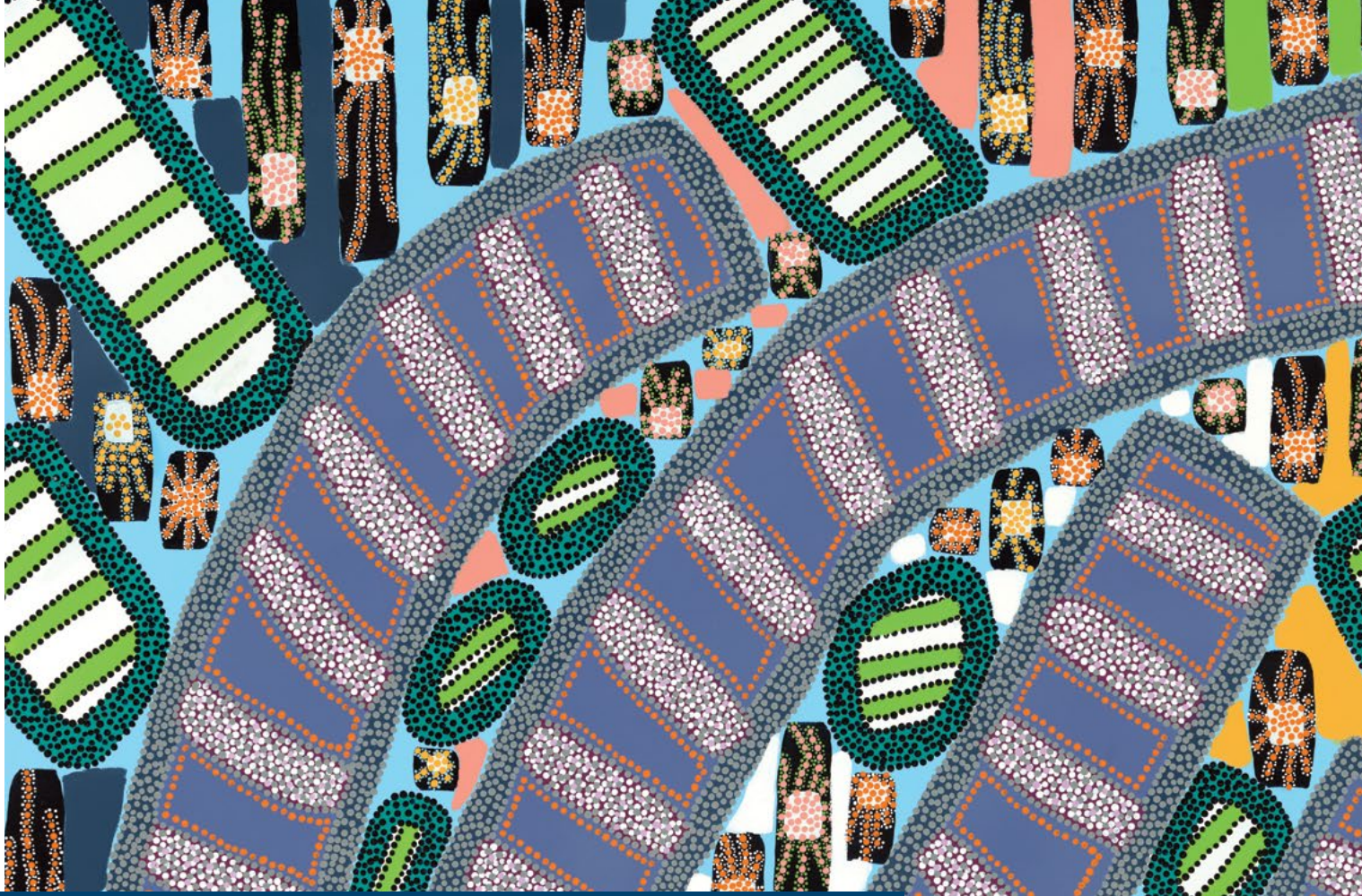


NSW Generations Fund

Annual Report 2020-21





Acknowledgement of Country

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

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

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

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

Artwork: 'Regeneration' by Josie Rose 2020

Contents

01.			
TREASURER'S MESSAGE	4		
02.			
MESSAGE FROM THE SECRETARY	5		
03.			
NSW GENERATIONS FUND AT A GLANCE	7		
04.			
NSW GENERATIONS FUND PURPOSE	9		
4.1 DRF Purpose	9		
4.2 CSFF Purpose	9		
05.			
DEBT RETIREMENT FUND—DELIVERING NOW AND INTO THE FUTURE	11		
5.1 Investment approach	11		
5.2 Investment performance	12		
5.3 DRF Contributions and Redemptions	13		
06.			
COMMUNITY SERVICES AND FACILITIES FUND—DELIVERING FOR COMMUNITY WELLBEING TODAY	15		
6.1 Communities Services and Facilities Fund	15		
07.			
GOVERNANCE OF THE NGF	16		
7.1 Investment Governance	17		
7.2 My Community Project Governance	17		
7.3 NGF Advisory Board	18		
7.3.1 Meetings and attendance	18		
7.3.2 Remuneration	19		
7.3.3 Key activities and decisions made over the course of the year	19		
7.3.4 Revised Governance arrangements on dissolution of the NGF Advisory Board	19		
08.			
FINANCIAL STATEMENTS	20		
NSW Generations (Debt Retirement) Fund Independent Auditor's Report	21		
NSW Generations (Debt Retirement) Fund Financial Report for the year ended 30 June 2021	24		
NSW Generations (Community Services and Facilities) Fund Independent Auditor's Report	32		
NSW Generations (Community Services and Facilities) Fund Financial Report for the year ended 30 June 2021	35		
09.			
APPENDICES	42		



1. Treasurer's Message

I am delighted to deliver the 2020-21 NSW Generations Fund (NGF) Annual Report, the third since it was established by the NSW Government in late 2018. The report has been prepared according to section 7 of the *NSW Generations Funds Act 2018*.

A key feature of the NGF is the Debt Retirement Fund (DRF)—a long-term investment fund with an intergenerational policy scope. Against the challenging and disruptive background created by COVID-19, the DRF returned 15.6 per cent during 2020-21, adding \$1.9 billion in the process and reaching a balance of \$15.2 billion at 30 June 2021. Since the DRF was seeded with \$10 billion in late 2018, annual returns have averaged 9.4 per cent, generating \$2.7 billion of wealth for the community.

The DRF is supported by robust governance, strong oversight by Treasury's Asset and Liability Committee (ALCO) and excellent management by NSW Treasury Corporation (TCorp). The DRF remains well-positioned to continue meeting its long-term return objective.

In September 2021, the NSW Government announced the successful sale of the State's remaining 49 per cent stake in WestConnex. As per the *NSW Generations Funds Act (2018)*, the net sale proceeds were deposited into the DRF and will be used to retire debt over the next 18-24 months in a way that minimises costs and supports the State's longer-term fiscal position.

The DRF supports the State's strong credit rating, with the major ratings agencies continuing to recognise it as an offset to the State's debt metrics. The DRF will continue to play an important role in lowering the financial burden for NSW and guarding against intergenerational budgetary pressures. This will help maintain a resilient balance sheet and sustainable fiscal outcomes for the State now and well into the future.

Additionally, the DRF is being managed in line with TCorp's Investment Stewardship Policy, which includes the integration of Environmental, Social and Governance (ESG) factors into investment manager hiring and investment decisions, the exercising of ownership rights to protect and enhance long-term value, and engagements with investee companies to influence positive ESG practices and outcomes.

The NGF's Community Services and Facilities Fund (CSFF) continued supporting the funding of cost-effective facilities as voted by, and to the benefit of, local communities as the first round of the My Community Project (MCP) initiative neared completion.

The NGF, built around sound policy principles and robust governance and management, has already delivered substantial benefits to the people of NSW and I remain confident that it will continue to do so, for a long time to come.

I would like to take this opportunity to again thank the NGF Board for their exceptional stewardship. I would also like to recognise the hard work of the NSW Treasury, TCorp and Department of Regional NSW in ensuring the NGF continues to deliver to the citizens of NSW, both now and into the future.

Matt Kean
NSW Treasurer



2. Message from the Secretary

On behalf of the NSW Treasury, I am pleased to present the third NSW Generations Fund Annual Report.

The COVID-19 pandemic has continued to have a huge impact on global financial markets and communities during 2020-21. The NGF, through both its component funds, has maintained its support of both the State's finances and communities dealing with the impacts of the pandemic.

It is pleasing to note the DRF's strong performance during the year, returning 15.6 per cent and reaching over \$15 billion in value. Since inception, returns of 9.4 per cent per annum on average have exceeded the DRF's long-term investment return objective of CPI plus 4.5 per cent p.a. over rolling 10-year periods by 3.1 per cent.

When the NGF was established in late 2018, the NSW Government encouraged the NGF Board under the chairmanship of Glenn Stevens AC, to focus on the investment of the DRF and the oversight of the MCP initiative.

During 2020-21, the NGF's governance and management was assigned to NSW Treasury and, more specifically, the DRF's investment strategy was also assigned to the Asset and Liability Committee (ALCO), in addition to its earlier responsibility for the risk appetite.

ALCO considers the risks and opportunities the DRF presents for the State's overall balance sheet—and how these can be best managed for the long term—as well as its potential impacts on the State's credit rating, debt levels and finances more broadly.

