below. These financial instruments arise directly from the State's operations or are required 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 assets and 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, investments, derivatives, debt and investment management.

As part of this framework, The Treasury administers the *Public Authorities (Financial Arrangements) Act 1987* 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 properly and prudently managed.

This role is effected through the requirement to have the borrowing, investment and joint venture / joint private-public sector financing activities of each authority approved by the Treasurer.

New South Wales 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, it administers the management of the majority of the State's investments. TCorp, acting as the State's central borrowing authority, issues bonds to the public. 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 standards and monitoring of credit utilisation against limits.

TCorp enters into memorandum of understanding with agencies. Risk management policies undertaken by TCorp are covered by these memorandums of understanding. Any changes to them must be approved by representatives of TCorp and The Treasury.

The State also holds a small component of borrowings that have not been made through TCorp, but were made directly by individual State agencies under the authority of the *Public Authorities (Financial Arrangements) Act 1987*.

The management of individual public sector agencies review and agree policies for managing their organisation's risks. Risk management policies are established to identify and analyse the risks faced by the State, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by public sector agency audit and risk committees and/or internal auditors on a regular basis. The Treasury monitors agency risks from a financial perspective.

The State's financial instruments are classified as follows:

Accounting Classifications and Fair Values

Financial Instrument Categories

	Category	Note	General		Total State Sector	
			Government Sector 2015	2014 Restated	2015	2014 Restated
			\$m	\$m	\$m	\$m
Financial Assets						
Cash and Cash Equivalents		6	12,433	9,967	15,534	13,237
Receivables ^(a)	Loans and receivables (at amortised cost)	7	4,699	4,009	4,432	4,363
Advances Paid	Loans and receivables (at amortised cost)	9	928	944	496	485
Investments, Loans and Placements						
Financial Assets at Fair Value						
Derivatives	At fair value through profit and loss - classified as held for trading	8	23	22	95	232
Derivatives	Designated as effective hedging instrument	8	0	0	576	422
Other	Designated at fair value through profit and loss	8	10,464	9,540	17,947	24,182
Other Financial Assets						
Term Deposits	Loans and receivables (at amortised cost)	8	2,573	4,047	2,573	4,057
Finance Leases Receivable	Loans and receivables (at amortised cost)	8	657	561	1,009	835
Equity Investments in Other Public Sector Entities		10	91,341	84,695	...	...
Financial Liabilities						
Deposits Held	Financial liabilities measured at amortised cost	17	126	117	514	723
Payables ^(b)	Financial liabilities measured at amortised cost	18	5,569	5,442	6,739	6,896
Advances	Financial liabilities measured at amortised cost		903	791	903	791
Borrowings ^(c)	Financial liabilities measured at fair value	19	8	10	76,607	76,604
	Financial liabilities measured at amortised cost	20	31,500	31,028	4,770	4,977
Derivatives						
	At fair value through profit and loss - classified as held for trading	19	3	3	38	233
	Designated as effective hedging instruments	19	0	0	582	483

(a) Excludes statutory receivables and prepayments (i.e. not within the scope of AASB 7).

(b) Excludes statutory payables and deferred revenue (i.e. not within the scope of AASB 7). Fringe Benefits Tax and Goods and Services Tax payables comprise the difference between the payables and deposits held in the above table and the amounts reported in the Statement of Financial Position.

(c) Borrowings comprise bank overdraft, loans from the Commonwealth, other domestic and foreign borrowings and finance leases.

Valuation of Financial Instruments

Except where specified below, the amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments. There are no material differences between the carrying amounts and the fair value of financial instruments.

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

Fair Value Hierarchy of Financial Assets and Liabilities

General Government Sector

30 June 2015	Note	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial Assets at Fair Value					
Fiduciary Investments Administered by NSW Treasury Corporation					
Hour-Glass Managed Funds	8	...	9,577	...	9,577
Managed Fixed Interest Portfolio	8	280	111	...	391
Securities and Placements Held by NSW Treasury Corporation	8	...	...	...	...
Derivatives	8	...	0	23	23
Other	8	399	98	...	496
Total		679	9,785	23	10,487
Financial Liabilities at Fair Value					
Borrowings Measured at Fair Value					
Derivatives	19	...	8	...	8
Derivatives	19	...	3	...	3
Total		...	11	...	11
Net Total		679	9,775	23	10,476

Total State Sector

30 June 2015		Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial Assets at Fair Value					
Fiduciary Investments Administered by NSW Treasury Corporation					
Managed Fixed Interest Portfolio	8	1,329	354	...	1,684
Securities and Placements Held by NSW Treasury Corporation	8	3,579	2,146	...	5,725
Derivatives	8	1	647	23	671
Other	8	398	10,140	...	10,539
Total		5,307	13,288	23	18,618
Financial Liabilities at Fair Value					
Borrowings Measured at Fair Value					
Derivatives	19	68,361	7,440	806	76,607
Derivatives	19	4	616	...	621
Total		68,366	8,056	806	77,228
Net Total		(63,058)	5,232	(783)	(58,609)

Fair Value Hierarchy of Financial Assets and Liabilities (continued)

General Government Sector

30 June 2014		Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial Assets at Fair Value					
Fiduciary Investments Administered by NSW Treasury Corporation					
Hour-Glass Managed Funds	8	...	8,767	...	8,767
Managed Fixed Interest Portfolio	8	239	...	...	239
Securities and Placements Held by NSW Treasury Corporation	8	...	...	...	...
Derivatives	8	...	0	22	22
Other	8	368	166	...	534
Total		607	8,934	22	9,562
Financial Liabilities at Fair Value					
Borrowings Measured at Fair Value	19	...	10	...	10
Derivatives	19	...	3	...	3
Total		...	13	...	13
Net Total		607	8,921	22	9,550

Total State Sector

30 June 2014		Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial Assets at Fair Value					
Fiduciary Investments Administered by NSW Treasury Corporation					
Hour-Glass Managed Funds	8	...	10,713	...	10,713
Managed Fixed Interest Portfolio	8	1,380	...	...	1,380
Securities and Placements Held by NSW Treasury Corporation	8	1,381	2,338	...	3,719
Derivatives	8	1	478	175	654
Other	8	668	7,703	...	8,370
Total		3,430	21,231	175	24,836
Financial Liabilities at Fair Value					
Borrowings measured at Fair Value	19	68,505	8,075	23	76,604
Derivatives	19	6	548	162	716
Total		68,511	8,623	186	77,320
Net Total		(65,081)	12,608	(10)	(52,484)

Financial Instruments Measured at Fair Value – Level 3

Type	Valuation technique	Significant unobservable inputs	Relationship between inputs and fair value
Derivatives	The majority of the derivatives classified as Level 3 are electricity derivatives. The fair values of these energy derivatives are based on internally adjusted market price estimates for similar products or reasonable extrapolation of the last observed relative reference prices then discounted.	Electricity forward prices in the periods where there are unobservable market prices have been determined using internally estimated market prices.	The higher the electricity forward price, the lower the asset (and the lower the liability).
Borrowings Measured at Fair Value	Euro Medium Term Notes held by TCorp are classified at Level 3 in the hierarchy. These are foreign currency denominated fixed interest borrowings. The fair value of these is derived from quoted market prices of the underlying securities and observable inputs.	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.

Annual Movement Reconciliation of Level 3 Fair Value Measurements

	General		Total State Sector	
	Government Sector			
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Opening Balance	22	13	(10)	(312)
Total Gains and (Losses) - Realised	...	...	(0)	(33)
Total Gains and (Losses) - Unrealised	1	9	1	(38)
Valuation	...	...	...	...
Purchases	...	...	...	...
Settlements	...	...	31	371
Transfers in and Out of Level 3 ^(a)	...	...	(806)	...
Transfer to Assets Held for Sale	...	...	1	2
Closing Balance	23	22	(783)	(10)

(a) Transactions in the market over the year prompted a review into the valuation technique for certain non-Australian dollar denominated bonds issued under the Euro Medium Term Note program. Due to the limited trading of the securities, these were transferred to Level 3.

Measurement of Fair Values

Financial Instruments Measured at Fair Value – Level 2

Financial instruments measured at fair value that are classified as Level 2 comprise Hour-Glass Managed Funds, Securities and Placements, Derivatives, Other Financial Assets at Fair Value and Borrowings Measured at Fair Value. The valuation techniques for these financial instruments are as follows:

Hour-Glass Managed Funds General Government – The value of the Hour-Glass investments is based on the State's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

Securities and Placements – The fair value is based on discounting expected future cash flows from securities to their present value using market yields and margins appropriate to the securities.

Derivatives - The fair values are based on market quoted prices/ discounted cash flow analysis depending on whether the derivatives are traded in active market.

Other Financial Assets at Fair Value – This comprises mainly of short term bank deposits from financial institutions that are held by TCorp and Non-TCorp unit trusts/equity held by other agencies.

The fair value of amounts due from financial institutions are determined by discounting the expected future cash flows arising from the deposits to their present value using market yields and margins appropriate to the deposits. The fair value of trusts underlying the Hour-Glass Managed Funds/non-TCorp unit trusts/ equity are based on unit value using 'redemption' pricing provided by external fund managers.

Borrowings Measured at Fair Value – The fair value is determined using the observable yield curves combined with margins derived from appropriate benchmarks or comparisons.

Financial Instruments not measured at Fair Value

The State has a number of financial assets and liabilities which are not measured at fair value in the Statement of Financial Position but for which the fair value is disclosed in this note.

The carrying amount of cash and cash equivalents, receivables, term deposits, payables and advances received are assumed to approximate fair value due to their short-term nature.

Equity investments in other public sector entities are also assumed to approximate their fair value consistent with treatment of 'available for sale' financial assets in AASB 139 *Financial Instruments: Recognition and Measurement*.

Borrowings at amortised cost are the only financial instrument category whose fair value differs from 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. Borrowings at amortised cost are classified as Level 2. The following table shows the difference between the financial instruments' carrying amount and fair value.

2015

30 June 2015	General Government Sector		Total State Sector	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Liabilities	\$m	\$m	\$m	\$m
Borrowings at Amortised Cost	31,500	34,834	4,770	4,882

2014

30 June 2014	General Government Sector		Total State Sector	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Liabilities	\$m	\$m	\$m	\$m
Borrowings at Amortised Cost	31,028	33,703	4,977	4,977

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. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

All financial assets, except for those measured at fair value through profit or loss, are subject to annual review for impairment, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

An allowance for impairment of receivables is established when there is objective evidence that the State will not be able to collect amounts due.

The amount of the impairment loss is recognised as 'other economic flows - included in the operating result'. Bad debts are written off as incurred and are treated as 'expenses from transactions', where mutually agreed.

Credit risk arises from the financial assets of the State, including cash, deposits, receivables, and financial assets.

The State controls the borrowing and investing powers of its authorities through the *Public Authorities (Financial Arrangement) Act 1987*. 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 instruments (with varied credit ratings) as scheduled under the *Public Authorities (Financial Arrangement) Act 1987*.

The amount of securities held must not exceed the State's limit for the relevant Standard & Poor's Rating Services (S&P) or Moody's equivalent category. Limits also apply to the amounts that may be held with individual counterparties. To be eligible for investment, counterparties must satisfy minimum credit rating criteria.

The State holds various security deposits in the General Government Sector to the value of \$126 million (2014: \$117 million) and Total State Sector to the value of \$514 million (2014: \$723 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 \$209.7 million of collateral received under these arrangements at the reporting date (2014: \$78.2 million). The State had paid \$76.9 million of collateral under these arrangements during the year (2014: \$108.0 million).

Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, cash invested in the TCorp Hour-Glass Facility, and cash and deposits held at financial institutions. Interest is earned on daily bank balances at published rates. The TCorp Hour-Glass Cash Facility is discussed in the section headed 'Price Risk' as it is affected by market price risk. The credit ratings of the 'other financial institutions' holding the non Hour-Glass cash is mainly graded A+ short term and AA long term.

Receivables and Advances Paid

Debtors exist for the settlement of services that the State provides across the broad spectrum of its public services. In addition, the State has issued low interest or interest free loans for policy purposes, which are known as advances. Advances receivable include amounts provided for assistance to farmers and for certain transport infrastructure.

All debtors are recognised as 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. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is evidence that the State will not be able to collect all amounts due.

The annual movement in the allowance for impairment is summarised below.

Movement in Allowance for Impairment

	General			
	Government Sector		Total State Sector	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Opening Balance at 1 July	184	119	220	152
Amounts Written Off During the Year	(96)	(28)	(99)	(33)
Amounts Previously Provided for Recovered During the Year	(1)	(5)	(2)	(7)
Increase/(Decrease) in Allowance Recognised in Profit or Loss	56	98	58	108
Closing Balance at 30 June ^(a)	142	184	177	220

(a) Excludes statutory receivables and prepayments.

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 in respect of financial instruments.

Receivables and advances paid that are not past due (General Government Sector 2015: \$5.2 billion; 2014: \$4.6 billion; Total State Sector 2015: \$4.3 billion; 2014: \$4.3 billion) represent 92.4 per cent of the total receivables and advances paid for the General Government Sector (2014: 93.2 per cent) and 88.0 per cent of the total receivables and advances paid for the Total State Sector (2014: 87.9 per cent). On the basis of materiality, information has not been collated for the State on the quantum of debtors which are currently not past due or impaired whose terms have been renegotiated.

The majority of amounts past due or impaired relate to the sale of goods and services. Therefore, the following analysis has been prepared for all receivables past due or impaired, and has not been dissected by component receivable.

Financial Instruments Past Due or Impaired

	General			
	Government Sector		Total State Sector	
	Past due but not impaired	Considered impaired	Past due but not impaired	Considered impaired
	\$m	\$m	\$m	\$m
30 June 2015				
Less than Three Months Overdue	166	10	240	16
Between Three Months and Six Months Overdue	36	15	75	18
Greater than Six Months Overdue	86	113	105	136
Total	288	138	420	170
30 June 2014				
Less than Three Months Overdue	100	8	253	18
Between Three Months and Six Months Overdue	25	26	65	29
Greater than Six Months Overdue	46	134	68	156
Total	171	168	385	202

Each column in the table reports 'gross receivables'.

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7, and excludes receivables that are not past due and not impaired. Therefore, the total will not reconcile to the amount in the receivables note.

Financial Assets at Fair Value and Other Financial Assets

Financial assets at fair value include fiduciary activities administered by TCorp including Hour-Glass facilities, managed asset portfolios, securities and placements, derivatives and other investments held directly by public sector agencies.

Hour-Glass Facilities – The investments within the Hour-Glass facilities are unit holdings in a managed investment pool and, as such, do not give rise to direct credit risk. Credit risk within the Hour-Glass facilities is managed through TCorp, as trustee contracting with a spread of managers and requiring in their mandates a series of controls over the concentration and credit quality of assets.

Managed Asset Portfolios – TCorp manages risk exposures applicable to specific fixed-interest investments of the State in accordance with an asset portfolio mandate agreed between the two parties. The various risks are managed by TCorp within limits stipulated in the portfolio mandate.

Securities and Placements – These include bank bills and certificates of deposit, securities sold under repurchase agreements, and government, semi-government and supranational bonds held by TCorp, mainly to cover the liquidity requirements of the State's borrowings.

Term Deposits – Term deposits recognised at amortised cost comprise of deposits with original maturities greater than 90 days and are held with other financial institutions.

Categorisation and Concentration of Credit Risk

Fixed-interest holdings are categorised for credit risk by S&P or Moody's credit rating applicable to the underlying securities.

Credit risk applicable to investments is detailed in the tables below.

General Government Sector

30 June 2015

Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Total
Financial Assets at Carrying Amount ^(c)		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Managed Fixed Interest Portfolio	8	267	...	102	...	...	8	15	391
Securities and Placements	8	...	...	...	...	...	...	...	...
Derivative Financial Instruments	8	23	...	...	...	...	...	0	23
Other Financial Assets at Fair Value	8	84	...	...	85	19	...	309	496
Term Deposits	8	105	...	...	2,450	...	...	19	2,573
Finance Lease Receivable	8	...	...	...	...	...	...	657	657
		479	...	102	2,535	19	8	1,000	4,141

30 June 2014

Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Total
Financial Assets at Carrying Amount ^(c)		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Managed Fixed Interest Portfolio	8	239	...	...	...	...	...	...	239
Securities and Placements	8	...	...	...	...	...	...	...	...
Derivative Financial Instruments	8	...	...	...	...	...	...	22	22
Other Financial Assets at Fair Value	8	356	...	...	2	176	...	...	534
Term Deposits	8	...	...	...	4,025	22	...	...	4,047
Finance Lease Receivable	8	...	...	...	...	...	...	561	561
		595	...	...	4,027	198	...	583	5,402

- (a) Amounts are assigned to the credit ratings categories based on information provided by individual agencies who use rankings assigned by S&P or Moody's Investor Services. "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) This table excludes \$12,433 million (2014: \$9,966 million) of cash and cash equivalents held in Hour-Glass Facility and other financial institutions with various credit ratings and \$9,577 million (2014: \$8,767 million) of financial assets held in Hour-Glass Managed Funds.

Total State Sector

30 June 2015

Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Total
Financial Assets at Carrying Amount ^(c)		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Managed Fixed Interest Portfolio	6, 8	1,379	...	282	...	...	8	15	1,684
Securities and Placements	8	1,226	385	458	2,015	443	505	694	5,725
Derivative Financial Instruments	8	27	...	...	378	117	105	44	671
Other Financial Assets at Fair Value	8	1,405	...	...	4,728	4,004	44	358	10,539
Term Deposits	8	105	...	...	2,450	...	...	19	2,573
Finance Lease Receivable	8	...	...	...	...	...	...	1,009	1,009
		4,141	385	740	9,572	4,563	661	2,138	22,201

Other Adjustments for Items not on the Statement of Financial Position^(d)

Additional Potential Exposure to Derivatives		0	...	...	131	33	45	10	219
Additional Potential Exposure to Financial Instruments		...	...	...	1	2	3	4	9
		4,141	385	740	9,703	4,598	709	2,152	22,429

30 June 2014

Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Total
Financial Assets at Carrying Amount ^(c)		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Managed Fixed Interest Portfolio	6, 8	1,514	...	...	...	...	...	...	1,514
Securities and Placements	8	937	385	...	500	436	1,248	213	3,719
Derivative Financial Instruments	8	20	...	...	278	66	80	211	654
Other Financial Assets at Fair Value	8	388	...	191	7,538	176	78	...	8,370
Term Deposits	8	...	...	...	4,035	22	...	...	4,057
Finance Lease Receivable	8	...	...	...	...	...	...	835	835
		2,858	385	191	12,350	700	1,406	1,258	19,149

Other Adjustments for Items not on the Statement of Financial Position^(d)

Additional Potential Exposure to Derivatives		...	...	...	87	53	69	1	210
Additional Potential Exposure to Financial Instruments		...	...	...	...	1	2	2	5
		2,858	385	191	12,437	754	1,477	1,261	19,364

(a) Refer to footnote in General Government Sector table above.

(b) Refer to footnote in General Government Sector table above.

(c) This table excludes \$15,464 million (2014: \$13,101 million) of cash and deposits held in Hour-Glass Facility and other financial institutions with various credit ratings and \$0 million (2014: \$10,713 million) of financial assets held in Hour-Glass Managed Funds.

(d) These items are additional credit exposures not reported on the Statement of Financial Position. These disclosures represent the market value convention for the calculation of credit exposure for derivative financial instruments. This convention is to add to the market value an amount of potential exposure as determined by reference to the length of time to maturity and face value.

Liquidity Risk

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 planning to ensure adequate holding of high quality liquid assets.

The State has a number of financial guarantees outstanding at 30 June 2015 with an estimated amortised value of \$8.0 million (2014: \$9.8 million) recognised in the Statement of Financial Position. The estimated value was calculated by an independent valuer based on a worst case scenario.

It comprises four types of guarantees, with the largest one for Public Private Partnership (PPP) guarantees \$5.8 billion (2014: \$6.0 billion). The State has guaranteed that five agencies involved in PPPs will meet their obligations to pay for finance leases and services provided. These are long term agreements involving significant sums. It is very unlikely that the agencies would cease to pay the finance lease contracts on assets or meet payments for services they require for their operations.

Liquidity Risk of Assets

The liquidity of State's investments is assured by the high-credit nature of the fixed interest investments within the TCorp Hour-Glass facilities. TCorp is required to take market turnover and liquidity risk into account at the time of constructing the State's investment asset allocation.

In addition, Note 29 to these financial statements outlines contingent liabilities in respect of guarantees made to facilitate the provision of certain services, the construction of several infrastructure assets and guarantees associated with the previous disposal of certain assets.

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

30 June 2015	Contract maturity:			Nominal Amount ^(a)
	1 year or less	1 to 5 years	Over 5 years	
	2015	2015	2015	
	\$m	\$m	\$m	\$m
Financial Liabilities				
Payables and Deposits Held	4,933	23	13	4,969
Advances Received	23	83	33	140
Domestic and Foreign				
Borrowings	2,735	13,660	21,815	38,210
Finance Leases	404	1,643	4,101	6,148
Derivative Liabilities ^(b)	...	0	2	2
Total Financial Liabilities	8,096	15,409	25,964	49,468

30 June 2014	Contract maturity:			Nominal Amount ^(a)
	1 year or less	1 to 5 years	Over 5 years	
	2014	2014	2014	
	\$m	\$m	\$m	\$m
Financial Liabilities				
Payables and Deposits Held	4,998	83	171	5,252
Advances Received	67	229	919	1,215
Domestic and Foreign				
Borrowings	2,580	11,944	21,661	36,185
Finance Leases	406	1,605	4,836	6,846
Derivative Liabilities ^(b)	33	...	...	33
Total Financial Liabilities	8,084	13,861	27,586	49,531

- (a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the Statement of Financial Position, which is based on fair value or amortised cost. The balances presented here include gross finance lease obligations, contractual amounts to be exchanged in a derivative financial instrument for which gross cash flows are exchanged, and gross loan commitments, i.e. borrowings at face value plus future interest commitments.
- (b) The contract 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 entities. These balances include estimated interest payments and exclude the impact of offsetting arrangements.

Total State Sector

30 June 2015	Contract maturity:			Nominal Amount ^(a) 2015 \$m
	1 year or less	1 to 5 years	Over 5 years	
	2015 \$m	2015 \$m	2015 \$m	
Financial Liabilities				
Payables and Deposits Held	6,747	84	227	7,058
Advances Received	37	84	34	155
Domestic and Foreign	...	...	...
Borrowings	14,235	34,509	42,050	90,795
Finance Leases	520	2,152	9,072	11,744
Derivative Liabilities ^(b)	429	943	917	2,288
Total Financial Liabilities	21,968	37,772	52,300	112,040

30 June 2014	Contract maturity:			Nominal Amount ^(a) 2014 \$m
	1 year or less	1 to 5 years	Over 5 years	
	2014 \$m	2014 \$m	2014 \$m	
Financial Liabilities				
Payables and Deposits Held	7,159	81	171	7,412
Advances Received	109	237	955	1,302
Domestic and Foreign				
Borrowings	13,622	35,303	42,020	90,944
Finance Leases	532	2,204	9,539	12,275
Derivative Liabilities ^(b)	557	927	734	2,218
Total Financial Liabilities	21,979	38,753	53,420	114,152

(a) Refer to footnote in General Government Sector table above.

(b) Refer to footnote in General Government Sector table above.

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 the unit price of the Hour-Glass Investment Facilities
- electricity and other price risks that affect specific revenue and expenses, and
- foreign exchange risk that could affect borrowings and the value of overseas purchases.

