

Report on the state finances 2022-23

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

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Report on State Finances

2022-23



ACKNOWLEDGEMENT OF COUNTRY

This Report on State Finances was prepared by NSW Treasury, which is located on the traditional lands of the Gadigal people of the Eora Nation.

We acknowledge 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.

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1. ABOUT THIS REPORT

The 2022-23 NSW Report on State Finances includes:

- an overview of the financial performance and position of the General Government and Total State Sectors for 2022-23
- the audited Consolidated Financial Statements of the General Government and Total State Sectors for 2022-23, including a full set of note disclosures required by Australian Accounting Standards
- the Outcomes Report on Government Finances for the General Government Sector, Public Non-Financial Corporations Sector, Public Financial Corporations Sector and the Non-Financial Public Sector for 2022-23, prepared in accordance with the Uniform Presentation Framework adopted by all Australian governments.

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

The NSW Government follows an international framework and all its sub-entities fall into one of three categories¹:

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

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

Throughout this report:

- A reference to one billion dollars is one thousand million dollars
- All figures in tables, charts and text are shown in billions of dollars, except when otherwise indicated. Discrepancies between totals and the sum of components reflect rounding. Percentages are based on the underlying unrounded amounts
- Prior year comparatives have been restated to take account of changes to accounting standards and corrections of prior period errors. Material changes relating to corrections of prior period errors are highlighted in Note 34: Restatement / Corrections to Prior Years of the Total State Sector Accounts (TSSA).

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

2. OVERVIEW 2022-23

The Budget Result for the 2022-23 year was a \$10.6 billion deficit in the GGS and a \$8.0 billion deficit in the TSS. This follows results from the 2021-22 financial year of a \$15.3 billion deficit in the GGS and \$16.9 billion deficit in the TSS. Further, it is noted this deficit result was \$0.7 billion less than originally forecast in the 2022-23 Budget, largely driven by improved revenues.

Table 2.1: Key Financial Indicators - Overview

	General Government Sector			Total State Sector		
	Actual 2022-23	Actual 2021-22 Restated ^(a)	Movement	Actual 2022-23	Actual 2021-22 Restated ^(a)	Movement
	\$b	\$b	\$b	\$b	\$b	\$b
Revenue	105.9	103.5	2.4	113.2	106.6	6.6
Expenses	116.5	118.8	(2.3)	121.2	123.6	(2.4)
Budget Result (Net Operating Balance)	(10.6)	(15.3)	4.7	(8.0)	(16.9)	9.0
Gross Capital Expenditure	22.1	20.6	1.5	27.8	26.3	1.5
Net Worth (Total assets less total liabilities)	322.0	285.9	36.1	322.0	285.9	36.1
Net Debt (Total debt less liquid assets)	74.9	55.8	19.1	110.9	90.3	20.6
Net Financial Liabilities (Total liabilities less financial assets)	165.5	147.3	18.1	188.6	172.3	16.3

(a) Refer Note 34: Restatement/Corrections to Prior Years of the TSSA for details of corrections to prior period.

The GGS **revenue** was \$2.4 billion higher than 2021-22. The Commonwealth provided additional funding in response to natural disasters during the year, specifically flooding in regional NSW. Taxation revenue also increased as a result of higher economic activity offset by decreased transfer duty as a result of a tighter than expected monetary environment.

Expenses were \$2.3 billion lower in 2022-23 compared to the prior year – mostly reflecting the reduced impact of stimulus and support payments to address the COVID-19 pandemic in the State, where this was necessarily higher in the prior year. Employee related costs were higher reflecting annual wages growth indexation and the increase in FTE headcount in the NSW Government.

Gross capital expenditure² for the GGS was \$22.1 billion in 2022-23, \$1.5 billion higher than the prior year. This reflects NSW Government's continued investment in infrastructure during the year.

The significant increase in **net debt** of approximately \$19.1 billion was mainly driven by the Government's commitments in delivering its record infrastructure investment program and the negative financial impact of the tightening monetary environment. In line with the increase in net debt, **net financial liabilities** increased by \$18.1 billion in the GGS (\$16.3 billion in TSS), and **net worth** increased \$36.1 billion from the prior year in both the GGS and TSS.

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

² Gross capital expenditure is all additions to property, plant & equipment, right-of-use assets, investment properties and other intangibles including additions under leases and service concession financial liability arrangements.

3. NSW FISCAL CONTEXT

3.1 Fiscal Targets and Principles

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

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

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

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

The Government continues to manage its fiscal position to deliver its commitments to the people of New South Wales, including making the first steps towards repairing the Budget. The Government will maintain its commitment to fiscal discipline through two fiscal principles:

- returning to, and then maintaining, a sustainable operating position.
- stabilising and then maintaining a sustainable debt position.

Looking at the State's fiscal targets with the FRA, performance in 2022-23 is broadly as follows:

- Both Moody's and Fitch re-affirmed NSW's credit rating at triple-A with a stable outlook.
- S&P Global maintained the State's credit rating at double-A plus with a stable outlook.
- The annual expense growth for 2022-23 was -1.9 per cent. This is well below the long-term average revenue growth rate of 5.6 per cent as defined in the Fiscal Responsibility Regulation 2013. The decrease in annual expense growth in 2022-23 was primarily driven by the cessation of temporary COVID-19 measures implemented in 2021-22 to respond to the Delta Outbreak.
- The 2023-24 Budget includes a Government commitment to an increased contribution plan. The new contribution plan will ensure the State remains on track to fully fund its defined superannuation liabilities by 2040. The new contribution plan consists of contributions of \$1.65 billion in 2023-24, indexing at 5% per annum until 2040.

In line with the requirements of the Act, the Government will report back to Parliament on its fiscal targets and principles of sound financial management as part of the 2024-25 Budget.

3.2 Economic Context

The NSW economy remained resilient throughout the 2022-23 financial year, despite high inflation and interest rates impacting household budgets. State Final Demand, the timeliest indicator of state economic activity, grew strongly in 2022-23, up 4.3 per cent.

Growth in the economy was initially underpinned by the continued normalisation in consumer spending patterns following the pandemic disruptions of earlier years. Growth was additionally supported by strong growth in employment, aided by the rapid return of overseas migrants. This helped to fill some of the large number of job vacancies that had emerged when Australia's international border was effectively closed during the pandemic. This saw the unemployment rate move lower to 2.9 per cent in June 2023, its lowest level since monthly records began in 1978.

This growth backdrop has created challenges for the economy and households. Strong demand from both the private and public sectors has added to inflationary pressures, which first emerged globally due to lingering supply chain disruptions following the COVID pandemic and Russia's invasion of Ukraine. Inflation has increasingly been driven by the flow-on effects of the tight labour market on wages growth and the strength in demand for housing, which has driven rapid growth in rental prices.

In response, central banks across the developed world have increased interest rates sharply over the past year to bring inflation back to target levels. The RBA has undertaken the fastest and most significant tightening cycle since it began targeting inflation in the early 1990s. Since May 2022, it has raised the cash rate by four percentage points to 4.1 per cent. The RBA has assessed that interest rates are now at a level where they are restricting economic growth.

This combination of higher interest rates and elevated cost-of-living pressures has increasingly weighed on economic activity as the financial year progressed. Household consumption in particular has slowed, led by falling spending for discretionary items (non-essential goods and services).

Notwithstanding this, overall growth has remained relatively resilient to date, supported by solid growth in both private and public investment. Business investment has been supported by elevated levels of capacity utilisation and continued strong business conditions, while public investment has been supported by Commonwealth investment in major infrastructure projects. Strong population growth is also providing support, in particular to house prices which have rebounded strongly since the start of 2023 despite higher interest rates.

Looking ahead, the combination of higher interest rates and elevated cost of living pressures is expected to continue to constrain consumer spending and overall activity. This softening in aggregate activity would be more pronounced were it not for the expected continued strength in net overseas migration.

Risks to the economic outlook remain elevated. Key downside risks to domestic and global economic growth include the persistence of high inflation, the potential for higher interest rates for a prolonged period, and lagged effects from earlier monetary policy tightening. Geopolitical risks, including in the Middle East, may further weigh on economic activity by creating adverse shocks which exacerbate inflationary pressures or cause a tightening in financial market conditions.

4. OPERATING RESULT

4.1 Budget Result Performance Against Original Budget

The budget result of the GGS for the financial year ended 30 June 2023 was a \$10.6 billion deficit, \$0.7 billion decrease to the Original Budget 2022-23 expected deficit of \$11.3 billion.

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

	Actual 2022-23	Original Budget 2022-23	Actual 2022-23 - Original Budget 2022-23	Revised Budget ^(a) 2022-23	Actual 2022-23 - Revised Budget ^(a) 2022-23
General Government Sector	\$b	\$b	\$b	\$b	\$b
Revenue	105.9	103.6	2.3	104.5	1.4
Expenses	116.5	114.9	1.6	114.8	1.7
Budget Result (Net Operating Balance)	(10.6)	(11.3)	0.7	(10.3)	(0.2)

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

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

- an increase in grant and subsidies revenue of \$2.6 billion, mainly relating to Commonwealth National Partnership Payments
- higher than expected fines, regulatory fees and other revenue, most prominently driven by mining royalties being \$0.6 billion higher than budgeted and Transport for NSW exceeding budget by \$0.6 billion as a result of an increase in local government road asset transfers not factored into the baseline budget.

This was offset by:

- other dividends and distributions being \$1.2 billion below budget. This was driven by lower distributions from managed funds due to large realised losses on spot FX and forward currency contracts and capital losses realised on equity trades
- an increase in interest expense of 0.7 billion, predominately due to higher interest rates and higher borrowings of approximately \$24.6 billion.

An overview of the actual net operating balance (budget result) compared to the original budget projections is outlined in detail in Note 36: Budgetary Information on 2022-23 General Government Sector Financial Statements, in the Total State Sector Accounts.

4.2 Budget Result Performance Against Prior Year

Table 4.2 below illustrates the variances between the restated 2021-22 and the 2022-23 actual results for both the GGS and TSS.

Table 4.2: Key Financial Indicators – Performance on Operating Result

Statement of Comprehensive Income	General Government Sector			Total State Sector		
	Actual 2022-23	Actual 2021-22 Restated ^(a)	Movement	Actual 2022-23	Actual 2021-22 Restated ^(a)	Movement
	\$b	\$b	\$b	\$b	\$b	\$b
Revenue	105.9	103.5	2.4	113.2	106.6	6.6
Expenses	116.5	118.8	(2.3)	121.2	123.6	(2.4)
Budget Result (Net Operating Balance)	(10.6)	(15.3)	4.7	(8.0)	(16.9)	9.0
Comprehensive Result	36.1	53.5	(17.5)	36.1	53.5	(17.5)
Gross Capital Expenditure	22.1	20.6	1.5	27.8	26.3	1.5
Cash Result	(21.9)	(24.3)	2.4	(20.1)	(25.7)	5.7
Net Lending/(Borrowing)	(24.6)	(27.0)	2.4	(24.9)	(32.2)	7.3

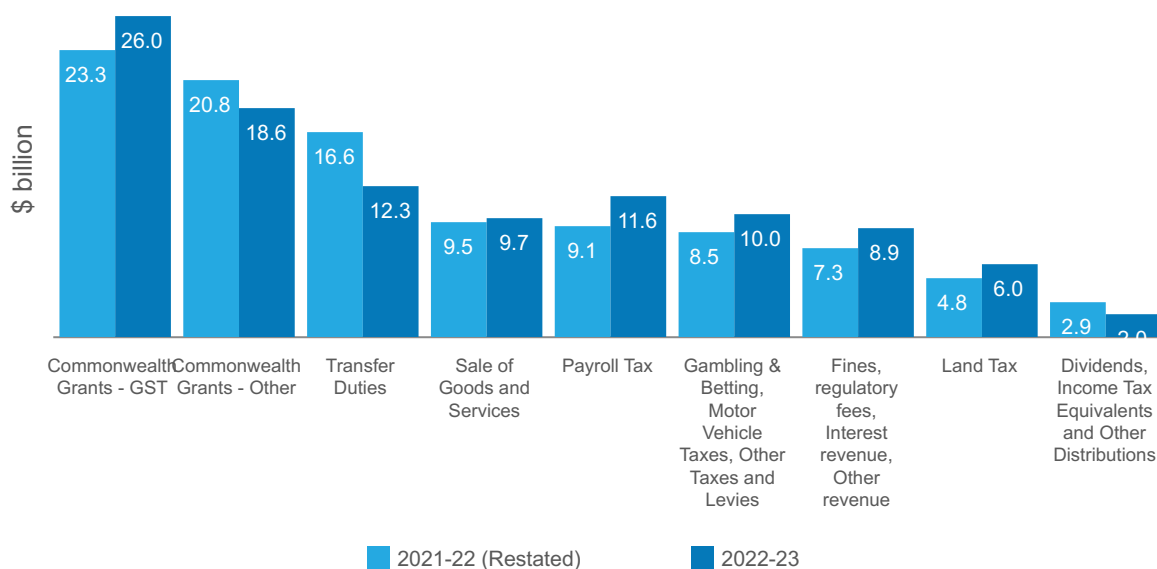
(a) Refer Note 33: Restatement/Corrections to Prior Years of the TSSA for details of corrections to prior period.

In summary, total revenues for the GGS in 2022-23 increased by \$2.4 billion (2.3 per cent) and total expenses decreased by \$(2.3) billion (2 per cent) compared to the 2021-22 outcome. Total revenues for the TSS in 2022-23 increased by \$6.6 billion (6.2 per cent) and total expenses decreased by \$2.4 billion (1.9 per cent) compared to the 2021-22 outcome.

4.3 Revenue

GGS revenues increased by \$2.4 billion to \$105.9 billion (2.3 per cent) while TSS revenues increased by \$6.6 billion to \$113.2 billion (6.2 per cent) over 2022-23. Key revenue movements compared to the prior year are further explained below. Chart 4.1 shows the main movements between the 2021-22 restated actual revenue and the 2022-23 actual revenue in the GGS.

Chart 4.1: Key Movements in GGS Revenues in 2022-23



Taxation Revenue

GGs taxation revenue in 2022-23 was \$39.7 billion, \$740.1 million (1.9 per cent) higher than 2021-22. This increase reflects both improved economic activity following the shutdowns during the COVID-19 pandemic and the ending of temporary tax concessions used to support businesses through that period.

Transfer duty revenue in 2022-23 was \$4.4 billion (26.3 per cent) lower than in 2021-22 due to easing property price growth and lower transaction volumes in response to rising interest rates.

Payroll tax revenue increased by \$2.5 billion (27.4 per cent), driven by strong labour demand and wage growth. The primary drivers of growth in payroll tax revenue are employment and average compensation of employees. Average compensation of employees and NSW employment increased by 3.7 per cent and 5.7 per cent respectively in 2022-23. Higher payroll tax revenue in 2022-23 also reflects the unwinding of policy measures put in place during the COVID-19 pandemic to support businesses. For example, the 2021-22 financial year included the impacts of a temporary payroll tax rate reduction and a 50 per cent waiver for small businesses.

Land tax revenues also increased by \$1.2 billion (24.0 per cent) due to growth in land values (land tax is based on the average of the last three annual valuations). Three-year-average land values continued to increase because of strong growth in land values to 1 July 2022.

Gambling and betting taxes increased by \$943.2 million (38.8 per cent), due to increased activity in hotels and clubs as the sector recovered from restrictions during the COVID-19 shutdowns.

Revenue from the Emergency Services Levy insurer contribution and the Emergency Services council contribution increased by \$296.5 million to \$1.4 billion in 2022-23, mainly driven by higher expenditures associated with the NSW Government's response to the Bushfire Inquiry and other service enhancements such as new fleet and fire stations.

Grant Revenue

New South Wales receives General Purpose Grants (which are comprised mostly of GST), National Agreement payments, Federation Funding Agreement payments and a small number of other payments from the Australian Government. Total Commonwealth grants were \$44.6 billion in 2022-23, \$502.0 million higher (1.1 per cent) than the prior year. The TSS values are in line with the GGS results.

GST revenue (including no worse off payments) was \$26.0 billion in 2022-23, \$2.7 billion higher than 2021-22 (11.7 per cent). GST revenues from the Australian Government are distributed among states and depend on the total amount of GST collected, the population share of NSW and the relativity calculated by the Commonwealth Grants Commission. The increase in GST revenue in 2022-23 largely reflects stronger GST collections due to increases in consumption. In addition, higher iron ore prices supported an increase in the NSW GST relativity in 2022-23.

Revenue from National Agreement payments and Federation Funding Agreement payments were \$18.6 billion in 2022-23, \$2.2 billion lower than 2021-22. The main changes in Australian Government funding included:

- a decrease of funding under the JobSaver agreement of \$3.3 billion, following the closure of the program at 30 November 2021.
- a decrease in health funding of \$1.1 billion from \$9.5 billion in 2021-22 to \$8.3 billion in 2022-23. This is due to the tapering of COVID-19 specific funding from the Australian Government, partially offset by an increase in health funding as hospital activity levels recovered from the pandemic.
- a decrease in funding under the HomeBuilder program of \$213.4 million following the closure of the program to applicants in April 2021.
- an increase in the National Schools Reform Agreement of \$143.5 million, primarily due to indexation (a composite of CPI and WPI).

Revenue in this category is also impacted by reprofiling of Australian Government funding for natural disaster relief and transport infrastructure projects.

Non-tax Revenues

Sale of goods and services for the GGS increased by \$249.0 million during 2022-23 to \$9.7 billion or 2.6 per cent higher than the prior year. This was driven by the lifting of COVID-19 restrictions impacting revenue received by the Ministry of Health and the Department of Education.

Revenue in the **finances, regulatory fees and other** category increased by \$1.4 billion (20.0 per cent) during 2022-23, to \$8.4 billion. This was principally due to the rise in mining royalties, which resulted from record high global coal prices in the latter half of 2022 following Russia's invasion of Ukraine. While prices have since decreased from their peak, they remain elevated compared to their historical average.

Interest income increased from \$262.2 million in 2021-22 to \$544.8 million in 2022-23 due to the increase in interest rates.

Dividends and income tax equivalents increased by \$29.1 million in 2022-23.

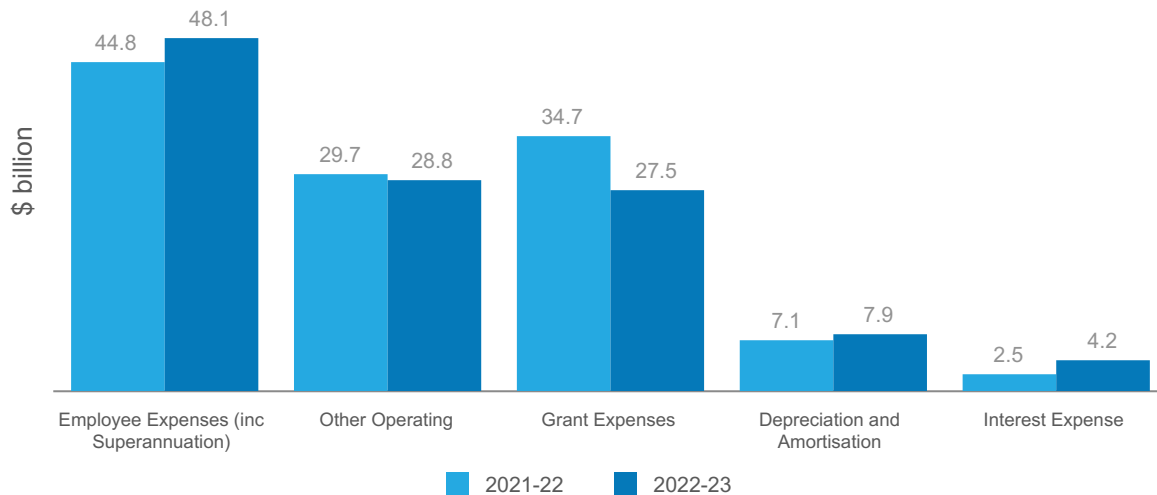
Other dividends and distributions decreased by \$975.5 million to \$1.5 billion in 2022-23 in part due to realised losses across various funds. Higher distributions in 2021-22 were also driven by sizeable one-off capital gains from fund portfolio restructures in previous years. Total returns are comprised of realised and unrealised gains. Other dividends and distributions capture realised gains only.