These considerations are important to ensure the DRF supports the Government's fiscal strategy and helps keep debt at sustainable levels to deliver greater benefits to NSW communities now and into the future.

ALCO continues to actively monitor the DRF to ensure that its risks continue to be identified, monitored and managed appropriately, and so that it contributes to the State's fiscal position in a positive and sustainable way—consistent with its intergenerational purpose.

Michael Pratt AM
NSW Treasury Secretary



3. NGF at a Glance

Outcomes

1	2
Support the State's strong credit rating by helping keep debt levels manageable over the medium term and promote intergenerational equity over the longer term	Assist the NSW Government to provide for today's communities and plan for the future by responsibly delivering infrastructure and services to NSW residents without overly burdening future generations with unsustainable debt

Community investment highlights

My Community Project continued to be rolled out during 2020-21, despite disruptions caused by COVID-19. 134 projects were completed during the year. Communities have received \$22.2 million in supporting grants in total.

Financial highlights

Refer to the figure below





4. NGF Purpose

The NGF's enabling legislation, the *NSW Generations Funds Act 2018* (the Act), was enacted in June 2018. The legislation sets out how the Fund operates and its purpose. The Act creates two ring-fenced funds:

- The **Debt Retirement Fund (DRF)**¹, whose purpose is to provide funding for reducing the debt of the State in accordance with the principles of sound financial management set out in section 7 of the *Fiscal Responsibility Act* (2012)
- The **Community Services and Facilities Fund (CSFF)**, whose purpose is to provide funding for cost-effective facilities and services throughout New South Wales to improve the wellbeing of communities and the lives of people across the State.

Amendments to the Act were introduced to Parliament in late June 2021 to improve transparency and strengthen the DRF's ringfencing. These include:

- Introducing more stringent reporting requirements
- Enabling Government to divert certain revenues into the DRF
- Making the legislation even clearer that the DRF can only be used for debt retirement.

Once the amendments are in force, there will be additional reporting on the NGF within the State Budget. Following debt retirement using DRF funds, the Treasurer will table a report in each House of Parliament. The new reporting requirements and payment accountabilities are similar to those applying to the Quebec Generations Fund.

4.1 DRF Purpose

Major ratings agencies recognise the DRF as an offset to State debt metrics. In light of this, the Government expects to grow the DRF to foster even greater resilience for the State's balance sheet. This is a key part of the Government's fiscal repair efforts, which aligns with the DRF's legislative mandate of debt reduction. A higher DRF balance will keep debt levels manageable, helping to bring the State's net debt to GSP ratio back to around 7 per cent over the medium term and maintaining the State's long-term balance sheet strength.

The type and source of Government contributions into the DRF is regulated by the Act. For the DRF, this can include income (including distributions, dividends and interest) received from, and sales proceeds relating to, relevant State equity interests, declared windfall tax revenue in excess of Budget forecasts, and money advanced by the Treasurer for payment into the Fund.² The Act does not provide for Government to directly borrow to invest in the DRF.

4.2 CSFF Purpose

My Community Project (MCP) was the first community initiative funded by the CSFF. The Government has matched \$24.6 million to 248 projects across NSW to help improve community wellbeing. However, due to reprioritisation towards emerging community needs around COVID-19, the Government announced in September 2020 that it would not proceed with further rounds of MCP. In future the CSFF may be used to enable other initiatives that benefit communities, consistent with its legislated purpose.

1 The NGF comprises both the Debt Retirement Fund and the Community Services and Facilities Fund. From this section of the report onwards, references to the 'NSW Generations Funds' or 'NGF' will mean the Debt Retirement and Community Services and Facilities Funds together. References to the 'DRF' will mean the Debt Retirement Fund only and references to the 'CSFF' will mean the Community Services and Facilities Fund only.

2 See section 9 of the *NSW Generations Funds Act 2018*.



5. Debt Retirement Fund— Delivering Now and into the Future

5.1 Investment approach

Investment Objectives

The DRF is a long-horizon fund, designed to grow over time and ease the debt burden on future generations. The investment strategy and objectives underpinning the Fund have been formulated in line with this policy objective.

In strategically managing emerging fiscal risks, it is important to ensure the DRF's settings remain appropriate and supportive, by looking at the DRF in the context of the State's overall balance sheet.

It is in this context that TCorp and Treasury collaborate to determine the appropriate portfolio settings, also taking into account:

- The DRF's very long, intergenerational, investment time horizon
- Its cashflow and liquidity requirements
- Significant funds under management, which are projected to continue growing
- A direct link to helping the Government maintain debt at sustainable levels over the long-term, supporting the State's credit rating.

These attributes were all taken into consideration by Treasury in initially advising the Government on the DRF's investment return objective and risk parameters. During 2020-21 Treasury's ALCO endorsed maintaining the DRF's investment return objective of CPI + 4.5 per cent p.a. to be achieved within the risk parameters articulated in the DRF's Risk Appetite Statement (RAS).

Asset Allocation and Risk Management

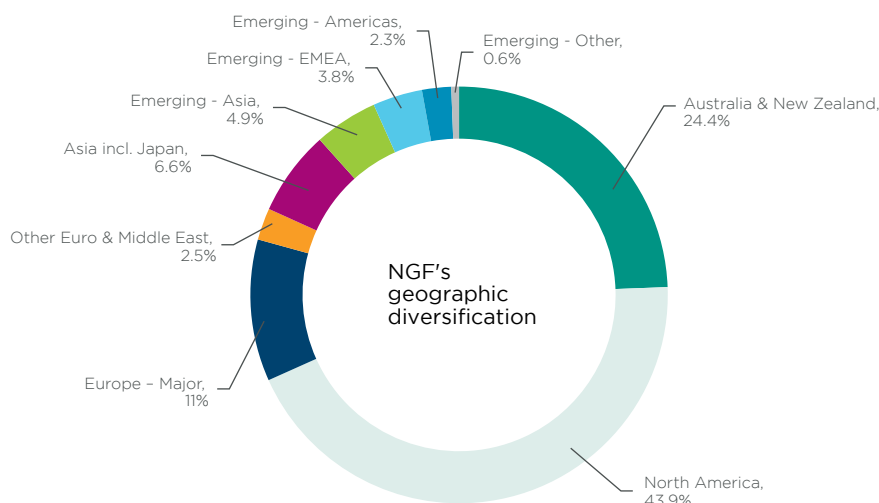
Its long-term investment horizon means the DRF can be more growth oriented than other State investment funds, while adopting a well-considered level of risk. This risk is well-managed by diversifying investments across a broad range of assets beyond equities (e.g. property, infrastructure), helping smooth returns fluctuations over time.

TABLE 1—ASSET CLASS ALLOCATIONS

Asset Class	30/06/2020			30/06/2021		
	Strategic allocation (%)	Actual allocation (%)	Value (\$'000)	Strategic allocation (%)	Actual allocation (%)	Value (\$'000)
Equities	40.0	40.1	4,516,237	40.0	40.2	6,098,678
Credit	14.0	14.2	1,599,265	14.0	14.0	2,123,917
Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0
Cash	11.5	12.2	1,374,017	8.5	9.0	1,365,376
Other Liquid Assets	22.5	22.5	2,534,048	27.5	27.1	4,111,298
Direct Assets	12.0	11.0	1,238,868	10.0	9.7	1,471,572
Total	100.0	100.0	11,262,435	100.0	100.0	15,170,841

Note: Some results might not add up due to rounding.

Currency and geographic diversification also support the management of portfolio risk. The Fund has about one-third of its portfolio held in foreign currencies, and over 75 per cent invested in jurisdictions outside of Australia and New Zealand.



The DRF began transitioning to a 'Total Portfolio Approach' from 2020-21, which looks to generate better risk-adjusted returns. It also enables better articulation and management of risk exposures while seeking returns.

This model puts each client's objectives and desired outcomes at the centre of the investment process, rather than managing it as a series of separate asset class sub-portfolios. It allocates assets based on their risk contribution to the total portfolio rather than amounts of capital.

5.2 Investment performance

Over 2020-21, the DRF generated \$1.9 billion, returning 15.6 per cent. Since inception, returns have averaged 9.4 per cent p.a., resulting in absolute returns of \$2.7 billion.

TABLE 2—FUND PERFORMANCE 2020-21

	2020-21 financial year (%)	Since inception (% per annum)
Net Return (after fees)	15.62	9.38
Investment Return Objective (CPI + 4.5%)	6.74	6.31
Net Relative to Investment Return Objective ¹	8.88	3.06

¹ Numbers may not add up due to rounding. DRF's Investment Return Objective is CPI + 4.5 per cent over a rolling 10-year period. Inception date: 15 November 2018.



The DRF’s performance was helped by improving financial market conditions more broadly. Despite the continued disruptions caused predominantly by COVID-19, major equity indices rose strongly during the year, with the MSCI World equity market index (excluding Australia) rising 37.1 per cent, while the ASX200 was up 24.0 per cent. This uplift was also reflected in asset markets more generally as economies began reopening, while significant fiscal and monetary stimulus packages from major governments and central banks also provided support.

The Fund remains well-positioned to achieve its long-term return objective. Treasury’s Asset and Liability Committee (ALCO) continues to closely monitor the Fund’s performance and risk exposures to ensure it remains robust to changing market and economic conditions and can navigate these effectively.