For interest rate risk and Hour-Glass price risk the effect on operating result and equity due 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

Exposure to interest rate risk arises primarily through the State's interest bearing assets and liabilities. This risk is minimised by undertaking mainly fixed rate borrowings and entering fixed interest deposits, primarily through TCorp.

TCorp manages the debt portfolio for the majority of the State's entities. A small number of other commercial entities engage private sector financial institutions to manage or advise on the management of their debt portfolios, or manage their own portfolios.

The Treasury's Debt Management Policy requires that entities manage their debt portfolios against a benchmark based on the maturity profile and the risk and return preferences of the individual entities.

The State's exposure to interest rate risk is set out in the table below. The Interest Rate Risk Table reports the estimated sensitivity of a one per cent movement in interest rates to the operating result of the State.

A reasonably possible change of +/- one 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.

TCorp's borrowing and investment activities are disclosed in the following tables of Interest Rate Risk – Sensitivity Analysis. However, instead of applying the plus (or minus) one per cent sensitivity, a Value at Risk (VaR) model is used to measure the market risk exposures of the TCorp borrowings and investments in the 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 2015, the maximum potential loss expected over a 10-day period is \$11.3 million (2014: \$11.2 million), with a one per cent probability that this maximum may be exceeded. The average VaR over the year ended 30 June 2015 was \$9.6 million (2014: \$14.6 million).

Interest Rate Risk – Sensitivity Analysis

Exposure to interest rate risk arises primarily through the State's interest bearing liabilities.

Movements in the sensitivity to interest rates between periods are due to changes in the amount of variable rate borrowings and interest rate contracts.

General Government Sector

			-1%		1%	
	Note	Carrying Amount \$m	Operating Result ^(a) \$m	Equity \$m	Operating Result ^(a) \$m	Equity \$m
2015						
Financial Assets						
Cash and Cash Equivalents	6	12,433	(119)	...	119	...
Investments, Loans and Placements						
Financial Assets at Fair Value						
- Administered by TCorp	8	9,968	...	...	...	...
Other Financial Assets						
- Term Deposits	8	2,573	(26)	...	26	...
Financial Liabilities						
Borrowings - from TCorp	20	28,474	...	...	...	...
2014						
Financial Assets						
Cash and Cash Equivalents	6	9,966	(88)	...	88	...
Investments, Loans and Placements						
Financial Assets at Fair Value						
- Administered by TCorp	8	9,006	...	...	...	...
Other Financial Assets						
- Term Deposits	8	4,047	(40)	...	40	...
Financial Liabilities						
Borrowings - from TCorp	20	27,952	...	...	...	...

(a) A decrease (increase) of one percentage point in interest rates on variable financial instruments at reporting date would have increased (decreased) the operating result by the amounts shown. This analysis assumes that fixed rate instruments held at 30 June will be reinvested upon maturity in fixed (and not floating) rate instruments, and all other variables remain constant. Where the carrying amount is impacted, this amount is multiplied by +/- one per cent.

Total State Sector

			-1%		1%	
	Note	Carrying Amount \$m	Operating Result ^(a) \$m	Equity \$m	Operating Result ^(a) \$m	Equity \$m
2015						
Financial Assets						
Cash and Cash Equivalents	6	15,534	(155)	...	155	...
Investments, Loans and Placements						
Financial Assets at Fair Value						
- Administered by TCorp	8	7,409	(9)	...	9	...
Other Financial Assets						
- Term Deposits	8	2,573	(26)	...	26	...
Financial Liabilities						
Borrowings - Issued by TCorp	19	76,599	...	...	...	...
2014						
Financial Assets						
Cash and Cash Equivalents	6	13,235	(113)	...	113	...
Investments, Loans and Placements						
Financial Assets at Fair Value						
- Administered by TCorp	8	15,812	(8)	...	8	...
Other Financial Assets						
- Term Deposits	8	4,057	(41)	...	41	...
Financial Liabilities						
Borrowings - Issued by TCorp	19	76,594	...	...	...	...

(a) Refer to footnote in General Government Sector table above.

Price Risk

The State's main exposures to price risk result from changes in market prices of its Hour-Glass Managed Fund facilities, and through changes in the spot price for electricity purchases and sales within the National Electricity Market.

TCorp Hour-Glass Trusts

The State holds units in the following Hour-Glass investment trusts, which are held for strategic rather than trading purposes. The facilities comprise a series of managed funds which are subject to volatility in their unit prices. Each facility comprises a different underlying type of investment, with associated risks and investment horizons.

Trust	Investment Sectors	Investment Horizon	General		Total State Sector	
			Government Sector 2015	2014	2015	2014
			\$m	\$m	\$m	\$m
Cash Facility	Cash, money market instruments	Up to 1.5 years	555	1,154	...	1,896
Strategic Cash Facility	Cash, money market instruments	1.5 years to 3 years	19	47	...	51
Medium Term Growth Facility	Cash, money market instruments, Australian and International bonds, listed property, Australian shares	3 years to 7 years	112	96	...	96
Long Term Growth Facility	Cash, money market instruments, Australian and international bonds, listed property, Australian shares	7 years and over	1,733	2,131	...	5,213
Treasury Managed Fund (Hour Glass Facility)	Cash, money market instruments, Australian bonds, listed and unlisted property, Australian, international and emerging market shares	Long Term	7,365	6,732	...	6,732
Australian Bonds Sector	Government, sovereign and bank securities	3 years and over	2	...	...	...
Australian Shares Sector	Australian shares	5 years and over	114	...	...	...
International Shares Sector	International shares	5 years and over	20	...	...	...
International Shares Hedged Sector	International shares	5 years and over	56	...	...	...
Emerging Markets Shares Sector	Emerging market shares	5 years and over	46	...	...	...
Listed Property Sector	Global Real Estate Investment Trusts	5 years and over	6	...	...	...
Unlisted Property Sector	Retail, office and industrial property assets	10 years and over	104	...	...	...
The State's Hour-Glass Trusts			10,131	10,160	...	13,989

The TCorp Hour-Glass Investment trusts are designated at fair value through profit or loss 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.

For each of the above trusts, as trustee, TCorp has appointed external managers to manage the performance and risks of each trust in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility and for the Strategic Cash Facility.

Investment in the Hour-Glass trusts 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 following table provides sensitivity analysis information for each of the Hour-Glass trusts, using historically based volatility information collected over a 10 year period, quoted at two standard deviations (i.e. 95 per cent probability).

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 Hour-Glass Investment Facilities

Trust	Change in Unit Price 2015	Change in Unit Price 2014	General		Total State Sector		
			Government Sector	2015	2014	2015	2014
			2015	2014	2015	2014	
			\$m	\$m	\$m	\$m	
Cash Facility	+/-1.0%	+/-1.0%	6	12	...	19	
Strategic Cash Facility	+/-1.0%	+/-1.0%	0	0	...	1	
Medium Term Growth Facility	+/-6.0%	+/-6.0%	7	6	...	6	
Long Term Growth Facility	+/-15.0%	+/-15.0%	260	320	...	782	
Treasury Managed Fund Facility	+/-18.0%	+/-6.0%	1,326	404	...	404	
Australian Bonds Sector	+/-1.0%	...	0	...	...	...
Australian Shares Sector	+/-27.0%	...	31	...	...	...
International Shares Sector	+/-24.0%	...	5	...	...	...
International Shares Hedged Sector	+/-14.0%	...	8	...	...	...
Emerging Markets Shares Sector	+/-18.0%	...	8	...	...	...
Listed Property Sector	+/-38.0%	...	2	...	...	...
Unlisted Property Sector	+/-4.0%	...	4	...	...	...

The table above shows that the State's dollar exposure to Hour-Glass price risk can be relatively significant, particularly for its holdings in the Long Term Growth Facility and Treasury Managed Fund Facilities. Both of these facilities 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 Strategic Cash Facilities. 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 a few years.

Derivative Electricity Hedging Contracts

It is the policy of state-owned electricity generators to hedge their risk associated with fluctuations in the sale price of electricity into the National Electricity Market. This is by entering into derivative contracts (cash flow hedges) with wholesale electricity market counterparties. These derivatives are marked to market and their fair values are measured, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

Foreign Exchange Risk

The State, through its consolidated entities, has policies and procedures in place and utilises foreign exchange derivatives to minimise foreign exchange risk.

Borrowings

In order to achieve the most cost effective funding of the State's debt, TCorp conducts a number of debt issues in foreign currencies in foreign capital markets.

Foreign exchange risk, arising from offshore borrowings undertaken in foreign currencies to fund Australian dollar assets, is covered by entering into Australian dollar cross-currency swaps and forward foreign exchange contracts.

Forward foreign exchange contracts with clients are covered by corresponding forward exchange contracts with market counterparties. In the majority of these arrangements the clients indemnify TCorp for any credit exposure arising from the corresponding transaction with the market counterparty.

Managed Asset Portfolios

TCorp hedges all foreign currency exposure for international fixed interest and listed property unit trust investments and foreign currency denominated bond investments. As at 30 June 2015, the State had no transactional or structural currency exposures associated with these portfolios (2014: nil).

Other Purchase and Sale Commitments

Entities in the NSW Total State Sector enter into forward foreign exchange contracts to hedge certain purchase and sale commitments entered into in the normal course of business. These contracts cover the purchase of capital equipment and supplies for state electricity and transport authorities and arts agencies.

Foreign Exchange Contracts Denominated in their Foreign Currency

	General		Total State Sector	
	2015	2014	2015	2014
Buy Currency	In Foreign	In Foreign	In Foreign	In Foreign
	Currency	Currency	Currency	Currency
	Millions	Millions	Millions	Millions
Euro	44	50	47	59
Japanese Yen	...	...	...	25
Swedish Krona	...	...	...	(1)
United Kingdom Pound	3	...	7	2
United States Dollar	3	3	95	26

The foreign currency risk is not considered material in terms of a possible impact on the operating result and total equity and, as such, a sensitivity analysis has not been completed. The total exposure in Australian dollars is estimated at \$193 million (2014: \$42 million).

Note 26: Trusts Under Management

Trusts under management are held on behalf of beneficiaries and are not controlled by the State. Therefore, these trusts are not recognised as assets or liabilities on the Statements of Financial Position. Trusts under management mainly comprise various forms of estates under management, unclaimed monies and Supreme Court trust funds held in statutory accounts.

	General		Total State Sector	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Trust Funds:				
NSW Trustee and Guardian ^(a)	2,703	2,584	2,703	2,584
Workcover Authority	1,414	1,575	1,414	1,575
Rental Bond Board	1,206	1,120	1,206	1,120
NSW Treasury Corporation (fiduciary investments)	...	...	214	510
Department of Trade and Investments, Regional Infrastructure and Services	188	167	188	167
Ministry of Health	74	65	74	65
Workers Compensation (Dust Diseases) Board	...	51	...	51
Other	198	91	199	91
	5,782	5,653	5,998	6,163

(a) The trust balances exclude certain property assets administered by the NSW Trustee and Guardian as they cannot be reliably measured.

Note 27: Finance and Operating Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance Leases

Finance leases are recognised in the Statement of Financial Position by the lessee as assets and liabilities and measured initially at the fair value, or if lower at the present value, of the minimum lease payments. The leased asset is depreciated on a straight line basis over the shorter of the term of the lease and its useful life or, where it is likely that the entity will obtain ownership of the asset, the useful life of the asset to the entity. The finance lease liability is determined in accordance with AASB 117 *Leases*. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lessor in a finance lease initially recognises a lease receivable for an amount equal to the net investment in the lease, and subsequently recognises finance income based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Long term leases of land are classified as finance leases receivable. This recognises that substantially all the risks and rewards incidental to ownership of the land are transferred to the lessee.

Operating Leases

Operating lease payments and receipts are recognised in the Statement of Comprehensive Income by the lessor and charged to the operating result on a straight lines basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Leasehold Improvement

The cost of leasehold improvements is capitalised as an asset and amortised over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

Leases as Lessee

Future Minimum Lease Payments

At 30 June the future minimum lease payments under non-cancellable leases were payable as follows:

Finance Lease Commitments - Payables	General		Total State Sector	
	Government Sector	2014	2015	2014
	2015			
	\$m	\$m	\$m	\$m
Finance Leases	3,026	3,075	4,698	4,902
	3,026	3,075	4,698	4,902

Future Minimum Lease Payments Under Non-Cancellable

Finance Leases:	General	2014	Total State Sector	2014
	Government Sector		2015	
	2015			
	\$m	\$m	\$m	\$m
Not Later Than One Year	404	344	520	532
Between One and Five Years	1,643	1,358	2,152	2,204
Later Than Five Years	4,101	4,482	9,072	9,539
Minimum Lease Payments	6,148	6,184	11,744	12,275
Less: Future Finance Charges	(3,122)	(3,109)	(7,046)	(7,373)
Present Value of Minimum Lease Payments	3,026	3,075	4,698	4,902
Finance Lease Liabilities Resulting in Contingent Rental Expense	12	15	12	15

Operating Lease Commitments - Payables

Future Minimum Lease Payments Under Non-Cancellable Operating Leases:	General		Total State Sector	
	Government Sector	2014	2015	2014
	2015	Restated		Restated
	\$m	\$m	\$m	\$m
Not Later Than One Year	752	717	920	891
Between One and Five Years	1,401	1,359	1,759	1,707
Later than Five Years	612	653	975	1,195
	2,765	2,729	3,654	3,793

Leases as Lessor

Future Minimum Lease Payments

At 30 June the future minimum lease payments under non-cancellable leases were receivable as follows:

Finance Leases Receivable	General		Total State Sector	
	Government Sector		2015	2014
	2015	2014	\$m	\$m
	\$m	\$m	\$m	\$m
Finance Leases	657	561	1,009	835
	657	561	1,009	835

Future Minimum Lease Receipts Under Finance Leases are Receivable for each of the Following Periods:

Not Later Than One Year	74	92	94	104
Between One and Five Years	78	181	174	224
Later Than Five Years	857	578	1,167	869
Gross Investment in the Lease	1,009	851	1,435	1,197
Less: Future Interest Revenues	(352)	(290)	(426)	(362)
Present Value of Minimum Lease Payments Receivable	657	561	1,009	835

Finance Lease Receivables Resulted In:

The Unguaranteed Residual Values Accruing to Lessors Benefit	26	24	26	24
Contingent Rents Recognised as Income	0	1	0	1

Finance lease receivables includes a residual emerging interest in the port assets amounting to \$177 million (2014: \$166 million) in the General Government Sector and \$251 million (2014: \$235 million) in the Total State Sector for 2014-15.

Operating Lease - Receivables

Future Operating Lease Rentals not Provided for in the Financial Statements and Receivable:	General		Total State Sector	
	Government Sector		2015	2014
	2015	2014	\$m	\$m
	\$m	\$m	\$m	\$m
Not Later Than One Year	63	37	120	105
Later Than One Year and Not Later Than Five Years	143	92	274	202
Later Than Five Years	237	156	604	435
	443	285	999	742

Note 28: Expenditure Commitments

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

	General		Total State Sector	
	Government Sector 2015	2014	2015	2014 Restated ^(a)
	\$m	\$m	\$m	\$m
Capital Expenditure (including expenditure for private sector financed infrastructure assets)				
Roads and Maritime Services	3,399	2,796	3,398	2,796
WCX M4 Corporation Pty Ltd	...	...	3,164	...
Sydney Water Corporation	...	...	901	608
Ministry of Health	877	913	877	913
Transport for NSW	840	1,015	840	1,015
TransGrid	...	...	198	246
Department of Education and Communities	145	511	145	511
New South Wales Land and Housing Corporation	...	...	112	86
Ausgrid	...	...	103	162
Department of Justice	48	90	48	90
Endeavour Energy	...	...	65	96
NSW Police Force	47	38	47	38
Service NSW	30	2	30	2
Water NSW ^(b)	...	...	30	14
Hunter Water Corporation	...	...	35	20
Department of Finance, Services and Innovation	24	12	24	12
Barangaroo Delivery Authority	15	84	15	84
Essential Energy	...	...	23	99
Other	69	56	125	229
	5,494	5,517	10,180	7,021
Goods and Services Tax (GST) on Commitments ^(c)				
GST input tax credits included in the above Capital Expenditure commitments:	500	501	918	627
	500	501	918	627
Capital Expenditure Commitments:				
Not later than one year	2,396	2,745	4,303	3,951
Later than one year and not later than five years	2,710	2,287	5,084	2,574
Later than five years	388	485	793	496
	5,494	5,517	10,180	7,021

(a) 2014 restated to account for the deconsolidation of City West Housing Pty Ltd on adoption of AASB 10 Consolidated Financial Statements.

(b) Formerly the State Water Corporation.

(c) The above expenditure commitments are inclusive of GST. GST input tax credits (debits) are expected to be recoverable from (payable to) the Australian Taxation Office.

Note 29: Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are possible future assets or liabilities that may arise from past events. The existence of these assets or liabilities will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly in the control of the State. In this report, contingent assets and liabilities have been classified into quantifiable, where the economic 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 State Sector	
	Government Sector		2015	2014
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Department of Justice ^(a) (Claims in Respect of Compensation and Litigation)	381	0	381	0
Roads and Maritime Services (Contractual Claims and Litigation)	80	106	80	106
Transport for NSW (Contractual Claims and Litigation)	21	1	21	1
Delta Electricity (Employee Related Costs on Sale)	...	...	24	...
Other Agencies	6	11	42	35
	488	119	548	144

(a) The Victims' Support Scheme (VSS) 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 Justice has obtained actuarial advice from PriceWaterhouseCoopers (PWC) to determine a liability provision as at 30 June 2015 in respect to Lodged But Unresolved Claims. However, the amount attributable for Incurred But Not Reported (IBNR) claims are unable to be reliably estimated by the actuary due to a range of key uncertainties. Given the range of key uncertainties described above, the amount attributable to IBNR liabilities under the VSS could reasonably lie within the range of \$140 million to \$340 million. As the VSS matures, the Department's actuary will be able to determine a more reliable estimate to be used in future liability provisioning.

Non-quantifiable Contingent Liabilities

Details are summarised below of the most significant contingent liabilities which are all fully disclosed in the accounts of individual agencies.

Unless otherwise stated, the General Government contingent liabilities are also applicable to the Total State Sector. Included in these are:

- The State has a contingent liability under the *Native Title Act 1993 (Cwlth)* and the *Native Title (New South Wales) Act 1994*. The extent of the liability cannot be quantified. The liability arises because:
 - The State has an obligation to pay compensation to native title holders in respect of past acts and intermediate period acts (i.e. acts undertaken between October 1975 and December 1996 which were invalid because of native title), which were validated by operation of the *Native Title Act 1993* and the *Native Title (New South Wales) Act 1994*, and those arising from the undertaking of future acts (i.e. acts which affect native title undertaken after 1 January 1994 and for which the *Native Title Act 1993* provides that compensation is payable) by the State and its instrumentalities.

The State has an indemnity under Section 104 of the *Native Title (New South Wales) Act 1994* in respect to compensation arising from a compulsory acquisition of native title by an authority which is not the Crown in the right of the State.
 - During the 2014-15 year, 629,928 hectares (2013-14: 754,971 hectares) of operational timber reserves were subject to claims under the *Native Title (New South Wales) Act 1994*. The impact of these claims cannot be quantified at this time.
- The assets of the State in the form of reserved Crown land may be reduced in value by operation of the *Aboriginal Land Rights Act 1983* (NSW). Applications may result in land being transferred for no consideration. The State has approximately 28,000 Aboriginal Land Claims to review. These applications have not been finalised and it is therefore not possible to estimate the financial impact or result of the claims.
- The State has identified at least five high risk sites (2014: 38 high risk sites) on Crown land which are likely to have some degree of contamination. The State is undertaking work to assess sites that have a high risk of impact on the environment or human health. Where remediation works are identified a provision is made. It is considered that the existence of contaminated sites will not have a material impact on the overall value of the State's land holdings.
- Claims have been made against the State for compensation for land acquired under the *Land Acquisition (Just Terms Compensation) Act 1991*. The Land and Environment Court will consider these claims in due course.
- The State treats the receipt of unclaimed money to the Consolidated Fund as income. Future claims for the return of these monies cannot be estimated and would result in a liability for the State.
- A claim was made against the former Central Sydney Area Health Service (now Sydney Local Health District) relating to the construction of a car park and private hospital to be operated by the claimant (lessee). That claim failed, however the lessee successfully sought to be restored to possession and is claiming substantial damages for having been kept out of possession. Sydney Local Health District also has a substantial cross-claim for damages. The matters are before the court.

- As a condition of the sale of Pacific Power International Pty Ltd, the State has an obligation to compensate the trustee of the EISS if certain conditions exist at a certain time. The time will be the earlier of:
 - the purchaser ceasing to be an employer in the fund, or
 - the last benefit is paid, or
 - the relevant assets are exhausted.

The liability would be the lower of:

- the actual shortfall between fund assets and fund liabilities, and
- the potential shortfall, if anticipated investment returns of 4.5 per cent a year (excluding CPI) had not been realised.

At 30 June 2015, the net market value of assets was \$4.9 million (2014: \$4.3 million) less than the estimated value of liabilities

- The NSW TAB, a wholly owned subsidiary of Tabcorp, holds a 99-year licence issued in March 1998 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 a payment of \$75 million from Tabcorp. 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.
- The State made a number of warranties in relation to the sale of Delta West Electricity, Eraring Energy, Green State Power, Colongra Power Station and Macquarie Generation:

- **Sale of Delta West Electricity**

Environment Protection Authority (EPA) adverse decision - the State will indemnify EnergyAustralia against any costs incurred by EnergyAustralia in the period from 2 September 2013 until 30 June 2017 due to any adverse EPA decision in respect of Wallerawang power station. The State’s total liability is capped at \$100 million. The State will meet compliance costs or unavoidable operating costs (where the decision is made to close the power station).

Pre-completion contamination liability - the State will retain the costs for remediating pre-existing contamination at Mt Piper and Wallerawang power station sites to minimum legal standards. Contamination is determined by reference to base line study or studies by EnergyAustralia within three years after completion (2 September 2013). The State will retain the costs for remediating contamination at certain legacy/end of life sites and at Wallerawang if it ceases operations by the end of 2018.

- **Sale of Eraring Energy**

General warranties - under the Sale and Purchase Agreement, the State has potential liabilities under tax warranties given to Origin Energy. Claims under the tax warranties must be brought before 1 August 2018.

Pre-completion contamination liability - the State has indemnified Origin Energy for remediation costs in relation to pre-completion contamination at the sold power stations. The State's obligations end (in respect of each station) three years after decommissioning or the end of the Shoalhaven lease in 2070 (or later if there are further legal obligations to remediate identified during subsequent monitoring).

Coal haul road liability - 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): 12 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.

Ash dam liability - 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. The State's liability ceases if the issue is not resolved by 1 August 2023.

- **Sale of Green State Power**

General warranties - under the Sale and Purchase Agreement, the State has potential liabilities under various warranties given to GSP Energy (a subsidiary of Trustpower). Warranties are subject to various caps and carve-outs and claims must be brought before 17 January 2016.

- **Sale of Colongra Power Station**

General warranties - under the Sale and Purchase Agreement, the State has potential liabilities under various warranties given to Snowy Hydro. Warranties are subject to various caps and carve-outs and claims must be brought before 30 July 2016.

Land contamination liability - the State has retained the remediation costs in relation to pre-completion contamination at the Colongra power station site.

- **Sale of Macquarie Generation**

General warranties - under the Sale and Purchase Agreement, the State has potential liabilities under various warranties given to AGL. Warranties are subject to various caps and limits and must be brought within 18 months. The 18-month period expires on 2 March 2016.