4.4 Expenses

Total GGS expenses were \$116.5 billion, which were \$2.3 billion (2 per cent) lower than 2021-22, while TSS expenses amounted to \$121.2 billion, \$2.4 billion (1.9 per cent) lower than the previous year. Key expense movements compared to the prior year are further explained below.

Chart 4.2 below shows the main movements between the 2021-22 actual expenses and the 2022-23 actual expenses in the GGS.

Chart 4.2: Key Movements in GGS Expenses in 2022-23



Employee expenses accounted for 41.3 per cent of the Sector's total expenditure followed by grant expenses (23.6 per cent) and other operating expenses (24.7 per cent).

Employee Expenses including Superannuation

Total employee related costs were \$3.3 billion (7.4 per cent) higher than 2021-22. This mainly reflects government policy decisions to invest more in essential services, including health professionals and education and increased wages to align with inflation.

The increase in superannuation costs reflect the increase in interest rates as a result of tightening monetary conditions. In addition higher FTE in the State.

Other employee expenses include long service leave, which increased as a result of higher interest rates and more eligible employees.

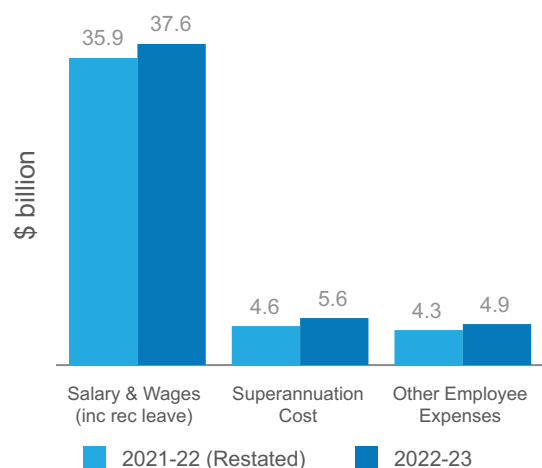


Chart 4.3: Key Movements in Employee Expenses

Grant Expenses

The \$7.2 billion (20.9 per cent) decrease in GGS grants and subsidies expenses, as illustrated in chart 4.2, mainly relates to programs implemented to address the economic impact of the COVID-19 pandemic and natural disasters in the prior year including:

- \$11.4 billion reduction in Department of Customer Service funding for COVID-19 stimulus programs, including COVID-19 Business Grant 2021 and JobSaver
- Offset by an
 - increase of \$1.6 billion in grants related to taxi licenses and local councils in the Department of Transport
 - \$300 million in grants to non-governmental organisations for child protection, out of home care and foster care in the Department of Communities and Justice.

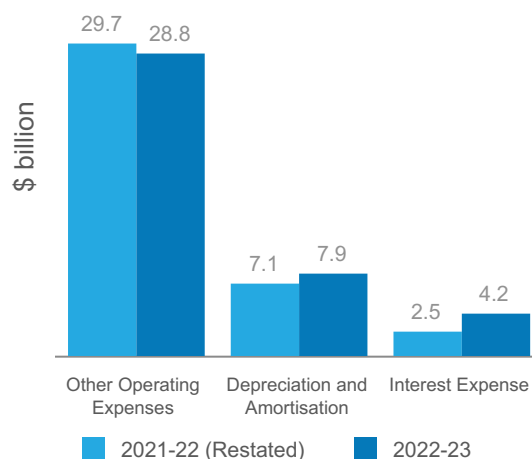
Other Expenses

Total other expenses were \$1.6 billion (4 per cent) higher than prior year as illustrated in chart 4.4 on the right.

Other operating expenses of \$28.8 billion were \$0.9 billion (3.1 per cent) lower than 2021-22, predominately driven by unrenewed Covid-19 spending in the current year. Additionally, there was a \$0.8 billion decrease in insurance costs due to favourable actuarial movements in NSW Self Insurance Corp.

The decrease in other operating expenses was partially offset by an increase in external maintenance expense of \$0.5 billion due to an increase in repair and maintenance works for State roads (Transport for NSW), a maintenance backlog of buildings in FY22 due to COVID, as well as, an increase in essential urgent repairs to rain damaged schools in FY23 (Department of Education).

Chart 4.4: Key Movements in Other Expenses



Depreciation and amortisation expenses were \$7.9 billion, \$803 million in total higher than in 2021-22.

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

Interest expenses in 2022-23 of \$4.2 billion were \$1,705 million higher than 2021-22, consistent with the impact of increasing interest rates in the year.

4.5 Comprehensive Result

The GGS Comprehensive Result was a gain of \$36.1 billion compared to a gain of \$53.5 billion in 2021-22. The comprehensive result represents the aggregate of the operating result (made up of revenue and expenses which are analysed above) and other economic flows included in the operating result and other comprehensive income, within the GGS. The worsening result compared to last year is driven by lower gains from remeasurements of post-employment benefits, worsening performance of equity instruments offset by improved revaluations. These impacts are explained in more detail in Section 5 on the balance sheet.

4.6 Capital Expenditure

GGS capital expenditure during 2022-23 was \$22.1 billion, \$1.5 billion higher than the prior year, an increase of 7.1 per cent. This increase is primarily driven by investment in infrastructure through Transport for NSW and Sydney Metro.

GGS agencies with significant capital expenditure programs in 2022-23 included:

- Transport for NSW (\$14.7 billion)
- Sydney Metro (\$9.5 billion)
- Ministry of Health (\$3.2 billion)
- Department of Education (\$2.0 billion).

Major projects progressed during 2022-23 included:

- Sydney Metro West (\$3.0 billion)
- Sydney Metro City and Southwest (\$2.7 billion)
- Sydney Metro – Western Sydney Airport (State and Federal Funded) (\$1.7 billion)
- Western Harbour Tunnel 1 (\$0.6 billion)
- More Trains, More Services (\$0.5 billion)

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

- Hornsby Hospital Redevelopment Stages 1 and 2 \$406.5 million (\$14.3 million in 2022-23)
- Lismore Hospital Redevelopment Stage 3A, 3B and 3C \$313.8 million (\$8 million in 2022-23)
- LED Lighting Upgrade Program \$157.8 million (\$62.3 million in 2022-23)
- Institute of Applied Technology for Digital Tech \$128.9 million (\$1.2 million in 2022-23)

TSS capital expenditure of \$27.8 billion was \$1.5 billion higher than in 2021-22. This increase was driven by the GGS capital expenditure spend.

5. BALANCE SHEET

Table 5.1: Key Financial Indicators – Balance Sheet Performance

Statement of Financial Position	General Government Sector			Total State Sector		
	Actual 2022-23	Actual 2021-22 Restated ^(a)	Movement	Actual 2022-23	Actual 2021-22 Restated ^(a)	Movement
	\$b	\$b	\$b	\$b	\$b	\$b
Total Assets	571.7	509.7	62.0	650.5	575.4	75.1
Total Liabilities	249.7	223.8	25.9	328.6	289.6	39.0
Net Worth	322.0	285.9	36.1	322.0	285.9	36.1
Net Unfund Superannuation Liability	41.7	43.6	(1.9)	43.0	45.0	(2.0)
Net Debt	74.9	55.8	19.1	110.9	90.3	20.6
Net Debt as a % of GSP ^(b)	9.8%	8.2%	1.5%	14.4%	13.3%	1.1%
Net Financial Liabilities	165.5	147.3	18.1	188.6	172.3	16.3
NFL as a % of GSP ^(b)	21.5%	21.7%	(0.1)%	24.6%	25.4%	(0.8)%

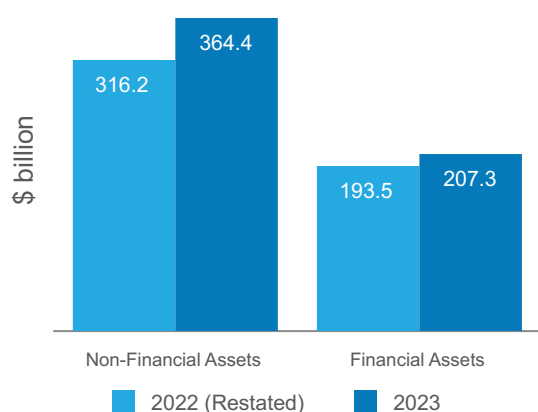
(a) Refer Note 34: Restatement/Corrections to Prior Years of the TSSA for details of corrections to prior period.

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

5.1 Total Assets

Total assets of the General Government as at 2022-23 consist mainly of property, plant and equipment (61.2 per cent), equity investments in other public sector entities, associates and joint ventures (23.4 per cent) and remaining financial assets (12.9 per cent).

Chart 5.1: Components of GGS Total Assets 2022-23



The \$48.3 billion net increase in **Property, Plant & Equipment (PP&E)** in the GGS is as a result of additions of \$22.1 billion (predominately within the Health, Education and Transport and Infrastructure clusters) and a significant upward revaluation of \$33.1 billion, which was partially offset by depreciation (\$6.4 billion) and disposals of PP&E (\$793 million) during 2022-23.

The \$52.7 billion increase in TSS PP&E is mostly due to additions of new PP&E (\$27.8 billion) and upward revaluations (\$34.8 billion), partially offset by depreciation (\$8.9 billion).

The GGS's **equity investments**, representing investment in other public sector entities, associates and joint ventures, were 6.1 per cent higher than 2021-22 primarily as a result of an increase of \$2.1 billion representing the fair value movement due to the increase in interest rates on loans to TCorp. In addition there was an increase of \$0.5 billion in PFC net assets mainly due to Lifetime Care (\$0.4 billion). This was driven by \$1.2b in additional investments, offset by \$0.7 billion due to an increase in outstanding claims provision as a result of the impact of actuarial economic assumptions.

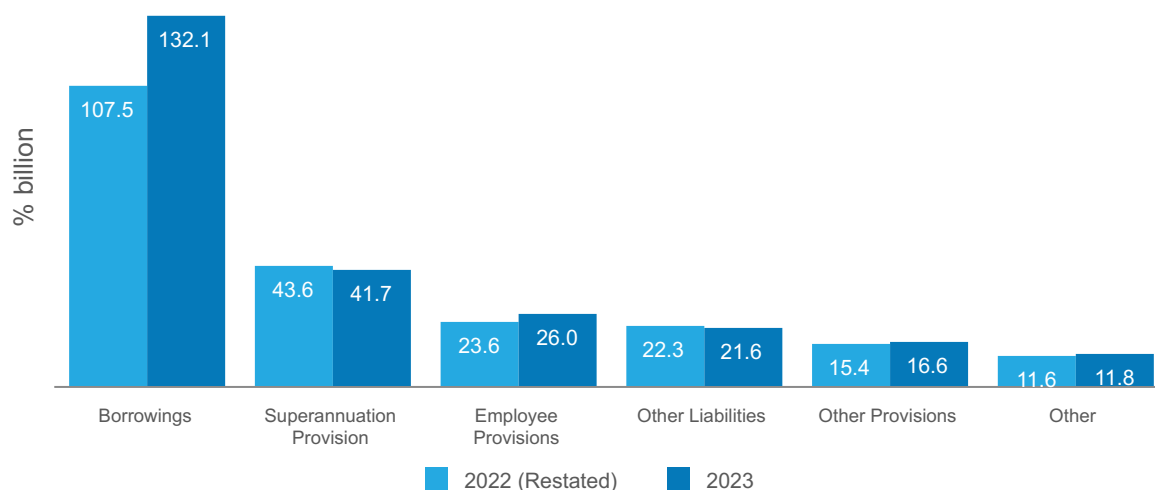
The net increase in **financial assets at fair value** is primarily attributable to an increase of \$3.8 billion for investments in TCorpIM funds during 2022-23.

During 2022-23, cash balances of the GGS increased by \$3.1 billion to \$6.3 billion, in line with renewed liquidity management practices. TSS cash balances increased by \$4.3 billion to \$17.2 billion primarily due to a \$1.2 billion increase in TCorp cash holdings.

5.2 Total Liabilities

Total liabilities of the GGS as at 2022-23 consist mainly of General Government's borrowings, which accounted for 53 per cent of the General Government's obligations at 30 June 2023, and employee and superannuation provisions, which together accounted for 27 per cent of total liabilities.

Chart 5.2: Components of Total Liabilities in the GGS 2022-23



Borrowings³ increased by \$24.6 billion to \$132.1 billion in 2022-23 driven by the Government's continued commitment in delivering its infrastructure investment program. TSS borrowings increased by \$29.1 billion in 2022-23.

Superannuation liabilities represent the actuarially-assessed obligations for past and present employees less the net market value of scheme assets set aside to meet these obligations. The net unfunded superannuation liabilities decrease of \$1.9 billion to \$41.7 billion (4.3 per cent) in the GGS, and \$2.0 billion to \$43.0 billion (4.5 per cent) in the TSS, is largely as a result of an increase in the discount rate used to value the liabilities from 3.69 per cent in 2021-22 to 4.07 per cent in 2022-23, due to the increase in government bond yields used as the discount rate as required by accounting standards.

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

The increase in **employee provisions** of \$2.4 billion was due to the \$1.2 billion increase in the provision for self funded workers compensation claims provision as a result of actuarial valuations mostly driven by increasing proportion of psychological claims, higher than expected number of Police Medically Discharged claims and an increased allowance for higher child abuse claims.

The **payables** balance (included in **other**⁴) increased by \$263.0 million (2.7 per cent) to \$10.0 billion in 2022-23. This is due to increase in a range of payables, including accrued employee expenses (\$220 million) and interest on borrowings and advances (\$307 million).

Other provisions increased by \$1.3 billion to \$16.6 billion (8.2 per cent) in 2022-23 mainly due to an \$851 million dollar increase in provisions from claims by NSW Self Insurance Corporation.

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

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

5.3 Net Worth, Net Debt and Net Financial Liabilities

Net worth is the difference between total assets and total liabilities. Net worth for the year ended 30 June 2023 was \$322.0 billion, an increase of \$36.1 billion (13 per cent) from the prior year.

The increase in net worth is equal to the comprehensive result of the GGS for 2023 as outlined in section 4.5 in this document.

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

The GGS net debt increase of \$19.1 billion to \$74.9 billion at 30 June 2023 (34 per cent) was predominantly driven by borrowings increasing by \$24.6 billion as described in section 5.2 above.

TSS net debt increased by \$20.6 billion to \$110.9 billion at 30 June 2023 (23 per cent). This was driven by an increase in borrowings and derivatives in the Treasury Corporation.

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

GGS net financial liabilities at 30 June 2023 were \$165.5 billion, which was \$18.1 billion higher than the prior year. The main factors contributing to this change are the increase in borrowings of \$24.6 billion, as described above. This was partially offset by a fall in superannuation liabilities of \$1.9 billion as the liability discount rate for the State Sector Schemes and Energy Industries Superannuation Scheme increased from 3.69 per cent to 4.07 per cent.

Total State Sector Accounts
2022 - 2023

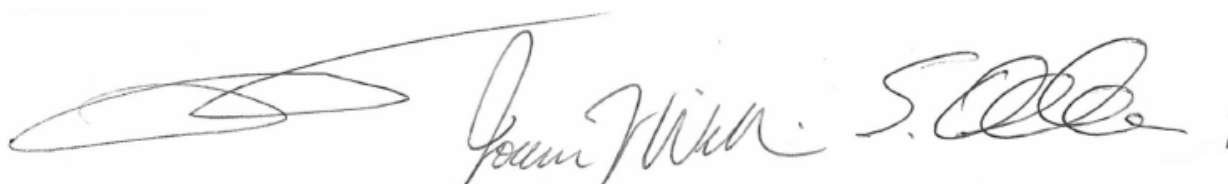
Audited Consolidated Financial Statements
of the NSW General Government
and Total State Sectors

STATEMENT OF COMPLIANCE

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

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

We acknowledge the disclosure in Note 1: Statement of Significant Accounting Policies regarding the matter relating to the Catholic Metropolitan Cemeteries Trust, and statutory Crown Land Managers and Commons Trusts.



The Hon. Daniel Mookhey MLC
Treasurer

Joann Wilkie
A/ Secretary
Treasury

Sean Osborn
A/ Executive Director -
Financial Stewardship and
Public Reporting
Treasury

18 January 2024



INDEPENDENT AUDITOR'S REPORT

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

To Members of the New South Wales Parliament

Qualified Opinion

I have audited the accompanying Consolidated State Financial Statements of the New South Wales General Government Sector (GGS) and Total State Sector (TSS) prepared by NSW Treasury, which comprise the Statement of Compliance, the Consolidated Statement of Comprehensive Income for the year ended 30 June 2023, the Consolidated Statement of Changes in Equity for the year ended 30 June 2023, the Consolidated Statement of Financial Position as at 30 June 2023, the Consolidated Statement of Cash Flows for the year ended 30 June 2023, and Notes to the Consolidated Financial Statements comprising a Statement of Significant Accounting Policies and other explanatory information of the Consolidated State Financial Statements. The Consolidated State Financial Statements comprises the entities the State controlled at the year's end or from time to time during the financial year.

From here on, the Consolidated State Financial Statements are referred to as the Total State Sector Accounts, in line with Treasury's naming convention.

In my opinion, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of my report, the Total State Sector Accounts:

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

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

Basis for Qualified Opinion

Inability to obtain sufficient appropriate audit evidence to support the amounts consolidated in the TSS and the equity investment recognised in the GGS relating to the Catholic Metropolitan Cemeteries Trust (CMCT)

As disclosed in Note 1 'Statement of Significant Accounting Policies', NSW Treasury has determined the State controls and is required by Australian Accounting Standards to recognise CMCT in the TSS. The TSS reports \$321 million in net assets for CMCT at 30 June 2023 and \$26 million in total comprehensive income for CMCT for the year then ended.

I have assessed CMCT as a significant component to the audit of the TSS in accordance with Auditing Standard ASA 600 'Special Considerations – Audits of a Group Financial Report'.

As disclosed in Note 11 'Equity Investments in Other Public Sector Entities', the GGS held an interest in the Public Non-Financial Corporation (PNFC) and Public Financial Corporation (PFC) sectors at 30 June 2023. The interest in the PNFC and PFC sectors was accounted for as an equity investment based on the GGS's proportional share of the carrying amount of the net assets of those sectors.

The net assets of CMCT, a non-commercial PNFC, recognised by the GGS as an equity investment was \$321 million at 30 June 2023. The GGS also recognised the increase in the value of its investment in CMCT for the year ended 30 June 2023 of \$26 million within 'Other Economic Flows' within the Statement of Comprehensive Income.

As CMCT is a controlled entity of the State, this means it is a GSF agency. Section 7.6 of the GSF Act requires reporting GSF agencies to prepare annual GSF financial statements and submit them to the Auditor-General for audit. CMCT has not provided me access to its management, books and records upon which to perform an audit.

Because CMCT has failed to submit its financial statements to the Auditor-General for the purpose of a financial audit I was unable to obtain sufficient appropriate audit evidence on the carrying amount of CMCT's:

- assets and liabilities in the TSS as at 30 June 2023 and of the amount of income and expenses for the year then ended
- net assets recognised as an equity investment by the GGS as at 30 June 2023 and the comprehensive income recorded within 'Other Economic Flows' relating to CMCT for the year then ended.

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

Inability to obtain sufficient appropriate audit evidence to support the non-land assets, liabilities, income and expenses of Category 2 Statutory Land Managers (SLMs) and Commons Trusts (CTs) that have not been recognised in the Total State Sector Accounts

SLMs and CTs are controlled entities of the State and should be recognised in the Total State Sector Accounts as required by Australian Accounting Standards.

As disclosed in Note 1 'Statement of Significant Accounting Policies', the non-land assets, liabilities, income and expenses of SLMs and CTs have not been recognised in the Total State Sector Accounts.

Most of these entities have not prepared audited financial statements, upon which to consolidate the non-land assets, liabilities, income and expenses of SLMs and CTs into the Total State Sector Accounts. This is because they have either not complied with their obligations under section 7.6 of the GSF Act or they were not required to prepare audited financial statements as they met the prescribed reporting exemption criteria set out in the Government Sector Finance Regulation 2018.

NSW Treasury has undertaken a review of available financial information to estimate the aggregate value of non-land assets, liabilities, income, and expenses relating to SLMs and CTs that were not recognised in the Total State Sector Accounts. However, there are limitations on the accuracy and reliability of financial information that support these estimates.

Because of the limitations on the accuracy and reliability of financial information relating to SLMs and CTs, I was unable to obtain sufficient appropriate audit evidence to determine the impact on the value of non-land assets and liabilities that should be recognised in the Total State Sector Accounts as at 30 June 2023 and of the amount of income and expenses that should be recognised in the Total State Sector Accounts for the year then ended.