5.3 DRF Contributions and Redemptions

Contributions

During 2020-21 approximately \$2.0 billion was contributed into the DRF:

TABLE 3—2020-21 DRF CONTRIBUTIONS

Type	Amount	The Act’s enabling section(s)
Excess TBS Cash	\$1,932 million	S 9 (1) (a)
RR IPL Distributions	\$112 million	S 9 (1) (d)
Total 2020-21	\$2,044 million	

These payments into the DRF reflect its strategic importance as a long-term investment, and as a key component of the Government’s fiscal repair strategy. Contributions were made in line with the Act’s provisions.

Redemptions

There were no redemptions from the DRF during 2020-21.



6. Community Services and Facilities Fund—Delivering for Community Wellbeing Today

6.1 Community Services and Facilities Fund

The CSFF delivers for today's communities. My Community Project (MCP) was the first community program funded by the CSFF. It offered a platform

where NSW citizens could propose and vote for projects that would benefit their communities. Through the COVID-19 lockdowns and other disruptions, the MCP continued funding projects benefitting the community and promoting its well-being.

TABLE 4—KEY MCP STATISTICS AS OF 30 JUNE 2021

Funding deeds executed (total projects)	248
Projects completed to date	188 (76 per cent)
Projects completed in 2020-21	134 (54 per cent)
Projects to be completed	60 (24 per cent)
Projects withdrawn due to COVID-19 to date	1
Projects delayed due to COVID-19 to date	68 (27 per cent)

TABLE 5—KEY MCP FINANCIALS

Total funding allocation for MCP	\$24,563,095
Total payments made from program commencement to June 30, 2021	\$22,243,321

All MCP projects were due to be complete by June 2021 however time extensions for incomplete projects were approved, particularly due to the impact of COVID-19 restrictions on project delivery. Around 68 projects reported experiencing delays due to COVID-19 disruptions and one project formally withdrew as a result of COVID-19 restrictions. 134 projects were completed during 2020-21.

In September 2020, the Government announced that it would not proceed with another round of MCP. Whilst MCP is a program supporting community projects, the Government's focus on recovery post COVID-19 is on initiatives that will improve community wellbeing in other ways, such as driving widespread job creation, productivity and economic growth over the next few years.

The list of projects approved under the MCP and the status of their delivery is attached at Appendix 1.



7. Governance of the NGF

The NGF's governance is robust, with respect to both the DRF and CSFF. This robustness stems from the NGF's enabling legislation, which sets out how each fund is to operate and be administered. All fund activities are performed according to the Act's provisions.

The NSW Treasurer is the NGF's responsible minister and, as such, may obtain and have regard to any advice, recommendations or other information provided to them by any person or body they consider relevant in exercising their functions under the Act.

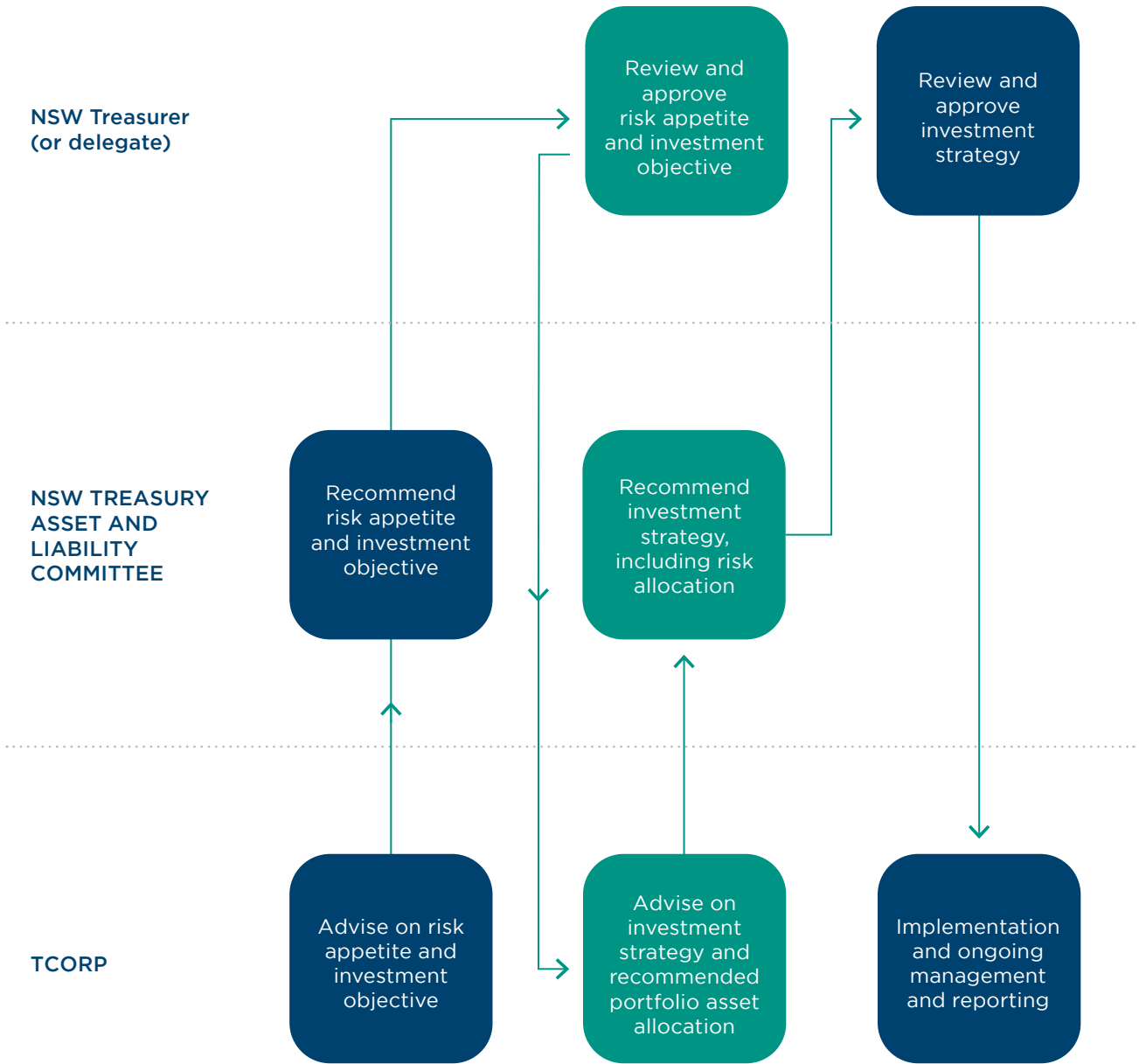
The Treasurer established the NGF Advisory Board to help oversee the implementation and initial operation of both the DRF and CSFF. With both these funds successfully established and Government focussing on supporting communities through COVID-19 recovery initiatives, the NGF Advisory Board was dissolved and its functions reallocated (refer s.7.3.4).

In discharging responsibilities, the Treasurer is supported by:

- **TCorp**—manages the invested funds on a day-to-day basis and provides investment advisory services to Treasury, including on the DRF's risk appetite and investment strategy.
 - **Department of Regional NSW**—administers the MCP, including guideline development, arranging for the assessment of applications, administering the funding to successful applicants and project monitoring.
 - **Service NSW**—developed and hosted the IT infrastructure which made the MCP online vote possible and provided customer support throughout the program via their contact centre and service centres located across NSW.
- **NSW Treasury**—advises on the NGF regarding fiscal matters such as credit rating, fiscal strategy and budget-related impacts. ALCO considers and monitors the NGF from a whole-of-state balance sheet and risk management perspective and reviews the DRF's risk appetite and investment strategy.

7.1 Investment Governance

The chart below depicts the DRF's governance arrangements:



Treasury's ALCO comprises members from NSW Treasury, TCorp, the Department of Planning, Industry and Environment (DPIE) and icare. It oversees and advises on State Significant Financial Risks (SSFR's) to the whole-of-state balance sheet, making it well-placed to also advise on the State's broader policy and fiscal objectives which the DRF helps support. This means the DRF is not managed in isolation, but rather more holistically in the context of the State's overall balance sheet and helps ensure the DRF does not introduce unacceptable levels of risk to the State's finances.

7.2 My Community Project Governance

MCP presently remains in delivery phase. MCP governance arrangements are covered in the [NGF's 2019-20 Annual Report](#).

7.3 NGF Advisory Board

When the NGF was established the Treasurer also established the NGF Advisory Board. The Board was governed by a charter, which set out key roles and responsibilities, including:

- Recommending to the Treasurer the investment strategy for the DRF and other associated functions,
- Making recommendations to the Treasurer relating to the design, process, procedures and implementation for programs or initiatives to be funded from the CSFF and other associated functions, and
- Any other functions that were conferred or imposed on it by the Treasurer or any other Act of the NSW Parliament.

As stated in the 2019-20 NGF Annual Report the NGF Advisory Board was dissolved with effect from 31 December 2020, as both the DRF and CSFF were implemented and MCP was successfully delivered to the community.

7.3.1 Meetings and attendance

The Board met quarterly, although additional meetings could have been convened to consider arising issues. The final board meeting was held on 25 November 2020.