- State agencies and corporations receive claims by suppliers for additional charges in the normal course of operations. A number of disputed claims are currently being heard in court. The quantum of these claims cannot accurately be determined.

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. Unless otherwise stated, the General Government guarantees are also applicable to the Total State Sector.

The major guarantees are:

- State guarantees given to various organisations under statute mainly relate to certain co-operative housing societies. The maximum exposure as at 30 June 2015 is \$30 million (2014: \$32 million).
- As part of the sale of NSW Lotteries on 31 March 2010, the NSW Government provided limited warranties, indemnities and other obligations in favour of the new operator. The NSW Government is liable for the direct losses incurred by NSW Lotteries if an adverse regulatory event occurs. The NSW Government's aggregate liability is capped. There are no known adverse regulatory events as at the reporting date.
- Issued securities, borrowings and derivative liabilities of the New South Wales Treasury Corporation with a market value of \$78.0 billion (2014: \$78.2 billion) have been guaranteed by the NSW Government under the *Public Authorities (Financial Arrangements) Act 1987*.
- New South Wales has entered into guarantees, indemnities and deeds as part of the agreements leading to the corporatisation of the Snowy Scheme (New South Wales holds a 58 per cent share). It is not possible to estimate the amount of exposure at this time for the following situations.

Snowy Hydro Limited (SHL) will be compensated for any change to the Snowy Water licence which has an adverse financial impact for SHL. New South Wales may recover 42 per cent of this compensation if Victoria and the Commonwealth agree to water licence changes. No major amendments to the Snowy Licence are currently proposed. The licence expires in 2077 or when ended.

The State will compensate SHL if an instruction from the Water Administration Ministerial Corporation to SHL causes spills or Jindabyne Dam release causes downstream damage. New South Wales will pay 58 per cent of the cost if the Commonwealth and Victoria also agree with the instruction. No claims currently exist. This indemnity lasts while the licence is in place.

In addition to the warranties, the State made the following guarantees and indemnities in relation to the sale of Colongra Power Station and Macquarie Generation.

– Sale of Colongra Power Station

Land remediation indemnity - the State has indemnified Snowy Hydro in relation to the cost to remediate land at the Colongra site if contamination occurs post-completion as a result of the adjacent Munmorah power station site (currently owned by Delta Electricity).

– Sale of Macquarie Generation

Pre-completion contamination liability - the State has indemnified AGL for remediation costs in relation to pre-completion contamination at the sold power stations. The State's obligations end (in respect of each station) 18 months after decommissioning, demolition and remediation of each power station site.

Defined benefit superannuation guarantee – the State has provided a guarantee to the SAS Trustee Corporation to make good any reserve shortfall in relation to the transferring defined benefits employees if the private sector employer becomes insolvent.

Barnard river scheme native title indemnity – the State has indemnified AGL for costs related to any native title claims affecting a parcel of Crown land related to the Barnard River Scheme.

- The State has guaranteed it will provide funding to Cobbora Holding Company Pty Limited to support the costs of its business to the extent that the costs of its business are not funded from other sources.

A Deed of Indemnity has also been provided to the directors of Cobbora Holding Company Pty Limited against claims and liabilities in connection with the Government's Cobbora coal mine development project. The indemnity given has the same terms and qualifications as the one provided to the directors involved in the Transaction Process (refer to above). It is not possible to estimate the amount of the contingent liability exposure at this time. There are no known claims as at the reporting date.

- The State has guaranteed the performance of the obligations 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:

- | | |
|---|---|
| - North West Rail Link – Operations, Trains and Systems PPP Project | - Macarthur Water Filtration Plant |
| - Sydney Light Rail | - Prospect Water Filtration Plant and Treatment Works |
| - WestConnex Stage 1 | - Northern Beaches Hospital |
| - NorthConnex | - Long Bay Prison and Forensic Hospital |
| - Sydney Harbour Tunnel | - Mater Hospital |
| - M2 Motorway | - Orange Hospital Redevelopment |
| - Eastern Distributor | - Royal North Shore Hospital Redevelopment |
| - Cross City Tunnel | - Olympic Stadium |
| - Lane Cove Tunnel | - Olympic Multi-Use Arena |
| - Western Sydney Orbital (Westlink M7 Motorway) | - Suburban Rolling Stock |
| - Eastern Creek Alternative Waste Treatment Plant | - VISY Mill: Tumut Timber Supply Agreement |
| - Illawarra and Woronora Water Treatment Plant | - Sydney International Convention, Exhibition and Entertainment Precinct. |

- New South Wales Treasury Corporation has issued unconditional payment undertakings on behalf of some government authorities in the national wholesale electricity market to pay to the system administrator, the Australian Energy Market Operator (AEMO), on demand in writing any amount up to an aggregate maximum agreed with individual participants.
- New South Wales Treasury Corporation has undertakings for other government authorities for their performance under contracts with third parties. At the reporting date they were valued at \$146.42 million (2014: \$163.52 million).
- 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 the businesses. 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.

- The State has provided a Deed of Indemnity to the directors and designated senior management of some state-owned corporations (SOC). This deed indemnifies them against claims and liabilities in connection with the energy industry reform transactions (Transaction Process).

The SOCs covered in this indemnity are Essential Energy, Eraring Energy, Ausgrid, Macquarie Generation, Endeavour Energy and Delta Electricity. To the extent permitted by law, the indemnity covers each indemnified party, in their capacity as directors or senior management, against:

- civil liability arising in respect of the Transaction Process if such liability is or was not due to conduct which involved a lack of good faith on the part of the indemnified party, and
- costs in defending proceedings, whether civil or criminal, in which judgement is or was given in favour of the indemnified party or in which the indemnified party is or was acquitted or where the proceedings are discontinued or in connection with any application in relation to a proceeding in which a court grants or granted relief to the indemnified party.

The indemnified parties have a duty to maintain in force comprehensive directors' and officers' insurance policies which cover all of the risks indemnified by the State under the indemnities until:

- the completion of the Transaction Process, and
- for seven year following the completion of the Transaction Process for any acts or omissions of the Indemnified Party occurring before completion of the Transaction Process.

The indemnity does not apply in respect of a liability which arises out of any act or omission on the part of the indemnified party that involves, among others as detailed in the Deed of Indemnity, gross negligence, recklessness and conduct contrary to any written direction or instructions to the indemnified party made by or on behalf of the State.

It is not possible to estimate the amount of contingent liability exposure at this time. There are no known claims as at the reporting date.

- 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. There are no known claims as at the reporting date.
- State owned electricity distributors provide guarantees to regulatory and statutory authorities to the value of \$82 million (2014: \$18 million).

Contingent Assets

Contingent assets exist in respect of guarantees received and from pending litigation. These include:

- As a result of the collapse of HIH Insurance Limited, the State assumed liabilities of approximately \$650 million. This was in respect of building warranty and third party motor insurance. An independent actuary estimated the discounted present value of the outstanding liability to be \$64.8 million as at 30 June 2015 (2014: \$112.2 million). The liquidators of HIH Insurance Limited currently intend to distribute various percentages up to 'more than 50 per cent' depending upon the scheme company. In 2014-15, the State received payments totalling \$82.2 million (2014: \$25 million).

Note 30: Events after the Reporting Period

Lease of TransGrid

On 4 June 2015, NSW Parliament passed the *Electricity Network Assets (Authorised Transactions) Bill 2015* and the *Electricity Retained Interest Corporations Bill 2015*, which enabled the State to proceed with the long term lease of 49 percent of its electricity network. This includes leasing 100 percent of TransGrid, one of Australia's largest high-voltage electricity transmission asset and 50.4 percent of Ausgrid and Endeavour Energy. The process for the long-term lease of TransGrid is underway with the State calling for Expressions of Interest (EOI) on 25 June 2015. On 3 September 2015, the State announced that shortlisted parties had been invited to participate in the binding bid phase for the TransGrid lease.

Shortlisted bidders are now conducting detailed financial and technical due diligence that will inform their binding bids. The Government expects to confirm the outcome of the process for the TransGrid transaction before the end of 2015.

Sale of Delta Electricity's Vales Point

Delta Electricity completed the sale of Colongra Power Station to Snowy Hydro Limited on 30 January 2015. Delta Electricity's remaining power station assets include Vales Point, Brown Mountain, and the decommissioned Munmorah. The State and Delta Electricity re-commenced the sale process of Vales Point Power Station in April 2015. The sale process is currently in Binding Bids phase. The Government expects to announce the outcome of the sale process before the end of 2015.

Sale of Homecare Services

On 28 August 2015, the State entered into an agreement with Australian Unity to transfer the Home Care Service of NSW, which provides in-home care services to more than 50,000 clients across NSW and has 4,000 employees. Under the agreement, staff and clients will transfer to Australian Unity and Australian Unity will continue to provide all services.

Consideration for the transfer of these operations will be \$114 million, subject to certain completion adjustments. The transfer is expected to be finalised by early 2016.

Sale of Australian Technology Park Sydney Limited

On 25 May 2015, the State announced its intention to sell the park land and buildings collectively known as the Australian Technology Park (ATP) by an invitation to tender process. The sale's aim is to enable further development of the Park, consistent with State Environmental Planning Policy (Major Development) 2005 made under the *Environmental Planning and Assessment Act 1979* and to release the capital locked in the asset.

Urban Growth NSW Development Corporation (UGDC) continued the potential sale of ATP by opening the request for tender period to five parties, who were chosen following a comprehensive expression of interest campaign.

UGDC anticipates that a recommendation to the Minister will be made in late October 2015.

Victim's Compensation Fund Changes

Under the *Victims Rights and Support Amendment (Transitional Claims) Regulation 2015*, the State has announced that from 1 September 2015, the victims of crime who were in the transition between the old Victims Compensation Scheme and the Victims Support Scheme can have their claim reassessed provided they make an application before 31 August 2016.

Insurance Sector Reforms

On 21 August 2015, NSW Parliament passed the *Workers Compensation Amendment Bill 2015*, which enabled the State to deliver a \$1 billion dollar workers compensation reform package. The reform package will see enhanced benefits passed on to injured workers and employers and includes structural changes to the workers compensation system.

The NSW parliament also passed on the 21 August 2015, the *State Insurance and Care Governance Bill 2015*. As of 1 September 2015, three new agencies form part of the structural reform:

- SafeWork NSW – a new risk-based regulator for work health and safety. This agency offers advice on improving work health and safety, provides licencing and registration for potentially dangerous work, provides testing services, investigates workplace incidents and enforces work health and safety laws in NSW.
- State Insurance Regulatory Authority (SIRA) – a new independent regulator overseeing all State insurance schemes. SIRA focuses on ensuring key public policy outcomes are achieved in relation to service delivery to injured people, affordability, and the effective management and sustainability of these insurance schemes.
- Insurance & Care NSW (icare) – a highly customer-focused agency delivering services in relation to NSW Workers Compensation Scheme, Workers Compensation (Dust Diseases) Authority, Lifetime Care and Support Authority of NSW, Sporting Injuries Compensation Authority and the NSW Self Insurance Corporation.

Note 31: Restated Prior Year Comparatives

New South Wales has a 26.67 per cent share in the Murray-Darling Basin Authority, as well as a 52.5 per cent share of Law Courts Limited. In the past, New South Wales accounted for these investments under the equity method.

An assessment of AASB 11 *Joint Arrangements* has determined that Law Courts Limited and Murray-Darling Basin Authority should all be accounted for as joint operations that require recognition of a share of assets and liabilities.

In accordance with these requirements, the following table reports the restatement of prior year comparatives for each affected financial statement line item:

	General Government Sector			Total State Sector		
	2014 Actual \$m	Adjustment \$m	2014 Restated \$m	2014 Actual \$m	Adjustment \$m	2014 Restated \$m
Statement of Financial Position (excerpt)						
ASSETS						
Financial Assets						
Cash and Cash Equivalents	9,966	2	9,967	13,235	2	13,237
Equity Investments						
Investments in Associates	4,039	(1,001)	3,038	4,041	(1,001)	3,039
Total Financial Assets	125,557	(999)	124,557	54,288	(999)	53,289
Non-Financial Assets						
Property, Plant and Equipment						
Land and Buildings	64,100	119	64,219	117,181	119	117,300
Plant and Equipment	9,533	10	9,544	16,329	10	16,339
Infrastructure Systems	74,239	756	74,995	140,889	756	141,645
Intangibles	2,356	115	2,471	3,905	115	4,020
Other Non-Financial Assets	2,061	0	2,061	2,270	0	2,271
Total Non-Financial Assets	152,790	999	153,789	285,412	999	286,411
TOTAL ASSETS	278,346	...	278,346	339,700	...	339,700

The impact of these changes to the Statement of Comprehensive Income has been assessed to be immaterial. Hence, the Statement of Comprehensive Income has not been restated for 2013-14.

Note 32: Budgetary Information on 2014-15 General Government Sector Financial Statements

The budgeted amounts are disclosed for the primary financial statements where they are presented to Parliament. The budget disclosed is the original/first 2014-15 Budget presented to Parliament in respect of the financial year. The budgeted financial statements are presented consistent with AASB 1055 *Budgetary Reporting*.

The NSW General Government Statement of Comprehensive Income for the Year Ended 30 June 2015

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
FROM CONTINUING OPERATIONS			
Revenue from Transactions			
Taxation	25,489	26,067	578
Grants and Subsidies			
Commonwealth General Purpose	16,810	17,065	255
Commonwealth Specific Purpose Payments	7,829	8,103	274
Commonwealth National Partnership Payments	2,632	2,899	267
Other Grants and Subsidies	1,029	1,091	62
Sale of Goods and Services	6,094	6,255	161
Interest	543	658	115
Dividend and Income Tax Equivalents from Other Sectors	2,336	2,407	71
Other Dividends and Distributions	370	1,164	794
Fines, Regulatory Fees and Other	3,981	3,909	(72)
	67,113	69,617	2,504
Expenses from Transactions			
Employee	28,351	27,818	(533)
Superannuation			
Superannuation Interest Cost	1,487	1,683	196
Other Superannuation	2,698	2,846	148
Depreciation and Amortisation	4,242	4,172	(70)
Interest	2,298	2,243	(55)
Other Operating	14,620	14,809	189
Grants and Subsidies			
Current Grants and Subsidies	10,426	9,895	(531)
Capital Grants	3,274	3,270	(4)
	67,396	66,736	(660)
TRANSACTIONS FROM DISCONTINUING OPERATIONS			

NET RESULT FROM TRANSACTIONS			
NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)	(283)	2,881	3,164

The NSW General Government Statement of Comprehensive Income for the Year Ended 30 June 2015 (continued)

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
NET OPERATING BALANCE	(283)	2,881	3,164
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT			
Gain/(Loss) from Other Liabilities	312	(819)	(1,131)
Other Net Gains/(Losses)	(29)	382	411
Share of Earnings from Associates (excluding Dividends)	(22)	18	40
Dividends from Asset Sale Proceeds	175	177	2
Deferred Income Tax from Other Sectors	145	137	(8)
Other	(35)	3	38
Discontinuing Operations - Other			
Economic Flows	...	...	...
Other Economic Flows - included in Operating Result	547	(102)	(649)
OPERATING RESULT	264	2,779	2,515
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to operating result			
Revaluations	3,462	6,631	3,169
Share of Earnings from Associates from Revaluations	...	894	894
Actuarial Gain/(Loss) from Superannuation	6,952	(3,183)	(10,135)
Items that may be reclassified subsequently to operating result			
Net Gain/(Loss) on Equity Investments in Other Sectors	6,769	6,590	(179)
Net Gain/(Loss) on Equity Investments in Other Sectors discontinued	...	(220)	(220)
Net Gain/(Loss) on Financial Instruments at Fair Value	...	...	...
Other	(1,200)	64	1,264
Other Economic Flows - Other Comprehensive Income	15,984	10,776	(5,208)
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	16,247	13,555	(2,692)
KEY FISCAL AGGREGATES			
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	16,247	13,555	(2,692)
Less: Net Other Economic Flows	(16,530)	(10,674)	5,856
NET OPERATING BALANCE	(283)	2,881	3,164
Less: Net Acquisition of Non-Financial Assets			
Purchases of Non-Financial Assets	10,091	9,376	(715)
Sales of Non-Financial Assets	(482)	(700)	(218)
Less: Depreciation	(4,242)	(4,172)	70
Plus: Change in Inventories	4	(8)	(12)
Plus: Other Movements in Non-Financial Assets			
Assets Acquired using Finance Leases	113	107	(6)
Other	(2,049)	(1,596)	453
Equals Total Net Acquisition of Non-Financial Assets	3,434	3,007	(427)
EQUALS: NET LENDING/(BORROWING)	(3,717)	(126)	3,591

Analysis of the General Government Sector Results

Net Operating Balance (Budget Result)

The Budget Result for the financial year ended 30 June 2015 was a surplus of \$2.9 billion, a \$3.2 billion increase on the 2014-15 Original Budget forecast deficit of \$0.3 billion.

An analysis of the Result compared to the Original Budget is outlined below.

Total Revenues

Total Revenues were \$2.5 billion higher than the Original Budget as outlined below.

Taxation

Taxation was \$578 million higher than Budget.

- Stamp Duty was \$1,270 million higher than forecast due to stronger than expected growth in the residential and commercial sectors.
- Payroll Tax was \$284 million lower than budget estimates due to slower than expected wage and employment growth.
- Workers' Compensation (Dust Diseases) Board contributions were \$239 million lower than expected largely due to revised actuarial assumptions around the number of future claims and mortality rates in relation to the outstanding claims liability, which are recoverable from third parties.
- Other Tax Revenues lower than budget estimates included the Government Debt Guarantee Fee (\$96 million) and the WorkCover Authority contributions (\$66 million).

Grants and Subsidies

Grants and Subsidies were \$857 million higher than the original Budget estimate.

General Purpose Grants were \$255 million higher mainly due to GST receipts including receipt of the residual GST payment from 2013-14 (\$122 million) and an upward revision to the national GST pool in 2014-15 (\$139 million).

Grants and Subsidies (other than General Purpose Grants) were \$602 million higher than budget, mainly reflecting:

- Higher than expected Commonwealth prepayments on the Pacific Highway program in 2014-15 (\$290 million).
- Additional public hospital funding (\$87 million) under the National Health Reform Agreement in line with activity.
- Higher school generated revenue from community programs (\$86 million).
- Increased Commonwealth funding in line with the National Education Reform Agreement funding including the impact of increased student enrolments (\$62 million).

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.

Sales of Goods and Services was higher than the original budget estimates by \$161 million, mainly reflecting;

- Cost recovery by Roads and Maritime Services from Sydney Motorway Corporation and related project companies in relation to WestConnex expenditure (\$99 million).
- Increased revenue within Transport for NSW (\$42 million) and Office of Environment and Heritage (\$50 million) for the provision of staff services. The running of administrative services were transferred to Transport for NSW and Office of Environment and Heritage from the PTE sector. These costs were subsequently recovered from the PTE sector.

Interest Income

Interest income includes returns on advances to public trading enterprises, along with returns on deposits with New South Wales Treasury Corporation and financial institutions.

Investment revenue exceeded original Budget by \$115 million largely due to higher than expected cash holdings.

Financial Distributions (Dividends and Income Tax Equivalentents)

Dividends and Income Tax Equivalent payments are paid by commercial government businesses to ensure competitive neutrality with the private sector and encourage these businesses to make commercial investment decisions.

Dividends and Taxes exceeded the original Budget by \$71 million in 2014-15. This is mainly attributable to higher payments from the electricity (\$62 million) and water (\$35 million) sectors reflecting improved operating performance.

Other Dividends and Distributions

Other Dividends and Distributions were \$794 million above original Budget mainly due to a large income distribution from NSW Self Insurance Corporation Hour-Glass investments.

Fines, Regulatory Fees and Other

Revenue from Fines, Regulatory Fees and Other revenues were \$72 million lower than the original Budget estimates.

Mining royalties were \$338 million lower than budgeted, largely driven by lower coal prices, partly offset by the lower exchange rate against the US Dollar.

Other Revenue was \$266 million above original Budget mainly reflecting;

- Higher other revenues and associated industry, developer and private sector developer contributions across a range of agencies including the Department of Planning and Environment (\$55 million) and Department of Trade and Investment, Regional Infrastructure and Services (\$30 million).
- Corpus distributions from HIH Insurance liquidator in relation to third party motor accident insurance policy claims as per *NSW Policyholders Protection Tax Act 2001* (\$82 million).
- Direct Commonwealth reimbursement of heavy vehicles regulatory costs incurred by Roads and Maritime Services (\$55 million).

Expenses

Total Expenses were lower than original Budget by \$660 million as outlined below.

Employee Expenses (excluding Superannuation)

Employee Expenses were \$533 million lower than original Budget. This was primarily due to:

- Lower NSW Self Insurance Corporation claims (\$250 million) following reforms to the workers compensation legislation.
- Lower expenses in the Ministry of Health (\$163 million) mainly due to number of strategic initiatives delivered via grants, service contracts with third party suppliers and capital works.
- Lower expenses in TAFE (\$134 million) related to timing differences for Smart and Skilled activity expenditure, which is in line with projected delivery over the 2015 calendar year.

Superannuation Interest Cost and Other Superannuation

Superannuation Interest and Other Superannuation Costs were \$344 million higher than Budget due to the inclusion of contribution tax in the superannuation liability following revisions to AASB 119 *Employee Benefits* that have impacted both the current service cost and the level of interest.

Depreciation and Amortisation

Depreciation and Amortisation was \$70 million lower than Budget.

This was primarily due to lower amortisation of intangibles (\$67 million). This included Department of Transport (\$39 million) following the reassessment of amortisation costs for the Next Generation Information Systems project and Ministry of Health (\$26 million) following a reassessment of net carrying values.

Interest Expense

Interest expense was \$55 million lower than Budget. This was mainly due to the unwinding of the discount on the Workers Compensation (Dust Diseases) Board on claims provision.

Other Operating Expense

Other Operating Expenses were \$189 million higher than budget, mainly reflecting:

- The creation of a provision to meet the Government's commitments with regard to the loose fill asbestos program (\$269 million).
- Higher Roads and Maritime Services expenses (\$188 million), which included WestConnex project development costs, subsequently charged to the Sydney Motorway Corporation.
- Ministry of Health (\$111 million) largely a result of write-off of historical bad debt receivables.

Increases in Other Operating Expenses were partly offset by a reduction in the outstanding claims liability as a result of revised actuarial valuations held by the NSW Self Insurance Corporation (\$393 million).

Capital and Current Grants Subsidies and Other Transfers Expense

Current and Capital Grants Subsidies and Other Transfers Expense were \$535 million lower than Budget. The main contributing factors were:

- Lower student uptake in Industry Training Services under the Smart & Skilled reforms (\$184 million) and a decrease in grants for other education services (\$114 million) primarily due to lower Commonwealth reward funding and delayed timing of grants associated with finalising the new 2015 Universal Access National Partnership implementation plan.
- Lower grants paid to PTEs in respect of redundancy expenses (\$113 million), and lower grants needed in response to natural disasters (\$94 million).
- A reduction in outstanding claims liability due to updated actuarial assumptions on worker and spouse mortality rates and the number of future claims held by the Workers' Compensation (Dust Diseases) Board (\$178 million).

Operating Result

The Operating Result is the Budget Result (Net Operating Balance) plus the sum of Other Economic Flows included in Operating Result.

The Operating Result for 2014-15 was a surplus of \$2.8 billion. This was \$2.5 billion better than the Budget estimate. The Budget Result which was \$3.2 billion better than Budget was offset by a weakening in Other Economic Flows included in Operating Result of \$0.6 billion.