Consequently, I was unable to determine whether any adjustments to the Total State Sector Accounts might have been necessary in respect of the unrecorded non-land assets, liabilities, income, and expenses relating to SLMs and CTs.

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

I am independent of NSW Treasury in accordance with the requirements of the:

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

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

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

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

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

Emphasis of Matter - Future of the Transport Asset Holding Entity of New South Wales (TAHE)

Without modifying my opinion, I draw attention to Note 33 'Events after the Reporting Period' of the Total State Sector Accounts. The note describes that in August 2023, the NSW Government made several key decisions regarding the future of TAHE. The decisions have a significant impact on TAHE's financial position and future operating model, including converting TAHE from a for-profit State Owned Corporation (SOC) to a non-commercial PNFC by 1 July 2024.

These decisions may impact the future commercial agreements between TAHE and the public rail operators and the future valuation of TAHE's assets that are consolidated in the TSS and recognised as an equity investment by the GGS in the PNFC sector.

Key Audit Matters

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

Key Audit Matters are those matters that, in my professional judgement, were of most significance in my audit of the Total State Sector Accounts for the year ended 30 June 2023. These matters were addressed in the context of my audit of the Total State Sector Accounts as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters. In addition to the matters described in the 'Basis for Qualified Opinion' and 'Emphasis of Matter' sections, I have determined the matters described below to be the key audit matters to be communicated in my report.

Key Audit Matter	How my audit addressed the matter
Accounting for equity contributions into TAHE	
<p>The GGS transferred \$1.6 billion to TAHE, a PNFC, during the year ended 30 June 2023. Since 2015–16, the GGS has transferred a total of \$14.9 billion to TAHE (formerly Rail Corporation of New South Wales).</p> <p>Transfers into public corporations to finance acquisitions of non-financial assets are treated as an investment in the contributed equity of the public corporation, except when there is no reasonable expectation of a sufficient rate of return on the investment. In such case, the transfer is recorded as a capital transfer expense in the GGS.</p>	<p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> • assessed significant judgements and assumptions applied by management to support the treatment of contributions to TAHE in 2022–23 as a capital transfer expense was in accordance with Australian Accounting Standards and the Australian System of Government Finance Statistics 2015

Key Audit Matter

During 2022–23, the government changed its intent and expectations in relation to the future operating model of TAHE, and there is no longer a reasonable expectation of a sufficient rate of return on the contributions made by the GGS to TAHE. As a result, transfers to TAHE of \$1.6 billion in 2022–23 were recorded as a capital transfer expense in the GGS's Statement of Comprehensive Income.

This is a change in treatment from transfers made to TAHE from 2015–16 to 2021–22 which were recognised as an equity investment.

I consider this to be a key audit matter because the rate of return assessment requires consideration of changes in facts and circumstances surrounding the government's decisions relating to TAHE's structure and future operating model.

Details of key judgements and assumptions related to the GGS's contributions into TAHE are included in Note 11 'Equity Investments'.

How my audit addressed the matter

- reviewed evidence to support the government's change in intent and impacts on TAHE's future structure and operating model
- assessed the sufficiency and appropriateness of financial statement disclosures against the requirements of applicable Australian Accounting Standards, in particular AASB 1049 'Whole-of-Government and General Government Sector Financial Reporting'.

Control of rail transport assets vested in TAHE

TAHE is a controlled entity of the State and is classified in the PNFC sector, meaning it is consolidated into the TSS, but not the GGS.

At 30 June 2023, the PNFC sector consolidated \$22.4 billion of TAHE's property, plant and equipment and \$704 million in depreciation expenses for the year ended 30 June 2023.

TAHE has agreements with other parties:

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

TAHE is also subject to an Operating Licence issued by the Portfolio Minister for the periods 1 July 2021 to 30 June 2024, which impose limits on its legislative functions detailed in the *Transport Administration Act 1988*.

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

Key audit procedures included the following:

- reviewed management's control assessment and supporting evidence, to assess the reasonableness of the accounting treatment against the requirements of applicable Australian Accounting Standards
- examined relevant legislation and regulations and contractual agreements, including the Operating Licence, to assess indicators of control against relevant Australian Accounting Standards.

Key Audit Matter

How my audit addressed the matter

I consider this to be a key audit matter because:

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

Fair value measurement of property, plant and equipment

At 30 June 2023, the TSS reported \$488 billion in property, plant and equipment measured at fair value. The closing balance of property, plant and equipment includes a net revaluation increment of \$34.8 billion recorded during the year ended 30 June 2023.

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

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

Details of the valuation techniques, inputs and processes for major asset classes are disclosed in Note 17 'Property, Plant and Equipment'.

Key audit procedures included the following:

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

Valuation of defined benefit superannuation and long service leave liabilities

At 30 June 2023, the TSS reported net defined benefit superannuation liabilities totalling \$43.0 billion and employee long service leave liabilities totalling \$12.1 billion.

I consider this to be a key audit matter because:

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

Key audit procedures included the following:

- obtaining an understanding of the processes and key controls in place supporting the defined benefit superannuation liability and long service leave liability calculations
- assessing the completeness and accuracy of data used in the models
- reviewing the methodology and key assumptions for reasonableness (with the assistance of actuarial experts for defined benefit superannuation liabilities)

Key Audit Matter	How my audit addressed the matter
Further information on the valuation of defined benefit superannuation and long service leave and liabilities are included in Note 25 'Employee Benefit Liabilities' and Note 26 'Superannuation Provisions'.	<ul style="list-style-type: none"> • assessing the qualifications, competence and objectivity of actuarial experts • assessing the adequacy of the financial statement disclosures against the requirements of Australian Accounting Standards and Treasurer's Directions.

Valuation of financial instruments

<p>At 30 June 2023, the TSS reported financial instruments measured at fair value totalling \$86.1 billion in financial assets and \$168.9 billion in financial liabilities.</p> <p>I consider this to be a key audit matter because:</p> <ul style="list-style-type: none"> • financial assets and financial liabilities measured at fair value are significant to the Consolidated Statement of Financial Position • small changes to market observable inputs and assumptions can significantly impact the fair value of these financial assets and financial liabilities • significant judgement is applied to determine the classification of financial instruments measured at fair value • management applies significant judgement in the selection of assumptions used to value offshore borrowings issued in foreign currencies for which there is limited trading activity (\$1.0 billion in Note 29). These are classified as 'level 3' according to the fair value hierarchy under Australian Accounting Standards (that is, where significant unobservable inputs are used in the valuation). <p>Further information on the valuation of financial instruments is disclosed in Note 29 'Financial Instruments'.</p>	<p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of, and assessed the valuation models applied to each category of financial instrument • assessed the design and tested the operating effectiveness of the key operational and information technology controls supporting the valuation of financial instruments • tested the inputs to the valuation system by comparing them to independent market observable data • compared the calculations of fair value to independent recalculations across a sample of financial instruments • reviewed the key valuation inputs and significant assumptions used by management to value 'level 3' financial instruments for reasonableness, and where data was available, agreed these inputs to market observable data • confirmed the existence and completeness of balances at 30 June 2023 with external counterparties • assessed management's judgement applied to the classification of financial instruments measured at fair value in accordance with applicable Australian Accounting Standards • assessed the adequacy of financial statement disclosures against the requirements of applicable Australian Accounting Standards.
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Accounting for the State's investments in TCorp Investment Management Funds

<p>The TSS consolidates several TCorp Investment Management Funds (TCorpIM Funds). As at 30 June 2023, the TSS recorded net assets in the TCorpIM Funds of \$72.0 billion and liabilities to unit holders outside of the TSS of \$16.5 billion.</p> <p>The TCorpIM Funds are investment entities and are not required to account for investments they control, jointly control or have significant influence over in accordance with AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements' and AASB 128 'Investments in Associates and Joint Ventures'. This exemption does not extend to the TSS.</p>	<p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> • reviewed management's assessment of control, joint control or significant influence over TCorpIM Funds and their underlying investments against the requirements of Australian Accounting Standards • assessed the appropriateness of management's consolidation model to confirm the: <ul style="list-style-type: none"> – completeness and accuracy of the underlying investment balances to third party evidence
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Key Audit Matter

During 2022–23 it was identified that certain investments held by several TCorpIM Funds should have been consolidated, accounted for under the equity method of accounting or accounted for as an investment in a joint operation in the TSS, rather than presented as financial assets in prior periods.

Adjustments have been made to restate the 2021–22 comparatives and the opening balances at 1 July 2021, to reflect this accounting.

I consider this to be a key audit matter because:

- the State's investment in the TCorpIM Funds are significant to the Consolidated Statement of Financial Position
- judgement is required in assessing the State's control, joint control or significant influence over TCorpIM Funds and their underlying investments
- a significant volume of inter-fund transactions occur between TCorpIM Funds. The consolidation of the TSS's distributions and realised and unrealised gains is complex because of the high volume of inter-fund eliminations required.

Further information on the TCorpIM Funds is included in Note 11 'Equity Investments', Note 28 'Other Liabilities' and Note 34 'Restatement/Correction to Prior Year'.

How my audit addressed the matter

- completeness and accuracy of the inter-fund eliminations covering cross holdings, distributions, realised and unrealised gains by comparing to detailed transaction listings
- mathematical accuracy
- assessed the classification of the TSS's assets, liabilities, distributions and realised and unrealised gains under Australian Accounting Standards and the Australian System of Government Finance Statistics 2015.

Valuation of outstanding claims liabilities

At 30 June 2023, the TSS recorded \$8.3 billion in self-funded worker's compensation claims liabilities and \$19.7 billion in other outstanding claims liabilities.

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

I consider this to be a key audit matter because:

- the outstanding claims liabilities are financially significant to the NSW Consolidated Statement of Financial Position
- the degree of judgement in developing assumptions and the complexity of valuation models
- the level of judgement means the valuation of the outstanding claims liabilities may change significantly and unexpectedly due to changes in assumptions.

Further information on the valuation techniques, inputs and assumptions used to value outstanding claims liabilities is included in Note 25 'Employee Benefit Liabilities' and Note 27 'Other Provisions'.

Key audit procedures included the following:

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

Key Audit Matter	How my audit addressed the matter
	<ul style="list-style-type: none"> - performed an overall assessment of the valuation methodology, key assumptions and models used to derive the valuation of the outstanding claims liabilities • evaluated the judgement applied in recognising reinsurance recoveries • assessed the adequacy of the related financial statement disclosures against the requirements of applicable Australian Accounting Standards.
Taxation and statutory revenue	
<p>The TSS reported:</p> <ul style="list-style-type: none"> • \$48.8 billion of taxation and statutory revenue (fines, mining royalties and regulatory fees) for the year ended 30 June 2023 • \$7.6 billion of statutory receivables and \$419 million in an allowance for impairment for taxation and statutory receivables at 30 June 2023. <p>I consider this to be a key audit matter because:</p> <ul style="list-style-type: none"> • of the financial significance of taxation and statutory revenue and receivables to the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position • the calculation of the allowance related to taxation receivable requires significant judgements and assumptions. <p>Further information on taxation and statutory revenue is included in Note 2 'Revenue' and Note 7 'Receivables'.</p>	<p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> • evaluated the design and tested operating effectiveness of controls over key revenue streams, including land tax, payroll tax, duties, gaming machine taxes and mineral royalties • recalculated key revenue streams for reasonableness against the requirements of the relevant taxation legislation • tested adjustments capturing lodgements of returns for self assessed taxes • assessed the methodology and assumptions used to estimate the allowance related to taxation receivable against historical recoverability rates and write-off of debt for reasonableness • recalculated the allowance for impairment recognised for mathematical accuracy • assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards and NSW Treasurer's Directions.

Other Information

The New South Wales Report on State Finances for the year ended 30 June 2023 includes other information in addition to the Total State Sector Accounts and my Independent Auditor's Report thereon. The Treasurer is responsible for the other information.

My opinion on the Total State Sector Accounts does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

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

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

I have nothing to report in this regard.

Treasurer's Responsibilities for the Total State Sector Accounts

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

In preparing the Total State Sector Accounts, the Treasurer is responsible for assessing the ability of the GGS and TSS to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Total State Sector Accounts

My objectives are to:

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

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

A description of my responsibilities for the audit of the Total State Sector Accounts is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar5.pdf. The description forms part of my auditor's report.

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

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



Margaret Crawford PSM
Auditor-General for New South Wales

19 January 2024
SYDNEY

	Note	General Government Sector		Total State Sector	
		2022-23	2021-22 Restated ^(a)	2022-23	2021-22 Restated ^(a)
		\$m	\$m	\$m	\$m
FROM CONTINUING OPERATIONS					
Revenue from Transactions					
Taxation	2	39,747	39,007	39,911	39,092
Grants and Subsidies	2	45,572	44,887	45,385	44,833
Sale of Goods and Services	2	9,700	9,451	15,402	13,414
Interest ^(a)	2	545	262	2,476	1,042
Dividend and Income Tax Equivalents from Other Sectors	2	483	454	...	...
Other Dividends and Distributions ^(a)	2	1,467	2,442	1,172	823
Fines, Regulatory Fees and Other ^(a)	2	8,388	6,982	8,901	7,429
Total Revenue from Transactions		105,901	103,486	113,248	106,632
Expenses from Transactions					
Employee	3	42,490	40,207	45,390	42,941
Superannuation					
Superannuation Interest Cost	3	1,583	858	1,621	891
Other Superannuation	3	4,059	3,736	4,348	3,979
Depreciation and Amortisation ^(a)	3	7,884	7,081	10,750	9,749
Interest ^(a)	3	4,232	2,527	5,797	3,389
Other Operating Expenses ^(a)	3	28,765	29,697	33,292	33,887
Grants and Subsidies	3	27,454	34,689	20,010	28,728
Total Expenses from Transactions		116,467	118,795	121,209	123,566
Transactions from Discontinuing Operations	4	...	...	...	...
NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)		(10,565)	(15,309)	(7,961)	(16,933)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

	Note	General Government Sector		Total State Sector	
		2022-23	2021-22 Restated ^(a)	2022-23	2021-22 Restated ^(a)
		\$m	\$m	\$m	\$m
NET OPERATING BALANCE		(10,565)	(15,309)	(7,961)	(16,933)
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT					
Gain/(Loss) from Liabilities ^(a)	5	(186)	2,862	(972)	4,983
Other Net Gains/(Losses) ^(a)	5	2,215	932	5,598	16,560
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	5	(13)	273	(101)	331
Dividends from Asset Sale Proceeds	5	120	85	...	...
Deferred Income Tax from Other Sectors	5	129	191	...	...
Other	5	(90)	(81)	(89)	(91)
Other Economic Flows - included in Operating Result		2,175	4,261	4,435	21,782
OPERATING RESULT		(8,390)	(11,048)	(3,526)	4,849
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME					
Items that will not be Reclassified to Operating Result					
Revaluations ^(a)	17	33,225	19,625	34,959	32,010
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result		1,706	...	1,706	...
Remeasurements of Post-Employee Benefits	26	2,369	15,108	2,527	15,964
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income ^(b)	11	6,265	28,705	0	0
Deferred Tax Direct to Equity		495	492	0	...
Other		403	(317)	415	(266)
Items that may be Reclassified Subsequently to Operating Result					
Net Gain/(Loss) on Financial Instruments at Fair Value		0	0	(9)	7
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result		...	959	...	959
Other Economic Flows - Other Comprehensive Income		44,463	64,572	39,598	48,675
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS		36,072	53,525	36,072	53,525
KEY FISCAL AGGREGATES					
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS		36,072	53,525	36,072	53,525
Less: Net Other Economic Flows ^(a)		(46,638)	(68,834)	(44,033)	(70,457)
NET OPERATING BALANCE		(10,565)	(15,309)	(7,961)	(16,933)
Less: Net Acquisition of Non-Financial Assets					
Purchases of Non-Financial Assets		21,208	18,853	26,874	24,375
Sales of Non-Financial Assets		(369)	(476)	(661)	(1,021)
Less: Depreciation and Amortisation ^(a)		(7,884)	(7,081)	(10,750)	(9,749)
Plus: Change in inventories		(117)	(819)	(187)	(816)
Plus: Other Movements in Non-Financial Assets					
Assets Acquired Using Leases		37	1,499	100	1,665
Assets Acquired Using Service Concession Arrangements under					
Financial Liability Model		827	248	827	248
Grant of a Right to the Operator Model		273	517	273	517
Other		31	(1,098)	453	83
Equals Total Net Acquisition of Non-Financial Assets		14,005	11,644	16,931	15,303
EQUALS: NET LENDING/(BORROWING)		(24,570)	(26,953)	(24,892)	(32,236)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) This relates to the change in the carrying amount of the General Government Sector's equity investment in Public Non-Financial Corporation Sector and the Public Financial Corporation Sector excluding equity injection payments and equity transfers to/from these sectors.

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

2022-23	Equity at 1 July 2022 Restated ^(a)	Comprehensive Result	Transfers Between Equity Classes	Equity at 30 June 2023
	\$m	\$m	\$m	\$m
General Government Sector				
Accumulated Funds ^{(a)(b)}	77,013	(6,071)	1,591	72,533
Reserves				
Asset Revaluation Surplus ^(a)	123,172	34,126	(1,603)	155,695
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	2,044	1,763	(0)	3,807
Hedging Reserve	(6)	(11)	...	(17)
Financial Assets at Fair Value through Other Comprehensive Income	83,662	6,265	...	89,927
Other	(0)	...	13	13
	285,885	36,072	...	321,957
Total State Sector				
Accumulated Funds ^{(a)(b)}	107,376	(1,053)	1,983	108,305
Reserves				
Asset Revaluation Surplus ^(a)	176,393	35,383	(1,974)	209,802
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	2,044	1,763	(0)	3,807
Hedging Reserve	1	(20)	...	(19)
Financial Assets at Fair Value through Other Comprehensive Income	0	(0)	...	0
Other	71	...	(8)	63
	285,885	36,072	...	321,957

2021-22	Equity at 1 July 2021	Corrections to Prior Period ^(a)	Equity at 1 July 2021 Restated ^(a)	Comprehensive Result ^(b) Restated ^(a)	Transfers Between Equity Classes Restated ^(a)	Equity at 30 June 2022 Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m
General Government Sector						
Accumulated Funds ^{(a)(b)}	73,379	69	73,448	3,439	125	77,013
Reserves						
Asset Revaluation Surplus ^(a)	103,528	(770)	102,758	20,533	(119)	123,172
Equity Investment Revaluation Surplus/Hedge Reserve in Associate ^(a)	1,203	...	1,203	847	(6)	2,044
Hedging Reserve ^(a)	(7)	...	(7)	1	...	(6)
Financial Assets at Fair Value through Other Comprehensive Income ^(a)	54,956	...	54,956	28,706	...	83,662
Other	(0)	...	(0)	...	...	(0)
	233,061	(701)	232,360	53,525	...	285,885
Total State Sector						
Accumulated Funds ^{(a)(b)}	86,470	69	86,539	20,184	653	107,376
Reserves						
Asset Revaluation Surplus ^(a)	145,325	(770)	144,555	32,487	(648)	176,393
Equity Investment Revaluation Surplus/Hedge Reserve in Associate ^(a)	1,204	...	1,204	846	(6)	2,044
Hedging Reserve ^(a)	(7)	...	(7)	8	...	1
Financial Assets at Fair Value through Other Comprehensive Income ^(a)	(0)	...	(0)	1	...	0
Other	70	...	70	...	1	71
	233,061	(701)	232,360	53,525	...	285,885

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period. It also includes a revised classification between "Other Comprehensive Result" and "Transfers between Equity Classes" to reflect opening balance and deferred tax direct to equity adjustments now captured in "Other Comprehensive Result".

(b) The comprehensive result primarily includes the operating result, remeasurements of post-employee benefits and other in other comprehensive income.