The number of meetings held and participants in attendance during financial year 2020-21, is summarised below:

TABLE 6—NGF ADVISORY BOARD MEETINGS 2020-21

Number of meetings	Regular Board Meetings	Out-of-session meetings	Total
G Stevens (Chair)	2/2	0	2/2
N Johnson	2/2	0	2/2
L McIntyre	2/2	0	2/2
M Pratt	0/2	0	0/2
T Reardon	1/2	0	1/2
K Palmer (Acting for M. Pratt)	2/2	0	2/2



7.3.2 Remuneration

The Chair and independent members of the Board were remunerated in line with the criteria set out in the NSW Public Service Commission's Classification and Remuneration Framework for NSW Government Boards and Committees (the Framework). Remuneration received by the Chair and independent members reflected the level of responsibility, expertise and time commitment required to manage the NGF.

Consistent with the Framework, the Chair received a salary of \$80,000 per annum plus superannuation and independent members received an annual salary of \$45,000 plus superannuation. The NSW Treasury Secretary and Secretary of Department of Premier and Cabinet are not remunerated for their roles as they are ex-officio.

7.3.3 Key activities and decisions made over the course of the year

The Board's activities leading up to its dissolution in December 2020 were mainly focused on overseeing the MCP initiative and reviewing the DRF's investment strategy.

Activities included:

- Overseeing the ongoing delivery of MCP
- Reviewing the DRF's investment strategy
- Monitoring financial markets and the DRF's investment performance.

7.3.4 Revised Governance arrangements on dissolution of the NGF Advisory Board

Following the Board's dissolution, Board functions and responsibilities were transferred to the following entities, effective 1 January 2021:

- **ALCO**—to review NGF's risk appetite and investment strategy.
- **NSW Treasury (Strategic and Balance Sheet Management Division)**—to oversee NGF's governance and management including oversight of TCorp as mandated fund manager.
- **Department of Regional NSW (Grants Management, Evaluation and Reporting Office)** to monitor and manage all MCP projects until completion.

8. Financial Statements

FINANCIAL STATEMENTS	20
NSW GENERATIONS (DEBT RETIREMENT) FUND INDEPENDENT AUDITOR'S REPORT	21
NSW GENERATIONS (DEBT RETIREMENT) FUND FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021	24
NSW GENERATIONS (COMMUNITY SERVICES AND FACILITIES) FUND INDEPENDENT AUDITOR'S REPORT	32
NSW GENERATIONS (COMMUNITY SERVICES AND FACILITIES) FUND FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021	35



INDEPENDENT AUDITOR'S REPORT

NSW Generations (Debt Retirement) Fund

To Members of the New South Wales Parliament

Opinion

Opinion on the audit of the financial report

I have audited the accompanying special purpose financial report (the financial report) of the NSW Generations (Debt Retirement) Fund (the Fund), which comprises the Statement by the Treasurer, the Statement of the Fund's Activities for the year ended 30 June 2021, the Statement of the Fund's Position as at 30 June 2021 and notes to the financial report. The financial report has been prepared by the Treasurer, using the basis of accounting described in Note 2 to the financial report for the purpose of fulfilling the Treasurer's annual reporting obligations under section 7 of the *NSW Generations Funds Act 2018* (the Act).

In my opinion, in all material respects, the financial report presents fairly, the Fund's position as at 30 June 2021 and its activities for the year then ended, in accordance with the basis of accounting described in Note 2 to the financial report.

Opinion on whether payments complied with the Act

I have undertaken an audit to provide reasonable assurance on whether payments from the Fund have, in all material respects, been made in accordance with the Act for the year ended 30 June 2021.

In my opinion, in all material respects, payments from the Fund have been made in accordance with the Act for the year ended 30 June 2021.

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

Basis for Opinions

I conducted my audit in accordance with Australian Auditing Standards and Standards on Assurance Engagements, including ASAE 3100 'Compliance Engagements' (ASAE 3100). My responsibilities under the standards are described in the 'Auditor's Responsibilities' section of my report.

I am independent of the Fund in accordance with the requirements of the:

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

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

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

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

In conducting my audit, I have applied ASQC 1 'Quality Control for firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements and Related Service Engagements'.

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Treasurer's annual reporting responsibilities under the Act. As a result, the financial report may not be suitable for another purpose.

Other Information

The Fund's annual report for the year ended 30 June 2021 includes other information in addition to the financial report and my Independent Auditor's Report thereon. The Treasurer is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the NSW Generations (Community Services and Facilities) Fund Financial Report.

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by section 7(3) of the Act, I have separately expressed an opinion on the NSW Generations (Community Services and Facilities) Fund Financial Report.

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

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

I have nothing to report in this regard.

The Treasurer's Responsibilities for the Financial Report

The Treasurer is responsible for the preparation and fair presentation of the financial report in accordance with the basis of accounting described in Note 2 to the financial report. The Treasurer's responsibility also includes such internal control as the Treasurer determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. The Treasurer has determined that the accounting policies described in Note 2 are appropriate for fulfilling the Treasurer's annual reporting responsibilities under the Act.

The Treasurer's Responsibilities under the *NSW Generations Funds Act 2018*

The Treasurer is responsible for ensuring payments made from the Fund have been made in accordance with the Act. The Treasurer's responsibility also includes such internal control as the Treasurer determines is necessary to comply with the requirements of the Act.

Auditor's Responsibilities

Audit of the financial report

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

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

- that the Fund carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

Audit of whether payments complied with the Act

My responsibility is to express an opinion on whether payments from the Fund, in all material respects, have been made in accordance with the Act. ASAE 3100 requires that I plan and perform procedures to obtain reasonable assurance whether payments from the Fund have, in all material respects, complied with specific requirements of the Act.

This audit involved performing procedures to obtain audit evidence on whether payments from the Fund complied with the Act. The procedures selected depend on my judgement, including the identification and assessment of the risks of material non-compliance with specific requirements of the Act.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, together with the Fund's internal control structure it is possible that fraud, error or non-compliance with the Act may occur and not be detected.

An audit for the year ended 30 June 2021 does not provide assurance on whether compliance with the Act will continue in the future.

Use of Report

My report was prepared for the purpose of fulfilling the Treasurer's annual reporting obligations under the Act. I disclaim any assumption of responsibility for any reliance on the report for any other purpose other than for which it was prepared.



Renee Meimaroglou
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY



Treasury

NSW Generations (Debt Retirement) Fund
Financial Report
for the year ended 30 June 2021

NSW Generations (Debt Retirement) Fund

**Financial Report
for the year ended 30 June 2021**

STATEMENT BY THE TREASURER

Pursuant to Section 7 of the *NSW Generations Funds Act 2018*, I declare that in my opinion:

- (a) The accompanying financial report provides details of the transactions of the NSW Generations (Debt Retirement) Fund for the year ended 30 June 2021; and
- (b) The financial report has been prepared as a special purpose financial report and related notes in accordance with the basis of accounting described in Note 2.

Further, I am not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



**The Hon. Matt Kean MP
Treasurer**

13 October 2021

NSW Generations (Debt Retirement) Fund

Statement of the Fund's Activities and Position for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Receipts			
Government contribution	3	1,932,284	-
Distributions	3	95,000	117,790
Interest earned	3	2,289	727
GST received	3	1	-
Taxation revenue	3	-	296,000
Total receipts		<u>2,029,574</u>	<u>414,517</u>
Payments			
Administrative expenses	4	16	11
Total payments		<u>16</u>	<u>11</u>
Net receipts/(payments)		<u>2,029,558</u>	<u>414,506</u>
Statement of the Fund's Position as at 30 June			
Opening balance of the Fund		11,279,877	10,890,728
Net receipts/(payments)		2,029,558	414,506
(Loss)/income from investments	5	1,864,272	(25,357)
Closing balance of the Fund		<u>15,173,707</u>	<u>11,279,877</u>
Balance of Fund held in			
Cash and cash equivalents		2,866	17,442
Investment in NSW Generations (Debt Retirement) Fund	5		
Investment Trust		15,170,841	11,262,435
		<u>15,173,707</u>	<u>11,279,877</u>

The accompanying notes form part of the financial report.

NSW Generations (Debt Retirement) Fund

Notes to the Financial Report for the year ended 30 June 2021

1. INFORMATION ON THE NSW GENERATIONS (DEBT RETIREMENT) FUND

Reporting entity

NSW Generations (Debt Retirement) Fund (the Fund) is required to prepare an annual report under Section 7 of the *NSW Generations Funds Act 2018* (the Act). Section 8 of the Act states that the purpose of the Fund is to provide funding for reducing the debt of the State in accordance with the principles of sound financial management set out in section 7 of the *Fiscal Responsibility Act 2012*.

Section 4 of the Act establishes the Fund as a Special Deposit Account (SDA). Section 4.15 of the *Government Sector Finance Act 2018* defines an SDA to consist of:

- a) all accounts of money that the Treasurer is, under statutory authority, required to hold otherwise than for or on account of the Consolidated Fund, and
- b) all accounts of money that are directed or authorised to be paid to the SDA by or under legislation.

The Treasurer is responsible for the Act and the Fund.

The financial report for the Fund is a Special Purpose Financial Report with the "financial year" being from 1 July to 30 June. The Fund is administered by NSW Treasury on behalf of the State of New South Wales.

The financial report was authorised for issue by the Treasurer on the date the accompanying Statement by the Treasurer was signed.

Key Activities

The Fund was established to provide funding for reducing the debt of the State in accordance with the principles of sound financial management set out in section 7 of the *Fiscal Responsibility Act 2012*.