The Other Economic Flow reflects:

- The impact of lower bond yields on the valuation of long service leave and insurance liabilities (\$1.1 billion).
- Lower unrealised returns by NSW Self Insurance Corporation on its Hour-Glass investments (\$293 million).
- Net gains from Roads and Maritime Services for revaluation of assets, including revenue arising from assets recognised for the first time (\$199 million) primarily around parallel segments on existing roads.
- The first time recognition of a number of Crown Reserve Trusts (\$268 million) following the introduction of AASB 10.

Comprehensive Result

The Comprehensive Result is the Operating Result plus the sum of Other Economic Flows – Other Comprehensive Income.

The Comprehensive Result for 2014-15 was a surplus of \$13.6 billion. This was \$2.7 billion lower than the Budget estimate. This was due to lower Other Economic Flows of \$5.9 billion offset by the improvement in the Budget Result of \$3.2 billion.

The Other Economic Flow deteriorations include a \$10.1 billion adverse variance between actual and budgeted actuarial gains and losses on superannuation. This is due to the gross up of superannuation liabilities for contribution tax following the revisions to AASB 119 combined with a lower discount rate than forecasted at the time of the original Budget.

This was partially offset by revaluations of \$4.0 billion related to property, plant and equipment (\$3.2 billion) and equity investments (\$0.9 billion).

Net Lending

The Net Lending Result is the Budget Result (Net Operating Balance) adjusted for Acquisition and Sale of Non-Financial Assets.

Net Lending was \$3.6 billion better than the Budget estimate primarily due to an improvement of \$3.2 billion in the Budget Result. The additional improvement of \$0.4 billion was due mainly to lower than expected capital expenditures (\$0.7 billion) and lower sales of non-financial assets (\$0.2 billion) offset by non-cash capital grant payments (\$0.5 billion).

The NSW General Government Sector Statement of Financial Position as at 30 June 2015

	Original Budget \$m	Actual \$m	Budget Variance \$m
ASSETS			
Financial Assets			
Cash and Cash Equivalent Assets	8,546	12,433	3,887
Receivables	6,791	7,355	564
Tax Equivalents Receivable	81	156	75
Investments, Loans and Placements			
Financial Assets at Fair Value	10,936	10,487	(449)
Other Financial Assets	...	3,231	3,231
Advances Paid	1,026	928	(98)
Deferred Tax Equivalents	5,410	4,659	(751)
Equity			
Investments in Other Public Sector Entities	93,723	91,341	(2,382)
Investments in Other Public Sector Entities - Held for Sale	...	...	...
Investments in Associates	4,257	3,949	(308)
Other	10	10	(0)
Total Financial Assets	130,781	134,549	3,768
Non-Financial Assets			
Inventories	252	239	(13)
Forestry Stock and Other Biological Assets	7	9	2
Assets Classified as Held for Sale	146	349	203
Investment Properties	125	...	(125)
Property, Plant and Equipment			
Land and Buildings	64,392	67,821	3,429
Plant and Equipment	9,806	10,929	1,123
Infrastructure Systems	78,762	79,590	828
Intangibles	2,736	2,904	168
Other	2,548	2,512	(36)
Total Non-financial Assets	158,775	164,353	5,578
TOTAL ASSETS	289,555	298,902	9,346
LIABILITIES			
Deposits Held	106	126	20
Payables	4,708	5,720	1,012
Tax Equivalents Payable	109	10	(99)
Borrowings and Derivatives at Fair Value	8	11	3
Borrowings at Amortised Cost	31,993	31,500	(493)
Advances Received	765	903	138
Employee Provisions	13,542	15,313	1,771
Superannuation Provision	31,169	52,498	21,329
Deferred Tax Equivalent Provision	621	406	(215)
Other Provisions	7,844	8,234	390
Other	1,661	2,858	1,197
TOTAL LIABILITIES	92,525	117,579	25,053
NET ASSETS	197,030	181,323	(15,707)

The NSW General Government Sector Statement of Financial Position as at 30 June 2015 (continued)

	Original Budget \$m	Actual \$m	Budget Variance \$m
NET WORTH			
Accumulated Funds	37,006	19,601	(17,405)
Reserves	160,024	161,722	1,698
TOTAL NET WORTH	197,030	181,323	(15,707)
OTHER FISCAL AGGREGATES			
Net Debt	12,364	5,461	(6,903)
Net Financial Liabilities	55,467	74,371	18,904

Analysis of the General Government Sector Statement of Financial Position

Net Debt

Net Debt was \$5.5 billion at 30 June 2015. This was \$6.9 billion lower than the original Budget estimate primarily due to a better than expected cash result (\$5.2 billion) reflecting the improved position along with the proceeds from the sales of Macquarie Generation and Green State Power.

Net Financial Liabilities

Net Financial Liabilities were \$74.4 billion at 30 June 2015. This is a \$18.9 billion increase over the Budget estimate of \$55.5 billion. This change largely reflects the increase in defined benefit superannuation liabilities associated with future contribution tax required by the revisions to AASB 119 combined with a change to the discount rate and an increase in long service leave employee provisions. This is partly offset by the favourable movement in Net Debt.

Net Worth

Net Worth was \$181.3 billion at 30 June 2015. This was \$15.7 billion lower than the Budget estimate. The decrease in Net Worth is mainly due to the higher superannuation liabilities as highlighted above.

The NSW General Government Sector Statement of Cash Flows for the Year Ended 30 June 2015

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxation	25,359	26,288	929
Sale of Goods and Services	6,554	6,585	31
Grants and Subsidies	28,324	29,026	702
Interest	517	617	100
Dividends and Income Tax Equivalents from Other Sectors	2,171	2,240	69
Other	6,143	8,620	2,477
Total Receipts	69,068	73,376	4,307
Payments			
Employee Related	(28,145)	(27,423)	722
Superannuation	(3,489)	(3,424)	65
Payments for Goods and Services	(16,453)	(16,031)	422
Grants and Subsidies	(9,449)	(9,482)	(33)
Interest	(1,688)	(1,680)	8
Other	(3,140)	(4,413)	(1,273)
Total Payments	(62,363)	(62,453)	(90)
NET CASH FLOWS FROM OPERATING ACTIVITIES	6,705	10,923	4,217
CASH FLOWS FROM INVESTING ACTIVITIES			
Non-financial Assets			
Proceeds from Sale of Non-Financial Assets	482	690	208
Purchases	(10,069)	(9,408)	661
Net Cash Flows from Investments in Non-Financial Assets	(9,587)	(8,718)	869
Financial Assets (Policy Purposes)			
Receipts	311	1,095	784
Payments	(1,321)	(1,281)	40
Net Cash Flows from Investments in Financial Assets (Policy Purposes)	(1,009)	(186)	824
Financial Assets (Liquidity Purposes)			
Proceeds from Sale of Investments	260	12,422	12,162
Purchase of Investments	(547)	(11,791)	(11,244)
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)	(288)	632	919
NET CASH FLOWS FROM INVESTING ACTIVITIES	(10,884)	(8,273)	2,611

The NSW General Government Sector Statement of Cash Flows for the Year Ended 30 June 2015 (continued)

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances Received	87	150	63
Advances Repaid	(61)	(62)	(1)
Proceeds from Borrowings	1,107	1,130	23
Repayments of Borrowings	(594)	(1,188)	(594)
Deposits Received (Net)	(9)	8	17
Other (Net)	...	(12)	(12)
NET CASH FLOWS FROM FINANCING ACTIVITIES	529	26	(504)
NET INCREASE/(DECREASE) IN CASH HELD			
	(3,650)	2,676	6,324
Opening Cash and Cash Equivalents			
	12,192	9,967	(2,225)
Reclassification of Cash Equivalents			
	4	(210)	(214)
CLOSING CASH BALANCE			
	8,546	12,433	3,885
DERIVATION OF CASH RESULT			
Net Cash Flows from Operating Activities	6,705	10,923	4,218
Net Cash Flows from Investments in Non-Financial Assets	(9,587)	(8,718)	869
CASH SURPLUS/(DEFICIT)	(2,882)	2,205	5,087

Analysis of the General Government Sector Statement of Cash Flows

Cash Result

The cash surplus was \$2.2 billion at 30 June 2015. This was \$5.1 billion higher than the estimated Budget cash deficit of \$2.9 billion.

The improvement in the cash result is largely driven by higher taxation returns for stamp duty (\$1.3 billion), higher GST revenues (\$1.3 billion), Macquarie Generation and Green State Power sale proceeds (\$0.7 billion) and lower than budgeted spend on capital purchases.

Note 33: Disaggregated Financial Statements

Disaggregated Sector Information

Disaggregated primary financial statements are provided for the General Government Sector and PTE and PFE sectors 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
- Public Non-financial Corporations, also referred to as the PTE sector, and
- Public Financial Corporations, 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.

PTEs 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). The PTE sector is also referred to by the ABS as the Public Non-financial Corporation Sector.

PFEs 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 New South Wales Treasury Corporation. The PFE sector is also referred to by the ABS as the Public Financial Corporation Sector.

This note presents statements of

- comprehensive income
- financial position
- cash flows, and
- changes in equity

for each sector, including the Total State Sector.

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 2014-15 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 General Purpose Classifications.

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The NSW Total State Sector Accounts Statement of Comprehensive Income by Sector for the Year Ended 30 June 2015

	General Government		Public Non-financial Corporations	
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
FROM CONTINUING OPERATIONS				
Revenue from Transactions				
Taxation	26,067	24,295	...	...
Grants and Subsidies				
Commonwealth General Purpose	17,065	15,894	...	...
Commonwealth Specific Purpose Payments	8,103	7,449	50	9
Commonwealth National Partnership Payments	2,899	3,963	...	...
Other Grants and Subsidies	1,091	1,026	3,554	3,329
Sale of Goods and Services	6,255	5,677	12,488	12,939
Interest	658	609	87	101
Dividend and Income Tax Equivalents				
from Other Sectors	2,407	2,260	...	...
Other Dividends and Distributions	1,164	700	...	...
Fines, Regulatory Fees and Other	3,909	4,133	2,910	2,687
	69,617	66,005	19,089	19,065
Expenses from Transactions				
Employee	27,818	27,056	3,416	3,360
Superannuation				
Superannuation Interest Cost	1,683	1,762	85	76
Other Superannuation	2,846	2,694	345	357
Depreciation and Amortisation	4,172	3,954	3,290	3,250
Interest	2,243	2,249	1,815	1,851
Income Tax Equivalents	...	...	705	820
Other Property	...	...	...	...
Other Operating	14,809	14,345	6,139	6,033
Grants and Subsidies				
Current Grants and Subsidies	9,895	9,644	326	312
Capital Grants	3,270	3,052	74	535
	66,736	64,757	16,195	16,593
TRANSACTIONS FROM DISCONTINUING OPERATIONS	...	...	6	(34)
NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)	2,881	1,247	2,900	2,437

Public Financial Corporations		Eliminations		Total State Sector	
2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
\$m	\$m	\$m	\$m	\$m	\$m
412	406	(784)	(821)	25,695	23,881
...	...	...	...	17,065	15,894
...	...	(33)	(0)	8,119	7,458
...	...	...	...	2,899	3,963
7	...	(3,839)	(3,550)	812	805
102	98	(1,541)	(1,274)	17,304	17,439
3,538	3,520	(3,232)	(3,269)	1,050	961
...	...	(2,407)	(2,260)	...	...
374	154	...	...	1,539	854
129	19	(1,931)	(2,007)	5,017	4,832
4,562	4,198	(13,767)	(13,181)	79,500	76,086
81	78	(586)	(308)	30,730	30,187
...	...	...	...	1,768	1,838
7	6	...	...	3,198	3,057
6	7	...	...	7,469	7,210
3,189	3,243	(3,235)	(3,280)	4,012	4,062
44	29	(749)	(849)	...	...
1	1	(1)	(1)	...	...
704	343	(1,740)	(2,065)	19,911	18,656
6	4	(3,018)	(2,756)	7,209	7,205
...	...	(2,779)	(2,502)	565	1,086
4,039	3,711	(12,108)	(11,759)	74,862	73,302
...	...	2	45	8	10
523	487	(1,657)	(1,377)	4,646	2,794

The NSW Total State Sector Accounts Statement of Comprehensive Income by Sector for the Year Ended 30 June 2015

	General Government		Public Non-financial Corporations	
	2014-15	2013-14	2014-15	2013-14
	\$m	\$m	\$m	\$m
NET OPERATING BALANCE	2,881	1,247	2,900	2,437
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT				
Gain/(Loss) from Liabilities	(819)	(689)	(1)	(0)
Other Net Gains/(Losses)	382	285	353	675
Share of Earnings from Associates (excluding Dividends)	18	118	76	...
Dividends from Asset Sale Proceeds	177	...	...	...
Deferred Income Tax in the Operating Result	137	(458)	...	...
Other	3	(42)	(27)	104
Discontinuing Operations - Other Economic Flows	...	...	(39)	181
Other Economic Flows - included in Operating Result	(102)	(785)	362	959
OPERATING RESULT	2,779	462	3,263	3,397
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to operating result				
Revaluations	6,631	3,790	5,467	2,918
Share of Earnings from Associates from Revaluations	894	(401)	...	...
Actuarial Gain/(Loss) from Superannuation	(3,183)	(83)	108	33
Items that may be reclassified subsequently to operating result				
Deferred Tax Direct to Equity	...	...	(108)	203
Net Gain/(Loss) on Equity Investments in Other Sectors	6,590	3,978	...	...
Net Gain/(Loss) on Equity Investments in Other Sectors Discontinued	(220)	148	...	...
Net Gain/(Loss) on Financial Instruments at Fair Value	...	(3)	(31)	(19)
Other	64	(21)	205	195
Other Economic Flows - Other Comprehensive Income	10,776	7,408	5,640	3,330
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	13,555	7,870	8,903	6,727
KEY FISCAL AGGREGATES				
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	13,555	7,870	8,903	6,727
Less: Net Other Economic Flows	(10,674)	(6,623)	(6,003)	(4,290)
NET OPERATING BALANCE	2,881	1,247	2,900	2,437
Less: Net Acquisition of Non-Financial Assets				
Purchases of Non-Financial Assets	9,376	8,432	3,887	4,538
Sales of Non-Financial Assets	(700)	(517)	(348)	(389)
Less: Depreciation	(4,172)	(3,954)	(3,290)	(3,250)
Plus: Change in inventories	(8)	(25)	(262)	(31)
Plus: Other Movements in Non-Financial Assets				
- assets acquired using finance leases	107	114	42	793
- other	(1,596)	(1,567)	2,373	1,757
Equals Total Net Acquisition of Non-Financial Assets	3,007	2,484	2,401	3,419
EQUALS: NET LENDING/(BORROWING)	(126)	(1,236)	499	(982)

Public Financial Corporations		Eliminations		Total State Sector	
2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
\$m	\$m	\$m	\$m	\$m	\$m
523	487	(1,657)	(1,377)	4,646	2,794
...	...	(0)	0	(820)	(689)
(1,032)	(1,721)	(67)	(4)	(365)	(764)
0	...	0	...	94	117
...	...	(177)	...	...	...
...	...	(137)	458	...	...
...	(2)	45	(128)	21	(69)
...	...	51	(122)	12	58
(1,032)	(1,723)	(286)	203	(1,057)	(1,346)
(510)	(1,236)	(1,943)	(1,174)	3,589	1,449
1	1	...	...	12,099	6,709
...	...	...	...	894	(401)
(0)	0	...	...	(3,075)	(50)
...	0	108	(203)	...	...
...	...	(6,590)	(3,978)	...	...
...	...	220	(148)	...	...
...	...	0	...	(31)	(21)
945	...	(1,134)	11	79	185
945	1	(7,395)	(4,319)	9,966	6,422
435	(1,235)	(9,338)	(5,492)	13,555	7,870
435	(1,235)	(9,338)	(5,492)	13,555	7,870
87	1,722	7,681	4,114	(8,908)	(5,076)
523	487	(1,657)	(1,377)	4,646	2,794
62	7	(2)	(7)	13,323	12,970
...	(2)	1	1	(1,046)	(907)
(6)	(7)	...	...	(7,469)	(7,210)
...	...	0	(0)	(270)	(56)
...	...	0	...	149	907
...	...	...	...	775	190
56	(2)	(2)	(7)	5,462	5,894
467	489	(1,656)	(1,370)	(816)	(3,099)

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

	General Government		Public Non-financial Corporations	
	2015	2014 Restated	2015	2014
	\$m	\$m	\$m	\$m
ASSETS				
Financial Assets				
Cash and Cash Equivalent Assets	12,433	9,967	1,404	1,566
Receivables	7,355	6,833	1,809	2,115
Tax Equivalents Receivable	156	206	10	40
Investments, Loans and Placements				
Financial Assets at Fair Value	10,487	9,562	151	869
Other Financial Assets	3,231	4,607	833	285
Advances paid	928	944	0	0
Deferred Tax Equivalents	4,659	4,695	400	483
Equity				
Investments in Other Public Sector Entities	91,341	84,695	...	...
Investments in Other Public Sector - Held for Sale	...	...	...	...
Investments in Associates	3,949	3,038	...	...
Other	10	10	525	2
Total Financial Assets	134,549	124,557	5,133	5,360
Non-Financial Assets				
Inventories	239	248	837	953
Forestry Stock and Other Biological Assets	9	7	858	782
Assets Classified as Held for Sale	349	106	243	2,109
Investment Properties	...	137	546	494
Property, Plant and Equipment				
Land and Buildings	67,821	64,219	58,925	53,062
Plant and Equipment	10,929	9,544	6,455	6,789
Infrastructure Systems	79,590	74,995	68,703	66,650
Intangibles	2,904	2,471	1,526	1,545
Other	2,512	2,061	175	241
Total Non-financial Assets	164,353	153,789	138,269	132,625
TOTAL ASSETS	298,902	278,346	143,402	137,986
LIABILITIES				
Deposits Held	126	117	96	50
Payables	5,720	5,553	2,577	2,854
Tax Equivalents Payable	10	40	148	199
Liabilities Directly Associated with Assets Held for Sale	...	...	...	348
Borrowings and Derivatives at Fair Value	11	13	18	199
Borrowings at Amortised Cost	31,500	31,028	32,823	32,875
Advances Received	903	791	432	459
Employee Provisions	15,313	14,435	1,868	1,965
Superannuation Provision	52,498	48,262	2,656	2,778
Deferred Tax Equivalent Provision	406	488	4,658	4,694
Other Provisions	8,234	7,934	2,618	2,510
Other	2,858	1,918	294	202
TOTAL LIABILITIES	117,579	110,578	48,189	49,133
NET WORTH	181,323	167,768	95,212	88,852
OTHER FISCAL AGGREGATES				
Net Debt	5,461	6,869	30,981	30,864
Net Financial Liabilities	74,371	70,715	43,057	43,773

Public Financial Corporations		Eliminations		Total State Sector	
2015	2014	2015	2014	2015	2014 Restated
\$m	\$m	\$m	\$m	\$m	\$m
1,767	1,768	(70)	(64)	15,534	13,237
1,078	1,157	(3,547)	(3,318)	6,695	6,788
...	...	(166)	(246)	...	...
67,157	73,367	(59,177)	(58,962)	18,618	24,836
...	...	(482)	0	3,582	4,892
...	...	(432)	(459)	496	485
6	4	(5,065)	(5,183)	...	...
69	...	(91,410)	(84,695)	...	...
...
2	2	...	...	3,951	3,039
7,797	...	...	...	8,332	12
77,876	76,298	(160,349)	(152,927)	57,209	53,289
...	...	...	...	1,076	1,202
...	...	1	...	868	790
...	...	...	...	592	2,215
...	...	...	(0)	546	631
20	19	...	...	126,765	117,300
6	6	...	...	17,390	16,339
55	...	...	...	148,349	141,645
4	4	...	...	4,434	4,020
16	4	(20)	(36)	2,684	2,271
101	33	(19)	(36)	302,704	286,411
77,978	76,332	(160,367)	(152,963)	359,913	339,700
307	601	(15)	(45)	514	723
148	238	(1,471)	(1,561)	6,975	7,084
9	6	(166)	(246)	...	...
...	...	...	...	...	348
77,346	77,149	(147)	(41)	77,228	77,320
13	15	(59,566)	(58,941)	4,770	4,977
...	...	(432)	(459)	903	791
22	17	(43)	(40)	17,160	16,377
(0)	...	0	...	55,154	51,040
1	1	(5,065)	(5,183)	...	...
2,822	2,455	(2,024)	(1,740)	11,650	11,158
1,113	6	(29)	(13)	4,236	2,113
81,780	80,489	(68,958)	(68,269)	178,590	171,932
(3,802)	(4,158)	(91,409)	(84,695)	181,323	167,768
8,742	2,630	...	...	45,184	40,363
3,973	4,191	(20)	(36)	121,381	118,643

The NSW Total State Sector Accounts Statement of Cash Flows by Sector for the Year Ended 30 June 2015

	General Government		Public Non-financial Corporations	
	2014-15	2013-14 Restated	2014-15	2013-14
	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Taxation	26,288	24,081	...	...
Sale of Goods and Services	6,585	6,316	13,153	14,657
Grants and Subsidies	29,026	28,272	3,589	3,327
Interest	617	550	86	120
Dividends and Income Tax Equivalents from Other Sectors	2,240	2,806	...	1
Other	8,620	7,441	1,986	2,307
Total Receipts	73,376	69,467	18,813	20,413
Payments				
Employee Related	(27,423)	(26,297)	(3,539)	(3,910)
Superannuation	(3,424)	(3,392)	(433)	(447)
Payments for Goods and Services	(16,031)	(15,865)	(6,539)	(6,800)
Grants and Subsidies	(9,482)	(8,556)	(330)	(363)
Interest	(1,680)	(1,614)	(1,839)	(1,846)
Income Tax Equivalents	...	...	(816)	(1,127)
Other	(4,413)	(4,482)	(1,469)	(1,895)
Total Payments	(62,453)	(60,205)	(14,963)	(16,389)
NET CASH FLOWS FROM OPERATING ACTIVITIES	10,923	9,262	3,850	4,024
CASH FLOWS FROM INVESTING ACTIVITIES				
Non-financial Assets				
Proceeds from Sale of Non-financial Assets	690	605	347	391
Purchases	(9,408)	(8,325)	(3,891)	(4,743)
Net Cash Flows from Investments in Non-financial Assets	(8,718)	(7,720)	(3,544)	(4,352)
Financial Assets (Policy Purposes)				
Receipts	1,095	2,875	908	185
Payments	(1,281)	(305)	(17)	...
Net Cash Flows from Investments in Financial Assets (Policy Purposes)	(186)	2,570	890	185
Financial Assets (Liquidity Purposes)				
Proceeds from Sale of Investments	12,422	724	118	94
Purchase of Investments	(11,791)	(4,984)	(12)	(218)
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)	632	(4,260)	106	(125)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(8,273)	(9,410)	(2,547)	(4,292)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances Received	150	98	360	40
Advances Repaid	(62)	(54)	(282)	(242)
Proceeds from Borrowings	1,130	2,204	3,615	3,123
Repayments of Borrowings	(1,188)	(444)	(3,677)	(1,558)
Dividends Paid	...	...	(1,292)	(1,546)
Deposits Received (Net)	8	(956)	46	(53)
Other (Net)	(12)	15	...	...
NET CASH FLOWS FROM FINANCING ACTIVITIES	26	863	(1,230)	(236)
NET INCREASE/(DECREASE) IN CASH HELD	2,676	715	73	(504)