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

	Note	General Government Sector			Total State Sector		
		2022-23	2021-22	1 July 2021	2022-23	2021-22	1 July 2021
		\$m	Restated ^(a)	Restated ^(a)	\$m	Restated ^(a)	Restated ^(a)
ASSETS							
Financial Assets							
Cash and Cash Equivalents ^(a)	6	6,344	3,216	3,781	17,214	12,905	9,440
Receivables ^(a)	7	12,001	12,093	12,212	21,688	13,816	11,682
Investments, Loans and Placements							
Financial Assets at Fair Value ^(a)	8	48,383	44,572	47,662	57,876	54,248	49,319
Other Financial Assets	8	2,378	3,598	1,791	2,457	2,113	1,857
Advances Paid	9	936	1,185	1,298	671	894	868
Tax Equivalents Receivable	10	43	29	35	...	...	...
Deferred Tax Equivalents Asset	10	3,607	2,985	2,291	...	...	...
Equity Investments							
Investments in Other Public Sector Entities	11	123,003	117,025	85,778	...	...	...
Investments in Associates and Joint Ventures	11	10,545	8,805	13,358	11,903	9,787	13,674
Other Equity Investments ^(a)	11	15	6	5	28,208	23,545	22,603
Total Financial Assets		207,255	193,513	168,211	140,017	117,310	109,444
Non-Financial Assets							
Contract Assets	12	77	53	97	90	62	97
Inventories	13	1,088	1,307	1,378	1,722	2,008	1,547
Forestry Stock and Other Biological Assets	14	16	23	18	642	646	771
Assets Classified as Held for Sale	15	151	62	123	161	88	160
Investment Properties	16	...	...	...	1,753	1,741	1,621
Property, Plant and Equipment							
Land and Buildings ^(a)	17	129,648	115,900	102,478	213,586	197,510	172,679
Plant and Equipment	17	15,161	13,530	13,112	19,427	17,534	16,729
Infrastructure Systems	17	204,909	171,990	154,361	255,653	220,921	199,898
Right-of-Use Assets	18	6,185	7,174	6,513	8,538	9,655	9,173
Intangibles	19	5,176	4,774	4,456	6,253	5,869	5,469
Other Non-Financial Assets	20	2,009	1,386	1,122	2,704	2,100	1,749
Total Non-Financial Assets		364,419	316,199	283,657	510,528	458,135	409,894
TOTAL ASSETS		571,674	509,712	451,869	650,545	575,445	519,338
LIABILITIES							
Deposits Held	21	327	353	282	399	432	311
Payables ^(a)	22	9,963	9,700	9,697	21,042	12,180	11,316
Contract Liabilities	12	858	873	934	989	999	1,051
Borrowings and Derivatives at Fair Value ^(a)	23	17	14	212	152,402	123,893	115,024
Borrowings at Amortised Cost	24	132,079	107,441	90,488	19,295	18,669	19,712
Advances Received		492	545	625	492	545	625
Employee Benefits Liabilities	25	25,971	23,603	23,386	27,281	24,859	24,708
Superannuation Provision	26	41,678	43,556	57,591	42,967	44,983	59,855
Tax Equivalents Payable	10	73	57	35	...	...	...
Deferred Tax Equivalent Provision	10	42	50	50	...	...	...
Other Provisions	27	16,614	15,355	14,180	25,481	23,380	22,737
Other Liabilities ^(a)	28	21,603	22,282	22,028	38,239	39,621	31,638
TOTAL LIABILITIES		249,717	223,828	219,509	328,588	289,560	286,977
NET ASSETS		321,957	285,885	232,360	321,957	285,885	232,360
NET WORTH							
Accumulated Funds ^(a)		72,533	77,013	73,448	108,305	107,376	86,539
Reserves ^(a)		249,424	208,872	158,912	213,653	178,509	145,822
TOTAL NET WORTH		321,957	285,885	232,360	321,957	285,885	232,360
OTHER FISCAL AGGREGATES							
Net Debt		74,873	55,781	37,076	110,858	90,282	81,766
Net Financial Liabilities		165,465	147,340	137,076	188,570	172,251	177,533

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

	Note	General Government Sector		Total State Sector	
		2022-23	2021-22	2022-23	2021-22 Restated ^(a)
		\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Taxation		39,831	38,275	39,989	38,393
Sale of Goods and Services		10,629	9,696	16,228	11,369
Grants and Subsidies		45,234	45,082	45,051	45,036
Interest ^(a)		464	195	2,157	1,429
Dividends and Income Tax Equivalents from Other Sectors		421	536	0	(0)
Other ^{(a)(b)}		13,874	10,957	15,905	15,913
Total Receipts		110,453	104,742	119,330	112,139
Payments					
Employee Related		(40,003)	(38,405)	(42,848)	(41,132)
Superannuation		(5,137)	(3,521)	(5,443)	(3,778)
Payments for Goods and Services ^(a)		(27,448)	(26,614)	(30,002)	(30,823)
Grants and Subsidies		(26,212)	(33,039)	(18,853)	(27,935)
Interest ^(a)		(3,163)	(2,543)	(4,268)	(3,005)
Distributions Paid ^(b)		...	...	(382)	(623)
Other ^(a)		(8,649)	(5,554)	(10,555)	(6,238)
Total Payments		(110,613)	(109,677)	(112,350)	(113,534)
NET CASH FLOWS FROM OPERATING ACTIVITIES	6	(160)	(4,935)	6,980	(1,394)
CASH FLOWS FROM INVESTING ACTIVITIES					
Non-Financial Assets					
Proceeds from Sale of Non-Financial Assets		280	493	571	1,002
Purchases		(22,056)	(19,881)	(27,643)	(25,355)
Net Cash Flows from Investments in Non-Financial Assets		(21,777)	(19,387)	(27,071)	(24,354)
Financial Assets (Policy Purposes)					
Receipts		268	10,794	117	10,558
Payments		(127)	(2,436)	(137)	(162)
Net Cash Flows from Investments in Financial Assets (Policy Purposes)		140	8,358	(21)	10,396
Financial Assets (Liquidity Purposes)					
Proceeds from Sale of Investments		4,847	3,158	6,788	8,162
Purchase of Investments ^(a)		(3,295)	(3,807)	(12,479)	(8,151)
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)		1,552	(650)	(5,691)	11
NET CASH FLOWS FROM INVESTING ACTIVITIES		(20,084)	(11,679)	(32,782)	(13,948)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances Received		1	(0)	1	(0)
Advances Repaid		(79)	(109)	(79)	(109)
Proceeds from Borrowings ^(a)		28,457	27,011	120,728	74,136
Repayments of Borrowings ^(a)		(4,983)	(10,921)	(90,524)	(54,948)
Deposits Received/(Paid) - Net		(26)	70	(17)	70
Other (Net)		0	(0)	0	55
NET CASH FLOWS FROM FINANCING ACTIVITIES		23,370	16,051	30,109	19,203
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,126	(563)	4,307	3,861
Opening Cash and Cash Equivalents		3,216	3,781	12,905	9,044
Reclassification of Cash Equivalents and Other Adjustments		(0)	(2)	(0)	0
CLOSING CASH AND CASH EQUIVALENTS	6	6,344	3,216	17,214	12,905
DERIVATION OF CASH RESULT					
Net Cash Flows from Operating Activities		(160)	(4,935)	6,980	(1,394)
Net Cash Flows from Investments in Non-Financial Assets		(21,777)	(19,387)	(27,071)	(24,354)
CASH SURPLUS/(DEFICIT)		(21,936)	(24,322)	(20,091)	(25,748)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) Re-classifications of prior year amounts have been made to reflect improvements in the comparability to the current year.

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

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Note 1: Statement of Significant Accounting Policies

Scope

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

The NSW GGS and TSS have applied, where appropriate, not-for-profit Australian Accounting Standards and interpretations.

The financial statements of the GGS and TSS for the year ended 30 June 2023 were authorised for issue by the Treasurer on 18 January 2024. This report was issued from:

Treasury
52 Martin Place
Sydney NSW 2000
AUSTRALIA

Basis of Preparation

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

The financial statements of the TSS and the GGS have been prepared in accordance with:

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

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

In accordance with AASB 1049, the financial statements of the GGS are included as a separate column adjacent to the TSS 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 40: Key Technical Terms used in the Financial Statements.

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

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

Significant Events During the 2022-23 Reporting Period

The NSW State Election in March 2023 resulted in a change in government which brought changes to NSW Cabinet Ministers, being key management personnel of the State and related parties to all NSW Government-controlled entities. Machinery of Government changes occurred during the 2022-23 reporting period and will also occur in 2023-24.

Principles of Consolidation

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

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

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

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

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

Details of consolidated entities are included in Note 39: Details of Consolidated Entities.

Presentation in the 2022-23 Financial Statements

Certain comparatives have been restated to ensure alignment with current year presentation or for the correction of material prior period errors. The impact of any prior year adjustments is noted in Note 34: Restatement/Corrections to Prior Years.

Consolidated Statement of Comprehensive Income Presentation

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

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

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

Revenue

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

Expenses

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

Volunteer Services

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

The operations of volunteer services are dependent on the services provided by volunteer firefighters, emergency service volunteers, and other volunteers. Their contributions are essential to the provision of comprehensive, efficient, and effective emergency services throughout New South Wales. Other volunteer services include activities for health related services.

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

Consolidated Statement of Financial Position Presentation

Assets

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

Liabilities

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

Current/Non-Current Classification

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

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

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

Valuation Techniques, Inputs and Processes

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

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

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

Under AASB 13, the State categorises, for disclosure purposes, the valuation technique based on the inputs used in the valuation technique within the fair value hierarchy as follows:

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

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

Refer to the relevant notes for further disclosures regarding fair value measurements of financial and non-financial assets. Transfers between levels within the fair value hierarchy during the year are disclosed in Note 17: Property, Plant and Equipment and Note 29: Financial Instruments.

Significant Accounting Estimates and Judgements

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

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

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.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:

- the recognition and classification of transactions that are/contain a donation or a contract with a customer (refer to Note 2: Revenue);
- the recognition of revenue and allocation of the transaction price for contracts with customers (refer to Note 2: Revenue);
- an assessment whether a TCorp Investment Management (TCorpIM) Fund is controlled by the State or whether the State has joint control or significant influence over a TCorpIM Fund. Determining control or joint control in respect of these funds, under AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*, is based on a combination of the rights of investors to remove TCorp as trustee and manager of a fund and the level of the State's aggregate economic interest. Where the State does not have control or joint control, it has been determined the State does not have significant influence over TCorpIM Funds, as the State's decision-making rights as agent (as trustee and manager of a fund) must be exercised for the benefit of all unitholders collectively and exist independently of the distribution of unitholdings;
- an assessment whether investees of TCorpIM Funds controlled by the State are controlled or jointly controlled by the TCorpIM Funds or whether the TCorpIM Funds have significant influence over the investees;
- the accounting of equity investments including equity investments and transfers to the PNFC and PFC sectors (refer to Note 11: Equity Investments);
- the classification of non-current assets (or disposal groups) as held for sale (refer to Note 15: Assets Classified as Held for Sale);
- the State has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: *Finance Sector Union of Australia v Commonwealth Bank of Australia* [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period. This position will be re-assessed in future reporting periods as new information comes to light on this matter; and
- recognition and classification of finance and operating leases by the State in its capacity as a lessor (refer to Note 18: Leases).

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- the net realisable value of inventories and loss of service potential of inventories held for distribution (refer to Note 13: Inventories);
- the useful lives of property, plant and equipment (including service concession assets) (refer to Note 17: Property, Plant and Equipment) and intangibles (refer to Note 19: Intangibles);
- the fair value of forestry stock and other biological assets, non-current assets held for sale, investment properties, property, plant and equipment (including service concession assets), and intangibles (refer to Note 14: Forestry Stock and Other Biological Assets, Note 15: Assets Classified as Held for Sale, Note 16: Investment Properties, Note 17: Property, Plant and Equipment, and Note 19: Intangibles);

- the recognition and measurement of service concession assets and associated service concession financial liabilities and grant of the right to operate (GORTO) liabilities (refer to Note 17: Property, Plant and Equipment);
- recognition of impairment for non-financial assets (refer to Note 17: Property, Plant and Equipment, Note 18: Leases and Note 19: Intangibles);
- the estimation of uncertainties made in relation to lease accounting (refer to Note 18: Leases);
- actuarial assumptions for employee benefit provisions and superannuation liabilities that are based on the likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 25: Employee Benefits Liabilities and Note 26: Superannuation Provisions);
- the estimation of provisions for outstanding claims (refer to Note 27: Other Provisions);
- the estimation of fair value for certain financial assets and financial liabilities measured at level 3 of the fair value hierarchy and the estimation of expected credit losses (ECLs) for receivables, contract assets and other financial assets at amortised cost (refer to Note 29: Financial Instruments); and
- an assessment of contingent liabilities, commitments and guarantees (refer to Note 32: Contingent Liabilities and Contingent Assets).

Catholic Metropolitan Cemeteries Trust

The financial information related to Catholic Metropolitan Cemeteries Trust (CMCT), an entity assessed by NSW Treasury as being controlled by the State, has been consolidated into the TSSA under AASB 10. As a controlled entity, CMCT is required to prepare financial statements under section 7.6 of the GSF Act and have these audited by the Auditor-General under section 34 of the Government Sector Audit Act 1983 (GSA Act). However, consistent with prior year, access to management, books and records of CMCT was not made available to the NSW Government, nor to the Auditor-General for New South Wales for the purpose of a financial audit. The financial statements of CMCT were audited by a third party auditor, who was appointed by the CMCT have been provided to NSW Treasury. The third party auditor's opinion states that the CMCT's financial statements have been prepared in accordance with Australian Accounting Standards, but it does not provide any opinion as to whether they have been prepared in accordance with the GSF Act or relevant Treasurer's directions. The audit of those financial statements is not an audit conducted by the Auditor-General for New South Wales in accordance with the GSA Act. The financial statements of CMCT have been used only for the purposes of consolidation of the CMCT into the TSSA. Net Assets of \$321 million (2022: \$295 million) and Total Comprehensive Income/(Loss) for the period of \$26 million (2022: \$(2) million) have been consolidated within the TSSA.

NSW Treasury confirms that to the best of our knowledge and based on all information known and assessed to date, we confirm under AASB 10, the State is assessed as controlling the CMCT as at 30 June 2023.

Statutory Land Managers and Commons Trusts

There are 579 Category 2 Statutory Land Managers (SLMs) and 119 Commons Trusts (CTs) entities controlled by the State.

Section 7.6 of the Government Sector Finance Act (GSF Act) requires SLMs and CTs to prepare annual financial statements and to give them to the Auditor-General for audit, unless they meet reporting exemption criteria specified in the Government Sector Finance Regulation 2018. The majority of these entities have not prepared financial statements in accordance with the GSF Act. This is because, for more than 85 per cent of these entities (when exemptions were last assessed, as at the end of 2021-22), their small size means that they meet the prescribed reporting exemption criteria and are therefore not required to do so. The remainder do not meet the reporting exemption criteria, but many have not complied with their obligations under section 7.6 of the GSF Act.

The land managed by all SLMs and CTs is valued each year by the Department of Planning and Environment (DPE) and this land value is included in the TSSA in aggregate (\$466 million, 2021-22: \$318 million). However, non-land assets, liabilities and operating revenues and expenditures of SLMs and CTs have not been consolidated in the TSSA, consistent with prior years.

As part of the preparation for the TSSA, NSW Treasury and DPE reviewed the evidence available to support the value of non-land assets, liabilities, revenues and expenditures of the SLMs and CTs. This included financial statements of 30 of the largest SLMs and CTs, self-reported financial information for around 400 SLMs and CTs, asset valuations, aerial photography, review of business operations, risks, legal claims,

insurance arrangements and limitations imposed due to the scale and bespoke nature of the operations. DPE facilitated further engagement with SLMs and CTs to identify additional information.

Although the review provided valuable information about the SLMs and CTs, it did identify limitations in the financial information available from the SLMs and CTs, and limited information to support compliance with accounting policies and relevant Treasurer's directions.

Treasury and DPE will conduct a further review of financial reporting arrangements for all SLMs and CTs during 2023-24.

Impact of COVID-19 and Natural Disaster Matters

The State of NSW has broadly rebounded from the global COVID-19 pandemic. The State has been impacted by a range of natural disasters since 2019, including floods and fires across parts of regional New South Wales and continues to re-evaluate balances requiring the use of judgement, estimates and assumptions. Revisions to judgements and estimates from this review have been applied in the recognition and measurement of the State's assets and liabilities for conditions that existed at the end of the reporting period.

The areas involving significant estimates or judgements that have been impacted by COVID-19 and natural disasters include:

Inventories - the amount held for distribution has decreased by \$483 million for the State primarily due to the impairment and disposal of rapid antigen tests (2021-22: \$250 million increase primarily due to the procurement of rapid antigen tests as a response measure to COVID-19). The State has written-off \$138 million (2021-22: \$373 million) of medical and surgical supplies that have expired or are not fit-for-purpose and has made an allowance for impairment of \$286 million (2021-22: \$247 million) for these inventories.

Property, Plant and Equipment - some property, plant and equipment of the State was destroyed or damaged by flooding events throughout the 2022-23 financial year and in the comparative 2021-22 financial year. Additional stock-taking procedures continue to be completed to identify and dispose of destroyed assets. Impairment testing and revaluation reviews have been performed to recalculate the carrying amount of damaged property, plant and equipment where service potential has been reduced by natural disaster events. Refer to Note 17: Property, Plant and Equipment for balances impaired.

Right-of-Use Assets - continued remote and hybrid working patterns continue to impact market rentals across the State and the value of these leased assets throughout the 2022-23 financial year. The State continues to perform impairment testing, including impairment reversal testing, to assess whether the carrying amount of these assets exceeds their recoverable amount.

Other Significant Accounting Policies

Accounting for the Goods and Services Tax (GST)

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

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

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

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

Foreign Currency Translation

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

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

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

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

Several amendments and interpretations apply for the first time in the 2022-23 financial year, but do not have a material impact on the financial statements of the State.

New Accounting Standards Issued but Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period.

AASB 17 Insurance Contracts

AASB 17 *Insurance Contracts* (AASB 17) replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. Australian Accounting Standard AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* was issued in December 2022 and amends AASB 17 to include modifications that apply to public sector entities. AASB 17 is effective for public sector insurers from 1 July 2026.

An assessment is in the process of being completed to assess the impact of the new requirements and emerging industry guidance on financial statements.

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

Note 2: Revenue

Taxation

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

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Taxation - Non-Contractual Income from Statutory Requirements				
Payroll Tax	11,551	9,069	11,354	8,910
Transfer Duties	12,253	16,615	12,253	16,615
Land Tax	6,001	4,838	5,952	4,797
Gambling and Betting	3,374	2,431	3,374	2,431
Motor Vehicle Taxes	2,780	2,566	2,780	2,566
Other	3,788	3,488	4,198	3,773
	39,747	39,007	39,911	39,092

Grants and Subsidies

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

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

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

Refer to Note 12: Contract Balances for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and the time periods when it is expected to be recognised as revenue.

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

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

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Grants and Subsidies Revenue				
Commonwealth General Purpose ^(a)	26,024	23,298	26,024	23,298
Commonwealth Specific Purpose Payments	12,286	11,100	12,286	11,100
Commonwealth National Partnership Payments	5,837	9,220	5,837	9,220
Other Grants and Subsidies	1,426	1,270	1,238	1,215
	45,572	44,887	45,385	44,833
Grants and Subsidies Revenue and Income Recognition Approaches				
Grants and Subsidies with Sufficiently Specific Performance Obligations	7,505	8,655	7,506	8,657
Grants and Subsidies Relating to the Acquisition or Construction of Recognisable Non-Financial Assets to be Controlled by the State	2,409	1,897	2,409	1,897
Grants and Subsidies without Sufficiently Specific Performance Obligations	35,658	34,335	35,470	34,279
	45,572	44,887	45,385	44,833

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

Transfer Payments from the Commonwealth

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

Transfer Payments from the Commonwealth Government on-passed by NSW to Third Parties	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Transfer Receipts				
Transfer Receipts for Specific Purposes	6,748	6,241	6,748	6,241
	6,748	6,241	6,748	6,241
Transfer Payments				
Transfer Payments to Local Government	1,188	1,078	1,188	1,078
Transfer Payments to the Private and Not-For-Profit Sector	5,560	5,163	5,560	5,163
	6,748	6,241	6,748	6,241

Sale of Goods and Services

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

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

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

Refer to Note 12: Contract Balances for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and the time periods when the State expects to recognise the unsatisfied portion as revenue.