Funding Sources for the NSW Generations (Debt Retirement) Fund

Section 9(1) of the Act prescribes the amounts payable into the Fund. These are:

- a) all money appropriated by Parliament, or advanced by the Treasurer, for payment into the Fund,
- b) all money appropriated by Parliament to the Treasurer for the general purposes of the Government (and not for the purposes of individual Government Sector Finance agencies) and directed by the Treasurer to be paid into the Fund,
- c) any money that is directed by the Treasurer under section 9(2) to be paid into the Fund,
- d) all money that is income (including distributions, dividends and interest) paid to the holder of any relevant NSW equity interest,
- e) the proceeds of the sale of any relevant NSW equity interest,
- f) the proceeds of the investment of money in the Fund,
- g) all other money directed or authorised to be paid into the Fund by or under any Act or law.

Section 9(2) of the Act provides that the Treasurer may direct that an amount of money be paid into the Debt Retirement Fund if the Treasurer is satisfied that it is windfall tax revenue in excess of Budget forecasts.

Section 9(3) of the Act provides that the Treasurer is taken to have been given an appropriation out of the Consolidated Fund under the authority of this section, on the day a direction is given under section 9(2), for the amount specified in the direction for the purpose of its payment into the Debt Retirement Fund.

NSW Generations (Debt Retirement) Fund

Notes to the Financial Report for the year ended 30 June 2021

1. INFORMATION ON THE NSW GENERATIONS (DEBT RETIREMENT) FUND (continued)

Payments out of the Fund

Section 10 of the Act prescribes payments from the Fund. These are:

- a) the payment of all or any part of a debt of the State that the Treasurer is satisfied is a payment that promotes the purpose of the Fund,
- b) administrative expenses relating to the control and management of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Fund's financial report is a special purpose financial report which has been prepared on a cash basis except for the Fund's investments in other financial assets which are measured at fair value. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Fund. Receipts are realised and recorded when the cash is received. Payments are recorded when cash is actually paid. The investments in other financial assets are remeasured to fair value at the reporting date.

The presentation focus in the financial report is balances of the Fund at the reporting date and changes during the year.

The Fund's financial report is presented in Australian dollars and all amounts are rounded to the nearest one thousand dollars (\$'000).

Statement of compliance

The financial report and notes have been prepared in accordance with the policies detailed in this accounting policy note.

Value of the Fund

The total balance of the Fund consists of cash and funds invested in the NSW Generations (Debt Retirement) Fund.

Cash is reported by the Fund when the Fund can use the cash for the achievement of its own objectives or otherwise benefit from the cash and exclude or regulate the access of others to that benefit. Cash collected by, or appropriated or granted to the Fund, which the Fund can use to fund its operating objectives, acquire capital assets or repay its debt is reported by the Fund.

The cash held by the Fund is classified as a restricted asset as it can only be applied as allowed by the Act as detailed in Note 1.

NSW Generations (Debt Retirement) Fund

Notes to the Financial Report for the year ended 30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Funds invested in the NSW Generations (Debt Retirement) Fund Investment Trust (Investment Trust) are investments held in the NSW Generations (Debt Retirement) Fund, a unit trust investment facility administered by the NSW Treasury Corporation (TCorp). The Investment Trust's strategy is designed to provide funding for reducing the debt of the State of New South Wales.

3. RECEIPTS

The Fund is authorised to receive amounts in accordance with Section 9 of the Act.

	2021 \$'000	2020 \$'000
Section 9(1)(a) receipts		
Appropriation	1,932,284	-
Section 9(1)(d) receipts		
Distributions from Roads Retained Interest Pty Ltd	95,000	117,790
Section 9(1)(f) receipts		
Interest earned	2,289	727
Section 9(1)(g) receipts		
GST received	1	-
Section 9(2) receipts		
Taxation revenue*	-	296,000
Total receipts	<u>2,029,574</u>	<u>414,517</u>

*Higher taxation revenue collected in 2018-19 compared to budget forecast primarily from payroll tax.

4. PAYMENTS

Section 10(b) payments

Administrative expenses - auditor's remuneration	16	11
Total payments	<u>16</u>	<u>11</u>

NSW Generations (Debt Retirement) Fund

Notes to the Financial Report for the year ended 30 June 2021

5. INVESTMENT IN NSW GENERATIONS (DEBT RETIREMENT) FUND INVESTMENT TRUST

	2021 \$'000	2020 \$'000
Opening balance	11,262,435	10,883,973
Add: Investments - cash transferred in from the operating bank account	2,044,134	403,820
Add/(Less): Net income/(loss) from investments:		
Distribution reinvested	648,019	556,714
Unrealised (loss)/gain on other financial assets	1,216,253	(582,071)
Closing balance	15,170,841	11,262,435

The Fund is authorised to invest in accordance with Section 11 of the Act. Implemented during 2018-19, the Investment Trust is the investment vehicle for the Fund in assisting the NSW Government to meet its objective of reducing the debt of the State. The Investment Trust is managed by TCorp.

Asset allocation and investment instructions of the Investment Trust are governed by the Investment Services Agreement (ISA) signed by the Treasurer and TCorp on 1 November 2018. The ISA was last reviewed in March 2021.

Asset Allocation

The actual asset allocation of the Investment Trust as at the reporting date:

Asset class	Strategic Asset Allocation (%)	Actual Asset Allocation (%)	Value (\$'000)
Australian Shares	12.0	12.0	1,820,501
International Shares	22.0	22.4	3,398,268
Emerging Market Shares	6.0	5.8	879,909
Alternatives	26.0	25.5	3,868,565
Unlisted Property & Infrastructure	10.0	9.7	1,471,572
Opportunistic	1.5	1.6	242,733
Emerging Market Debt	6.0	6.1	925,421
Bank Loan	5.0	4.9	743,371
High Yield	3.0	3.0	455,125
Cash	8.5	9.0	1,365,376
Total	100	100	15,170,841

NSW Generations (Debt Retirement) Fund

Notes to the Financial Report for the year ended 30 June 2021

5. INVESTMENT IN NSW GENERATIONS (DEBT RETIREMENT) FUND INVESTMENT TRUST (continued)

Performance returns

The investment return objective of the Investment Trust is to achieve CPI plus 4.5% p.a over rolling 10-year periods. The fund performance against the benchmark is as below:

	YTD (%)	Since inception (%)
Net return (<i>after fees</i>)	15.62	9.38
Strategic Asset Allocation (SAA) benchmark	14.11	9.60
Net relative to SAA benchmark	1.51	(0.22)

6. FINANCIAL INSTRUMENTS

The Fund's main risks arising from financial instruments are interest rate and other price risks.

The Investment Trust is a unit trust investment facility and is subject to other price risks only. The unit price of the facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue. Unit prices are calculated daily. Investments in the Investment Trust limits the Fund's exposure to risk as it allows diversification across a pool of funds with different investment horizons and a mix of asset classes.

The Fund's other financial instrument is cash held in the Treasury Banking System which is subject to interest rate risk. As at 30 June 2021, a rise or fall of 1 per cent in interest rate over the course of the year would result in an increase or decrease in interest earned of approximately \$28,659 (2020: \$174,416).

Risk management

TCorp actively manages financial instrument risks, and the ISA is reviewed regularly and updated to include changes in market conditions and/or management's direction. The documents clearly set out investment management objectives, restrictions, and establish performance benchmarks. The ISA is authorised and approved at the Senior Executive Level within NSW Treasury and/or the Treasurer.

Proposed changes to the ISA must go through a consultative process between TCorp and the Strategy Balance Sheet Management (SBSM) team at NSW Treasury. Regular meetings take place between TCorp, SBSM and the Chief Financial Officer to monitor the performance and management of the investment.

7. EVENTS AFTER THE REPORTING DATE

There are no events after reporting date requiring disclosure.

End of audited financial report



INDEPENDENT AUDITOR'S REPORT

NSW Generations (Community Services and Facilities) Fund

To Members of the New South Wales Parliament

Opinion

Opinion on the audit of the financial report

I have audited the accompanying special purpose financial report (the financial report) of the NSW Generations (Community Services and Facilities) Fund (the Fund), which comprises the Statement by the Treasurer, the Statement of the Fund's Activities for the year ended 30 June 2021, the Statement of the Fund's Position as at 30 June 2021 and notes to the financial report. The financial report has been prepared by the Treasurer, using the basis of accounting described in Note 2 to the financial report for the purpose of fulfilling the Treasurer's annual reporting obligations under section 7 of the *NSW Generations Funds Act 2018* (the Act).

In my opinion, in all material respects, the financial report presents fairly, the Fund's position as at 30 June 2021 and its activities for the year then ended, in accordance with the basis of accounting described in Note 2 to the financial report.

Opinion on whether payments complied with the Act

I have undertaken an audit to provide reasonable assurance on whether payments from the Fund have, in all material respects, been made in accordance with the Act for the year ended 30 June 2021.

In my opinion, in all material respects, payments from the Fund have been made in accordance with the Act for the year ended 30 June 2021.

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

Basis for Opinions

I conducted my audit in accordance with Australian Auditing Standards and Standards on Assurance Engagements, including ASAE 3100 'Compliance Engagements' (ASAE 3100). My responsibilities under the standards are described in the 'Auditor's Responsibilities' section of my report.

I am independent of the Fund in accordance with the requirements of the:

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

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

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

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

In conducting my audit, I have applied ASQC 1 'Quality Control for firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements and Related Service Engagements'.