Public Financial Corporations		Eliminations		Total State Sector	
2014-15	2013-14	2014-15	2013-14	2014-15	2013-14 Restated
\$m	\$m	\$m	\$m	\$m	\$m
409	416	(801)	(874)	25,895	23,623
24	100	(1,288)	(1,717)	18,474	19,356
7	...	(3,884)	(3,658)	28,738	27,941
3,537	3,521	(3,310)	(3,287)	929	904
...	...	(2,240)	(2,806)	...	1
530	181	(27)	43	11,109	9,972
4,507	4,217	(11,550)	(12,300)	85,145	81,796
(76)	(77)	635	481	(30,402)	(29,803)
(7)	(6)	118	17	(3,746)	(3,828)
(447)	(142)	1,490	2,053	(21,527)	(20,754)
(3)	(1)	3,743	3,165	(6,072)	(5,755)
(3,298)	(3,253)	3,201	3,158	(3,616)	(3,555)
(44)	(31)	860	1,158	...	...
1,078	(19)	107	431	(4,696)	(5,965)
(2,797)	(3,529)	10,155	10,463	(70,059)	(69,659)
1,711	688	(1,395)	(1,837)	15,086	12,137
...	2	(1)	(28)	1,036	970
(62)	(7)	6	245	(13,355)	(12,831)
(62)	(5)	6	217	(12,319)	(11,861)
...	...	(298)	(282)	1,705	2,778
...	...	1,093	40	(205)	(265)
...	...	795	(242)	1,500	2,513
7,186	4,514	(4,633)	(1,878)	15,094	3,454
(8,300)	(8,099)	4,885	5,413	(15,217)	(7,889)
(1,114)	(3,585)	252	3,535	(124)	(4,435)
(1,176)	(3,590)	1,053	3,510	(10,942)	(13,783)
940	...	(1,162)	(40)	288	98
...	...	282	242	(62)	(54)
48,928	73,041	(4,841)	(5,305)	48,831	73,063
(50,377)	(69,634)	4,630	1,878	(50,613)	(69,758)
(59)	(57)	1,351	1,603	...	...
...	...	...	...	54	(1,009)
...	...	2	100	(10)	115
(569)	3,351	262	(1,522)	(1,512)	2,455
(34)	449	(81)	150	2,631	810

The NSW Total State Sector Accounts Statement of Cash Flows by Sector for the Year Ended 30 June 2015 (continued)

	General Government		Public Non-financial Corporations	
	2014-15	2013-14 Restated	2014-15	2013-14
	\$m	\$m	\$m	\$m
Opening Cash and Cash Equivalents	9,967	8,943	1,566	2,001
Reclassification of Cash Equivalents	(210)	310	(235)	69
CLOSING CASH BALANCE	12,433	9,967	1,404	1,566
DERIVATION OF CASH RESULT				
Net Cash Flows from Operating Activities	10,923	9,262	3,850	4,024
Net Cash Flows from Investments in Non-Financial Assets	(8,718)	(7,720)	(3,544)	(4,352)
Dividend Distributions	...	...	(1,292)	(1,546)
CASH SURPLUS/(DEFICIT)	2,205	1,541	(986)	(1,875)

Public Financial Corporations		Eliminations		Total State Sector	
2014-15	2013-14	2014-15	2013-14	2014-15	2013-14 Restated
\$m	\$m	\$m	\$m	\$m	\$m
1,768	1,270	(65)	(128)	13,237	12,086
33	49	79	(87)	(335)	341
<u>1,767</u>	<u>1,768</u>	<u>(68)</u>	<u>(65)</u>	<u>15,534</u>	<u>13,237</u>
1,711	688	(1,398)	(1,836)	15,086	12,137
(62)	(5)	6	217	(12,319)	(11,861)
(59)	(57)	1,351	1,603	...	...
<u>1,589</u>	<u>626</u>	<u>(41)</u>	<u>(16)</u>	<u>2,767</u>	<u>276</u>

The NSW Total State Sector Accounts Statement of Changes in Equity for the Whole of Government by Sector for the Year Ended 30 June 2015

	Restated Equity at 1 July 2014 \$m	Changes in Classification \$m	Comprehensive Result \$m	Transfers between equity classes \$m	Transactions with owners as owners \$m	Equity at 30 June 2015 \$m
General Government Sector						
Accumulated Funds	20,085	...	(556)	72	...	19,601
Reserves						
Asset Revaluation Surplus	60,986	...	6,631	(113)	...	67,504
Equity Investment Revaluation Surplus	1,992	11	894	(10)	...	2,887
Hedging Reserve	(3)	(11)	0	...	...	(14)
Available for Sale Reserve	84,696	...	6,646	(0)	...	91,341
Equity Relating to Assets Held for Sale	12	...	(60)	52	...	4
	<u>167,768</u>	<u>...</u>	<u>13,555</u>	<u>...</u>	<u>...</u>	<u>181,323</u>
Public Non-Financial Corporation Sector						
Accumulated Funds	43,562	...	3,487	1,305	(2,543)	45,812
Reserves						
Asset Revaluation Surplus	45,279	...	5,447	(1,326)	...	49,400
Equity Investment Revaluation Surplus	...	...	...	...	...	...
Hedging Reserve	1	...	(31)	9	...	(21)
Available for Sale Reserve	...	...	...	...	...	...
Equity Relating to Assets Held for Sale	10	...	...	12	...	22
	<u>88,852</u>	<u>...</u>	<u>8,903</u>	<u>...</u>	<u>(2,543)</u>	<u>95,213</u>
Public Financial Corporation Sector						
Accumulated Funds	(4,165)	...	435	...	(81)	(3,810)
Reserves						
Asset Revaluation Surplus	8	...	...	...	...	8
Equity Investment Revaluation Surplus	...	...	...	...	...	...
Hedging Reserve	...	...	...	...	...	...
Available for Sale Reserve	...	...	...	...	...	...
Equity Relating to Assets Held for Sale	...	...	...	...	...	...
	<u>(4,158)</u>	<u>...</u>	<u>435</u>	<u>...</u>	<u>(81)</u>	<u>(3,804)</u>
Eliminations	<u>(84,694)</u>	<u>...</u>	<u>(9,338)</u>	<u>...</u>	<u>2,624</u>	<u>(91,409)</u>
Total State Sector	<u>167,768</u>	<u>...</u>	<u>13,555</u>	<u>...</u>	<u>...</u>	<u>181,323</u>

The NSW Total State Sector Accounts Statement of Changes in Equity for the Whole of Government by Sector for the Year Ended 30 June 2014

	Equity at 1 July 2013 \$m	Changes in Classification \$m	Comprehensive Result \$m	Transfers between equity classes \$m	Transactions with owners as owners \$m	Equity at 30 June 2014 \$m
General Government Sector						
Accumulated Funds	16,535	...	359	3,191	...	20,085
Reserves						
Asset Revaluation Surplus	57,776	...	3,790	(580)	...	60,986
Equity Investment Revaluation Surplus	2,393	...	(401)	...	...	1,992
Hedging Reserve	...	...	(3)	...	...	(3)
Available for Sale Reserve	83,192	137	3,978	(2,611)	...	84,696
Equity Relating to Assets Held for Sale	1	(137)	148	...	...	12
	<u>159,898</u>	...	<u>7,870</u>	...	...	<u>167,768</u>
Public Non-Financial Corporation Sector						
Accumulated Funds	42,894	...	3,828	792	(3,951)	43,562
Reserves						
Asset Revaluation Surplus	43,128	...	2,918	(767)	...	45,279
Equity Investment Revaluation Surplus	...	...	...	...	...	...
Hedging Reserve	11	...	(19)	9	...	1
Available for Sale Reserve	...	...	...	...	...	...
Equity Relating to Assets Held for Sale	44	...	...	(34)	...	10
	<u>86,077</u>	...	<u>6,727</u>	...	<u>(3,951)</u>	<u>88,852</u>
Public Financial Corporation Sector						
Accumulated Funds	(2,863)	...	(1,236)	...	(66)	(4,165)
Reserves						
Asset Revaluation Surplus	...	...	8	...	...	8
Equity Investment Revaluation Surplus	...	...	...	...	...	...
Hedging Reserve	...	...	...	...	...	...
Available for Sale Reserve	...	...	...	...	...	...
Equity Relating to Assets Held for Sale	...	...	...	...	...	...
	<u>(2,863)</u>	...	<u>(1,228)</u>	...	<u>(66)</u>	<u>(4,158)</u>
Eliminations	<u>(83,214)</u>	...	<u>(5,499)</u>	...	<u>4,017</u>	<u>(84,694)</u>
Total State Sector	<u>159,898</u>	...	<u>7,870</u>	...	...	<u>167,768</u>

Information on Expenses and Assets by Function

	General		Total State Sector	
	Government Sector 2014-15 \$m	2013-14 \$m	2014-15 \$m	2013-14 ^(a) \$m
Total Expenses by Function (Policy Area) ^(b)				
General Public Services	2,650	2,111	2,816	2,233
Public Order and Safety	6,551	6,416	6,554	6,422
Education	14,008	13,731	13,850	13,577
Health	18,323	17,648	18,301	17,628
Social Security and Welfare	5,541	5,180	5,082	5,000
Housing and Community Amenities	2,543	2,267	5,205	4,966
Recreation and Culture	1,096	1,368	1,430	1,593
Fuel and Energy	26	28	3,638	5,101
Agriculture, Forestry, Fishing and Hunting	750	821	939	1,047
Mining, Mineral Resources, Manufacturing and Construction	179	181	179	181
Transport and Communications	9,161	8,897	9,664	9,150
Other Economic Affairs	716	1,190	1,030	1,483
Other Purposes	5,193	4,920	6,328	6,254
Total Expenses	66,736	64,757	75,015	74,634
Total Assets by Function (Policy Area) ^(b)				
General Public Services	28,029	25,213	12,737	10,486
Public Order and Safety	7,569	6,853	7,493	6,751
Education	27,801	26,508	27,795	26,508
Health	16,724	15,275	16,428	14,924
Social Security and Welfare	2,265	1,444	2,230	1,359
Housing and Community Amenities	6,493	5,730	68,078	62,847
Recreation and Culture	15,395	13,516	20,821	18,782
Fuel and Energy	...	...	37,519	39,405
Agriculture, Forestry, Fishing and Hunting	8,888	8,247	10,928	10,152
Mining, Mineral Resources, Manufacturing and Construction	1,066	905	66	75
Transport and Communications	86,426	79,340	121,239	110,620
Other Economic Affairs	3,693	3,522	3,033	2,694
Other Purposes ^(c)	94,552	91,794	31,546	35,097
Total Assets	298,902	278,346	359,913	339,700

(a) The difference between the Total State Sector Expenses and the Statement of Comprehensive Income relates to expenditure associated with discontinued operations of \$153 million (2014: \$1,332 million).

(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) Other Purposes 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 2014-15 is \$13,204 million net surplus (2013-14 \$5,492 million net surplus). It comprises the sum of inter-sector General Government Sector inter-sector expenses (grants, interest on borrowings, and purchases) less the sum of General Government 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 34: Key Fiscal Aggregates and Reconciliations to Government Finance Statistics

	Footnote	General Government Sector 2014-15 \$m	Public Non-Financial Corporations 2014-15 \$m	Public Financial Corporations 2014-15 \$m	Total State Sector 2014-15 \$m
Reconciliation to GFS Net Operating Balance					
Net Result from Transactions - Net Operating Balance		2,881	2,900	523	4,646
Convergence Differences					
Low Interest Loans	a	4	15	...	19
Other Obligation Payments	k	...	...	...	...
PNFC/PFC Dividends Accrued	b	...	(1,577)	(80)	...
Total Convergence Differences		4	(1,563)	(80)	19
GFS Net Operating Balance		2,885	1,337	443	4,665
Reconciliation to GFS Net Lending/(Borrowing)					
Net Lending/(Borrowing)		(126)	499	467	(816)
Convergence Differences					
Relating to Net Operating Balance as Shown Above		4	(1,563)	(80)	19
Total Convergence Differences		4	(1,563)	(80)	19
GFS Net Lending/(Borrowing)		(122)	(1,064)	387	(797)
Reconciliation to GFS Total Change In Net Worth					
Comprehensive Result - Total Change In Net Worth		13,555	8,903	435	13,555
Convergence Differences					
In AASB 1049 Comprehensive Result, but Not In GFS Change In Net Worth					
Low Interest Loans	a	(8)	29	...	21
Allowance for Doubtful Debts	c	(14)	(20)	(3)	(38)
Prepaid Licence Income	d	(18)	...	...	(18)
Other Settlement Provisions and Obligation Payments	k	31	...	...	31
Measurement Relating to Assets Held for Sale	l	(96)	...	...	(96)
Deferred Tax Assets/Liabilities	f	(45)	48	(2)	...
Equity Investment in the PFNC/PFC Sectors for Net Assets					
Not Recognised Under GFS	g	51	...	...	...
In GFS Change in Net Worth, but Not In AASB 1049 Comprehensive Result					
Transactions With Owners as Owners	h	...	(2,543)	(80)	...
Classification of GFS PNFC/PFC Net Worth as a Liability	i	...	(6,415)	(350)	...
Total Convergence Differences		(101)	(8,903)	(435)	(101)
GFS Total Change In Net Worth		13,454	...	...	13,454
Reconciliation to GFS Cash Surplus/(Deficit)					
Cash Surplus/(Deficit)		2,205	(986)	1,589	2,767
Convergence Differences					
Finance Leases and Similar Arrangements	j	(65)	(37)	...	(106)
Total Convergence Differences		(65)	(37)	...	(106)
GFS Cash Surplus/(Deficit)		2,139	(1,023)	1,589	2,661

	Footnote	General Government Sector 2015 \$m	Public Non- Financial Corporations 2015 \$m	Public Financial Corporations 2015 \$m	Total State Sector 2015 \$m
Reconciliation to GFS Net Worth					
Net Worth		181,323	95,212	(3,802)	181,323
Convergence Differences					
In AASB 1049 Net Worth, but Not In GFS					
Low Interest Loans	a	12	(299)	...	(287)
Allowance for Doubtful Debts	c	414	36	1	451
Prepaid Licence Income	d	296	...	...	296
Other Settlement Provisions and Obligation Payments	k	1,059	...	...	1,059
Provision Liabilities for Remediation	e	532	274	...	806
Assets Associated with Provisions for Remediation	e	(532)	(274)	...	(806)
Deferred Tax Assets/Liabilities	f	(4,253)	4,258	(5)	...
Equity Investment in the PFNC/PFC Sectors for Net Assets	g	3,991	...	...	...
In GFS Net Worth, but Not In AASB 1049					
Classification of GFS PNFC/PFC Net Worth as a Liability	i	...	(99,207)	3,806	...
Total Convergence Differences		1,520	(95,212)	3,802	1,520
GFS Net Worth		182,843	...	...	182,843

	Footnote	General Government Sector 2013-14 Restated \$m	Public Non- Financial Corporations 2013-14 \$m	Public Financial Corporations 2013-14 \$m	Total State Sector 2013-14 Restated \$m
Reconciliation to GFS Net Operating Balance					
Net Result from Transactions - Net Operating Balance		1,247	2,437	487	2,794
Convergence Differences					
Low Interest Loans	a	3	14	...	17
Other Obligation Payments	k	(300)	...	...	(300)
PNFC/PFC Dividends Accrued	b	...	(1,318)	(59)	...
Total Convergence Differences		(297)	(1,303)	(59)	(283)
GFS Net Operating Balance		950	1,134	427	2,511
Reconciliation to GFS Net Lending/(Borrowing)					
Net Lending/(Borrowing)		(1,236)	(982)	489	(3,099)
Convergence Differences					
Relating to Net Operating Balance as Shown Above		(297)	(1,303)	(59)	(283)
Total Convergence Differences		(297)	(1,303)	(59)	(283)
GFS Net Lending/(Borrowing)		(1,533)	(2,285)	429	(3,382)
Reconciliation to GFS Total Change in Net Worth					
Comprehensive Result - Total Change in Net Worth		7,870	6,727	(1,235)	7,870
Convergence Differences					
In AASB 1049 Comprehensive Result, but not in GFS Change in Net Worth					
Low Interest Loans	a	(13)	14	...	1
Allowance for Doubtful Debts	c	71	21	2	94
Prepaid Licence Income	d	32	...	...	32
Provisions for Remediation	e	...	...	...	...
Other Settlement Provisions and Obligation Payments	k	133	...	...	133
Measurement Relating to Assets Held for Sale	l	96	...	...	96
Deferred Tax Assets/Liabilities	f	445	(445)	(1)	(0)
Equity Investment in the PFNC/PFC Sectors for Net Assets Not Recognised Under GFS	g	(408)	...	...	...
In GFS Change in Net Worth, but Not In AASB 1049 Comprehensive Result					
Transactions with Owners as Owners	h	...	(3,951)	(59)	...
Classification of GFS PNFC/PFC Net Worth as a Liability	i	...	(2,367)	1,293	...
Total Convergence Differences		355	(6,727)	1,235	356
GFS Total Change in Net Worth		8,226	...	...	8,226
Reconciliation to GFS Cash Surplus/(Deficit)					
Cash Surplus/(Deficit)		1,541	(1,875)	626	276
Convergence Differences					
Finance Leases and Similar Arrangements	j	(309)	(591)	...	(1,109)
Total Convergence Differences		(309)	(591)	...	(1,109)
GFS Cash Surplus/(Deficit)		1,233	(2,465)	626	(833)

	Footnote	General Government Sector 2014 \$m	Public Non-Financial Corporations 2014 \$m	Public Financial Corporations 2014 \$m	Total State Sector 2014 \$m
Reconciliation to GFS Net Worth					
Net Worth		167,768	88,852	(4,158)	167,768
Convergence Differences					
In AASB 1049 Net Worth, but Not in GFS					
Low Interest Loans	a	20	(328)	...	(307)
Allowance for Doubtful Debts	c	429	56	4	489
Prepaid Licence Income	d	315	...	...	315
Other Settlement Provisions and Obligation Payments	k	1,029	...	...	1,029
Measurement Relating to Assets Held for Sale	l	96	...	...	96
Provision Liabilities for Remediation	e	352	292	...	643
Assets Associated with Provisions for Remediation	e	(352)	(292)	...	(643)
Deferred Tax Assets/Liabilities	f	(4,207)	4,210	(3)	(0)
Equity Investment in the PFNC/PFC Sectors for Net Assets	g	3,940	...	...	...
In GFS Net Worth, but Not In AASB 1049					
Classification of GFS PNFC/PFC Net Worth as a Liability	i	...	(92,791)	4,157	...
Total Convergence Differences		1,621	(88,852)	4,158	1,621
GFS Net Worth		169,389	...	...	169,389

- (a) Under GFS, interest free or low interest loans are recognised based on the original amount lent, and interest is recognised based on any cash interest paid. In contrast, under AGAAP, loans are recognised initially at fair value and thereafter at amortised cost. 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. This results in the value of GFS advances/(borrowings) being higher/(lower) than AGAAP advances/(borrowings). The value of low interest loans has been restated for 2013-14 to incorporate prior period adjustments.
- (b) GFS recognises dividends to owners by the PNFC and PFC sectors as a GFS expense, whereas under AGAAP they are treated as a distribution to owners and therefore a direct reduction of accumulated funds. This difference does not flow through to the Total State Sector as dividends are eliminated on consolidation.
- (c) GFS does not recognise an allowance for doubtful debts as it is not a mutually agreed transaction, whereas under AGAAP an allowance for doubtful debts is recognised in the Statement of Financial Position and doubtful debts are recognised in the Statement of Comprehensive Income as 'Other Economic Flows'.
- (d) AGAAP recognises the prepaid income liability for unamortised prepaid licences in the Statement of Financial Position. This liability is excluded from the GFS Statement of Financial Position as the prepaid income is treated as an upfront sale of a non-produced intangible asset for GFS purposes. The change in net worth for prepaid licence income is normally a negative balance due to amortisation of the prepaid licence income. However, the balance for 2013-14 is reported as a positive because of a new licence agreement that was recognised for the first time.
- (e) GFS does not recognise provisions for restoration and remediation as there is no present counterparty to the transaction. The provision liabilities (and any related capitalised asset values) are therefore lower under GFS as a result of the exclusion.
- (f) AGAAP adopts tax effect accounting whereby timing differences between accounting profit and tax profit are deferred as future income tax benefit assets or provisions for deferred tax liabilities. GFS does not recognise deferred tax. As the State's PNFCs revalue their infrastructure, this can create large provisions for deferred tax liabilities and result in significant differences between the GFS and the AASB 1049 sector aggregates. This convergence difference also flows through to the GGS, as the GGS is the counterparty to the tax effect accounting entries recognised by the PNFC/PFC entities. However, this difference does not flow through to the Total State Sector as income tax equivalents are eliminated on consolidation.
- (g) In the absence of a market value for PNFC/PFCs, the value of net assets is applied as a surrogate for the General Government's equity investment in other sectors. GFS net assets do not equal AGAAP net assets because GFS Statement of Financial Position exclude certain items such as deferred taxes, allowance for doubtful debts and restoration provisions. This results in differences between the GFS and the AGAAP values for the General Government's equity investment in other sectors.
- (h) Transactions with owners as owners are excluded for the comprehensive result, however are included in the movement in GFS net worth. These type of transactions result in a convergence difference as the total change in net worth under AGAAP is disclosed before transactions with owners as owners, while under GFS, transactions with owners as owners is included in the movement in GFS net worth.
- (i) The PFNC/PFC sectors report zero net worth for GFS purposes as GFS treats the ownership interest (contributed equity) as a liability.
- (j) The ABS requires that for the calculation of the GFS cash surplus/deficit an adjustment is made to deduct the value of assets acquired using finance leases to recognise a notional cash outflow relating to new finance leases. Under AGAAP the cash flow statement does not recognise notional cash flows, as these are non-cash transactions. The movement in finance leases and similar arrangements increased mainly due to the acquisition of infrastructure under finance lease arrangements in 2013-14.
- (k) GFS does not recognise other settlement provisions and obligation payments as there is no present counterparty to the transaction. The provisions and other liabilities are therefore lower under GFS as a result of the exclusion.
- (l) Measurement difference between AGAAP and GFS for the valuation of Assets Held for Sale. AASB 5 requires the valuation at fair value less costs to sell, whereas the GFS valuation is at market value which does not include costs to sell. The Assets held for sale balance in the 2013-14 have been reversed as the sales transactions were completed.
- (m) 2013-14 figures have been restated to incorporate prior period adjustments.
- (n) The convergence differences related to total change in net worth will be either positive or negative in a particular year due to the movement of the balances in the statement of financial position.

Reclassifications

The following classification differences exist between lines presented in this AASB 1049 *Whole of Government and General Government Sector Financial Reporting* report and GFS line presentations. While these classification differences do not affect the net operating results nor net worth aggregates, they result in different line presentations between GFS and AASB 1049 (i.e. AGAAP) reports.