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

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Sale of Goods and Services Comprises Revenue from:				
Revenue from Contracts with Customers				
Sale of Goods and Rendering of Other Services ^(a)	8,237	7,965	12,915	11,040
Licence Fees	759	738	759	738
Rental Income				
Rentals from Public Housing and Non-Investment Properties	357	329	1,357	1,208
Rentals from Investment Properties	...	0	93	63
Other	347	419	278	366
	9,700	9,451	15,402	13,414
Rentals from the provision of Public Housing includes:				
Market Rent and Other Tenant Charges	68	79	1,900	1,970
Less: Rental Subsidies to Tenants	(22)	(27)	(1,079)	(1,176)
	46	52	821	794

- (a) In 2022-23, there was \$1,707 million revenue (2021-22: \$2,137 million) in the GGS related to the Transport Asset Holding Entity of New South Wales (TAHE) recognised in sale of goods and rendering of other services.

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

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

Refer to Note 12: Contract Balances for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the entity expects to recognise the unsatisfied portion as revenue.

Interest

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

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

Refer to Note 29: Financial Instruments for further information on interest income classified by financial instrument measurement categories.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Interest Revenue comprises:				
Interest from TCorpIM Cash Funds	...	2	...	...
Interest from Deposits with TCorp	8	2	...	...
Interest from Other Financial Assets ^(a)	537	258	2,476	1,042
	545	262	2,476	1,042

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Dividend and Income Tax Equivalents from Other Sectors

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

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

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

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Dividend and Income Tax Equivalents from Other Sectors:				
Dividends from the PNFC Sector	213	201	...	...
Dividends from the PFC Sector	106	95	...	...
Income Tax Equivalents from the PNFC Sector	108	116	...	...
Income Tax Equivalents from the PFC Sector	55	42	...	...
	483	454	...	...

Other Dividends and Distributions

Distributions from managed funds in the GGS are mainly from the State's investments in TCorpIM Funds. These are eliminated on consolidation of the TSS. Distributions in the TSS are mainly distributions received by TCorpIM Funds controlled by the State from their financial assets and distributions from TCorpIM Funds not controlled by the State. Other dividends include dividends received from investments in entities other than the PNFC and PFC sectors. Dividend income is recognised under AASB 9 in revenue from transactions in the period when the State's right to receive the payment have been established.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Other Dividends and Distributions:				
Distributions from Managed Funds and Other Investments ^(a)	1,256	2,423	953	799
Dividends from Associates and Joint Ventures	211	19	218	24
	1,467	2,442	1,172	823

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Fines, Regulatory Fees and Other Revenues

Fines, regulatory fees and other revenues are recognised and measured throughout the 2022-23 financial year as follows:

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

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Fines, Regulatory Fees and Other Revenues comprise:				
Revenue from Contracts with Customers				
Industry and Developer Contributions	...	...	373	340
Non-Contractual Income Arising from Statutory Requirements				
Royalties from Mining	4,658	3,709	4,658	3,709
Fines	800	812	805	816
Regulatory Fees	138	131	144	137
Other Incomes				
Donations and Other Contributions ^(b)	996	740	1,004	722
Revenue Related to Service Concession Arrangements ^(c)	666	646	666	646
Other Revenue ^(a)	1,130	944	1,251	1,060
	8,388	6,982	8,901	7,429

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) Donations and contributions include \$2 million (2021-22: \$130 million) in-kind contributions of COVID-19 vaccines received from the Commonwealth Government.

(c) This revenue reflects the progressive unwinding of grant of right to operate liabilities (Note 28: Other Liabilities) over the remaining period of the arrangements. Refer to Note 17: Property, Plant and Equipment for further details on service concession arrangements.

Disaggregation of Revenue from Contracts with Customers

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

General Government Sector

2022-23	Grants and Subsidies with Sufficiently Specific Performance Obligations	Sale of Goods and Rendering of Other Services	Licence Fees	Industry and Developer contributions	Total
	\$m	\$m	\$m	\$m	\$m
Disaggregation of Revenue from Contracts with Customers by Function (Policy Area)					
General Public Services	6	411	1	...	418
Defence	...	0	0	...	...
Public Order and Safety	1	423	74	...	498
Economic Affairs	29	237	22	...	288
Environment Protection	0	91	0	...	91
Housing and Community Amenities	63	471	0	...	534
Health	7,328	2,711	10	...	10,049
Recreation, Culture and Religion	7	154	0	...	161
Education	4	709	0	...	713
Social Protection	...	30	0	...	30
Transport	67	3,000	652	...	3,719
Total	7,505	8,237	759	...	16,501

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

Total State Sector

2022-23	Grants and Subsidies with Sufficiently Specific Performance Obligations	Sale of Goods and Rendering of Other Services	Licence Fees	Industry and Developer contributions	Total
	\$m	\$m	\$m	\$m	\$m
Disaggregation of Revenue from Contracts with Customers by Function (Policy Area)					
General Public Services	6	615	1	...	622
Defence	...	...	...	...	...
Public Order and Safety	1	415	74	0	490
Economic Affairs	29	2,761	22	207	3,019
Environment Protection	...	117	...	0	117
Housing and Community Amenities	64	3,192	...	166	3,422
Health	7,328	2,712	10	...	10,050
Recreation, Culture and Religion	7	682	...	...	689
Education	4	709	...	...	713
Social Protection	...	31	...	...	31
Transport	67	1,682	652	...	2,401
Total	7,506	12,915	759	373	21,554

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

Note 3: Expenses

Employee Expenses (excluding Superannuation)

The recognition and measurement policy for employee expenses is detailed in Note 25: Employee Benefits Liabilities. Some employee-related expenses are capitalised as part of the construction costs of certain non-current physical assets. Payroll tax paid by GGS agencies is eliminated in the GGS financial statements, along with the PNFC and PFC amounts, in the TSS financial statements.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Employee Expenses Comprise:				
Salaries and Wages (including Recreation Leave)	37,604	35,927	40,152	38,368
Long Service Leave	1,503	1,245	1,621	1,324
Workers' Compensation	2,150	1,980	2,181	2,023
Other	1,234	1,055	1,436	1,226
	42,490	40,207	45,390	42,941

In addition to the above, \$1,155 million (2021-22: \$1,049 million) in the GGS and \$1,767 million (2021-22: \$1,543 million) in the TSS has been capitalised in property, plant and equipment and intangible assets.

Superannuation Expense

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Superannuation Interest Costs Comprise:				
Net Interest ^(a)	1,583	858	1,621	891
	1,583	858	1,621	891
Other Superannuation Expenses Comprise:				
Defined Benefit Plans, excluding Actuarial Gains/Losses ^(a)	201	291	225	313
Defined Contribution Plans	3,858	3,444	4,124	3,666
	4,059	3,736	4,348	3,979

(a) Refer to Note 26: Superannuation Provisions for a dissection of defined benefit superannuation expense by component.

Depreciation and Amortisation Expenses

	General Government Sector		Total State Sector	
	2022-23	2021-22 Restated ^(a)	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Depreciation and Amortisation Expenses Comprise:				
Depreciation on ^(b)				
Buildings ^(a)	2,493	1,993	3,439	2,879
Plant and Equipment	1,011	934	1,264	1,196
Infrastructure Systems	2,870	2,768	4,161	3,902
Right-of-Use Assets ^(c)	838	832	1,034	1,043
Amortisation of ^(b)				
Intangibles	672	554	852	730
	7,884	7,081	10,750	9,749

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) Refer to Note 17: Property, Plant and Equipment and Note 18: Leases for the basis of useful lives applied to calculate depreciation of property, plant and equipment and right-of-use assets on a straight-line basis. Refer to Note 19: Intangibles for the basis of useful lives applied to calculate amortisation of intangibles on a straight-line basis.

(c) Right-of-use assets depreciation expense is presented by class of underlying asset in Note 18: Leases. Amounts in Note 3: Expenses and Note 18: Leases are different due to the capitalisation of depreciation.

Interest Expense

Interest costs, including borrowing costs under AASB 123 *Borrowing Costs*, are recognised as expenses in the period in which they occur. Refer to Note 29: Financial Instruments for information on interest expense by financial instrument measurement categories.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Interest Expenses Comprise:				
Interest on Borrowings and Advances ^(a)	3,338	2,153	4,474	2,773
Interest on Lease Liabilities	266	216	461	411
Interest on Service Concession Financial Liabilities	159	104	202	150
Unwinding of Discounts on Provisions	469	54	660	55
	4,232	2,527	5,797	3,389

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Other Operating Expenses

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Other Operating Expenses Comprise:				
Lease Expenses ^{(b)(c)}	275	198	344	277
Contractor Fees ^(b)	2,078	2,107	2,603	2,637
Consultancy Fees	130	131	193	180
Audit Fees ^(d)	...	...	...	...
Insurance Claims ^(e)	1,594	2,394	2,401	3,584
Supplies, Services and Other ^{(a)(b)(f)(g)}	21,957	22,655	23,234	23,352
External Maintenance (excluding Employee Costs associated with maintenance) ^(b)	2,732	2,212	4,518	3,857
	28,765	29,697	33,292	33,887

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) Re-classifications of prior year amounts have been made to reflect improvements in the comparability to the current year.

(c) Lease expenses include lease payments not included in the measurement of lease liabilities. Expenses include payments for short-term leases, low-value leases and variable lease payments that do not depend on an index or rate.

(d) Fees to the Audit Office of New South Wales have not been presented because they have been eliminated in the consolidation of the GGS and TSS. The audit fees eliminated total \$30 million for the GGS (2021-22: \$27 million) and \$40 million for the TSS (2021-22: \$37 million). In addition, performance and other audit fees eliminated total \$12 million (2021-22: \$12 million) for the GGS and TSS.

(e) Higher insurance claims in the comparative 2021-22 financial year are related to a more adverse claims environment in that year (including natural disaster occurrences, such as the March 2022 floods, and COVID-19 claims).

(f) Supplies, Services and Other includes inventory consumption related expenses of \$204 million (2021-22: \$395 million) for the GGS and \$253 million (2021-22: \$447 million) for the TSS, partly contributed by the write-off of medical and surgical supplies.

(g) In 2022-23, there was \$1,685 million of expenses (2021-22: \$2,137 million) in the GGS related to TAHE recorded in supplies, services and other.

Grants and Subsidies

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

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Grants, Subsidies and Transfers for^(a)				
Recurrent Purposes ^(b)	24,378	32,643	19,261	27,922
Capital Purposes ^(c)	3,076	2,046	749	807
	27,454	34,689	20,010	28,728

(a) Refer to Note 37: Disaggregated Financial Statements for information on total expenses (excluding losses) by function.

(b) The decrease in 2022-23 recurrent grant expense is predominately due to the ceasing of COVID-19 related programs, which includes the JobSaver scheme and Small Business Grant, at the end of 2021-22 financial year.

(c) The increase in 2022-23 capital grant expense for GGS is mainly due to the recognition of the cash injection payment to TAHE from equity investment to capital transfer expense. Refer to Note 11: Equity Investments for further details regarding TAHE.

Note 4: Discontinued Operations

There were no discontinued operations in the 2022-23 financial year (2021-22: Nil).

Note 5: Other Economic Flows Included in the Operating Result

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

Refer to Note 29: Financial Instruments for information on fair value adjustments to financial instruments by financial instrument measurement categories.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Gain/(Loss) from Liabilities				
Changes in Discount Rates for Long Service Leave Liabilities ^(b)	84	1,877	84	1,970
Changes in Discount Rates for Land Remediation Provisions	(1)	(0)	(1)	(0)
Changes in Discount and Inflation Rates for Insurance Liabilities ^(c)	(269)	985	(303)	2,584
Net Gain / (Losses) for Remeasurement of Interests in TCorpIM Funds of Investors Not Controlled by the State ^(a)	...	...	(752)	429
	(186)	2,862	(972)	4,983
Other Net Gains/(Losses) in the Operating Result				
Disposal of Property, Plant and Equipment	(159)	22	(178)	101
Disposal of Intangible Assets	(8)	(4)	(9)	(3)
Fair Value Adjustments to:				
Property, Plant and Equipment	...	...	0	(0)
Investment Properties	...	...	(128)	126
Forestry Stock and Other Biological Assets	(7)	5	(4)	(126)
Non-Current Assets Classified as Held for Sale	0	(8)	0	(9)
Financial Instruments ^{(a)(d)}	2,583	(4,358)	6,027	11,336
Assets Recognised for First Time	36	40	38	41
Infrastructure and Other Assets Written Off	(100)	(131)	(166)	(234)
Other ^(e)	(132)	5,367	18	5,328
	2,215	932	5,598	16,560
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	(13)	273	(101)	331
Dividends from Asset Sales Proceeds	120	85	...	...
Deferred Income Tax from Other Sectors	129	191	...	...
Other				
Impairment Losses on Financial Assets	(90)	(81)	(89)	(91)
	(90)	(81)	(89)	(91)
Discontinuing Operations	...	...	...	...
Other Economic Flows - included in Operating Result	2,175	4,261	4,435	21,782

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) The gain on revaluation of long service leave liabilities was lower in the 2022-23 financial year due to lower increases in the Commonwealth bond rate compared to the last year. The Commonwealth Government 10-year bond rate increased by 0.37 per cent from 3.66 per cent at 1 July 2022 to 4.03 per cent at 30 June 2023, compared to the 2.17 per cent increase from 1.49 per cent at 1 July 2021 to 3.66 per cent at 30 June 2022.

(c) Relates to changes in the discount and inflation rates used on outstanding claims liabilities for the NSW Self Insurance Corporation, and Lifetime Care and Support Schemes. Refer to Note 27: Other Provisions for changes in rates.

(d) The \$6,941 million increase in GGS fair value adjustments to financial instruments in the 2022-23 financial year is mainly driven by market valuation of TCorpIM Fund unit holdings. In the TSS, this increase was offset by a drop in gains on TCorp bonds and borrowings due to market yield increases resulting in the overall \$5,309 million decrease in the 2022-23 financial year compared to the 2021-22.

(e) The 2022-23 financial year includes \$28 million loss for the impairment of medical and surgical supplies (2021-22: \$301 million net gain mainly due to the partial reversal of the impairment of medical and surgical supplies recognised in the prior year), \$160 million loss for the impairment on Right of Use Assets (2021-22: \$7 million loss in GGS and \$9 million loss in TSS respectively). The 2021-22 financial year includes \$4,676 million net gain on sale of the WestConnex investment.

Note 6: Cash and Cash Equivalents

Cash and Cash Equivalents

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

Cash and cash equivalents recognised in the Consolidated Statement of Financial Position are agreed at the end of the financial year to the Consolidated Statement of Cash Flows, and are as follows:

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
				Restated ^(a)
	\$m	\$m	\$m	\$m
Cash and Short-Term Deposits ^(a)	6,344	3,211	17,214	12,753
Holdings in TCorpIM Cash Fund ^(a)	...	5	...	152
	6,344	3,216	17,214	12,905

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) In 2021-22, the balance in the TCorpIM Cash Fund in the TSS was not eliminated as the State did not control the TCorpIM Cash Fund under AASB 10 as at 30 June 2022. The balance represented the State's investment in the non-controlled fund as financial assets measured at Fair Value Through Profit or Loss (FVTPL). During 2022-23, the TCorpIM Cash Fund was dissolved.

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

TSS cash and deposits held at banks and other financial institutions include consolidated TCorpIM Fund Trust holdings in cash and short-term deposits amounting to \$2,637 million (2021-22: \$4,054 million).

Reconciliation of Operating Result to Net Cash Flows from Operating Activities

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
		Restated ^(a)		Restated ^(a)
	\$m	\$m	\$m	\$m
Operating Result for the Year^(a)	(8,390)	(11,048)	(3,526)	4,849
Adjust for:				
Non-Cash Items:				
Depreciation and Amortisation ^(a)	7,884	7,081	10,750	9,749
Donations and Contributions	(436)	(137)	(774)	(462)
Capital Grant Expense	405	1,233	321	377
Revenue Related to Service Concession Arrangements	(666)	(646)	(666)	(646)
Other Non-Cash Operating Activities	376	250	19	1,252
Other Economic Flows - included in the Operating Result ^(a)	(2,175)	(4,261)	(4,435)	(21,782)
Net Change in Operating Assets and Liabilities ^(a)	2,842	2,593	5,292	5,268
Net Cash Flows from Operating Activities	(160)	(4,935)	6,980	(1,394)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Restricted Cash Assets

Cash assets in the Consolidated Statement of Financial Position also comprise cash and term deposits held by the Crown in right of the State of New South Wales (the Crown) in Special Deposit Accounts (SDA) for Restart NSW of \$821 million (2021-22: \$400 million) and can only be used in accordance with the legislation that established the account. Sales proceeds from major asset transactions were deposited in the State's dedicated infrastructure fund Restart NSW and/or the State's dedicated debt retirement fund, the New South Wales Generation Fund (NGF) of \$122 million (2021-22: \$3,363 million). Funds are withdrawn from the TCorpIM Fund investments and deposited into the Restart SDA bank account for anticipated infrastructure spend.

Non-Cash Financing and Investing Activities

During 2022-23:

- Assets acquired through leasing arrangements totalled \$37 million (2021-22: \$1,499 million) for the GGS and \$100 million (2021-22: \$1,665 million) for the TSS. Further information on leasing arrangements is disclosed in Note 18: Leases.
- Assets acquired through service concession arrangements totalled \$1,100 million (2021-22: \$765 million) for the GGS and \$1,100 million (2021-22: \$765 million) for the TSS. Further information on service concession arrangements is disclosed in Note 17: Property, Plant and Equipment.
- In the GGS and TSS, a total of \$666 million (2021-22: \$646 million) was recognised for revenue related to service concession arrangements. This revenue relates to arrangements where the State has granted private sector operators the right to earn revenue from third-party users of the acquired service concession asset.
- Other assets acquired free of cost in the GGS amounted to \$436 million (2021-22: \$137 million). This mainly comprises of assets donated to NSW public sector agencies for infrastructure, transport, health, education and cultural purposes. In the TSS, these assets amounted to \$774 million (2021-22: \$462 million). They include sub-divider/developer contributions of water assets of \$164 million (2021-22: \$212 million) and electricity assets of \$175 million in 2022-23 (2021-22: \$113 million).

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

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

General Government Sector

30 June 2023						
Note	Deposits Held 21	Other Borrowings at Amortised Cost 24	Lease Liabilities 24	Service Concession Financial Liabilities 24	Advances Received	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Carrying Amount at Start of Year	353	94,871	7,657	4,913	545	108,338
Financing Net Cash Flows	(26)	25,018	(889)	(658)	(75)	23,370
Non-Cash Items:						
Lease and Non-Financial Asset Additions	...	...	5	827	...	832
Other Movements	...	233	8	94	22	357
Carrying Amount at End of Year	327	120,122	6,781	5,176	492	132,897

30 June 2022						
Note	Deposits Held 21	Other Borrowings at Amortised Cost ^(a) 24	Lease Liabilities 24	Service Concession Financial Liabilities 24	Advances Received	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Carrying Amount at Start of Year	282	76,813	7,117	6,557	625	91,395
Financing Net Cash Flows	70	18,952	(920)	(1,942)	(109)	16,051
Non-Cash Items:						
Lease and Non-Financial Asset Additions	...	...	1,603	248	...	1,851
Other Movements ^(a)	...	(893)	(143)	49	28	(960)
Carrying Amount at End of Year	353	94,871	7,657	4,913	545	108,338

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

Total State Sector

30 June 2023								
	Deposits Held	Bonds and Other Borrowings Issued by TCorp	Other Fair Value Borrowings	Other Borrowings at Amortised Cost	Lease Liabilities	Service Concession Financial Liabilities	Advances Received	Total
Note	21	23	23	24	24	24		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Carrying Amount at Start of Year	432	120,931	...	2,100	10,165	6,404	545	140,577
Financing Net Cash Flows	(17)	27,319	3,437	1,193	(991)	(753)	(78)	30,109
Non-Cash Items:								
Lease and Non-Financial Asset Additions	...	...	...	...	70	827	...	897
Fair Value Adjustments	...	(1,870)	...	...	...	...	...	(1,870)
Other Movements	(16)	401	...	104	13	162	25	690
Carrying Amount at End of Year	399	146,781	3,437	3,397	9,257	6,640	492	170,404

30 June 2022							
	Deposits Held	Bonds and Other Borrowings Issued by TCorp	Other Borrowings at Amortised Cost	Lease Liabilities	Service Concession Financial Liabilities	Advances Received	Total Restated ^(a)
Note	21	23	24	24	24		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Carrying Amount at Start of Year	311	113,787	1,903	9,727	8,082	625	134,436
Financing Net Cash Flows ^(a)	70	22,070	218	(1,027)	(2,018)	(109)	19,203
Non-Cash Items:							
Lease and Non-Financial Asset Additions	...	...	...	1,680	248	...	1,928
Fair Value Adjustments	...	(15,089)	...	...	...	...	(15,089)
Other Movements ^(a)	51	163	(20)	(216)	92	28	99
Carrying Amount at End of Year	432	120,931	2,100	10,165	6,404	545	140,577

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Note 7: Receivables

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

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

Refer to Note 29: Financial Instruments for further information on the credit risk of receivables.