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Treasurer's annual reporting responsibilities under the Act. As a result, the financial report may not be suitable for another purpose.

Other Information

The Fund's annual report for the year ended 30 June 2021 includes other information in addition to the financial report and my Independent Auditor's Report thereon. The Treasurer is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the NSW Generations (Debt Retirement) Fund Financial Report.

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by section 7(3) of the Act, I have separately expressed an opinion on the NSW Generations (Debt Retirement) Fund Financial Report.

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

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

I have nothing to report in this regard.

The Treasurer's Responsibilities for the Financial Report

The Treasurer is responsible for the preparation and fair presentation of the financial report in accordance with the basis of accounting described in Note 2 to the financial report. The Treasurer's responsibility also includes such internal control as the Treasurer determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. The Treasurer has determined that the accounting policies described in Note 2 are appropriate for fulfilling the Treasurer's annual reporting responsibilities under the Act.

The Treasurer's Responsibilities under the *NSW Generations Funds Act 2018*

The Treasurer is responsible for ensuring payments made from the Fund have been made in accordance with the Act. The Treasurer's responsibility also includes such internal control as the Treasurer determines is necessary to comply with the requirements of the Act.

Auditor's Responsibilities

Audit of the financial report

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

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

- that the Fund carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

Audit of whether payments complied with the Act

My responsibility is to express an opinion on whether payments from the Fund, in all material respects, have been made in accordance with the Act. ASAE 3100 requires that I plan and perform procedures to obtain reasonable assurance whether payments from the Fund have, in all material respects, complied with specific requirements of the Act.

This audit involved performing procedures to obtain audit evidence on whether payments from the Fund complied with the Act. The procedures selected depend on my judgement, including the identification and assessment of the risks of material non-compliance with specific requirements of the Act.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, together with the Fund's internal control structure it is possible that fraud, error or non-compliance with the Act may occur and not be detected.

An audit for the year ended 30 June 2021 does not provide assurance on whether compliance with the Act will continue in the future.

Use of Report

My report was prepared for the purpose of fulfilling the Treasurer's annual reporting obligations under the Act. I disclaim any assumption of responsibility for any reliance on the report for any other purpose other than for which it was prepared.



Renee Meimaroglou
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY



Treasury

NSW Generations (Community Services and
Facilities) Fund
Financial Report
for the year ended 30 June 2021

NSW Generations (Community Services and Facilities) Fund

**Financial Report
for the year ended 30 June 2021**

STATEMENT BY THE TREASURER

Pursuant to Section 7 of the *NSW Generations Funds Act 2018*, I declare that in my opinion:

- (a) The accompanying financial report provides details of the transactions of the NSW Generations (Community Services and Facilities) Fund for the year ended 30 June 2021; and
- (b) The financial report has been prepared as a special purpose financial report and related notes in accordance with the basis of accounting described in Note 2.

Further, I am not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



**The Hon. Matt Kean MP
Treasurer**

 October 2021

NSW Generations (Community Services and Facilities) Fund

**Statement of the Fund's Activities and Position
for the year ended 30 June 2021**

	Note	2021 \$'000	2020 \$'000
Receipts			
Government contributions	3	-	27,500
Interest earned	3	333	396
GST received	3	1	-
Total receipts		<u>334</u>	<u>27,896</u>
Payments			
Project payments	4	4,522	17,625
Administrative expenses	4	112	463
Total payments		<u>4,634</u>	<u>18,088</u>
Net receipts/(payments)		<u>(4,300)</u>	<u>9,808</u>
 The Fund's Position as at 30 June			
Opening balance of the Fund - cash		37,553	27,745
Net receipts/(payments)		<u>(4,300)</u>	<u>9,808</u>
Closing balance of the Fund		<u>33,253</u>	<u>37,553</u>

The accompanying notes form part of the financial report.

NSW Generations (Community Services and Facilities) Fund

Notes to the Financial Report for the year ended 30 June 2021

1. INFORMATION ON THE NSW GENERATIONS (COMMUNITY SERVICES AND FACILITIES) FUND

Reporting entity

The NSW Generations (Community Services and Facilities) Fund (the Fund) is required to prepare an annual report under Section 7 of the *NSW Generations Funds Act 2018* (the Act). Section 12(1) of the Act states that the purpose of the Fund is to provide funding for cost-effective facilities and services throughout New South Wales that improve the wellbeing of communities and the lives of the people of New South Wales, including facilities and service for the purposes of:

- (a) protecting public health and preventing disease, illness, injury, disability or premature death, and
- (b) promoting conditions in which persons can be healthy and safe, and
- (c) promoting involvement with community or culture, and
- (d) increasing participation in programs, services or activities that aim to improve the overall wellbeing of the community, and
- (e) any other purposes prescribed by the regulations.

Section 12(2) of the Act provides that the Treasurer is not to recommend the making of a regulation for the purposes of subsection 12(1)(e) of the Act unless the Treasurer certifies that the Treasurer is satisfied that the purpose to be prescribed is a purpose that relates to the improvement of the wellbeing of communities and the lives of the people of New South Wales.

Section 4 of the Act establishes the Fund as a Special Deposit Account (SDA). Section 4.15 of the *Government Sector Finance Act 2018* defines an SDA to consist of:

- a) all accounts of money that the Treasurer is, under statutory authority, required to hold otherwise than for or on account of the Consolidated Fund, and
- b) all accounts of money that are directed or authorised to be paid to the SDA by or under legislation.

The Treasurer is responsible for the funding and investment operations of the Fund.

The financial report for the Fund is a Special Purpose Financial Report with the "financial year" being from 1 July to 30 June. The Fund is administered by NSW Treasury on behalf of the State of New South Wales.

The financial report was authorised for issue by the Treasurer on the date the accompanying Statement by the Treasurer was signed.

Key Activities

The Fund was established for the provision of funding for cost-effective facilities and services throughout New South Wales that improve the wellbeing of communities and lives of people of New South Wales.

NSW Generations (Community Services and Facilities) Fund

Notes to the Financial Report for the year ended 30 June 2021

1. INFORMATION ON THE NSW GENERATIONS (COMMUNITY SERVICES AND FACILITIES) FUND (continued)

Funding Sources for the Fund

Section 13 of the Act prescribes the amounts payable into the Fund. These are:

- a) all money appropriated by Parliament, or advanced by the Treasurer, for payment into the Fund,
- b) all money appropriated by Parliament to the Treasurer for the general purposes of the Government (and not for the purposes of individual Government Sector Finance agencies) and directed by the Treasurer to be paid into the Fund,
- c) the repayment of the principal, or payment of interest, on money loaned from the Fund (including fees associated with the loan),
- d) the repayment of any other money provided from the Fund by way of any other financial assistance,
- e) all other money directed or authorised to be paid into the Fund by or under any Act or law.

Payments out of the Fund

Section 14(1) of the Act prescribes payments from the Fund. These are:

- a) all or any part of the cost of any project, program or initiative that the Treasurer is satisfied promotes the purpose of the Fund,
- b) administrative expenses relating to the control and management of the Fund,
- c) any money directed or authorised to be paid from the Fund by or under this Act or any other Act or law.

Section 14(2) provides that payments from the Fund for the cost of a project, program or initiative may be provided by way of a grant, subsidy, loan or other financial assistance and may be subject to such conditions as the Treasurer thinks fit to impose.

Section 14(3) prescribes, without limiting Section 14(2), those conditions may relate to the following:

- a) meeting specified performance targets or outcomes,
- b) repayments of the whole or any part of such financial assistance (including repayment if specified performance targets or outcomes are not met as required under a condition of the provision of the financial assistance),
- c) the payment of interest on financial assistance provided by way of a loan,
- d) the periods or intervals at which repayments are to be made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Fund's financial report is a special purpose financial report which has been prepared on a cash basis. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Fund. Receipts are realised and recorded when cash is received. Payments are recorded when cash is actually paid.

The presentation focus in the financial report is balances of the Fund at the reporting date and changes during the year.

NSW Generations (Community Services and Facilities) Fund

Notes to the Financial Report for the year ended 30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

The Fund's financial report is presented in Australian dollars and all amounts are rounded to the nearest one thousand dollars (\$'000).

Statement of compliance

The financial report and notes have been prepared in accordance with the policies detailed in this accounting policy note.

Value of the Fund

The total balance of the Fund consists of cash only.

Cash is reported by the Fund when the Fund can use the cash for the achievement of its own objectives or otherwise benefit from the cash and exclude or regulate the access of others to that benefit. Cash collected by, or appropriated or granted to the Fund, which the Fund can use to fund its operating objectives, acquire capital assets or repay its debt is reported by the Fund.

The cash held by the Fund is classified as a restricted asset as it can only be applied as allowed by the Act as detailed in Note 1.

3. RECEIPTS

The Fund is authorised to receive amounts in accordance with Section 13 of the Act.

	2021 \$'000	2020 \$'000
Section 13(b) receipts		
Government contributions	-	27,500
Section 13(c) receipts		
Interest earned	333	396
Section 13(e) receipts		
GST received	1	-
Total receipts	<u>334</u>	<u>27,896</u>

NSW Generations (Community Services and Facilities) Fund

Notes to the Financial Report for the year ended 30 June 2021

4. PAYMENTS

Payments from the Fund are in accordance with Section 14 of the Act.