2014-15		General Government Sector \$m	Public Non- Financial Corporations \$m	Public Financial Corporations \$m	Total State Sector \$m
Items Grossed Up in GFS Operating Statements -Not In AGAAP					
Statements of Comprehensive Income					
Transfer Payments	a	3,937	...	...	3,937
Environmental Levies	b	7	...	...	7
Transport and Energy Subsidies	c	...	...	...	165
Items Grossed Up In AGAAP Statements of Comprehensive Income -Not In GFS					
GG Employee Expenses and Revenues -for Services to PNFCS	d	716	...	...	...
Other Reclassifications on the Statements of Comprehensive Income					
Dividends Accrued in GFS Results, but a Direct Movement in					
AGGAP	e	...	1,577	80	...
Income Tax Equivalents -Return of Capital in GFS, Deferred Income Tax Equivalent In AGAAP	f	1	1	...	...
Statements of Financial Position					
Deferred Income -Payables in GFS, Other Liabilities in					
Agaap Equity Investments In Multi Jurisdictional General	g	2,255	48	...	2,319
Prepaid Expenses -Receivables in GFS, Other Non-Financial	g	408	76	9	490
Assets in AGAAP	g	408	76	9	490
Rental Bond Assets and Liabilities in GFS, but Off Balance	h	1,229	...	...	1,229
Sheet (Trust Funds) in AGAAP	h	1,229	...	...	1,229
AGAAP Equity Investments in Multi Jurisdictional General	i	1,001	...	2	1,003
Government Agencies are Advance Assets for GFS	i	1,001	...	2	1,003
Salaries Accrued & Employee on Costs are Provision	j	951	108	1	1,043
Liabilities in GFS, but Payables for AGAAP	j	951	108	1	1,043

2013-14		General Government Sector \$m	Public Non- Financial Corporations \$m	Public Financial Corporations \$m	Total State Sector \$m
Items Grossed Up in GFS Operating Statements -Not In AGAAP					
Statements of Comprehensive Income					
Transfer Payments	a	3,456	...	...	3,456
Environmental Levies	b	6	...	...	6
Transport and Energy Subsidies	c	...	...	...	147
Items Grossed Up in AGAAP Statements of Comprehensive Income -Not In GFS					
GG Employee Expenses and Revenues -for Services to PNFCs	d	446	...	...	...
Other Reclassifications on the Statements of Comprehensive Income					
Dividends Accrued in GFS Results, but a Direct Movement in					
AGAAP	e	...	1,318	59	...
Income Tax Equivalents -Return of Capital in GFS, Deferred Income Tax Equivalent in AGAAP	f	34	34	...	...
Statements of Financial Position					
Deferred Income -Payables in GFS, Other Liabilities in					
AGAAP	g	1,439	74	...	1,529
Prepaid Expenses -Receivables in GFS, Other Non-Financial					
Assets in AGAAP	g	309	139	4	431
Rental Bond Assets and Liabilities in GFS, but Off Balance					
Sheet (Trust Funds) in AGAAP	h	1,142	...	...	1,142
Agaap Equity Investments in Multi Jurisdictional General					
Government Agencies are Advance Assets for GFS	i	1,001	...	2	1,003
Salaries Accrued & Employee on Costs are Provision					
Liabilities in GFS, but Payables for AGAAP	j	895	108	0	984

- (a) New South Wales receives certain transfer payments from the Commonwealth which are required to be on-passed to recipients as determined by the Australian Government. Most of these transfer payments relate to grants from the Australian Government for specific non-government schools or for local government authorities. As New South Wales has no control over the transfer payments, they are not recognised as State revenues and expenses. However, the ABS has determined that for GFS purposes the transfer payments be recognised as GFS revenues and expenses of the States and Territories. New South Wales publishes information on these excluded transfer payments as a footnote to the grants revenue and expense notes to assist users understand the full value of the amounts on-passed. Refer Table 7 of the Outcomes report.
- (b) GFS requires that certain environmental levies reported by PNFCs be also recognised and grossed up in the GG sector as tax revenue and as an equivalent subsidy expense paid back to the PNFC sector, for GFS purposes only.
- (c) For Total State reporting purposes only, transport and energy subsidies paid from GGs to PNFCs for students and pensioners are eliminated from AGAAP statements. However, GFS treats the payment by the State as a gross expense, relating to a benefit paid to the household sector, and as gross revenue from the household sector for electricity sales and travel fares.
- (d) Certain staff employed in the GG sector provide services to PNFCs. Under GFS, the employee expense related to these personnel is recognised in the PNFC sector. However, under AGAAP, the employee expense and the revenue recoverable from the PNFC sector is reported in the GG sector.
- (e) Under AGAAP, dividends accrued are a direct adjustment to equity, whereas under GFS they are reported as an expense for the PNFC and PFC sectors.
- (f) Under GFS, the component of income tax equivalents related to the disposal of discontinuing operations is reported as a return of capital, rather than as a transaction. Under AGAAP, this is reported as another economic flow, similar to deferred taxes. This reclassification difference impacts both GGS and PNFC entities, as the GGS sector is the counterparty to the entries recognised in the PNFC sector.
- (g) GFS requires that deferred income and deferred expenses be classified as payables and receivables. However, they are reported as other assets and other liabilities under AASB 1049 and not as receivables/payables, as there is no present obligation to repay the deferred items.
- (h) New South Wales excludes rental bond assets and an equal value of deposit liabilities from the AGAAP statements of financial position as they are considered to be trust monies. However, the Australian Bureau of Statistics has advised that rental bond monies are to be recognised on Statement of Financial Position for GFS purposes, and not treated off Statement of Financial Position as trust monies. This difference does not impact key fiscal aggregates, however it results in the GFS total assets and total liabilities being grossed up compared to the AGAAP aggregates.
- (i) In 2014-15 investments in associates are recognised as Joint operations in accordance with AASB 11 *Joint Arrangements*, refer Note 10. In 2013-14 certain investments in associates (to multi-jurisdictional general government entities) are not recognised in GFS as equity investments, but are treated in GFS as advances. This reclassification creates a difference between GFS and AGAAP net debt, but does not affect net financial liabilities nor net worth aggregates.
- (j) Salaries accruals and certain employee on-costs reported as payables under AGAAP are required to be classified as provision liabilities for GFS reporting purposes.

Note 35: Details of Consolidated Entities

The Total State Sector comprises the entities listed below. Unless stated otherwise, the State has a full ownership interest in the controlled entities. In years prior to 2013-14 data was not consolidated for a number of small entities controlled by the State Government (identified with an asterisk) as they were not considered material for whole-of-government reporting.

Four controlled entities have a reporting date other than 30 June. The reporting date for National Art School, Technical Education Trust Fund and the Wild Dog Destruction Board is 31 December. The reporting date for the Sydney Cricket and Sports Ground Trust is 28 February as it is aligned to the sporting year associated with its primary activities.

It is considered not material to the results and financial position of the TSSA to attempt to align the reporting period of these reporting entities to 30 June. Accordingly the annual financial results of these reporting entities as at the last reported year (ending December or February) have been consolidated into the 30 June TSSA.

Entities and Divisions identified in italics have been, or are in the process of being, abolished.

Changes to Reporting Entities

There have been a number of changes to reporting entities as a result of the Administrative Change Orders following the 2015 State election.

On 2 April 2015, the Administrative Arrangements (Administrative Changes–Public Service Agencies) Order 2015 was introduced to take effect from 1 July 2015. Following the release, the Administrative Arrangements (Administrative Changes-Public Service Agencies) Order (No. 2) 2015 was introduced on 27 May 2015, repealing the Order of 2 April, to take effect from 1 July 2015.

As part of these revised arrangements these major changes have occurred:

- Department of Trade and Investment, Regional Infrastructure and Services is abolished and the Department of Industry, Skills and Regional Development established;
- The name of the Office of Finance and Services is changed to the Department of Finance, Services and Innovation and the Department will lead its own cluster;
- The Ministry for Police and Emergency Services is abolished and transferred to the Department of Justice and;
- The name of the Department of Education and Communities is changed to the Department of Education.

These changes will have consequential financial and annual reporting implications whereby transfers of function from the old agency to the new agency will need to be recognised as at 1 July 2015.

General Government Sector Agencies

Aboriginal Housing Office	Roads and Maritime Services
Art Gallery of New South Wales Trust	Destination NSW
The Australian Institute of Asian Culture and Visual Arts Limited	Destination NSW Staff Agency
Art Gallery of New South Wales Trust Staff Agency	Electricity Assets Ministerial Holding Corporation
Art Gallery of NSW Foundation ^(*)	Environment Protection Authority
Australian Museum Trust	Environment Protection Authority Staff Agency
Australian Museum Trust Staff Agency	Environmental Trust
Barangaroo Delivery Authority	Financial Counselling Trust Fund ^(*)
Barangaroo Delivery Authority Staff Agency	Fire and Rescue NSW
Belgenny Farm Agricultural Heritage Centre Trust ^(*)	Gaagal Wanggaan (South Beach) National Park Board of Management ^{(a)(*)}
Biamanga National Park Board of Management ^{(a)(*)}	Government Property NSW
Board of Studies, Teaching and Educational Standards	Gulaga National Park Board of Management ^{(a)(*)}
Board of Studies, Teaching and Educational Standards Staff Agency	Health Care Complaints Commission
Building Insurers' Guarantee Corporation	Health Care Complaints Commission Staff Agency
C.B. Alexander Foundation ^(*)	Historic Houses Trust of New South Wales
Centennial Park and Moore Park Trust	Foundation for the Historic Houses Trust of New South Wales
Central Coast Regional Development Corporation ^(*)	Foundation for the Historic Houses Trust of New South Wales Limited
Cemeteries and Crematoria NSW ^(*)	Hamilton Rouse Hill Trust
Chief Investigator of the Office of Transport Safety Investigations	Rouse Hill Hamilton Collection Pty Limited
Chipping Norton Lake Authority^(b)	Home Purchase Assistance Fund
Combat Sports Authority of New South Wales ^(*)	Hunter Development Corporation
Community Relations Commission of New South Wales	Independent Commission Against Corruption
Community Relations Commission Staff Agency	Independent Liquor and Gaming Authority
Corporation Sole 'Minister Administering Environmental Planning and Assessment Act, 1979'	Independent Liquor and Gaming Authority Staff Agency
Corporation Sole 'Minister Administering the Heritage Act, 1977'^(*)	Independent Pricing and Regulatory Tribunal
Crown Entity, including the Consolidated Fund and Crown Finance Entity	Independent Pricing and Regulatory Tribunal Staff Agency
Crown Solicitor's Office	Independent Transport Safety Regulator
Department of Education and Communities	Independent Transport Safety Regulator Staff Agency
Advocate for Children and Young People ^(d)	Information and Privacy Commission
Department of Family and Community Services	Infrastructure NSW
Home Care Service of New South Wales	Infrastructure NSW Staff Agency
Home Care Service Staff Agency	Internal Audit Bureau of New South Wales ^(*)
John Williams Memorial Charitable Trust	Internal Audit Bureau Division
Department of Planning and Environment	Judicial Commission of New South Wales
Department of Justice	Lake Illawarra Authority^(b)
Department of Premier and Cabinet	Lands Administration Ministerial Corporation ^(*)
Department of Trade and Investment, Regional Infrastructure and Services	Bondi Bath Reserve Trust
Agricultural Scientific Collections Trust	Yasmar Reserve Trust
Aquaculture Trust Fund	Rawson Reserve Trust
Charter Fishing Trust Fund	Crown Lands Reserve Trust
Coal Innovation Fund	Legal Aid Commission of New South Wales
Commercial Fishing Trust Fund	Legal Aid Commission Staff Agency
Dams Safety Committee ^(*)	Liability Management Ministerial Corporation
Fish Conservation Trust Fund	Library Council of New South Wales
Game and Pest Management Trust Fund	Library Council of New South Wales Staff Agency
Marine Parks Authority	State Library of New South Wales Foundation
Milk Marketing (NSW) Pty Limited^(b)	Local Land Services
Public Reserves Management Fund	Local Land Services Staff Agency
Recreational Fishing (Fresh) Trust Fund	Long Service Corporation
Recreational Fishing (Salt) Trust Fund	Lord Howe Island Board ^(*)
Responsible Gambling Fund	Lotteries Assets Ministerial Holding Corporation ^(*)
Department of Transport for NSW	Luna Park Reserve Trust
Transport for NSW	Mental Health Commission of New South Wales
Transport Service of New South Wales	Mental Health Commission Staff Agency
	Mine Subsidence Board ^(*)
	Ministerial Holding Corporation ^(*)

Hunter Valley Training Pty Ltd	New South Wales Technical and Further Education Commission ^(k)
Ministry for Police and Emergency Services	TAFE Commission (Senior Executives) Staff Agency
Ministry of Health ^(c)	NSW Trustee and Guardian
Albury Base Hospital	NSW Ovine Johne's Disease Transaction Based Contribution Scheme
Albury Wodonga Employment Division	Office of Environment and Heritage
Bureau of Health Information	Office of Finance and Services
Cancer Institute (NSW)	Office of Local Government
Central Coast Local Health District	Office of the Children's Guardian
Clinical Excellence Commission	Office of the Director of Public Prosecutions
eHealth	Office of the NSW Rural Fire Service
Far West Local Health District	Office of the NSW State Emergency Services
Graythwaite Trust	Office of Sport
Health Administration Corporation	Ombudsman's Office
Health Education and Training Institute	Parliamentary Counsel's Office
Hunter New England Local Health District	Parramatta Park Trust ^(l)
Illawarra Shoalhaven Local Health District	Police Integrity Commission
Justice Health and Forensic Mental Health Network	Police Integrity Commission Staff Agency
Mid North Coast Local Health District	Poultry Meat Industry Committee^(e)
Murrumbidgee Local Health District	Ports Assets Ministerial Holding Corporation
Nepean Blue Mountains Local Health District	Port of Newcastle Lessor Pty Limited
Northern NSW Local Health District	Port Botany Lessor Pty Limited
Northern Sydney Local Health District	Port Kembla Lessor Pty Limited
NSW Kids and Families	Public Service Commission
South Eastern Sydney Local Health District	Rental Bond Board
South Western Sydney Local Health District	Royal Botanic Gardens and Domain Trust
Southern NSW Local Health District	SAS Trustee Corporation Staff Agency
Sydney Local Health District	Service NSW
The Agency for Clinical Innovation	State Records Authority of New South Wales
The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)	State Rescue Board of New South Wales ^(l)
Western NSW Local Health District	Sydney Olympic Park Authority
Western Sydney Local Health District	Technical Education Trust Fund ^(l)
Motor Accidents Authority of New South Wales	The Audit Office of New South Wales
Mt Grenfell Historic Site Board of Management ^{(a)(l)}	The Legislature
Mutawintji Board of Management ^{(a)(l)}	The Sesquicentenary of Responsible Government Trust Fund ^(l)
National Art School ^(l)	The Treasury
Natural Resources Commission	Trustees of the Anzac Memorial Building ^(l)
Natural Resources Commission Staff Agency	Trustees of the Museum of Applied Arts and Sciences
New South Wales Crime Commission	Trustees of the Museum of Applied Arts and Sciences Staff Agency
New South Wales Crime Commission Staff Agency	UrbanGrowth NSW Development Corporation
New South Wales Electoral Commission	UrbanGrowth NSW Development Corporation Staff Agency
New South Wales Electoral Commission Staff Agency	Australian Technology Park Sydney Limited
New South Wales Film and Television Office^(b)	Water Administration Ministerial Corporation
New South Wales Government Telecommunications Authority	Water Investment Trust Fund
New South Wales Institute of Psychiatry ^(l)	Western Sydney Parklands Trust
NSW Institute of Psychiatry Staff Agency	WestConnex Delivery Authority ^(m)
New South Wales Institute of Sport ^(l)	Wild Dog Destruction Board ^(l)
Institute of Sport Staff Agency	WorkCover Authority
New South Wales Rural Assistance Authority	Worimi Board of Management ^{(a)(l)}
NSW Food Authority	Workers' Compensation (Dust Diseases) Board
NSW Health Foundation ^(l)	Workers Compensation Commission of New South Wales
NSW Police Force	
NSW Self Insurance Corporation	
NSW Skills Board ^(l)	

Public Non-Financial Corporations

<p>Ausgrid Ausgrid Pty Limited Catholic Metropolitan Cemeteries Trust Cobar Water Board^(*) Cobbora Holding Company Pty Ltd Cobbora Coal Mine Pty Limited Cobbora Rail Company Pty Limited Delta Electricity Endeavour Energy Essential Energy NorthPower Energy Services Pty Limited Forestry Corporation of New South Wales Green State Power Pty Ltd^(*) Hunter Water Corporation Hunter Water Australia Pty Ltd Jenolan Caves Reserves Trust^(*) Landcom (trading as UrbanGrowth NSW) Macquarie Generation^(*) Networks NSW Pty Limited^(*) New South Wales Land and Housing Corporation Rental Housing Assistance Fund Newcastle Port Corporation Northern Metropolitan Cemeteries Trust^(*) Rail Corporation New South Wales NSW Trains Sydney Trains Transport Cleaning Services</p>	<p>Residual Business Management Corporation^(*) Rookwood General Cemeteries Reserve Trust^(*) Rookwood Necropolis Trust^(*) Southern Metropolitan Cemeteries Trust^(*) State Rail Authority Residual Holding Corporation^(*) State Sporting Venues Authority State Transit Authority of New South Wales Sydney Catchment Authority^(*) Sydney Cricket and Sports Ground Trust Sydney Cricket and Sports Ground Trust Staff Agency Sydney Ferries Sydney Harbour Foreshore Authority Cooks Cove Development Corporation Sydney Opera House Trust Sydney Opera House Trust Staff Agency Sydney Water Corporation Teacher Housing Authority of New South Wales TransGrid Venues NSW Newcastle International Sports Centre Club Water NSW^(*) Waste Assets Management Corporation WCX M4 Corporation Pty Ltd^(*) Wentworth Park Sporting Complex Trust^(*) Zoological Parks Board of New South Wales</p>
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Public Financial Corporations

<p>Fair Trading Administration Corporation First Australian Mortgage Acceptance Corporation (FANMAC) Trusts Hour-Glass Australian Bond Fund Hour-Glass Australia Share Fund Hour-Glass Cash Fund Hour-Glass Liquidity Cash Fund Hour-Glass Emerging Market Share Fund Hour-Glass Indexed Australian Share Fund Hour-Glass Indexed International Share Fund Hour-Glass International Bond Fund Hour-Glass International Share (Unhedged) Fund Hour-Glass International Share (Hedged) Fund Hour-Glass Listed Property Fund Hour-Glass Long Term Growth Fund Hour-Glass Medium Term Growth Fund</p>	<p>Hour-Glass Multi-Asset Class Fund NSW Trustee and Guardian Growth Portfolio Hour-Glass Strategic Cash Fund Treasury Managed Fund Investment Portfolio Hour-Glass Unlisted Infrastructure Fund Hour-Glass Unlisted Property Fund Long Service Corporation Investment Fund Lifetime Care and Support Authority of New South Wales New South Wales Treasury Corporation Treasury Corporation Division of the Government Service TCorp Nominees Pty Limited Superannuation Administration Corporation Sydney Motorway Corporation^(*)</p>
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- (a) National Park Boards of Management as per the *National Parks and Wildlife Act 1974*.
 - (b) Agency was abolished at 1 July 2014 as per the *Trade and Investment Cluster Governance (Amendment and Repeal) Act 2014*.
 - (c) The Special Purpose Service Entities of the Local Health Districts have not been listed.
 - (d) Commission for Children and Young People was abolished on 1 July 2014 and Advocate for Children and Young People was established per the Advocate for Children and Young People Bill 2014.
 - (e) Poultry Meat Industry Committee was abolished at 27 August 2014 per the *Trade and Investment Cluster Governance (Amendment and Repeal) Act 2014*.
 - (f) State Water Corporation renamed Water NSW per the *Water NSW Act 2014* as at 1 January 2015.
 - (g) Residual Business Management Corporation was abolished on 8 January 2015 per the *Pacific Power (Dissolution) Act 2003*.
 - (h) Sydney Catchment Authority was abolished on 1 January 2015 per the *Water NSW Act 2014*.
 - (i) Macquarie Generation was abolished on 23 February 2015 per the *Electricity Generator Assets Act*.
 - (j) Green State Power Pty Ltd was abolished on 21 January 2015 per the *Electricity Generator Assets Act*.
 - (k) TAFE Commission was established effective 1 July 2014 per the *Technical and Further Education Commission Act 1990*.
 - (l) Sydney Motorway Corporation was created on 4 July 2015 per the *Public Authorities (Financial Arrangements) Amendment (Sydney Motorway Corporation Pty Ltd) Regulation 2014*.
 - (m) The agencies were created on 20 November 2014 per *Public Authorities (Financial Arrangements) Amendment (Sydney Motorway Corporation Pty Ltd) Regulation 2014*.
 - (*) Prior to 2012-13 data was not consolidated for a number of small entities controlled by the NSW Government (identified with an asterisk) as they were not considered material for the whole-of-government reporting.

Note 36: 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 liquidity management purposes.

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.

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: are 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: are 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 is 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.

General Government Sector (GGS): this is an ABS classification of agencies that provide public services (such as health, education and police), 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 finance lease repayments, 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).

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 and 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 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 intersector 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'.

Public Financial Corporations (PFC) sector: an ABS classification of government controlled agencies that have one or more of the following functions:

- that of a central bank
- the acceptance of demand, time or savings deposits, or
- the authority to incur liabilities (such as insurance) and acquire financial assets in the market on their own account.

The sector is also commonly referred to as the Public Financial Enterprise (PFE) sector.

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. The sector is also commonly referred to as the Public Trading Enterprise (PTE) sector.

superannuation interest cost: this expense is the net interest on the net defined benefit liability/asset which shall be determined by multiplying the net defined liability/asset by the discount rate (government bond rate).

Total State Sector (TSS): represents all agencies and corporations owned and controlled by the NSW Government. It comprises the general government, public trading (also referred to as the public non-financial corporations) and public financial enterprises.

transactions: interactions between two institutional units by mutual agreement or actions within a unit that it is analytically useful to treat as transactions, such as depreciation expense. Unlike revaluations, transactions generally reflect economic events that impact the economy.

End of Audited Financial Statements

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Uniform Presentation Framework:
Outcomes Report
2014 - 2015

Uniform Presentation Framework: Outcomes Report

Purpose

The Outcomes Report presents financial aggregates according to the revised Uniform Presentation Framework (UPF) agreed by the Australian Loan Council in March 2008.

The Australian Loan Council includes each state and territory Treasurer and the Australian Treasurer. It monitors public sector finances, particularly the forecast cash surplus/deficit of governments and their future financing/investing requirements. Accordingly, the objective of the UPF is to “facilitate a better understanding of budget papers and provide for more meaningful comparisons of each government’s financial results and projections”.

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.

The format of the aggregates is based on a reporting standard issued by the Australian Accounting Standards Board – AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Several tables in the Outcomes Report are similar with those reported in the Total State Sector Accounts but are repeated here for completeness.

The Outcomes Report compares for 2014-15 the published NSW Budget with the outcome for the year. Financial aggregates are published for the following:

- general government sector
- public non-financial corporation (PNFC) sector
- non-financial public (NFP) 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 Public Sector Statement of Financial Position by sector (Table 1) has been included. This assists in analysis of the Statement of Financial Position for the Total State Sector.

Since the time the budget was prepared, some disclosures have been refined to provide further information. Where appropriate, budget amounts have been reclassified to report information consistent with the outcome presentation as well as to correct any misclassifications.

Loan Council Reporting

Table 19 compares the Loan Council Allocation (LCA) at the time of the Budget with the 2014-15 result.

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

Table 19 shows a LCA outcome for 2014-15 of \$0.8 billion surplus compared with the Budget-time estimate deficit of \$6.7 billion. The result exceeds the tolerance limit of \$1.6 billion. This tolerance limit is calculated as 2 per cent of cash receipts from operating activities for the non-financial public sector. The major drivers of the change between the budget time LCA outcome estimate and the actual outcome are outlined below.