	General		Total	
	Government Sector	State Sector	Government Sector	State Sector
	2022-23	2021-22	2022-23	2021-22
				Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^(a)	9,873	9,739	19,433	11,409
Non-Current	2,128	2,354	2,255	2,407
	12,001	12,093	21,688	13,816
Receivables Comprise:				
Contractual Receivables:				
Sale of Goods and Services ^(b)	1,503	1,961	2,382	2,555
Dividends from the PNFC and PFC Sectors	439	381	0	0
Asset Sales	1,074	985	1,077	988
Interest	16	3	75	40
Other ^{(a)(c)}	1,892	1,767	11,250	3,475
Statutory Receivables:				
Taxation	6,074	5,927	5,939	5,736
Dust Disease Insurance Levies Accrued ^(d)	835	897	835	897
Fines	852	816	852	816
	12,686	12,738	22,410	14,507
Less: Loss Allowance ^(e)	(685)	(645)	(722)	(691)
	12,001	12,093	21,688	13,816

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

(c) The TSS includes an amount of \$8,008 million (2021-22: \$369 million) in managed investment funds due from brokers for securities sold that have been contracted for but not yet delivered by the end of the period. The balance due from brokers is held for collection and consequently measured at amortised cost.

(d) 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.

(e) The allowance for impairment mainly comprises doubtful debts related to the sale of goods and services of \$253 million (2021-22: \$225 million), the collection of fees and fines of \$377 million (2021-22: \$361 million) and payroll tax of \$42 million (2021-22: \$33 million).

Note 8: Investments, Loans and Placements

Financial Assets at Fair Value

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

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

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

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

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

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^{(a)(b)}	1,724	1,655	51,869	47,762
Non-Current ^{(a)(b)}	46,659	42,917	6,007	6,486
	48,383	44,572	57,876	54,248
Financial Assets at Fair Value comprise:				
Financial Assets Held for Trading				
Derivative Assets ^(a)	230	170	2,273	2,940
	230	170	2,273	2,940
Designated and Effective Hedging Instruments				
Derivative Assets	1	8	3	9
	1	8	3	9
Financial Assets at FVTPL				
Interest Bearing Securities ^{(a)(c)}	33	21	40,821	38,500
TCorpIM Funds	48,105	44,324	...	...
Managed Funds and Other Investments ^(a)	14	49	14,779	12,799
	48,152	44,394	55,600	51,299
Total Financial Assets at Fair Value	48,383	44,572	57,876	54,248

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) The current and non-current classification is different in the GGS and TSS due to differing investment objectives.

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

Other Financial Assets

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

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

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

Further information regarding fair value measurement, credit risk, and market risk of financial assets at fair value and other financial assets are described in Note 29: Financial Instruments.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	61	1,542	411	343
Non-Current	2,317	2,056	2,046	1,770
	2,378	3,598	2,457	2,113
Financial Assets at Amortised Cost Comprise:				
Term Deposits - Maturity Greater Than 3 Months	5	1,501	334	263
Leases Receivable ^(a)	1,597	1,507	1,933	1,723
Other	776	590	190	127
	2,378	3,598	2,457	2,113

(a) Refer to Note 18: Leases for further details regarding leases receivable recognised under AASB 16.

Note 9: Advances Paid

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

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

Refer to Note 29: Financial Instruments for further information on the credit risk and market risk of advances paid.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	84	297	83	281
Non-Current	853	888	588	613
	936	1,185	671	894

Note 10: Income Tax Equivalents

Commercial PNFCs and PFCs, excluding TCorp and TAHE, are part of a National Tax Equivalent Regime (NTER). TCorp and TAHE are part of a Tax Equivalent Regime (TER). Although exempt from income tax obligations to the Commonwealth, members of the NTER / TER accrue and pay income tax equivalents to the State and adopt tax effect accounting to maintain competitive neutrality for commercial government entities. The GGS 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 TSS.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Tax Equivalents Receivable	43	29	...	...
Deferred Tax Equivalents Receivable	3,607	2,985	...	...
Receivable from the PNFC/PFC Sectors	3,649	3,013	...	...
Tax Equivalents Payable	73	57	...	...
Deferred Tax Equivalents Provision	42	50	...	...
Payable to the PNFC/PFC Sectors	115	106	...	...

Note 11: Equity Investments

Equity Investments in Other Public Sector Entities

In the GGS financial statements, the interest in the PNFC and PFC sectors is accounted for as an equity investment based on the State's proportional share of the carrying amount of net assets of those sectors (before consolidation adjustments), in accordance with AASB 1049. The exception is investments in TCorpIM Funds controlled by the State. Controlled TCorpIM Funds are classified as PFCs. Investments in TCorpIM Funds are presented as Financial Assets at FVTPL (refer to Note 8: Investments, Loans and Placements).

As at 30 June 2023, the Government's proportional share of the carrying amount of the net assets of the PNFC and PFC sectors is \$123.0 billion (30 June 2022: \$117.0 billion). The Government's proportional share in the carrying amount of net assets in State-Owned Corporations (SOCs) is \$37.2 billion (30 June 2022: \$36.9 billion). The remainder is made up of the State's proportional share in the carrying amount of the net assets of PNFC and PFC entities other than SOCs.

The GGS has irrevocably elected to account for the change in the carrying amount of these investments in a manner consistent with the treatment of equity instruments measured at FVOCI in AASB 9 that would otherwise be measured at FVTPL. Equity investments are designated at FVOCI when the State intends to hold these investments for the medium to long-term or for policy purposes. This accounting policy choice does not apply to investments of the State in TCorpIM Funds classified as financial assets at FVTPL.

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

Note 39: Details of Consolidated Entities lists the entities of which the Government has control, including TCorpIM Funds.

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

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Investments in Other Public Sector Entities				
Investments in PNFCs	109,232	105,709	...	...
Consolidation Adjustment to Investment in Net Assets	(71)	(27)	...	...
Investments in PFCs	1,326	888	...	...
Consolidation Adjustment to Investment in Net Assets ^(a)	12,515	10,455	...	...
	123,003	117,025	...	...

(a) The PFC consolidation adjustment to investment in net assets relates to the elimination of differences of TCorp loans to government measured at fair value and agency borrowings at amortised cost. The increase of \$2,060 million represents the fair value movement due to the increase in interest rates.

The annual movements of the investments are summarised below:

	General Government Sector	
	2022-23	2021-22
	\$m	\$m
Investment in Other Public Sector Entities at Start of Year	117,025	85,778
Net Contributions to/(Returns from) Other Sectors by/(to) Owner ^(a)	(287)	2,543
Recognised in Operating Result - Other Economic Flows:		
Revaluation Gain/(Loss) for Period in Other Sectors	4,249	13,658
Movement for the Period in the Consolidation Adjustment	2,016	15,046
Total Investments in Other Sector Entities at End of Year	123,003	117,025

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

Accounting policy information for additions to equity investments

Transfers into PNFC and PFC entities are recognised as an equity investment in entities in these sectors if there is a reasonable expectation of a sufficient rate of return on the injection. Otherwise, the transfer is recorded as a capital transfer expense.

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

Irrespective of whether transfers into PNFC and PFC entities are recognised as equity investment or a capital transfer expense, increases in the net assets of the PNFC and PFC entities as a result of such transfers also increases the equity investment held by the GGS in those entities.

Transport Asset Holding Entity NSW (TAHE)

GGG Contributions to TAHE

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

The NSW Government provides annual funding to TAHE for the acquisition of heavy rail infrastructure.

Prior to 2015, capital funding provided to the former RailCorp (prior to being converted to TAHE) was expensed by the State and recorded as an expense in the GGS Statement of Comprehensive Income. Between 2015-16 to 2021-22, such amounts were recorded in the GGS Statement of Financial Position as the acquisition of additional equity in the PNFC sector.

The change in accounting treatment corresponded with the establishment of TAHE as a SOC on 1 July 2020, as this entity would provide a reasonable expectation of a sufficient rate of return to its shareholders. Prior to this, the equity treatment was based on the stated intention of the government to convert TAHE to a SOC. More information on the returns on contributed equity to SOCs, including TAHE is included below.

A total of \$13.3 billion in equity contributions were paid from the GGS to TAHE to 30 June 2022. A total of \$2.3 billion in equity contributions were paid from the GGS to TAHE in 2021-22.

During 2022-23, the government shared its intent and expectations in relation to the future operating model of TAHE. The change in direction and impact to TAHE's future operating model means there is no longer a reasonable expectation of a sufficient rate of return on the contributions made to TAHE. As a result, from 1 July 2022, the capital funding of \$1.6 billion provided to TAHE is recorded as a capital transfer expense in the GGS Statement of Comprehensive Income. In August 2023, the Government formally approved several key decisions regarding the future of TAHE. Refer to Note 33 Events after the Reporting Period.

Net Contributions to SOCs

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

The table below sets out for each SOC:

- Contributed Capital - total contributions to the SOC which were recognised as an addition to the equity investment in the past. This is mostly capital contributed upon establishment of the SOC.

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

	Sydney Water	Hunter Water	WaterNSW	Essential Energy	TAHE	Landcom	Forestry Corporation	Port Authority
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Contributed capital as at 30 June 2023	3,912	119	363	131	26,764*	273	492	166
Total equity as at 30 June 2023	8,516	1,512	1,067	3,596	19,856	671	1,479	428
Dividends and tax equivalents (6 years cumulative)	4,093	417	293	142	149	648	155	324
Changes in total equity, other than as a result of contributed capital (6 years cumulative)	(56)	240	355	1,217	(24,162)**	(122)	127	108
Total return on the Government's equity investment (6 years cumulative)	4,037	658	648	1,359	(24,013)	526	283	432

* This excludes \$1.6 billion contributed equity in 2022-23 per TAHE's financial statements. For treatment of GGS contributions to TAHE in the TSSA, please refer to the section above 'GGS Contributions to TAHE' in this note.

** The movement in TAHE's total equity (other than as a result of contributed capital) is mainly attributed to TAHE's asset revaluation decrement in 2020-21 due to a change in valuation approach from a cost approach, which is based on replacement cost, to an income approach, which is based on the expected cashflows. Note: the service capacity of the assets was not affected.

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

* The movement in TAHE's total equity (other than as a result of contributed capital) is mainly attributed to TAHE's asset revaluation decrement in 2020-21 due to a change in valuation approach from a cost approach, which is based on replacement cost, to an income approach, which is based on the expected cashflows. Note: the service capacity of the assets was not affected.

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

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

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

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

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

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

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

Investments in Associates and Joint Ventures

Associates are all entities over which the State has significant influence but not control or joint control. This is generally the case where the State holds between 20% and 50% of the voting rights. Joint ventures are all entities over which the State has joint control. Joint control exists where decisions about the relevant activities require the unanimous consent of the parties sharing control.

Equity investments in associates and joint ventures are initially accounted for at cost, or at the fair value of the retained interest. Dividends received from associates are recognised in revenue from transactions when the right to receive the dividend is established. Equity investments in associates and joint ventures are accounted for using the equity method.

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

Investments in Associates and Joint Ventures accounted for using the equity method comprise the State's share in:	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Ausgrid ^(a)	7,568	5,752	7,568	5,752
Endeavour Energy ^(a)	2,977	3,053	2,977	3,053
WestConnex Group ^(b)	...	...	...	...
TCorpIM Funds	...	...	1,358	982
	10,545	8,805	11,903	9,787

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

(b) On 17 September 2021, the remaining 49.0% interest in the WestConnex Group was sold to the Sydney Transport Partners Consortium, with completion occurring on 29 October 2021.

Ausgrid

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

The State holds an investment in associate of 49.6 per cent in Ausgrid via a corporation constituted under the *Electricity Retained Interest Corporations Act 2015*, named Electricity Retained Interest Corporation - Ausgrid. The remaining 50.4 per cent is owned by the private sector by IFM Investors, APG Asset Management and AustralianSuper operating the network under a 99-year lease.

As the State does not control the entity, it has applied the equity method to account for its investment in Ausgrid. The following table summarises information for the associate, not the State's share of those amounts, and amended to reflect fair value adjustments and modifications for differences in accounting policy, in accordance with AASB 12 *Disclosure of Interests in Other Entities* (AASB 12).

	2022-23	2021-22
	\$m	\$m
Ausgrid's assets and liabilities^(a)		
Current Assets	704	1,130
Non-Current Assets	27,544	23,675
Current Liabilities	(2,459)	(1,384)
Non-Current Liabilities	(10,532)	(11,824)
Equity	15,257	11,597
Ausgrid's profit		
Revenue	2,381	2,397
Profit/(Loss) Before Income Tax	282	608
Distribution Income Recognised	(100)	...
Profit After Income Tax	182	608
Other Comprehensive Income	3,439	958
Total Comprehensive Income	3,621	1,566
Ausgrid's commitments and contingent liabilities		
Capital Expenditure	323	316
Quantifiable Contingent Liabilities	37	46

(a) During 2022-23, the State did not invest any additional monies in Ausgrid (2021-22: Nil).

Reconciliation of the above summarised financial information to the carrying amount of the State's interest in Ausgrid:

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
The State's share in %	49.6	49.6	49.6	49.6
The State's share in Equity	7,568	5,752	7,568	5,752
The State's share in Profit After Income Tax	90	302	90	302
The State's share in Total Comprehensive Income	1,796	777	1,796	777

Endeavour Energy

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

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

As the State does not control the entity, it has applied the equity method to account for its investment in Endeavour Energy. The following table summarises information for the associate, not the State's share of those amounts, and amended to reflect fair value adjustments and modifications for differences in accounting policy.

	2022-23	2021-22
	\$m	\$m
Endeavour Energy's assets and liabilities^(a)		
Current Assets	563	435
Non-Current Assets	12,064	11,864
Current Liabilities	(366)	(758)
Non-Current Liabilities	(6,259)	(5,386)
Equity	6,002	6,155
Endeavour Energy's profit		
Revenue	1,471	1,394
Profit/(Loss) Before Income Tax	173	169
Distribution income recognised	(326)	(38)
Profit After Income Tax	(153)	130
Other Comprehensive Income	0	720
Total Comprehensive Income	(153)	850
Endeavour Energy's commitments and contingent liabilities		
Capital Expenditure	120	137
Quantifiable Contingent Liabilities	1	2

(a) During 2022-23, the State did not invest any additional monies in Endeavour Energy (2021-22: Nil).

Reconciliation of the above summarised financial information to the carrying amount of the State's interest in Endeavour Energy:

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
The State's share in %	49.6	49.6	49.6	49.6
The State's share in Equity	2,977	3,053	2,977	3,053
The State's share in Profit After Income Tax	(76)	65	(76)	65
The State's share in Total Comprehensive Income	(76)	422	(76)	422

WestConnex Group

On 17 September 2021, the remaining 49 per cent interest was sold to the Sydney Transport Partners Consortium, with completion occurring on 29 October 2021 and deregistration of Roads Retained Interest Pty Ltd on 5 October 2022.

As the State did not control the entity, it had applied the equity method to account for its investment in the WestConnex Group.

TCorpIM Funds

Certain TCorpIM Funds controlled by the State invest in commercial real estate through associates and joint ventures, primarily in Australia and New Zealand. The State holds between 20 and 50 per cent (2021-22: 20 and 43 per cent) ownership in these entities.

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

The reporting period for most of the associates and joint ventures is years ending 30 June. For those entities that have different reporting periods, 31 December is the financial year-end. Financial statements for years ended 31 December 2022 were used, adjusted for movements in the net asset values of the respective TCorpIM funds. No material significant transactions or events occurred between 31 December 2022 and the date of the State's financial statements.

The following table summarises information on the State's investment in its associates and joint ventures through TCorpIM Funds controlled by the State that are not individually material.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
The State's share of TCorpIM Funds' assets and liabilities				
Current Assets	83	79
Non-Current Assets	2,437	1,527
Current Liabilities	(109)	(260)
Non-Current Liabilities	(1,053)	(364)
Equity	1,358	982
The State's share of TCorpIM Funds' profit				
Revenue	150	98
Profit/(Loss) Before Income Tax	(26)	43
Income Tax Expense	2
Profit After Income Tax	(28)	45
Other Comprehensive Income	1	14
Total Comprehensive Income	(27)	59
The State's share of TCorpIM Funds' commitments and contingent liabilities				
Capital Expenditure	161	99
Quantifiable Contingent Liabilities	10	...

Other Equity Investments

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

Other equity investments are classified at initial recognition as either measured at FVTPL or are irrevocably elected by the State to be measured at FVOCI. These equity investments are measured at their fair value plus, in the case of an equity investments not at FVTPL, transaction costs that are directly attributable to the acquisition of the instrument. The State has not elected to measure any of these equity investments at FVOCI throughout the 2022-23 financial year (30 June 2022: Nil).

Other equity investments held by the TSS predominately comprise of TCorpIM Fund Trust investments in equity securities. In total, TCorpIM Fund Trusts have investments in equity securities amounting to \$28,193 million (2021-22: \$23,539 million).

Further information regarding fair value measurement and market risk of other equity investments are described in Note 29: Financial Instruments.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	Restated ^(a) \$m
Other Equity Investments Comprise:				
Other Equity Investments - At FVTPL ^{(a)(b)(c)(d)}	15	6	28,208	23,545
	15	6	28,208	23,545

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

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

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

Note 12: Contract Balances

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

Contract Assets

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

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	77	53	77	53
Non-Current	...	...	12	9
	77	53	90	62
Less: Loss Allowance	...	...	...	...
	77	53	90	62

Refer to Note 29: Financial Instruments for disclosures regarding contract asset impairment.

Contract Liabilities

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

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	629	589	722	682
Non-Current	229	284	267	317
	858	873	989	999

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

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Revenue Recognised that was Included in the Contract Liabilities Balance at the Beginning of the Year	276	444	351	513
Revenue Recognised from Performance Obligations Satisfied in Previous Periods	9	9	34	32
Transaction Price Allocated to the Remaining Performance Obligations from Contracts with Customers	551	487	659	520

The transaction price allocated to the remaining performance obligations relates primarily to sale of goods and services revenue. For the GGS, 74% (2022: 60%) of this amount is expected to be recognised as revenue in the next financial year ending 30 June 2024 and 26% (2022: 40%) in subsequent financial years. For the TSS, 72% (2022: 60%) of this amount is expected to be recognised as revenue in the next financial year ending 30 June 2024 and 28% (2022: 40%) in subsequent financial years.

No information is provided about remaining performance obligations on 30 June 2023 for contracts that have an original expected duration of one year or less. The disclosed amounts also do not include variable consideration.

Note 13: Inventories

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

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

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

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	670	1,013	1,069	1,357
Non-Current	417	293	653	652
	1,088	1,307	1,722	2,008
Inventories Comprise:				
Raw Materials	69	17	131	46
Work in Progress	7	19	13	24
Finished Goods	42	11	42	11
Consumable Stores	6	17	175	143
Land and Property Held for Resale ^(a)	393	250	789	729
Inventories Held for Distribution				
Consumables ^{(b)(c)}	570	993	572	1,056
	1,088	1,307	1,722	2,008

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

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

(c) An allowance for impairment of \$286 million (2021-22: \$247 million) has been recognised for medical and surgical supplies included as part of consumables.

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

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Acquisition Cost	52	47	228	221
Development Cost	341	203	562	508
	393	250	789	729

Note 14: Forestry Stock and Other Biological Assets

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

Other biological assets primarily consist of livestock and fodder and are stated at market value and any increments or decrements are recognised through the Statement of Comprehensive Income.

Further details regarding the fair value measurement of forestry stock and other biological assets are disclosed in Note 17: Property, Plant and Equipment.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Opening balance as at 1 July	23	18	646	771
Purchases	...	0	...	0
Harvested timber recognised in profit or loss	...	...	(21)	(31)
Change in fair value less costs to sell	(7)	5	17	(95)
Other	(0)	...	(0)	1
Closing balance as at 30 June	16	23	642	646

Note 15: 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.