	2021 \$'000	2020 \$'000
Section 14(1)(a) payments		
Project payments	4,522	17,625
Section 14(1)(b) payments		
Directors fees	96	185
Auditor's remuneration	16	11
Operating expenses	-	267
Total administrative expenses	<u>112</u>	<u>463</u>
Total payments	<u>4,634</u>	<u>18,088</u>

5. FINANCIAL INSTRUMENTS

Risk management

The Fund's only financial instrument is the cash held in the Treasury Banking System which is subject to interest rate risk. As at 30 June 2021, a rise or fall of 1 percent in interest rate over the course of the year would result in an increase or decrease in interest earned of approximately \$332,534 (2020: \$375,528).

6. EVENTS AFTER THE REPORTING DATE

There are no events after reporting date requiring disclosure.

End of audited financial report

9. Appendices

APPENDIX 1

43

Appendix 1

MY COMMUNITY PROJECTS—STATUS OF DELIVERY AS OF SEPTEMBER 2021

Electorate	Project Title	Status
Albury	Upgrading Holbrook Netball Courts	Completed
Albury	Shade Sails for Eastern View Estate (Albury) Parks	Completed
Albury	Refrigerated delivery van to provide emergency food relief	Completed
Auburn	Playground and Tea Garden	Completed
Auburn	The Piazza revitalisation for a more liveable community	Completed
Ballina	Teen Mental Health First Aid courses in all schools	Completed
Ballina	Suffolk Park Pump Track	Completed
Ballina	Women Matter Too	Completed
Balmain	Leichhardt Community Grounds	Expected completion in 2021
Balmain	A new, inclusive playground for Annandale Public School	Completed
Bankstown	Get kids cooking	Expected completion in 2021
Bankstown	Street Outreach Youth Bus	Completed
Bankstown	Teen Brains on Wheels: Help Your Mind, Mind Your Future!	Completed
Bankstown	Courtroom Slam	Completed
Barwon	Revitalising horse sports in the Binnaway community	Completed
Barwon	Silo Art	Expected completion in 2021
Bathurst	Cafe on Corporation	Completed
Bathurst	Welcome Gather Connect—School Playground	Completed
Bathurst	Educational App-etite: engaging students through AR gardens	Completed
Baulkham Hills	Self-care and nourishment for parents of special needs kids	Expected completion in 2021
Baulkham Hills	Kookaburra Track	Expected completion in 2021
Bega	Restoration of the Aged and Dilapidated THCC Carpark	Completed
Bega	Eden Fitness Trail (EFT): Reducing barriers to Exercise	Completed
Blacktown	Save Our Play	Completed
Blacktown	Nurragingy Miniature Railway	Expected completion in 2021
Blue Mountains	Accessible toilet and shower in the heart of Springwood	Completed
Blue Mountains	Invigorate Blaxland High School Performance Arts Centre	Completed
Cabramatta	Our Kitchen, Our Stories!	Completed
Cabramatta	Bakery and cold store room for commercial kitchen	Completed
Cabramatta	A feast for the senses (Bonnyrigg sensory garden)	Completed
Camden	Spring Farm Public School Play Space	Expected completion in 2021
Camden	Macarthur Solar Community	Completed
Campbelltown	“RIGHT ON TRACK” Cafe	Completed

Electorate	Project Title	Status
Campbelltown	Grand Stand seating for Waminda Oval	Completed
Canterbury	Lighting for Ewen Park Sports Fields	Completed
Canterbury	Canterbury Community Kitchen	Completed
Castle Hill	Football for All—Community Childcare Centre Football Program	Completed
Castle Hill	Everyone Can Play at North Kellyville Public School	Completed
Castle Hill	Sun safe Spectator Seating for Bernie Mullane Sports Complex	Completed
Cessnock	Above And Beyond Community Play Space	Completed
Cessnock	Miller Park Little A & Wildcats Facility Upgrade	Completed
Charlestown	Nesbitt Park Re-surfacing	Completed
Charlestown	Kahibah Public School Shared Space	Completed
Charlestown	Clean Start	Completed
Clarence	Maclean Olympic Pool Solar Blankets	Completed
Clarence	Health transport for residents of the Richmond Valley Shire	Completed
Clarence	Windara Garden Wonderland	Completed
Clarence	Defibrillators for Grafton City Centre	Completed
Coffs Harbour	Woolgoolga Lakeside Reserve Walking Trail and Revegetation	Expected completion in 2021
Coffs Harbour	Musicians in Hospitals—Music and Medicine	Expected completion in 2021
Coffs Harbour	Keys Growing Healthy Lives Farm	Expected completion in 2021
Coogee	Make Clovelly Beach Playground safe and fun!	Expected completion in 2021
Coogee	Wylies Coastal Community Gardens	Completed
Cootamundra	Junee Regional Adventure Park	Completed
Cronulla	Resurfacing of Burraneer Bay Public School Oval	Expected completion in 2021
Davidson	Warrimoo Oval Lighting Upgrade	Expected completion in 2021
Davidson	Revitalising our Hall	Expected completion in 2021
Drummoyne	Renovation of toilets and storage area in community building	Completed
Drummoyne	2 New State-of-the-Art Safe Playgrounds for Liberty Grove	Completed
Drummoyne	5 Senses Dementia Wellness workshops	Expected completion in 2021
Drummoyne	Sun smart	Completed
Dubbo	SIR RODEN CUTLER NINJA COURSE AND CAR PARK	Expected completion in 2021
Dubbo	Sport court expansion for active kids and community	Completed
East Hills	Air-condition our hall for students and community	Completed
East Hills	CPR needed - Revive our school grass area for our community	Completed
Epping	Beecroft PS COLA Construction & Court Revitalisation Project	Expected completion in 2021
Fairfield	Life Essentials for Vietnamese Elderly Living in Australia	Completed
Fairfield	Community Care in Fairfield	Completed

Electorate	Project Title	Status
Fairfield	All Abilities/Inclusive Access Ramp to Church Community Hall	Completed
Fairfield	Our Space	Completed
Gosford	Phoenix Rising	Completed
Gosford	Umina SLSC Red & Yellow Patrol Tractor—Lifesaving	Completed
Gosford	Mixed Pathway at Umina Beach Surf Club	Expected completion in 2021
Goulburn	MVHS School and Community Cafe	Completed
Goulburn	Safe and Secure Access for Visitors to Moss Vale Golf Club	Completed
Granville	Class Rooms & Youth Room Fit-out	Completed
Granville	Keep kids active, healthy & happy at school—Save our oval!	Completed
Hawkesbury	Richmond Swimming Centre Shade & Seating Installation	Completed
Hawkesbury	Richmond School of Arts lighting and sound update	Completed
Hawkesbury	Community Defib Project—Wisemans Ferry	Expected completion in 2021
Hawkesbury	Memorial Park drinking station and pathway lighting at Memorial Park	Expected completion in 2022
Heathcote	Helensburgh Mountain Bike Park	Completed
Heathcote	The Stanwell Park CWA Community Hall Renewal	Expected completion in 2021
Heffron	Little Heroes Swim Centre	Expected completion in 2021
Heffron	Nature Play meets Tranquil Tempe—a broader vision	Completed
Heffron	107 Makerspace at Joynton Avenue Creative Centre	Expected completion in 2021
Heffron	Performing Arts for schools in disadvantaged communities	Completed
Heffron	A Healthy Headspace Hub for Local Students	Completed
Holsworthy	Youth Mental Health First Aid	Expected completion in 2021
Holsworthy	Newbridge Heights Public School playground	Completed
Holsworthy	A playground & outdoor learning area for CNPS	Completed
Hornsby	Men's Shed Workshop for the Community, Hornsby to Berowra	Completed
Hornsby	Hornsby Heights Outdoor Active Playground	Completed
Hornsby	The Hornsby Connect Refrigerated Provisions Truck	Expected completion in 2021
Keira	Grand Pacific Walk, Free Water Project	Completed
Keira	Weather Shelter at Gibson Park - Protecting our Community	Completed
Kiama	New Multifunctional Community and Sports Centre	Expected completion in 2021
Kiama	Meals on Wheels Bomaderry Commercial Kitchen upgrade	Completed
Kiama	Mountain Bike Skills Park in Minnamurra Quarry	Completed
Kogarah	Revitalise indoor/outdoor floor space at St James Carlton	Completed
Kogarah	Create a Multisport Space to promote healthy minds & bodies	Expected completion in 2021
Kogarah	Nature Play and Learning at Blakehurst Public School	Completed
Kogarah	Creating a new Cultural Space for our Community	Completed