A \$6.8 billion improvement in the ABS GFS Cash (Surplus)/Deficit largely due to:

- a \$5.1 billion net increase in operating cash receipts consisting of:
 - other receipts (\$2.6 billion) are higher largely due to greater net GST refunded by the Australian Taxation Office higher
 - stamp duty was (\$1.2 billion) higher than forecast due to the stronger than expected growth in the property market, and receipts from the State's business asset sales and lease transactions
 - higher grants and subsidies (\$0.8 billion) largely due to the early payment Commonwealth grants
 - first time recognition of land (\$0.5 billion)
- a total of \$1.6 billion in proceeds from the lease and sale of major government assets including the:
 - the sale of Green State Power and Delta Coast (\$0.3 billion)
 - the sale of Macquarie Generation (\$1.3 billion), and

In accordance with normal practice, such transactions are not included in budget estimates for commerciality reasons.

The Net Cash flows from investments in Financial Assets for Policy Purposes largely consists of the proceeds from the lease and sale of major government ports and electricity assets outlined above, which are excluded from the Loan Council Estimate.

The memorandum items included in the LCA were mainly impacted by an increase in the value of financial assets of \$0.8 billion, largely due to the high rate of earnings by the State Super Schemes. Actual superannuation earnings were 15.3 per cent in 2014-15, 6.7 per cent higher than the 8.6 per cent estimate at budget time. This was partially offset by an increase in the value of operating leases and university borrowings.

Table 1: NSW Public Sector Statement of Financial Position at 30 June 2015^(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	12,433	1,404	13,837	1,767	15,534
Receivables	7,355	1,809	6,443	1,078	6,695
Tax Equivalents Receivable	156	10	...	...	...
Investments, Loans and Placements					
Financial Assets at Fair Value	10,487	151	10,637	67,157	18,618
Other Financial Assets	3,231	833	3,582	...	3,582
Advances Paid	928	0	496	...	496
Deferred Tax Equivalents Asset	4,659	400	1	6	...
Equity					
Investments in Other Public Sector Entities	91,341	...	(3,802)	69	...
Investments in Associates	3,949	...	3,949	2	3,951
Other Equity Investments	10	525	535	7,797	8,332
Total Financial Assets	134,549	5,133	35,678	77,876	57,209
Non-Financial Assets					
Inventories	239	837	1,076	...	1,076
Forestry Stock and Other Biological Assets	9	858	868	...	868
Assets Classified as Held for Sale	349	243	592	...	592
Investment Properties	...	546	546	...	546
Property, Plant and Equipment					
Land and Buildings	67,821	58,925	126,745	20	126,765
Plant and Equipment	10,929	6,455	17,384	6	17,390
Infrastructure Systems	79,590	68,703	148,293	55	148,349
Intangibles	2,904	1,526	4,430	4	4,434
Other Non-Financial Assets	2,512	175	2,671	16	2,684
Total Non-Financial Assets	164,353	138,269	302,605	101	302,704
Total Assets	298,902	143,402	338,283	77,978	359,913
Liabilities					
Deposits Held	126	96	222	307	514
Payables	5,720	2,577	7,567	148	6,975
Tax Equivalents Payable	10	148	...	9	...
Liabilities Directly Associated with Assets					
Held for Sale	...	...	...	...	...
Borrowings and Derivatives at Fair Value	11	18	29	77,346	77,228
Borrowings at Amortised Cost	31,500	32,823	63,841	13	4,770
Advances Received	903	432	903	...	903
Employee Provisions	15,313	1,868	17,138	22	17,160
Superannuation Provision ^(b)	52,498	2,656	55,155	(0)	55,154
Deferred Tax Equivalent Provision	406	4,658	6	1	...
Other Provisions	8,234	2,618	8,907	2,822	11,650
Other Liabilities	2,858	294	3,123	1,113	4,236
Total Liabilities	117,579	48,189	156,891	81,780	178,590
NET ASSETS	181,323	95,212	181,392	(3,802)	181,323

Table 1: NSW Public Sector Statement of Financial Position at 30 June 2015
(cont)

	General Government Sector \$m	Public Non-Financial Corporations \$m	Non-Financial Public Sector \$m	Public Financial Corporations \$m	Total State Sector \$m
Net Worth					
Accumulated Funds	19,601	45,811	61,377	(3,810)	57,498
Reserves	161,722	49,401	120,015	8	123,825
TOTAL NET WORTH	181,323	95,212	181,392	(3,802)	181,323
OTHER FISCAL AGGREGATES					
Net Financial Worth ^(c)	16,970	(43,057)	(121,213)	(3,904)	(121,381)
Net Financial Liabilities ^(d)	74,371	43,057	117,411	3,973	121,381
Net Debt ^(e)	5,461	30,981	36,442	8,742	45,184

(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) Superannuation liabilities are reported net of the fair value of fund assets.

(c) Net financial worth equals total financial assets minus total liabilities.

(d) Net financial liabilities equals total liabilities less financial assets excluding equity investments in other public sector entities.

(e) 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.

Table 2: NSW General Government Sector Statement of Comprehensive Income

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Revenue from Transactions		
Taxation	25,489	26,067
Grant and Subsidies		
Commonwealth - General Purpose	16,810	17,065
Commonwealth - Specific Purpose Payments	7,829	8,103
Commonwealth - National Partnership Payments	2,632	2,899
Other Grants and Subsidies	1,029	1,091
Sale of Goods and Services	6,094	6,255
Interest	543	658
Dividend and Income Tax Equivalent Income from Other Sectors	2,336	2,407
Other Dividends and Distributions	370	1,164
Fines, Regulatory Fees and Other	3,981	3,909
Total Revenue from Transactions	67,113	69,617
less Expenses from Transactions		
Employee	28,351	27,818
Superannuation		
Superannuation Interest Cost	1,487	1,683
Other Superannuation	2,698	2,846
Depreciation and Amortisation	4,242	4,172
Interest	2,298	2,243
Other Operating	14,620	14,809
Grants and Transfers		
Current Grants and Transfers	10,426	9,895
Capital Grants and Transfers	3,274	3,270
Total Expenses from Transactions	67,396	66,736
Transactions from Discontinuing Operations	...	...
BUDGET RESULT - SURPLUS/(DEFICIT) [Net Operating Balance]	(283)	2,881
Other Economic Flows included in the Operating Result		
Gain/(Loss) from Other Liabilities	312	(819)
Other Net Gains/(Losses)	(29)	382
Share of Earnings from Associates (excluding Dividends)	(22)	18
Dividends from Asset Sale Proceeds	175	177
Deferred Income Tax from Other Sectors	145	137
Other	(35)	3
Operating Result (Accounting Basis)	264	2,779
Other Economic Flows - Other Comprehensive Income		
Items that will not be Reclassified to Operating Result		
Superannuation Actuarial Gains/(Loss)	6,952	(3,183)
Deferred Tax Direct to Equity	...	...
Revaluations	3,462	6,631
Share of Earnings from Associates from Revaluations	...	894
Items that may be Reclassified subsequently to Operating Result		
Net Gain/(Loss) on Equity Investments in Other Sectors	6,769	6,590
Net Gain/(Loss) on Equity Investments in Other Sectors (Discontinued)	...	(220)
Net Gain/(Loss) on Financial Instruments at Fair Value	...	0
Other	(1,200)	64
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH	16,247	13,555

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

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
KEY FISCAL AGGREGATES		
Comprehensive Result - Total Change in Net Worth	16,247	13,555
Less: Net Other Economic Flows	(16,530)	(10,674)
Equals: Budget Result - Net Operating Balance	(283)	2,881
Less: Net Acquisition of Non-Financial Assets		
Purchases of Non-Financial Assets	10,091	9,376
Sales of Non-Financial Assets	(482)	(700)
less: Depreciation	(4,242)	(4,172)
Plus: Change in Inventories	4	(8)
Plus: Other Movements in Non-Financial Assets		
- Assets Acquired Utilising Finance Leases	113	107
- Other	(2,049)	(1,596)
Equals: Total Net Acquisition of Non-Financial Assets	3,434	3,007
Equals: Net Lending/(Borrowing) [Fiscal Balance]	(3,717)	(126)

Table 3: NSW General Government Sector Statement of Financial Position at 30 June^(a)

	2015 \$m (Budget)	2015 \$m (Actual)
Assets		
Financial Assets		
Cash and Cash Equivalent Assets	8,546	12,433
Receivables	6,791	7,355
Tax Equivalents Receivable	81	156
Investments, Loans and Placements		
Financial Assets at Fair Value	10,936	10,487
Other Financial Assets	...	3,231
Advances Paid	1,026	928
Deferred Tax Equivalents Asset	5,410	4,659
Equity		
Investments in Other Public Sector Entities	93,723	91,341
Investments in Other Public Sector Entities - Held for Sale	...	...
Investments in Associates	4,257	3,949
Other Equity Investments	10	10
Total Financial Assets	130,781	134,549
Non-Financial Assets		
Inventories	252	239
Forestry Stock and Other Biological Assets	7	9
Assets Classified as Held for Sale	146	349
Investment Properties	125	...
Property, Plant and Equipment		
Land and Buildings	64,392	67,821
Plant and Equipment	9,806	10,929
Infrastructure Systems	78,762	79,590
Intangibles	2,736	2,904
Other Non-Financial Assets	2,548	2,512
Total Non-Financial Assets	158,775	164,353
Total Assets	289,555	298,902
Liabilities		
Deposits Held	106	126
Payables	4,708	5,720
Tax Equivalents Payable	109	10
Borrowings and Derivatives at Fair Value	8	11
Borrowings at Amortised Cost	31,993	31,500
Advances Received	765	903
Employee Provisions	13,542	15,313
Superannuation Provision ^(b)	31,169	52,498
Deferred Tax Equivalent Provision	621	406
Other Provisions	7,844	8,234
Other Liabilities	1,661	2,858
Total Liabilities	92,525	117,579
NET ASSETS	197,030	181,323

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

	2015 \$m (Budget)	2015 \$m (Actual)
Net Worth		
Accumulated Funds	37,006	19,601
Reserves	160,024	161,722
TOTAL NET WORTH	197,030	181,323
OTHER FISCAL AGGREGATES		
Net Financial Worth ^(c)	38,256	16,970
Net Debt ^(d)	12,364	5,461
Net Financial Liabilities ^(e)	55,467	74,371

(a) This table has been presented on a liquidity basis as per AASB 1049.

(b) Superannuation liabilities are reported net of the fair value of fund assets.

(c) Net financial worth equals total financial assets minus total liabilities.

(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 net financial worth excluding equity investments in other public sector entities.

Table 4: NSW General Government Sector Statement of Cash Flows

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Taxes Received	25,359	26,288
Receipts from Sales of Goods and Services	6,554	6,585
Grants and Subsidies Received	28,324	29,026
Interest Receipts	517	617
Dividends and Income Tax Equivalents	2,171	2,240
Other Receipts	6,143	8,620
Total Receipts	69,068	73,376
Payments		
Payments for Employees	(28,145)	(27,423)
Payments for Superannuation	(3,489)	(3,424)
Payments for Goods and Services	(16,453)	(16,031)
Grants and Subsidies Paid	(9,449)	(9,482)
Interest Paid	(1,688)	(1,680)
Other Payments	(3,140)	(4,413)
Total Payments	(62,363)	(62,453)
NET CASH FLOWS FROM OPERATING ACTIVITIES	6,705	10,923
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Flows from Investments in Non-Financial Assets		
Sales of Non-Financial Assets	482	690
Purchases of Non-Financial Assets	(10,069)	(9,408)
Net Cash Flows from Investments in Non-Financial Assets	(9,587)	(8,718)
Cash Flows from Investments in Financial Assets for Policy Purposes		
Receipts	311	1,095
Payments	(1,321)	(1,281)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(1,009)	(186)
Cash Flows from Investments in Financial Assets for Liquidity Purposes		
Proceeds from Sale of Investments	260	12,422
Purchase of Investments	(547)	(11,791)
Net Cash flows from Investments in Financial Assets for Liquidity Purposes	(288)	632
NET CASH FLOWS FROM INVESTING ACTIVITIES	(10,884)	(8,273)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances Received/Repaid (net)	25	88
Proceeds from Borrowings	1,107	1,130
Repayments of Borrowings	(594)	(1,188)
Deposits Received (net)	(9)	8
Other (net)	...	(12)
NET CASH FLOWS FROM FINANCING ACTIVITIES	529	26
NET INCREASE/(DECREASE) IN CASH HELD	(3,650)	2,676

Table 4: NSW General Government Sector Statement of Cash Flows (cont)

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Derivation of Cash Result		
Net Cash Flows from Operating Activities	6,705	10,923
Net Cash Flows from Investments in Non-Financial Assets	(9,587)	(8,718)
CASH SURPLUS/(DEFICIT)	(2,882)	2,205
<u>Derivation of ABS GFS General Government Cash Surplus/(Deficit)</u>		
Cash Surplus/(Deficit)	(2,882)	2,205
Assets Acquired under Finance Leases	(113)	(107)
Other Financing Arrangements ^(a)	(21)	42
ABS GFS CASH SURPLUS/(DEFICIT)	(3,016)	2,139

(a) Comprises of movements in payables and receivables of a capital nature.

Table 5: NSW General Government Sector Taxes

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Taxes on Employers' Payroll and Labour Force	7,745	7,461
Taxes on Property		
Land Taxes	2,497	2,467
Stamp Duties on Financial and Capital Transactions	6,865	8,093
Financial Institutions' Transaction Taxes	...	...
Other	164	164
Total Taxes on Property	9,526	10,725
Taxes on the Provision of Goods and Services		
Excises and Levies	...	...
Taxes on Gambling	2,090	2,067
Taxes on Insurance	2,387	2,009
Total Taxes on the Provision of Goods and Services	4,476	4,076
Taxes on Use of Goods and Performance of Activities		
Motor Vehicle Taxes	3,016	3,037
Franchise Taxes	1	0
Other	724	768
Total Taxes on Use of Goods and Performance of Activities	3,741	3,805
Total Taxation Revenue	25,489	26,067

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

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Dividend and Income Tax Equivalent Income from the PNFC Sector	2,232	2,282
Dividend and Income Tax Equivalent Income from the PFC Sector	104	125
Other Dividend Income	370	1,164
Total Dividend and Income Tax Equivalent Income	2,707	3,571

Table 7: NSW General Government Sector Grant Revenue and Expense

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Current Grants and Subsidies		
Current Grants from the Commonwealth ^(a)		
General Purpose Grants	16,810	17,065
Specific Purpose Payments	7,829	8,103
National Partnership Payments	1,278	1,163
Total	25,917	26,331
Other Grants and Subsidies	1,069	1,088
Total current grants and subsidies revenue	26,987	27,419
Capital Grants and Subsidies		
Capital Grants from the Commonwealth ^(a)		
General Purpose Grants	...	...
Specific Purpose Payments	0	0
National Partnership Payments	1,354	1,736
Total	1,354	1,736
Other Grants and Subsidies	(40)	3
Total Capital Grants and Subsidies Revenue	1,314	1,739
Total Grant Revenue	28,301	29,158
Current Grants, Subsidies, and Transfer Payments to:		
State/Territory Government	...	...
Local Government ^(a)	643	530
Private and Not-for-Profit Sector ^(a)	6,885	6,378
Other Sectors of Government	2,898	2,987
Total Current Grants, Subsidies, and Transfer Payments Expense	10,426	9,895
Capital Grants, Subsidies, and Transfer Payments to:		
State/Territory Government	...	...
Local Government ^(a)	324	158
Private and Not-for-Profit Sector ^(a)	368	333
Other Sectors of Government	2,582	2,779
Total Capital Grants, Subsidies, and Transfer Payments Expense	3,274	3,270
Total Grant Expense	13,700	13,165
(a) Grant revenue and expenses above exclude the following transfer payments from the Commonwealth government that New South Wales on- passes 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 on- passes.		
Transfer Receipts		
Current Transfer Receipts for Specific Purposes	3,563	4,293
Capital Transfer Receipts for Specific Purposes	...	...
Total Receipts	3,563	4,293
Current Transfer Payments to:		
Local Government	711	716
Private and Not-for Profit Sector	2,852	3,222
Capital Transfer Payments to :		
Local Government	...	...
Private and Not-for Profit Sector	...	...
Total Payments	3,563	3,937

Table 8: NSW General Government Sector Expenses by Function

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
General Public Services		
Government superannuation benefits	50	42
Other general public services	2,435	2,607
Total Other General Public Services	2,484	2,650
Public Order and Safety		
Police and fire protection services		
Police services	3,147	3,067
Fire protection services	937	865
Law courts and legal services	1,297	1,293
Prisons and corrective services	1,214	1,228
Other public order and safety	104	98
Total Public Order and Safety	6,698	6,551
Education		
Primary and secondary education		
Primary education	4,836	4,798
Secondary education	4,802	4,790
Primary and secondary education n.e.c.	183	176
Tertiary education		
University education	...	...
Technical and further education	1,714	1,649
Tertiary education n.e.c.	...	...
Pre-school education and education not definable by level		
Pre-school education	359	248
Special education	1,449	1,501
Other education not definable by level	72	78
Transportation of students		
Transportation of non-urban school children	573	577
Transportation of other students	191	191
Education n.e.c.	...	...
Total Education	14,180	14,008
Health		
Acute care institutions		
Admitted patient services in acute care institutions	10,380	10,248
Non-admitted patient services in acute care institutions	3,366	3,321
Mental health institutions	162	168
Nursing homes for the aged	114	112
Community health services		
Community health services (excluding community mental health)	1,292	1,284
Community mental health	563	558
Patient transport	772	763
Public health services	500	500
Pharmaceuticals, medical aids and appliances	1,225	1,168
Health research	107	104
Health administration n.e.c.	89	96
Total Health	18,570	18,323

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

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Social Security		
Social Security	448	429
Welfare services		
Family and children services	1,527	1,574
Welfare services for the aged	454	459
Welfare services for people with a disability	2,828	2,789
Welfare services n.e.c.	121	95
Social security and welfare n.e.c.	211	196
Total Social Security	5,589	5,541
Housing and Community Amenities		
Housing and community development		
Housing	1,265	1,171
Community Development	430	349
Water supply	65	64
Sanitation and protection of the environment	1,038	958
Other community amenities	...	...
Total Housing and Community Amenities	2,798	2,543
Recreation and Culture		
Recreation facilities and services		
National parks and wildlife	427	475
Recreation facilities and services n.e.c.	292	286
Cultural facilities and services	307	307
Broadcasting and film production	8	...
Recreation and culture n.e.c.	30	28
Total Recreation and Culture	1,065	1,096
Fuel and Energy		
Fuel affairs and services		
Coal/Petroleum/Nuclear affairs, Fuel affairs and services n.e.c.	...	...
Gas	...	...
Electricity and other energy		
Electricity	30	26
Other energy	...	...
Fuel and Energy n.e.c.	...	...
Total Fuel and Energy	30	26

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

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Agriculture, Forestry, Fishing and Hunting		
Agriculture	669	638
Forestry, fishing and hunting	126	112
Total Agriculture, Forestry, Fishing and Hunting	795	750
Mining and Mineral Resources other than Fossil Fuels; Manufacturing and Construction		
Mining and mineral resources other than fuels	117	110
Manufacturing	...	...
Construction	87	69
Total Mining and Mineral Resources other than Fossil Fuels; Manufacturing and Construction	203	179
Transport and Communications Road transport		
Road maintenance	648	682
Road transport n.e.c.	2,593	3,111
Water transport		
Other water transport services	6	10
Urban water transport services	108	137
Rail transport		
Urban rail transport services	3,855	3,642
Non-urban rail transport freight services	118	83
Non-urban rail transport passenger services	87	92
Air transport	...	...
Pipelines	...	...
Other transport		
Multi-mode urban transport	1,673	1,369
Other transport n.e.c.	...	...
Communications	36	36
Total Transport and Communications	9,125	9,161
Other Economic Affairs		
Storage, saleyards and markets	...	...
Tourism and area promotion	316	296
Labour and employment affairs		
Vocational training	444	250
Other labour and employment affairs ^(b)	169	(53)
Other economic affairs	224	222
Total Other Economic Affairs	1,153	716

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

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Other Purposes		
Public debt transactions	3,788	3,929
General purpose inter-government transactions	526	412
Natural disaster relief	120	73
Other purposes n.e.c. ^(a)	272	779
Total Other Purposes	4,706	5,193
Total Expenses	67,396	66,736

Notes:

n.e.c. not elsewhere classified.

- (a) The original budget included \$150 million Advance to the Treasurer which was allocated across functions as the funds were spent in the actual year.
- (b) Other labour and employment affairs include decrease in outstanding claims liability related to actuarial valuation.

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

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Purchases of Non-Financial Assets		
General Public Services	514	459
Public Order and Safety	603	482
Education	480	422
Health	1,149	1,257
Social Security and Welfare	257	209
Housing and Community Amenities	249	204
Recreation and Culture	195	178
Fuel and Energy	4	7
Agriculture, Forestry, Fishing and Hunting	24	29
Mining, Manufacturing and Construction	4	0
Transport and Communications	6,537	6,104
Other Economic Affairs	30	18
Other Purposes ^(b)	45	6
Total Purchases of Non-Financial Assets	10,091	9,376
Assets Acquired under Finance Leases		
Health	22	22
Transport and Communications	91	85
Total Assets Acquired under Finance Leases	113	107
Total Capital Expenditure	10,203	9,484

(a) This table comprises purchases of non-financial assets as required by the UPF, effectively excluding assets acquired under finance leases. The following table provides details of the assets acquired under finance leases, sorted by policy areas, for reconciliation to the general government sector capital expenditure program.

(b) The original budget included \$20 million Advance 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 Statement of Comprehensive Income

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Revenue from Transactions		
Taxation	...	...
Grant and Subsidies		
Commonwealth - General Purpose	...	...
Commonwealth - Specific Purpose Payments	21	50
Commonwealth - National Partnership Payments	...	...
Other Grants and Subsidies	3,010	3,554
Sale of Goods and Services	13,396	12,488
Interest	81	87
Other Dividends and Distributions	...	...
Fines, Regulatory Fees and Other	2,882	2,910
Total Revenue from Transactions	19,390	19,089
Expenses from Transactions		
Employee	3,615	3,416
Superannuation		
Superannuation Interest Cost	69	85
Other Superannuation	338	345
Depreciation and Amortisation	3,617	3,290
Interest	2,176	1,815
Income Tax Expense	534	705
Other Operating	7,150	6,139
Grants and Transfers		
Current Grants and Transfers	312	326
Capital Grants and Transfers	48	74
Total Expenses from Transactions	17,860	16,195
Transactions from Discontinuing Operations	...	6
Net Operating Balance - Surplus After Tax	1,530	2,900
Other Economic Flows included in the Operating Result		
Other Net Gains/(Losses)	340	352
Share of Earnings from Associates (excluding Dividends)	...	76
Dividends from Asset Sale Proceeds	...	...
Other	(11)	(27)
Discontinuing Operations	...	(39)
Operating Result (Accounting Basis)	1,859	3,263
Other Economic Flows - Other Comprehensive Income		
Items that will not be reclassified to Operating Result		
Superannuation actuarial gains/(loss)	752	108
Deferred tax direct to equity	(138)	(108)
Revaluations	2,883	5,467
Items that may be reclassified subsequently to Operating Result		
Net Gain/(Loss) on Financial Instruments at Fair Value	...	(31)
Other	1,099	205
Comprehensive Result - Total Change in Net Worth before Transactions with Owners ^(a)	6,455	8,903

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

	2014-15 \$m (Budget)	2014-15 \$m (Actuals)
KEY FISCAL AGGREGATES		
Comprehensive Result - Total Change in Net Worth before Transactions with Owners ^(a)	6,455	8,903
Less: Net Other Economic Flows	(4,926)	(6,003)
Equals: Budget Result - Net Operating Balance	1,530	2,900
Less: Net Acquisition of Non-Financial Assets		
Purchases of Non-Financial Assets	4,844	3,887
Sales of Non-Financial Assets	(460)	(348)
less: Depreciation	(3,617)	(3,290)
Plus: Change in Inventories	104	(262)
Plus: Other Movements in Non-Financial Assets		
- Assets Acquired Utilising Finance Leases	...	42
- Other	2,436	2,373
Equals: Total Net Acquisition of Non-Financial Assets	3,307	2,401
Equals: Net Lending/(Borrowing) [Fiscal Balance]	(1,777)	499

(a) **'Total change in net worth' is before transactions with owners** as owners. Therefore, it may not equal the movement in Statement of Financial Position net worth.