Further details regarding the fair value measurement of non-current assets held for sale are disclosed in Note 17: Property, Plant and Equipment.

The assets classified as held for sale at 30 June 2023 were:

	General Government Sector		Total State Sector	
	2022-23 \$m	2021-22 \$m	2022-23 \$m	2021-22 \$m
Non-Current Assets Held for Sale				
Land and Buildings	151	62	161	88
Plant and Equipment	...	0	...	0
Infrastructure Systems	...	...	...	...
	151	62	161	88

Note 16: Investment Properties

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

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

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

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

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

Further details regarding the fair value measurement of investment property are disclosed in Note 17: Property, Plant and Equipment.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Opening balance as at 1 July – fair value	1,741	1,621
Additions	119	266
Disposals and assets held for sale	(0)	(36)
Net gain / (loss) from fair value adjustment	(129)	126
Other	22	(237)
Closing balance as at 30 June – fair value	1,753	1,741

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

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Rental income	102	72
Direct operating expenses arising from investment properties that generated rental income	(7)	(6)
Direct operating expenses that did not generate rental income	(1)	(0)
	94	66

Note 17: Property, Plant and Equipment

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

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

Property, plant, and equipment is subsequently measured at fair value in accordance with AASB 116, AASB 13 and TPP 21-09 *Valuation of Physical Non-Current Assets at Fair Value*.

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

Service Concession Assets

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

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

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

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

At the end of the service concession arrangement:

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

Revaluation of Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

Impairment of Property, Plant and Equipment

As a not-for-profit entity, impairment under AASB 136 arises for the State in rare circumstances.

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

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

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

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

Assets Acquired by Leases

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

Further information on leases is contained in Note 18: Leases.

Depreciation of Property, Plant and Equipment

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

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

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

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

Buildings	
Public Housing	10-50 years
Schools and Colleges	25-200 years
Hospitals and Health Buildings	30-70 years
Plant and Equipment	
Computer Hardware	2-12 years
Rail Rolling Stock	25-43 years
Infrastructure	
Electricity System Assets	10-55 years
Water System Assets	3-200 years
Rail Systems	8-100 years
Roads Pavements	7-50 years
Roads Earthworks	10-254 years
Roads Earthworks (other) – not depreciated	indefinite life
Bridges and Tunnels	100 years

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

General Government Sector

Total Property, Plant and Equipment

Fair Value	Land and Buildings ^(a) Restated ^(b)	Plant and Equipment ^(c)	Infrastructure Systems ^(d)	Total Restated ^(b)
	\$m	\$m	\$m	\$m
At 1 July 2021				
Gross Carrying Amount	139,050	19,540	194,285	352,875
Accumulated Depreciation and Impairment	(35,871)	(6,428)	(39,924)	(82,224)
Corrections to Prior Periods ^(b)	(701)	...	...	(701)
Net Carrying Amount	102,478	13,112	154,361	269,950
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	102,478	13,112	154,361	269,950
Opening Balance Adjustments ^(e)	45	6	(62)	(11)
Adjusted Net Carrying Amount at Start of Year	102,523	13,118	154,299	269,939
Additions	4,417	1,232	13,311	18,960
Assets Reclassified To Held for Sale	(149)	(0)	28	(121)
Disposals	(293)	(74)	(478)	(845)
Net Revaluations Recognised In Reserves ^{(b)(f)}	10,025	175	9,439	19,639
Depreciation Expense ^(b)	(1,993)	(934)	(2,768)	(5,695)
Other Movements	1,370	13	(1,840)	(457)
Net Carrying Amount at End of Year	115,900	13,530	171,990	301,420
At 1 July 2022				
Gross Carrying Amount	157,171	20,006	216,346	393,523
Accumulated Depreciation and Impairment	(41,271)	(6,476)	(44,356)	(92,102)
Net Carrying Amount	115,900	13,530	171,990	301,420
Year Ended 30 June 2023				
Net Carrying Amount at Start of Year	115,900	13,530	171,990	301,420
Additions	5,787	1,815	14,526	22,128
Assets Reclassified To Held for Sale	(171)	...	...	(171)
Disposals	(356)	(57)	(380)	(793)
Net Revaluations Recognised In Reserves ^(g)	10,026	400	22,652	33,078
Depreciation Expense	(2,493)	(1,011)	(2,870)	(6,374)
Other Movements	955	484	(1,010)	429
Net Carrying Amount at End of Year	129,648	15,161	204,909	349,717
At 30 June 2023				
Gross Carrying Amount	186,620	22,078	260,321	469,019
Accumulated Depreciation and Impairment	(56,973)	(6,917)	(55,413)	(119,302)
Net Carrying Amount	129,648	15,161	204,909	349,717

(a) Land and Buildings includes assets under construction of \$3,466 million at 30 June 2023 (30 June 2022: \$2,828 million).

(b) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(c) Plant and Equipment includes assets under construction of \$1,160 million at 30 June 2023 (30 June 2022: \$1,080 million).

(d) Infrastructure Systems includes assets under construction of \$42,300 million at 30 June 2023 (30 June 2022: \$33,062 million).

(e) These adjustments have been made due to information becoming available after the release of the 2020-21 TSSA.

(f) Includes net revaluations of \$19,678 million and net impairment losses of \$(39) million recognised in reserves.

(g) Includes net revaluations of \$33,183 million offset by net impairment losses of \$(105) million recognised in reserves.

Property, Plant and Equipment Held and Used by the GGS

Fair Value	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems	Total Restated ^(a)
	\$m	\$m	\$m	\$m
At 1 July 2021				
Gross Carrying Amount	131,140	19,243	193,871	344,254
Accumulated Depreciation and Impairment	(34,859)	(6,231)	(39,911)	(81,001)
Corrections to Prior Periods ^(a)	(701)	...	...	(701)
Net Carrying Amount	95,580	13,012	153,960	262,552
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	95,580	13,012	153,960	262,552
Opening Balance Adjustments ^(b)	34	6	(42)	(2)
Adjusted Net Carrying Amount at Start of Year	95,614	13,018	153,918	262,550
Additions	4,360	1,230	13,192	18,782
Assets Reclassified To Held for Sale	(121)	(0)	28	(94)
Disposals	(285)	(74)	(478)	(837)
Net Revaluations Recognised In Reserves ^(a)	9,083	155	9,427	18,665
Depreciation Expense ^(a)	(1,891)	(921)	(2,767)	(5,578)
Other Movements	1,250	118	(1,889)	(521)
Net Carrying Amount at End of Year	108,009	13,526	171,432	292,967
At 1 July 2022				
Gross Carrying Amount	148,028	20,002	215,771	383,801
Accumulated Depreciation and Impairment	(40,020)	(6,475)	(44,339)	(90,835)
Net Carrying Amount	108,009	13,526	171,432	292,967
Year Ended 30 June 2023				
Net Carrying Amount at Start of Year	108,009	13,526	171,432	292,967
Additions	5,765	1,815	14,502	22,081
Assets Reclassified To Held for Sale	(171)	0	0	(171)
Disposals	(347)	(57)	(380)	(784)
Net Revaluations Recognised In Reserves	9,526	400	22,648	32,574
Depreciation Expense	(2,358)	(1,010)	(2,868)	(6,236)
Other Movements	265	466	(931)	(201)
Net Carrying Amount at End of Year	120,688	15,140	204,402	340,230
At 30 June 2023				
Gross Carrying Amount	176,090	22,055	259,794	457,939
Accumulated Depreciation and Impairment	(55,402)	(6,915)	(55,392)	(117,710)
Net Carrying Amount	120,688	15,140	204,402	340,230

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

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

Fair Value	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
At 1 July 2021				
Gross Carrying Amount	7,910	297	414	8,621
Accumulated Depreciation and Impairment	(1,012)	(197)	(13)	(1,223)
Net Carrying Amount	6,898	100	401	7,398
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	6,898	100	401	7,398
Opening Balance Adjustments ^(a)	11	...	(20)	(9)
Adjusted Net Carrying Amount at Start of Year	6,909	100	381	7,389
Additions	57	2	119	178
Assets Reclassified To Held for Sale	(27)	...	...	(27)
Disposals	(8)	...	...	(8)
Net Revaluations Recognised In Reserves	942	20	12	973
Depreciation Expense	(102)	(13)	(2)	(117)
Other Movements	120	(105)	48	64
Net Carrying Amount at End of Year	7,892	3	558	8,453
At 1 July 2022				
Gross Carrying Amount	9,143	4	575	9,721
Accumulated Depreciation and Impairment	(1,251)	(0)	(16)	(1,268)
Net Carrying Amount	7,892	3	558	8,453
Year Ended 30 June 2023				
Net Carrying Amount at Start of Year	7,892	3	558	8,453
Additions	23	...	25	47
Assets Reclassified To Held for Sale	...	...	...	...
Disposals	(9)	...	...	(9)
Net Revaluations Recognised In Reserves	500	...	4	504
Depreciation Expense	(135)	(1)	(2)	(138)
Other Movements	690	19	(79)	630
Net Carrying Amount at End of Year	8,960	21	507	9,487
At 30 June 2023				
Gross Carrying Amount	10,530	22	527	11,080
Accumulated Depreciation and Impairment	(1,570)	(2)	(21)	(1,593)
Net Carrying Amount	8,960	21	507	9,487

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

Total State Sector

Total Property, Plant and Equipment

Fair Value	Land and Buildings ^(a) Restated ^(b)	Plant and Equipment ^(c)	Infrastructure Systems ^(d)	Total Restated ^(b)
	\$m	\$m	\$m	\$m
At 1 July 2021				
Gross Carrying Amount	210,687	24,763	243,118	478,568
Accumulated Depreciation and Impairment	(37,307)	(8,034)	(43,220)	(88,561)
Corrections to Prior Periods ^(b)	(701)	...	...	(701)
Net Carrying Amount	172,679	16,729	199,898	389,306
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	172,679	16,729	199,898	389,306
Opening Balance Adjustments ^(e)	15	7	(25)	(2)
Adjusted Net Carrying Amount at Start of Year	172,695	16,736	199,873	389,304
Additions	5,965	2,129	16,113	24,208
Assets Reclassified To Held for Sale	(204)	(0)	28	(176)
Disposals	(627)	(78)	(526)	(1,231)
Net Revaluations Recognised In Reserves ^{(b)(f)}	20,298	(123)	11,850	32,025
Depreciation Expense ^(b)	(2,879)	(1,196)	(3,902)	(7,976)
Other Movements	2,262	65	(2,515)	(188)
Net Carrying Amount at End of Year	197,510	17,534	220,921	435,964
At 1 July 2022				
Gross Carrying Amount	240,399	25,685	267,669	533,753
Accumulated Depreciation and Impairment	(42,889)	(8,151)	(46,748)	(97,789)
Net Carrying Amount	197,510	17,534	220,921	435,964
Year Ended 30 June 2023				
Net Carrying Amount at Start of Year	197,510	17,534	220,921	435,964
Additions	7,270	2,220	18,356	27,846
Assets Reclassified To Held for Sale	(177)	0	0	(177)
Disposals	(586)	(61)	(413)	(1,060)
Net Revaluations Recognised In Reserves ^(g)	12,139	274	22,388	34,801
Depreciation Expense	(3,439)	(1,264)	(4,161)	(8,863)
Other Movements	869	725	(1,437)	157
Net Carrying Amount at End of Year	213,586	19,427	255,653	488,666
At 30 June 2023				
Gross Carrying Amount	272,434	28,227	313,682	614,343
Accumulated Depreciation and Impairment	(58,848)	(8,800)	(58,030)	(125,677)
Net Carrying Amount	213,586	19,427	255,653	488,666

- (a) Land and Buildings includes assets under construction of \$4,726 million at 30 June 2023 (30 June 2022: \$4,869 million).
(b) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.
(c) Plant and Equipment includes assets under construction of \$2,943 million at 30 June 2023 (30 June 2022: \$2,511 million).
(d) Infrastructure Systems includes assets under construction of \$49,218 million at 30 June 2023 (30 June 2022: \$38,707 million).
(e) These adjustments have been made due to information becoming available after the release of the 2020-21 TSSA.
(f) Includes net revaluations of \$32,066 million and net impairment losses of \$(41) million recognised in reserves.
(g) Includes net revaluations of \$34,906 million and net impairment losses of \$(105) million recognised in reserves.

Property, Plant and Equipment Held and Used by the TSS

Fair Value	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems	Total Restated ^(a)
	\$m	\$m	\$m	\$m
At 1 July 2021				
Gross Carrying Amount	151,538	24,680	242,703	418,921
Accumulated Depreciation and Impairment	(36,524)	(7,994)	(43,206)	(87,724)
Corrections to Prior Periods ^(a)	(701)	...	...	(701)
Net Carrying Amount	114,313	16,686	199,497	330,496
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	114,313	16,686	199,497	330,496
Opening Balance Adjustments ^(b)	2	7	(5)	5
Adjusted Net Carrying Amount at Start of Year	114,316	16,693	199,491	330,500
Additions	5,712	2,127	15,994	23,833
Assets Reclassified To Held for Sale	(123)	(0)	28	(95)
Disposals	(369)	(78)	(526)	(973)
Net Revaluations Recognised In Reserves ^(a)	9,416	(128)	11,838	21,125
Depreciation Expense ^(a)	(2,218)	(1,192)	(3,900)	(7,310)
Other Movements	2,413	108	(2,564)	(43)
Net Carrying Amount at End of Year	129,147	17,530	220,362	367,038
At 1 July 2022				
Gross Carrying Amount	171,194	25,681	267,094	463,968
Accumulated Depreciation and Impairment	(42,047)	(8,150)	(46,732)	(96,930)
Net Carrying Amount	129,147	17,530	220,362	367,038
Year Ended 30 June 2023				
Net Carrying Amount at Start of Year	129,147	17,530	220,362	367,038
Additions	6,915	2,220	18,331	27,465
Assets Reclassified To Held for Sale	(177)	0	0	(177)
Disposals	(386)	(61)	(413)	(860)
Net Revaluations Recognised In Reserves	9,601	274	22,383	32,259
Depreciation Expense	(2,727)	(1,264)	(4,158)	(8,150)
Other Movements	384	725	(1,343)	(236)
Net Carrying Amount at End of Year	142,756	19,424	255,161	417,341
At 30 June 2023				
Gross Carrying Amount	200,512	28,223	313,170	541,905
Accumulated Depreciation and Impairment	(57,757)	(8,799)	(58,009)	(124,565)
Net Carrying Amount	142,756	19,424	255,161	417,341

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

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

Fair Value	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
At 1 July 2021				
Gross Carrying Amount	59,149	83	415	59,647
Accumulated Depreciation and Impairment	(783)	(40)	(14)	(837)
Net Carrying Amount	58,366	43	401	58,810
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	58,366	43	401	58,810
Opening Balance Adjustments ^(a)	13	...	(20)	(7)
Adjusted Net Carrying Amount at Start of Year	58,379	43	381	58,803
Additions	254	2	119	375
Assets Reclassified To Held for Sale	(81)	...	...	(81)
Disposals	(258)	...	...	(258)
Net Revaluations Recognised In Reserves	10,883	5	12	10,899
Depreciation Expense	(661)	(3)	(2)	(666)
Other Movements	(151)	(43)	48	(146)
Net Carrying Amount at End of Year	68,364	4	559	68,926
At 1 July 2022				
Gross Carrying Amount	69,206	4	575	69,785
Accumulated Depreciation and Impairment	(842)	(1)	(16)	(859)
Net Carrying Amount	68,364	4	559	68,926
Year Ended 30 June 2023				
Net Carrying Amount at Start of Year	68,364	4	559	68,926
Additions	356	...	25	380
Assets Reclassified To Held for Sale	...	...	...	...
Disposals	(201)	...	...	(201)
Net Revaluations Recognised In Reserves	2,538	...	4	2,542
Depreciation Expense	(711)	(0)	(2)	(714)
Other Movements	485	(0)	(94)	391
Net Carrying Amount at End of Year	70,830	3	492	71,325
At 30 June 2023				
Gross Carrying Amount	71,921	4	513	72,438
Accumulated Depreciation and Impairment	(1,091)	(1)	(21)	(1,113)
Net Carrying Amount	70,830	3	492	71,325

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

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 2023	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings	...	20,183	109,465	...	129,648
Plant and Equipment ^(a)	...	3,543	6,679	4,939	15,161
Infrastructure Systems	...	321	204,587	...	204,909
Assets Held for Sale (Note 15)	...	136	16	...	151
Intangibles (Note 19)	931	4,246	5,176
Investment Properties (Note 16)
Forestry Stock and Other Biological Assets (Note 14)	16	...	16
	...	24,183	321,693	9,185	355,060

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

30 June 2022	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	\$m	Restated ^(a) \$m	\$m	Restated ^(a) \$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings ^(a)	...	19,923	95,977	...	115,900
Plant and Equipment ^(b)	...	3,521	5,057	4,952	13,530
Infrastructure Systems	...	118	171,873	...	171,990
Assets Held for Sale (Note 15)	...	44	18	...	62
Intangibles (Note 19)	896	3,878	4,774
Investment Properties (Note 16)
Forestry Stock and Other Biological Assets (Note 14)	23	...	23
	...	23,605	273,844	8,830	306,279

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

Total State Sector

30 June 2023	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings	...	22,262	191,324	...	213,586
Plant and Equipment ^(a)	...	3,608	10,330	5,489	19,427
Infrastructure Systems	...	321	255,331	...	255,653
Assets Held for Sale (Note 15)	...	136	25	...	161
Intangibles (Note 19)	964	5,289	6,253
Investment Properties (Note 16)	...	611	1,142	...	1,753
Forestry Stock and Other Biological Assets (Note 14)	642	...	642
	...	26,938	459,758	10,778	497,474

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

30 June 2022	Level 1	Level 2	Level 3	Historical Cost	Total
	\$m	\$m	Restated ^(a)	\$m	Restated ^(a)
	\$m	\$m	\$m	\$m	\$m
Fair Value Hierarchy					
Property, Plant and Equipment					
Land and Buildings ^(a)	...	21,771	175,740	...	197,510
Plant and Equipment ^(b)	...	3,583	8,379	5,571	17,534
Infrastructure Systems	...	118	220,803	...	220,921
Assets Held for Sale (Note 15)	...	44	44	...	88
Intangibles (Note 19)	924	4,946	5,869
Investment Properties (Note 16)	...	611	1,130	...	1,741
Forestry Stock and Other Biological Assets (Note 14)	646	...	646
	...	26,126	407,666	10,516	444,309

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

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

General Government Sector

	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems	Assets Held for Sale	Intangible Assets	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Year Ended 30 June 2023							
Adjusted Fair Value at Start of Year	95,978	5,057	171,873	18	896	23	273,844
Additions	4,825	278	14,130	...	2	...	19,235
Revaluations Recognised in Other Comprehensive Income	9,117	391	22,189	...	34	(7)	31,724
Transfers into Level 3	1,147	1	1	...	...	...	1,149
Transfers out of Level 3	(1,122)	(0)	(51)	...	...	...	(1,173)
Disposals	(297)	(1)	(157)	(3)	...	...	(458)
Depreciation and Amortisation	(2,421)	(169)	(2,861)	...	(5)	...	(5,456)
Other Movements	2,239	1,122	(537)	0	3	...	2,828
Fair Value at End of Year	109,465	6,679	204,587	16	931	16	321,693

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems	Assets Held for Sale	Intangible Assets	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Year Ended 30 June 2022							
Fair Value at Start of Year	84,293	4,975	154,213	41	858	18	244,398
Corrections to Prior Periods ^(a)	(701)	...	...	...	...	...	(701)
Opening balance fair value adjustments ^(b)	344	(213)	(495)	...	40	...	(325)
Adjusted Fair Value at Start of Year	83,936	4,762	153,718	41	898	18	243,373
Additions	3,362	96	13,380	(28)	4	...	16,814
Revaluations Recognised in Other Comprehensive Income ^(a)	8,587	420	9,823	...	2	5	18,837
Transfers into Level 3	1,072	94	(28)	...	...	...	1,138
Transfers out of Level 3	(146)	...	(23)	...	...	...	(169)
Disposals	(181)	(10)	(125)	(80)	(0)	...	(395)
Depreciation and Amortisation ^(a)	(1,872)	(178)	(2,761)	...	(6)	...	(4,818)
Other Movements	1,219	(128)	(2,111)	85	0	...	(936)
Fair Value at End of Year	95,977	5,057	171,873	18	896	23	273,844

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

Total State Sector

	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems	Assets Held for Sale	Intangible Assets	Investment Properties	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Year Ended 30 June 2023								
Adjusted Fair Value at Start of Year	175,740	8,379	220,803	44	924	1,130	646	407,667
Additions	6,304	561	17,974	...	4	119	...	24,962
Revaluations Recognised in Other Comprehensive Income	11,106	265	21,707	...	34	(157)	(4)	32,951
Transfers into Level 3	1,147	1	1	...	...	...	...	1,149
Transfers out of Level 3	(1,206)	(14)	(51)	...	...	...	...	(1,271)
Disposals	(524)	(2)	(190)	(25)	...	...	...	(741)
Depreciation and Amortisation	(3,352)	(335)	(4,151)	...	(6)	...	...	(7,845)
Other Movements	2,110	1,474	(761)	6	6	50	0	2,885
Fair Value at End of Year	191,324	10,330	255,331	25	964	1,142	642	459,758

(a) Refer to Note 34: Restatement/Corrections to Prior Years, for details of corrections to prior period.