Electorate	Project Title	Status
Ku-ring-gai	Canoon Road Sporting Complex—Lighting	Completed
Lake Macquarie	Coal Point Public School Naturespace and Community Hub	Completed
Lake Macquarie	Toronto Community Kitchen	Expected completion in 2021
Lake Macquarie	Caring for Carers: Carer Support Group Respite Program	Expected completion in 2021
Lakemba	Learning Together Community Centre	Expected completion in 2021
Lakemba	Indoor playground for Muslim families	Completed
Lane Cove	Artarmon Public School Playground—a place to play	Completed
Lane Cove	Shade for Hunters Hill High School	Expected completion in 2021
Lane Cove	Use it or Lose it? Maximising your brain health	Completed
Lismore	Securing the safety of the Region's koalas in care	Completed
Lismore	Flooding Issues—help needed and upgrades required!	Expected completion in 2021
Lismore	Integrated PlayScape—to build fitness, brains and bodies	Completed
Liverpool	Outreach Sports Programs Tackling Mental Health & Obesity	Expected completion in 2021
Liverpool	Serving Our Community	Completed
Londonderry	Community Play and Learn Facility	Completed
Londonderry	A Community Outdoor Area	Completed
Londonderry	The Ropes Crossing Neighbourhood Watch Programme	Expected completion in 2021
Londonderry	Our Community Cares CONNECT	Completed
Macquarie Fields	Macquarie Links—Child & Youth Play & Fitness Areas	Completed
Macquarie Fields	School hall—better for all	Completed
Maitland	Metford Community Play Space	Completed
Maitland	MaitSpace- Outdoor Event Space	Completed
Maitland	Precious Plastic Recycling Workshop	Expected completion in 2021
Manly	All Weather Community Sporting Hub	Completed
Manly	Manly Food Co-Op Equipment and Signage	Expected completion in 2021
Manly	Seaforth Public School Community Nature Playground	Completed
Manly	Celebrating Sydney's Underwater Forests	Completed
Maroubra	Active kids—playground upgrade	Completed
Maroubra	Deadly Youth Mentoring Program	Completed
Maroubra	Revitalising Sir Joseph Banks Park	Completed
Miranda	Modernising our Sylvania Heights Community & Youth Club	Completed
Miranda	Sun Safe Shelters	Completed
Monaro	Upgrade of Playground at Jerrabomberra Community Centre	Completed
Monaro	Jerrabomberra Public School—Cover Our Sports Courts	Expected completion in 2021
Mount Druitt	Cafe and Kitchen Upgrade	Completed

Electorate	Project Title	Status
Mount Druitt	Toilets Renovation	Completed
Mount Druitt	Mittigar Reserve, Hassall Grove—Boundary Fencing	Completed
Mount Druitt	Keeping Safe in Mt Druitt	Partially completed
Mulgoa	A Safe Place to Play	Completed
Mulgoa	St Clair and District Men's Shed Stage 2 Shed Build	Completed
Mulgoa	RPS Infants Adventure Playground	Completed
Murray	Install a Skate Park in Yenda, NSW	Completed
Murray	CanAssist Catering Van	Expected completion in 2021
Myall Lakes	New toilets at Blackhead Pool	Expected completion in 2021
Myall Lakes	New Playground for Children of Pacific Palms Public School	Completed
Myall Lakes	Chatham High School Street Food Project	Completed
Newcastle	UnWaste: An Upcycle Newcastle community engagement project	Completed
Newcastle	A multi-purpose all-weather greenspace for kids	Completed
Newcastle	Project Eve—a safe and welcoming space for homeless women	Completed
Newcastle	The Commons Courtyard at Pachamama House	Expected completion in 2021
Newtown	Giant Dwarf Theatre—Access All Areas	Expected completion in 2021
Newtown	Women's Work—Financial Equity for Sydney Women	Completed
Newtown	Mapping the Inner-West—Australia's capital of craft brewing	Completed
North Shore	Welcome to Mosman Junction Accessible Toilets	Completed
Northern Tablelands	Spectator grandstand to the Guyra Sporting Complex	Completed
Northern Tablelands	Armidale Playhouse Stage 3 Renovation	Completed
Oatley	PWPS P&C Playground Upgrade	Completed
Oatley	Peakhurst South Community Hall Revitalisation	Expected completion in 2021
Oatley	Playground and meeting hub—connecting families	Completed
Oatley	Let's take control of our temperature and well-being!	Completed
Oatley	Oatley Remakery & Sustainability Hub	Expected completion in 2021
Orange	Gosling Ck Cycle, Triathlon, HPV, Walking and Running Track	Completed
Orange	Boree creek to Federal Falls shared trail	Completed
Orange	Let's Help Orange Homeless	Expected completion in 2021
Oxley	Ball Play at Valla Beach	Completed
Oxley	Connecting—Empowering Families and Youth	Completed
Parramatta	Project Milap (Bonding)	Completed
Parramatta	Resurfacing 6 synthetic grass tennis courts	Completed
Parramatta	Improving Energy Efficiency for Community Groups	Completed
Parramatta	Children's playground and community meeting place	Expected completion in 2021
Parramatta	CCTV cameras for our city centre green space in Parramatta	Completed

Electorate	Project Title	Status
Penrith	Shelter access and refurbishment, Whitton Park Glenbrook	Completed
Penrith	Spectator Shade Shelter Lapstone Public School	Completed
Penrith	Community BBQ area	Completed
Penrith	Glenbrook Road footpath	Expected completion in 2021
Pittwater	Mona Vale Golf Club—Course Flood Mitigation Project	Completed
Pittwater	Community Pantry Kitchen Serving the vulnerable in Community	Completed
Pittwater	New rescue vessel for Marine Rescue Broken Bay	Expected completion in 2021
Port Macquarie	Precious Plastic Port Macquarie	Expected completion in 2021
Port Macquarie	Epic Quest to Revive Lake Cathie	Completed
Port Macquarie	Hastings School & Community Care and Wellbeing COLA	Completed
Port Stephens	Fit Out of Koala Hospital Building	Completed
Prospect	Children's playground at local church	Completed
Prospect	Westside Creative	Completed
Prospect	1st Smithfield Scouts—Needs Money for Dunny	Completed
Prospect	Revitalising St Gertrude's Parish demountables	Expected completion in 2021
Riverstone	Riverstone High School Outdoor Gym	Completed
Riverstone	Sun Safe Shade Sails for The Ponds School	Completed
Riverstone	FixMyStreet Riverstone	Completed
Riverstone	Giving Girls A Place to Grow	Completed
Rockdale	Revitalise St. David's Church Hall	Completed
Rockdale	Arncliffe Turf and Lights	Completed
Ryde	St John's Playground—Building an active and safe community	Completed
Ryde	Marsfield Community Kitchen	Expected completion in 2021
Ryde	Ermington Public School Playground	Expected completion in 2021
Ryde	B & B Highway—Ryde	Completed
Seven Hills	Revamping existing carpark into multi-use / carpark area	Completed
Seven Hills	Kings Langley Community Hub	Completed
Shellharbour	Yananga Inclusive Community Space—A shared space for all!	Completed
Shellharbour	Southern Illawarra Men's Shed	Completed
Shellharbour	Grand Stand Seating Lakeside Lions	Completed
Shellharbour	Grandstand for Flinders Field	Completed
South Coast	Revitalise Sanctuary Point	Expected completion in 2021
South Coast	Jervis Bay Communication Upgrade	Expected completion in 2021
Strathfield	Open Classroom for Healthy Mind, Body & Spirit	Completed
Strathfield	Inclusive Community Playground	Expected completion in 2021
Strathfield	Parish Pantry kitchen and Community Garden Upgrade	Completed
Strathfield	Live Life Get Active	Completed

Electorate	Project Title	Status
Summer Hill	Pratten Park Community Music Hub	Completed
Summer Hill	MakerSpace Community Workshop	Completed
Summer Hill	Petersham multi-sport community courts	Completed
Swansea	Inclusive children's playground	Expected completion in 2021
Swansea	Upgrade of Camp Breakaway bathrooms	Completed
Sydney	Indigenous Edible Garden	Expected completion in 2021
Sydney	Woolloomooloo Out Loud	Completed
Sydney	Ruff Sleepers - dog washing for the homeless	Completed
Tamworth	Replacement of Walcha Bowling Club Synthetic Bowling Green	Completed
Tamworth	Social Inclusion for Tennis and Table Tennis	Completed
Tamworth	Emergency Response Vehicle for the Tamworth Community	Completed
Terrigal	Building a men's shed for Copacabana	Expected completion in 2021
Terrigal	Access for All to the Arts at Avoca Theatre	Completed
The Entrance	Affordable & accessible mental health treatment for Coasties	Expected completion in 2021
The Entrance	Tumbi Social Enterprise Cafe	Completed
Tweed	Terranora Nature Space—bringing children together	Expected completion in 2021
Tweed	New Kids Outdoor Gym and Park for Everyone, Tweed Heads	Completed
Upper Hunter	Spray and Play	Completed
Upper Hunter	Inclusive Stimulating Equipment Fosters Community Engagement	Completed
Upper Hunter	James Theatre Improvements	Completed
Vaucluse	Friendship Cafe	Completed
Wagga Wagga	Main Access Road upgrade	Completed
Wagga Wagga	Carevan Wagga Incorporated	Completed
Wagga Wagga	The Rock Central School Oval Upgrade	Completed
Wagga Wagga	North Wagga Hall Rejuvenation	Completed
Wakehurst	Community Bound	Completed
Wakehurst	SPOT, Stage 2	Completed
Wakehurst	Cromer Public School recreation and playground upgrade	Completed
Wallsend	Community Playground	Completed
Wallsend	Theatre Makeover - culture and arts for all	Completed
Willoughby	Food For Life—Vegetarian, Healthy, Nutritious	Completed
Willoughby	Weekly Community Dinner	Completed
Wollondilly	All-abilities playground in a botanic garden	Completed
Wollongong	Fair Food Supermarket and Make do Library of Things	Completed
Wollongong	Fun on the farm in Wollongong	Completed
Wyong	Beauty For Ashes	Completed
Wyong	A home for Marine Rescue Norah Head's new rescue vessel	Expected completion in 2021

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