Table 11: NSW Public Non-Financial Corporation Sector Statement of Financial Position at 30 June^(a)

	2015 \$m (Budget)	2015 \$m (Actual)
	\$m	\$m
Assets		
Financial Assets		
Cash and Cash Equivalent Assets	2,101	1,404
Receivables	2,101	1,809
Tax Equivalents Receivable	109	10
Investments, Loans and Placements		
Financial Assets at Fair Value	1,071	151
Other Financial Assets	...	833
Advances Paid	0	0
Deferred Tax Equivalents Asset	617	400
Equity		
Investments in Other Public Sector Entities	...	...
- Held for Sale	...	...
Investments in Associates	...	...
Other Equity Investments	2	525
Total Financial Assets	6,001	5,133
Non-Financial Assets		
Inventories	1,149	837
Forestry Stock and Other Biological Assets	708	858
Assets Classified as Held for Sale	48	243
Investment Properties	408	546
Property, Plant and Equipment		
Land and Buildings	55,615	58,925
Plant and Equipment	6,305	6,455
Infrastructure Systems	73,738	68,703
Intangibles	1,471	1,526
Other Non-Financial Assets	228	175
Total Non-Financial Assets	139,669	138,269
Total Assets	145,671	143,402
Liabilities		
Deposits Held	93	96
Payables	2,699	2,577
Tax Equivalents Payable	74	148
Liabilities Directly Associated with Assets Held for Sale	3	...
Borrowings and Derivatives at Fair Value	152	18
Borrowings at Amortised Cost	35,916	32,823
Advances Received	432	432
Employee Provisions	2,041	1,868
Superannuation Provision ^(b)	1,930	2,656
Deferred Tax Equivalent Provision	5,409	4,658
Other Provisions	2,519	2,618
Other	246	294
Total Liabilities	51,515	48,189
NET ASSETS	94,156	95,212

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

	2015 \$m (Budget)	2015 \$m (Actual)
Net Worth		
Accumulated Funds	44,859	45,811
Reserves	49,297	49,401
TOTAL NET WORTH	94,156	95,212
OTHER FISCAL AGGREGATES		
Net Financial Worth ^(c)	(45,514)	(43,057)
Net Debt ^(d)	33,422	30,981
Net Financial Liabilities ^(e)	45,514	43,057

(a) This table has been presented on a liquidity basis as per AASB 1049.

(b) Superannuation liabilities are reported net of the fair value of fund assets.

(c) Net financial worth equals total financial assets minus total liabilities.

(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 total financial assets.

Table 12: NSW Public Non-Financial Corporation Statement of Cash Flows

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Receipts from Sales of Goods and Services	13,887	13,153
Grants and Subsidies Received	3,031	3,589
Interest Receipts	79	86
Other Receipts	1,960	1,986
Total Operating Receipts	18,956	18,813
Payments		
Payments for Employees	(3,783)	(3,539)
Payments for Superannuation	(376)	(433)
Payments for Goods and Services	(7,020)	(6,539)
Grants and Subsidies Paid	(312)	(330)
Interest Paid	(1,958)	(1,839)
Income Tax Equivalents Paid	(884)	(816)
Other Payments	(1,646)	(1,469)
Total Cash Operating Payments	(15,979)	(14,963)
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,977	3,850
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Flows from Investments in Non-Financial Assets		
Sales of Non-Financial Assets	460	347
Purchases of Non-Financial Assets	(4,817)	(3,891)
Net Cash Flows from Investments in Non-Financial Assets	(4,357)	(3,544)
Cash Flows from Investments in Financial Assets for Policy Purposes		
Receipts	5	908
Payments	(20)	(17)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(15)	890
Cash Flows from Investments in Financial Assets for Liquidity Purposes		
Proceeds from Sale of Investments	198	118
Purchase of Investments	(22)	(12)
Net Cash flows from Investments in Financial Assets for Liquidity Purposes	176	106
NET CASH FLOWS FROM INVESTING ACTIVITIES	(4,196)	(2,547)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances Received	1,099	360
Advances Repaid	(223)	(282)
Proceeds from Borrowings	4,023	3,615
Repayments of Borrowings	(1,432)	(3,677)
Dividends Paid	(1,308)	(1,292)
Deposits Received (net)	(8)	46
Other Financing (net)	...	...
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,152	(1,230)
NET INCREASE/(DECREASE) IN CASH HELD	933	73

Table 12: NSW Public Non-Financial Corporation Statement of Cash Flows (cont)

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Derivation of Cash Result		
Net Cash Flows from Operating Activities	2,977	3,850
Net Cash Flows from Investments in Non-Financial Assets	(4,357)	(3,544)
Dividends Paid	(1,308)	(1,292)
CASH SURPLUS/(DEFICIT)	(2,688)	(986)
<u>Derivation of ABS GFS Public Non-financial Sector Cash Surplus/(Deficit)</u>		
Cash Surplus/(Deficit)	(2,688)	(986)
Assets Acquired under Finance Leases	...	(42)
Other Financing Arrangements ^(a)	(26)	5
ABS GFS CASH SURPLUS/(DEFICIT)	(2,714)	(1,023)

(a) Comprises of movements in payables and receivables of a capital nature.

Table 13: NSW Non-Financial Public Sector Statement of Comprehensive Income

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Revenue from Transactions		
Taxation	24,639	25,288
Grant and Subsidies		
Commonwealth - General Purpose	16,810	17,065
Commonwealth - Specific Purpose Payments	7,851	8,119
Commonwealth - National Partnership Payments	2,632	2,899
Other Grants and Subsidies	552	812
Sale of Goods and Services	18,168	17,220
Interest	545	664
Dividend and Income Tax Equivalent Income from Other Sectors	104	125
Other Dividends and Distributions	370	1,164
Fines, Regulatory Fees and Other	4,689	4,888
Total Revenue from Transactions	76,360	78,244
Expenses from Transactions		
Employee	31,331	30,648
Superannuation		
Superannuation Interest Cost	1,555	1,768
Other Superannuation	3,036	3,191
Depreciation and Amortisation	7,860	7,462
Interest	4,396	3,977
Other Operating	20,118	19,227
Grants and Transfers		
Current Grants and Transfers	7,774	7,213
Capital Grants and Transfers	741	565
Total Expenses from Transactions	76,811	74,052
Transactions from Discontinuing Operations	...	11
Net Operating Balance - Surplus/(Deficit)	(451)	4,204
Other Economic Flows included in the Operating Result		
Gain/(Loss) from Superannuation	...	10
Gain/(Loss) from Other Liabilities	312	(820)
Other Net Gains/(Losses)	311	658
Share of Earnings from Associates (excluding Dividends)	(22)	94
Dividends from Asset Sale Proceeds	...	(0)
Other	(39)	21
Discontinuing Operations	...	12
Operating Result (Accounting Basis)	112	4,179
Other Economic Flows - Other Comprehensive Income		
Items that will not be Reclassified to Operating Result		
Superannuation Actuarial Gains/(Loss)	7,705	(3,075)
Deferred Tax Direct to Equity	...	1
Revaluations	6,345	12,992
Items that may be Reclassified subsequently to Operating Result		
Net Gain/(Loss) on Equity Investments in Other Sectors	2,199	355
Net Gain/(Loss) on Financial Instruments at Fair Value	...	(31)
Other	(101)	(821)
Comprehensive Result - Total Change in Net Worth	16,260	13,599

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

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
KEY FISCAL AGGREGATES		
Comprehensive Result - Total Change in Net Worth before Transactions with Owners	16,260	13,599
Less: Net Other Economic Flows	(16,711)	(9,395)
Equals: Net Operating Balance	(451)	4,204
Less: Net Acquisition of Non-Financial Assets		
Purchases of Non-Financial Assets	14,926	13,260
Sales of Non-Financial Assets	(942)	(1,046)
less: Depreciation	(7,860)	(7,462)
Plus: Change in Inventories	109	(270)
Plus: Other Movements in Non-Financial Assets		
- Assets Acquired Utilising Finance Leases	113	149
- Other	388	775
Equals: Total Net Acquisition of Non-Financial Assets	6,733	5,405
Equals: Net Lending/(Borrowing) [Fiscal Balance]	(7,184)	(1,202)

Table 14: NSW Non-Financial Public Sector Statement of Financial Position
at 30 June^(a)

	2015 \$m (Budget) \$m	2015 \$m (Actual) \$m
Assets		
Financial Assets		
Cash and Cash Equivalent Assets	10,647	13,837
Receivables	5,949	6,443
Investments, Loans and Placements		
Financial Assets at Fair Value	11,536	10,637
Other Financial Assets	...	3,582
Advances Paid	597	496
Deferred Tax Equivalent Asset	1	1
Equity		
Investments in Other Public Sector Entities	(433)	(3,802)
Investments in Associates	4,257	3,949
Other Equity Investments	12	535
Total Financial Assets	32,567	35,678
Non-Financial Assets		
Inventories	1,401	1,076
Forestry Stock and Other Biological Assets	715	868
Assets Classified as Held for Sale	193	592
Investment Properties	534	546
Property, Plant and Equipment		
Land and Buildings	120,007	126,745
Plant and Equipment	16,111	17,384
Infrastructure Systems	152,500	148,293
Intangibles	4,207	4,430
Other Non-Financial Assets	2,762	2,671
Total Non-Financial Assets	298,430	302,605
Total Assets	330,997	338,283
Liabilities		
Deposits Held	200	222
Payables	6,584	7,567
Liabilities Directly Associated with Assets Held for Sale	3	...
Borrowings and Derivatives at Fair Value	160	29
Borrowings at Amortised Cost	67,438	63,841
Advances Received	768	903
Employee Provisions	15,536	17,138
Superannuation Provision ^(b)	33,099	55,155
Deferred Tax Equivalent Provision	3	6
Other Provisions	8,293	8,907
Other Liabilities	1,882	3,123
Total Liabilities	133,967	156,891
NET ASSETS	197,030	181,392

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

	2015 \$m (Budget)	2015 \$m (Actual)
Net Worth		
Accumulated Funds	77,571	61,377
Reserves	119,459	120,015
TOTAL NET WORTH	197,030	181,392
OTHER FISCAL AGGREGATES		
Net Financial Worth ^(c)	(101,399)	(121,213)
Net Debt ^(d)	45,786	36,442
Net Financial Liabilities ^(e)	100,967	117,411

(a) This table has been presented on a liquidity basis as per AASB 1049.

(b) Superannuation liabilities are reported net of the fair value of fund assets.

(c) Net financial worth equals total financial assets minus total liabilities.

(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 less total financial assets excluding equity investments in other public sector entities.

Table 15: NSW Non-Financial Public Sector Statement of Cash Flows

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Taxes Received	24,556	25,491
Receipts from Sales of Goods and Services	19,293	18,455
Grants and Subsidies Received	27,902	28,739
Interest Receipts	532	639
Dividends and Income Tax Equivalents	81	103
Other Receipts	8,040	10,579
Total Operating Receipts	80,404	84,006
Cash payments for operating activities		
Payments for Employees	(31,127)	(30,326)
Payments for Superannuation	(3,865)	(3,739)
Payments for Goods and Services	(22,120)	(21,087)
Grants and Subsidies Paid	(6,469)	(6,076)
Interest Paid	(3,582)	(3,455)
Other Payments	(4,877)	(5,847)
Total Cash Operating Payments	(72,039)	(70,530)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8,365	13,477
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Flows from Investments in Non-Financial Assets		
Sales of Non-Financial Assets	942	1,036
Purchases of Non-Financial Assets	(14,878)	(13,292)
Net Cash Flows from Investments in Non-Financial Assets	(13,936)	(12,255)
Cash Flows from Investments in Financial Assets for Policy Purposes		
Receipts	94	1,706
Payments	(241)	(1,145)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(147)	560
Cash Flows from Investments in Financial Assets for Liquidity Purposes		
Proceeds from Sale of Investments	424	12,506
Purchase of Investments	(569)	(11,802)
Net Cash flows from Investments in Financial Assets for Liquidity Purposes	(146)	704
NET CASH FLOWS FROM INVESTING ACTIVITIES	(14,229)	(10,991)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances Received	87	357
Advances Repaid	(61)	(62)
Proceeds from Borrowings	5,130	4,824
Repayments of Borrowings	(1,992)	(4,831)
Deposits Received (net)	(17)	54
Other (net)	...	(11)
NET CASH FLOWS FROM FINANCING ACTIVITIES	3,146	331
NET INCREASE/(DECREASE) IN CASH HELD	(2,717)	2,816

Table 15: NSW Non-Financial Public Sector Statement of Cash Flows (cont)

	2014-15 \$m (Budget)	2014-15 \$m (Actual)
Derivation of Cash Result		
Net Cash Flows from Operating Activities	8,365	13,477
Net Cash Flows from Investments in Non-Financial Assets	(13,936)	(12,255)
CASH SURPLUS/(DEFICIT)	(5,570)	1,221
<u>Derivation of ABS GFS Public Non-financial Sector Cash Surplus/(Deficit)</u>		
Cash Surplus/(Deficit)	(5,570)	1,221
Assets Acquired under Finance Leases	(113)	(149)
Other Financing Arrangements ^(a)	(48)	42
ABS GFS CASH SURPLUS/(DEFICIT)	(5,731)	1,115

(a) Comprises of movements in payables and receivables of a capital nature.

Table 16: NSW Public Financial Corporations Statement of Comprehensive Income^(a)

	2014-15 \$m (Actual)
Revenue from Transactions	
Taxation	412
Grant and Subsidies	
Commonwealth - General Purpose	...
Commonwealth - Specific Purpose Payments	...
Commonwealth - National Partnership Payments	...
Other Grants and Subsidies	7
Sale of Goods and Services	102
Interest	3,538
Dividend and Income Tax Equivalent Income from Other Sectors	...
Other Dividends and Distributions	374
Fines, Regulatory Fees and Other	129
Total Revenue from Transactions	4,562
Expenses from Transactions	
Employee	81
Superannuation Interest Cost	...
Other Superannuation	7
Depreciation and Amortisation	6
Interest	3,189
Income Tax Expense	44
Other Property	1
Other Operating	704
Current Grants and Subsidies	6
Capital Grants and Transfers	...
Total Expenses from transactions	4,039
Net Operating Balance	523
Other Economic Flows included in the Operating Result	
Gain/(Loss) from Superannuation	...
Gain/(Loss) from Other Liabilities	...
Other Net Gains/(Losses)	(1,032)
Share of Earnings from Associates (excluding Dividends)	0
Dividends from Asset Sale Proceeds	...
Other	...
Discontinuing Operations	...
Operating Result (Accounting Basis)	(510)
Other Economic Flows - Other Comprehensive Income	
Items that will not be Reclassified to Operating Result	
Superannuation Actuarial Gains/(Loss)	(0)
Deferred Tax Direct to Equity	...
Revaluations	1
Items that may be Reclassified subsequently to Operating Result	
Net Gain/(Loss) on Equity Investments in Other Sectors	...
Net Gain/(Loss) on Financial Instruments at Fair Value	...
Other	945
Comprehensive Result - Total Change in Net Worth before Transactions with Owners	435

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

	2014-15 \$m (Actual)
KEY FISCAL AGGREGATES	
Comprehensive Result - Total Change in Net Worth before Transactions with Owners ^(a)	435
Less: Net Other Economic Flows	87
<hr/> Equals: Net Operating Balance	<hr/> 523
Less: Net Acquisition of Non-Financial Assets	
Purchases of Non-Financial Assets	62
Sales of Non-Financial Assets	...
less: Depreciation	(6)
Plus: Change in Inventories	...
Plus: Other Movements in Non-Financial Assets	
- Assets Acquired Utilising Finance Leases	...
- Other	...
<hr/> Equals: Total Net Acquisition of Non-Financial Assets	<hr/> 56
<hr/> Equals: Net Lending/(Borrowing) [Fiscal Balance]	<hr/> 467

(a) The 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.

Table 17: NSW Public Financial Corporations Sector Statement of Financial Position at 30 June^{(a)(b)}

	2015 \$m (Actual)
Assets	
Financial Assets	
Cash and Cash Equivalent Assets	1,767
Receivables	1,078
Investments, Loans and Placements	
Financial Assets at Fair Value	67,157
Other Financial Assets	...
Advances Paid	...
Deferred Tax Equivalents	6
Equity	
Investments in Other Public Sector Entities	69
Investments in Associates	2
Other Equity Investments	7,797
Total Financial Assets	77,876
Non-Financial Assets	
Inventories	...
Investments	...
Property, Plant and Equipment	
Land and Buildings	20
Plant and Equipment	6
Infrastructure Systems	55
Intangibles	4
Other Non-Financial Assets	16
Total Non-Financial Assets	101
Total Assets	77,978
Liabilities	
Deposits Held	307
Payables	148
Tax Equivalents Payable	9
Liabilities Directly Associated with Assets Held for Sale	...
Borrowings and Derivatives at Fair Value	77,346
Borrowings at Amortised Cost	13
Advances Received	...
Employee Provisions	22
Superannuation Provision ^(c)	(0)
Deferred Tax Equivalent Provision	1
Other Provisions	2,822
Other Liabilities	1,113
Total Liabilities	81,780
NET ASSETS	(3,802)

Table 17: NSW Public Financial Corporations Sector Statement of Financial Position at 30 June (cont)

	2015 \$m (Actual)
Net Worth	
Accumulated Funds	(3,810)
Reserves	8
TOTAL NET WORTH	(3,802)

OTHER FISCAL AGGREGATES

Net Financial Worth ^(d)	(3,904)
Net Debt ^(e)	8,742
Net Financial Liabilities ^(f)	3,973

(a) The 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) Superannuation liabilities are reported net of the fair value of fund assets.

(d) Net financial worth equals total financial assets minus total liabilities.

(e) 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.

(f) Net financial liabilities equals total liabilities minus financial assets.

Table 18: NSW Public Financial Corporations Sector Statement of Cash Flows^(a)

	2014-15 \$m (Actual)
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Taxation	409
Receipts from Sales of Goods and Services	24
Grants and Subsidies Received	7
Interest Receipts	3,537
Other Receipts	530
Total Receipts	4,507
Payments	
Payments for Employees	(76)
Payments for Superannuation	(7)
Payments for Goods and Services	(447)
Grants and Subsidies	(3)
Interest Paid	(3,298)
Income Tax Equivalents Paid	(44)
Other Payments	1,078
Total Payments	(2,797)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,711
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Flows from Investments in Non-Financial Assets	
Sales of Non-Financial Assets	...
Purchases of Non-Financial Assets	(62)
Net Cash Flows from Investments in Non-Financial Assets	(62)
Cash Flows from Investments in Financial Assets for Policy Purposes	
	...
Cash Flows from Investments in Financial Assets for Liquidity Purposes	
Proceeds from Sale of Investments	7,186
Purchase of Investments	(8,300)
Net Cash flows from Investments in Financial Assets for Liquidity Purposes	(1,114)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,176)
CASH FLOWS FROM FINANCING ACTIVITIES	
Advances Received (net)	940
Proceeds from Borrowings	48,928
Repayments of Borrowings	(50,377)
Dividends Paid	(59)
Deposits Received (net)	...
Other Financing (net)	...
NET CASH FLOWS FROM FINANCING ACTIVITIES	(569)
NET INCREASE/(DECREASE) IN CASH HELD	(34)

Table 18: NSW Public Financial Corporations Sector Statement of Cash Flows
(cont)

	2014-15 \$m (Actual)
Derivation of Cash Result	
Net Cash Flows from Operating Activities	1,711
Net Cash Flows from Investments in Non-Financial Assets	(62)
Dividends Paid	(59)
CASH SURPLUS/(DEFICIT)	1,589
<u>Derivation of ABS GFS Public Non-financial Sector Cash Surplus/(Deficit)</u>	
Cash Surplus/(Deficit)	1,589
Assets Acquired under Finance Leases	...
Other Financing Arrangements ^(b)	...
ABS GFS CASH SURPLUS/(DEFICIT)	1,589

(a) Publication of budget estimates for the Public Financial Corporation Sector is not required under the Uniform Presentation Framework due to their inherent uncertainty.

(b) Comprises of movements in payables and receivables of a capital nature.

Table 19: 2014-15 Loan Council Allocation Estimates for NSW

	Budget-time Estimate 2014-15 \$m	Actual 2014-15 \$m
General Government Sector Cash (Surplus) / Deficit	2,882	(2,205)
PNFC Sector Cash (Surplus) / Deficit ^(a)	2,688	986
Non-Financial Public Sector Cash (Surplus) / Deficit ^(b)	5,570	(1,221)
Acquisitions under Finance Leases and Similar Arrangements ^(c)	160	106
Equals ABS GFS cash (surplus) / deficit	5,731	(1,115)
Minus Net Cash Flows from Investments in Financial Assets for Policy Purposes ^(d)	(147)	560
Plus Memorandum Items ^(e)	864	876
Loan Council Allocation (LCA)	6,742	(799)

(a) Public Non-financial Corporation (PNFC) Sector.

(b) Does not directly equate to the sum of the General Government and PNFC cash deficits due to intersectoral transfers which are netted out.

(c) Finance leases and similar arrangements are shown separately as they are deducted from the AASB 1049 cash surplus to derive the ABS GFS cash surplus/deficit.

(d) This item is the negative of net advances paid under a cash accounting framework.

(e) Memorandum items are used to adjust the ABS deficit to include in LCAs certain transactions, such as operating leases, Local Government and University Borrowings that have many of the characteristics of public sector borrowings but do not constitute formal borrowings. They are also used, where appropriate, to deduct from the ABS deficit certain transactions that Loan Council has agreed should not be included in LCAs - for example, the funding of more than employers' emerging costs under public sector superannuation schemes, or borrowings by entities such as statutory marketing authorities.

Private Sector Infrastructure

As approved at the 1997 Loan Council Meeting, States are to report their full contingent exposure to Public Private Partnerships for new contracts entered into, that have not previously been reported, where the **financial impact is not already reflected within the Loan Council** Allocation estimates. Exposure is to be measured by the Government's termination liabilities in a case of private sector default, and disclosed as a footnote to, rather than a component of, Loan Council Allocations.

The financial impact of social infrastructure PPPs and other capital expenditure which is generally on the State's balance sheet is already reflected within the Loan Council Allocation estimates above.

Therefore, in general only new toll road PPP's, which are generally off-balance sheet, need to be reported below as Memo items.

CONTRACTS ENTERED IN 2014-15

NORTHCONNEX

The NSW Government together with Transurban and the M7 Westlink Shareholders (the Project Sponsors) entered contracts on 31 January 2015 to build, operate and maintain a tolled motorway called NorthConnex. The motorway will be a nine kilometre tunnel linking the M1 Pacific Motorway at Wahroonga to the Hills M2 Motorway at West Pennant Hills.

The \$3 billion project, consisting of design and construction, project delivery and land acquisition costs, will be funded through toll charges with a contribution from the NSW and Commonwealth Governments of up to \$405 million each.

Contract and financial close occurred on 31 January 2015. It is expected that the tunnel will be open to traffic late 2019.

Expected Government Contingent Liability	Nil
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