(b) These adjustments have been made due to information becoming available after the release of the 2021-22 TSSA.

	Land and Buildings Restated ^(a)	Plant and Equipment	Infrastructure Systems	Assets Held for Sale	Intangible Assets	Investment Properties	Forestry Stock and Other Biological Assets	Total Recurring Level 3 Fair Value Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Year Ended 30 June 2022								
Fair Value at Start of Year	152,850	7,965	199,749	78	884	998	771	363,295
Corrections to Prior Period ^(a)	(701)	...	...	...	...	...	...	(701)
Opening balance fair value adjustments ^(b)	311	(213)	(461)	...	40	...	...	(324)
Adjusted Fair Value at Start of Year	152,460	7,752	199,288	78	924	998	771	362,270
Additions	5,034	867	16,183	(28)	4	266	...	22,326
Revaluations Recognised in Other Comprehensive Income ^(a)	18,581	121	12,234	...	2	103	(125)	30,916
Transfers into Level 3	1,080	94	(28)	...	...	...	...	1,146
Transfers out of Level 3	(150)	(10)	(23)	...	...	...	...	(184)
Disposals	(510)	(11)	(173)	(144)	0	...	...	(838)
Depreciation and Amortisation ^(a)	(2,678)	(359)	(3,895)	...	(8)	...	...	(6,940)
Other Movements	1,923	(74)	(2,783)	138	1	(236)	...	(1,031)
Fair Value at End of Year	175,740	8,379	220,803	44	924	1,130	646	407,666

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

Valuation techniques, inputs and processes

Land and Buildings

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

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

Public Housing

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

Schools and Education Facilities

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

Hospitals

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

Land under Roads

Land under roads (mainly classified as Level 3) is valued using the Urban Average Rateable Value (ARV) per hectare within each Local Government Area adjusted by an 'open space' ratio. The valuation takes account of Local Government Area rateable land values and the land area under roads.

Crown Land

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

Crown land classified as Level 2 is valued using the market value approach by utilising market comparable land. Valuations take account of the sale price of comparable land and are adjusted for the size of the land and the long-term land appreciated rate.

Refer to Note 32: Contingent Liabilities and Contingent Assets for further information on reserved Crown land claims under the *Aboriginal Land Rights Act 1983 (NSW)*.

Land under Water

Land under water (mainly classified as Level 3) is valued using sales price of low economic land values in remote areas of New South Wales. For that part of the 3 nautical miles considered to have higher use, market price of adjacent dry land is used for public recreation and commercial purposes. Discounts are applied to reflect value in use and restrictions on land.

Sensitivity of the Fair Value Measurement

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

Plant and Equipment

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

Rail Rolling Stock

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

Public Buses

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

Ferries

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

Collection Assets

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

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

Infrastructure Systems

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

Dams, Water System and Electricity System Assets

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

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

Road Infrastructure

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

Rail Infrastructure

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

Rail infrastructure and track work (including network land, buildings, and plant and equipment) controlled by TAHE (a PNFC agency) is valued using an income valuation method. The discounted cash flow technique is used to perform the income approach valuation of the assets. The valuations are based on reasonable assumptions about TAHE's business, in addition to the current economic and broader environmental context in which TAHE operates.

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

Non-Current Assets Held for Sale

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

Investment Properties

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

Forestry Stock and Other Biological Assets

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

Intangibles

Intangibles measured at fair value comprise primarily of information communication and technology and other assets transferred to the private sector operator under a 35-year concession to facilitate the provision of land titling and registry services. These service concession assets are valued using the current replacement cost method and are primarily recognised at Level 3 in the fair value hierarchy.

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

Service Concession Assets

The following tables present service concession assets included in the carrying amounts of property, plant and equipment and intangibles (Note 19: Intangibles).

General Government Sector

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Intangibles (Note 19)	Total
	\$m	\$m	\$m	\$m	\$m
At 30 June 2023					
Gross Carrying Amount	5,826	2,963	92,640	967	102,396
Accumulated Depreciation and Amortisation	(746)	(315)	(22,475)	(36)	(23,572)
Net Carrying Amount	5,081	2,648	70,165	931	78,824

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Intangibles (Note 19)	Total
	\$m	\$m	\$m	\$m	\$m
At 30 June 2022					
Gross Carrying Amount	5,156	1,956	76,650	928	84,690
Accumulated Depreciation and Amortisation	(617)	(229)	(16,655)	(32)	(17,532)
Net Carrying Amount	4,540	1,727	59,995	896	67,158

During the current financial year, there were no material reclassifications of existing assets of the General Government Sector as service concession assets (2021-22: \$21,184 million).

Total State Sector

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Intangibles (Note 19)	Total
	\$m	\$m	\$m	\$m	\$m
At 30 June 2023					
Gross Carrying Amount	7,895	3,466	94,324	1,003	106,688
Accumulated Depreciation and Amortisation	(1,454)	(675)	(22,650)	(39)	(24,818)
Net Carrying Amount	6,441	2,791	71,674	964	81,870

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Intangibles (Note 19)	Total
	\$m	\$m	\$m	\$m	\$m
At 30 June 2022					
Gross Carrying Amount	7,061	2,396	78,175	957	88,590
Accumulated Depreciation and Amortisation	(1,198)	(533)	(16,781)	(34)	(18,546)
Net Carrying Amount	5,863	1,863	61,394	924	70,043

During the current financial year, there were no material reclassifications of existing assets of the Total State Sector as service concession assets (2021-22: \$21,184 million).

Service Concession Arrangements

The following tables list service concession arrangements falling within the scope of AASB 1059 for both the GGS and TSS (unless otherwise stated).

Railway Infrastructure

Arrangement Terms and Conditions	
Description	<p>Light Rail Services: The State has a contract with ALTRAC Light Rail Partnership (the operator) relating to the Sydney Light Rail project.</p> <p>Northwest Rapid Transit: The State has entered a contract with the Northwest Rapid Transit Group (the operator) relating to the Sydney Metro North West Line, and the Sydney Metro City and Southwest project.</p> <p>Parklife Metro: The State has entered into a contract with Parklife Metro (the operator) relating to the Sydney Metro Western Sydney Airport metro project.</p> <p>Sydney Airport Link: The State has entered into a contract with the Airport Link Company (the operator) to operate and maintain railway stations on the Sydney City Airport Link train line. (TSS only)</p>
Funding Model	<p>Light Rail Services: Financial liability arrangement.</p> <p>Northwest Rapid Transit: Financial liability arrangement.</p> <p>Parklife Metro: Financial liability arrangement.</p> <p>Sydney Airport Link: Hybrid arrangement.</p>
Arrangement Period	<p>Light Rail Services: 22 years (2014 - 2036)</p> <p>Northwest Rapid Transit: 20 years (2014 - 2034)</p> <p>Parklife Metro: 20 years (2022-2042)</p> <p>Sydney Airport Link: 30 years (2000 - 2030)</p>
Arrangement Terms	<p>Light Rail Services: The operator is responsible for the design, construction, operation and maintenance of the Sydney Light Rail. Upon construction completion and operational commencement, the operator is required to deliver light rail services. The State is required to pay consideration for the delivery phase across the project term (i.e. design and construction), and payments for operation and maintenance.</p> <p>Northwest Rapid Transit: The operator is responsible for operation and maintenance of the North West Line which began operations in May 2019. The operator is also responsible for the design and construction of the Sydney Metro City Line for which construction began in December 2019. The Sydney Metro Southwest line will be constructed by the State. The operator will be subsequently responsible for the operation and maintenance of both the Sydney Metro City and the Southwest lines.</p> <p>Parklife Metro: The operator is responsible for design and construction of Western Sydney Airport Line, design and construction began in December 2022. The operator is also responsible for operation and maintenance of the Western Sydney Airport Line, the line is expected to open in April 2027.</p> <p>Sydney Airport Link: The State has entered into agreements with the operator to operate and maintain four stations (Green Square, Mascot, Domestic and International) on the Sydney Airport Line until 2030. The State will take over operation of the stations in 2030. The State has granted the operator the right to charge passengers an access fee for two stations, the State pays access fees directly to the operator for the other two stations. The State also has a revenue sharing arrangement with the operator.</p>
Rights and Obligations	<p>Light Rail Services: The operator is required to deliver light rail services upon construction completion on which the State is obligated to pay for. The operator is required to hand back the significant residual interest of the assets in the project at the end of the project term.</p> <p>Northwest Rapid Transit: The operator is required to deliver metro passenger services which the State is obligated to pay for under the service concession. The operator is required to hand back the significant residual interest of the assets in the project at the end of the project term.</p> <p>Parklife Metro: The operator is required to deliver metro passenger services which the State is obligated to pay for under the service concession. The operator is required to hand back the significant residual interest of the assets in the project at the end of the project term.</p> <p>Sydney Airport Link: The operator is obliged to build, operate and maintain the four stations until 2030. The State has a right to receive a share of the net revenue generated by ALC once certain thresholds have been met. The State has the right to take over operation of the stations in 2030.</p>
Service Concession Assets (SCA) Carrying Amount	<p>Light Rail Services: \$2,889 million (2021-22: \$2,793 million)</p> <p>Northwest Rapid Transit: \$13,503 million (2021-22: \$11,825 million)</p> <p>Parklife Metro: \$624 million</p> <p>Sydney Airport Link: \$174 million (2021-22: \$169 million) (TSS only)</p>

Toll Roads – Motorways

Arrangement Terms and Conditions	
Description	<p>The State has contracts with various private sector operators relating to the design, construction, operation and maintenance of various motorway toll roads:</p> <p>M2 Motorway: An arrangement is evident with Transurban (the operator) relating to the M2 Motorway.</p> <p>M5 Motorway: A contract has been entered with Interlink Roads relating to the M5 Motorway.</p> <p>M7 Motorway: An arrangement is evident with the NorthWestern Roads Group relating to the M7 Motorway.</p> <p>M7 Widening and M7-M12 Interchange : An arrangement is evident with the NorthWestern Roads Group relating to widening of existing M7 and the construction of M7-M12 Interchange.</p> <p>NorthConnex: An agreement is evident with the NorthWestern Roads Group relating to the NorthConnex motorway.</p>
Funding Model	<p>M2 Motorway: Grant of a Right to the Operator ("GORTO") arrangement.</p> <p>M5 Motorway: GORTO arrangement.</p> <p>M7 Motorway: GORTO arrangement.</p> <p>M7 Widening and M7-M12 Interchange: GORTO arrangement.</p> <p>NorthConnex: Hybrid arrangement.</p>
Arrangement Period	<p>M2 Motorway: 51 years (1997 - 2048)</p> <p>M5 Motorway: 34 years (1992 - 2026)</p> <p>M7 Motorway: 43 years (2005 - 2048)</p> <p>M7 Widening and M7-M12 Interchange: 26 years (expected opening 2026 - 2052)</p> <p>NorthConnex: 28 years (2020 - 2048)</p>
Arrangement Terms	<p>M2 Motorway: The State entered a contract with the original concession holder to design, construct, operate and maintain the M2 Motorway. Under the initial project deed, ownership of the M2 Motorway would revert to the State in 45 years from M2 Motorway operations commencement in May 1997. Additional construction work in 2013 and the integration of the M2 to connect with the NorthConnex Motorway in 2015 has further extended the term of the agreement to 51 years, subject to the provisions of the M2 Motorway Project Deed. The State has granted the current operator the right to levy and retain tolls on the motorway.</p> <p>The State leases land for the term of the agreement. Until the project achieves the required rate of return, rent is payable in cash or by promissory note at the lessee's discretion. On achievement of the required rate, the rent is payable in cash.</p> <p>M5 Motorway: A contract was entered into with the concession holder to design, construct, operate and maintain the M5 Motorway. The initial concession period was for the period 14 August 1992 to 14 August 2022 but has been extended to 2026 with the additional construction of the interchange at Moorebank and the expansion of the M5 corridor. The State has granted the operator the right to levy and retain tolls on the motorway.</p> <p>The M5 South-West Motorway Call Option Deed provides that if, after at least 25 years from the M5 Western Link commencement date of 26 June 1994, the State determines that the expected financial return has been achieved, the State has the right to purchase either the business from the concession holder or the shares in the concession holder. The exercise price under the M5 Call Option Deed will be based on open market valuation of the business or shares.</p> <p>M7 Motorway: An agreement was signed with the concession holder in 2003 to construct the Westlink M7 Motorway. The motorway was constructed and opened in 2005. The State has granted the operator the right to levy and retain tolls on the motorway. In consideration for building the NorthConnex motorway (refer below), the concession period on the Westlink M7 Motorway has been extended from 2037 to 2048, after which the motorway will be transferred back to the State.</p> <p>M7 Widening and M7-M12 Interchange: An agreement was signed with the concession holder in February 2023 for the widening of the existing M7 and the construction of M7-M12 Interchange. Under the terms of the agreement, the M7 Widening will be fully funded by the concessionaire whilst the state will contribute \$312 million in cash towards the construction, construction management and property acquisition costs of the M7-M12 Interchange. The remaining balance will be financed by the concession holder. The Project Deed stipulates that the concession holder will operate the motorways until 30 June 2052, after which they will be transferred back to the state.</p> <p>NorthConnex: An agreement was signed with the concession holder in 2015 to finance, design, construct, operate and maintain the NorthConnex Motorway. The State's contribution is \$997 million in cash towards construction with the remaining balance being financed by the concession holder. NorthConnex was opened on October 2020 with the operator allowed to operate the motorway until 30 June 2048, after which the motorway will be transferred back to the State. The State has granted the operator the right to levy and retain tolls on the motorway. In consideration for building the NorthConnex Motorway, the NorthConnex agreement also provides for an extension of the concession terms on the Westlink M7 Motorway, Lane Cove Tunnel and M2 Motorway to 30 June 2048.</p>
Rights and Obligations	<p>The operators must keep all traffic lanes of the Motorways open to the public for the safe, efficient and continuous passage of vehicles. The operator must not levy or impose any charge, toll or fee for or in connection with the use of the motorways other than in accordance with the agreements. Upon the end of the agreement term, the operators must surrender to the State the motorways in a condition which is consistent with the operator's obligation to maintain and repair them in the Project Deed.</p>
SCA Carrying Amount	<p>Transport for NSW Toll Roads^(a): \$29,940 million (2021-22: \$28,184 million)</p>

- (a) Toll roads managed by Transport for NSW for the State include the M2 Motorway, M5 Motorway, M7 Motorway, M7 Widening, M7-M12 Interchange, NorthConnex, Cross City Tunnel, Eastern Distributor, Lane Cove Tunnel, Sydney Harbour Tunnel, WestConnex 1A and 1B, WestConnex 2, and WestConnex 3.

Toll Roads – Tunnels

Arrangement Terms and Conditions	
Description	<p>The State has contracts with various private sector operators relating to the design, construction, operation and maintenance of various toll roads – tunnels:</p> <p>Cross City Tunnel: An agreement requiring Transurban (the operator) to operate and maintain the Cross City Tunnel located in Sydney.</p> <p>Eastern Distributor: An agreement with Transurban (the operator) to operate and maintain the Eastern Distributor located in Sydney.</p> <p>Lane Cove Tunnel: An agreement signed with Transurban (the operator) to operate and maintain the Lane Cove Tunnel located in Sydney.</p> <p>Sydney Harbour Tunnel: An agreement signed with Ventia Australia Pty Ltd (the operator) to operate and maintain the Sydney Harbour Tunnel.</p>
Funding Model	<p>Cross City Tunnel: GORTO arrangement.</p> <p>Eastern Distributor: GORTO arrangement.</p> <p>Lane Cove Tunnel: GORTO arrangement.</p> <p>Sydney Harbour Tunnel: Financial liability arrangement.</p>
Arrangement Period	<p>Cross City Tunnel: 30 years (2005 - 2035)</p> <p>Eastern Distributor: 48 years (2000 - 2048)</p> <p>Lane Cove Tunnel: 41 years (2007 - 2048)</p> <p>Sydney Harbour Tunnel: 15 years (2022 - 2037)</p>
Arrangement Terms	<p>Cross City Tunnel: An agreement was signed with the concession holder in 2002 to construct the Cross City Tunnel. The tunnel was completed and opened to traffic on 28 August 2005. Under the terms of the agreement, the current operator will operate the tunnel until 18 December 2035, after which the motorway will be transferred back to the State. The State has granted the operator the right to levy and retain tolls on the tunnel. Reimbursement of certain development costs was received from the operators in the form of an upfront cash payment in August 2005. The amount of this payment was \$97 million.</p> <p>Eastern Distributor: An agreement was signed with the concession holder in 1997 to build, own, operate and transfer the Eastern Distributor. The tunnel was opened to traffic on 23 July 2000. The operator is required to pay concession fees in accordance with the agreement in consideration of the State granting to the operator the right to levy and retain tolls.</p> <p>Lane Cove Tunnel: An agreement was signed with the concession holder in 2003 to build and operate the Lane Cove Tunnel. The construction cost was \$1.1 billion, with the cost being met by the private sector. The tunnel was opened to traffic in 2007 with the current operator required to operate the tunnel until 30 June 2048, after which the motorway will be transferred back to the State. The State has granted the operator the right to levy and retain tolls on the tunnel. Reimbursement of certain development costs were received from the operator in the form of an upfront cash payment in April 2007. The amount of this payment was \$79 million.</p> <p>Sydney Harbour Tunnel: The State has entered into an Asset Management Deed with the private operator to operate and maintain the Sydney Harbour Tunnel after the end of the previous service concession arrangement with Sydney Harbour Tunnel Company. The State is the owner of Sydney Harbour Tunnel and pays the operator a service payment in relation to the services under the Asset Management Deed.</p>
Rights and Obligations	<p>The operators must keep all traffic lanes of the tunnels open to the public for the safe, efficient and continuous passage of vehicles. The operators must not levy or impose any charge, toll or fee for or in connection with the use of the motorways other than in accordance with agreements. Upon the term end, the operators must return to the State the motorways and associated assets in a fully functional condition which complies with contractual arrangements.</p>
Changes to Arrangements during 2022-23	<p>Sydney Harbour Tunnel: The previous service concession with the Sydney Harbour Tunnel Company ended on 31 August 2022. The State has entered into a new service concession arrangement with Ventia Australia Pty Ltd for the operation and maintenance of Sydney Harbour Tunnel starting from 1 September 2022.</p>
SCA Carrying Amount	<p>Transport for NSW Toll Roads^(a): \$29,940 million (2021-22: \$28,184 million)</p>

- (a) Toll roads managed by Transport for NSW for the State include the M2 Motorway, M5 Motorway, M7 Motorway, M7 Widening, M7-M12 Interchange, NorthConnex, Cross City Tunnel, Eastern Distributor, Lane Cove Tunnel, Sydney Harbour Tunnel, WestConnex 1A and 1B, WestConnex 2, and WestConnex 3.

Toll Roads – WestConnex

Arrangement Terms and Conditions

Description	<p>WestConnex 1A and 1B: The Stage 1 Project Deed was signed with the concession holder requiring M4 widening (Stage 1A) and the construction of the new M4 tunnels and associated surface works (Stage 1B). Stage 1A was opened to traffic on 4 July 2017.</p> <p>WestConnex 2: The Stage 2 Deed was signed on 20 November 2015 to develop and upgrade the existing M5 East from Beverly Hills to St Peters.</p> <p>WestConnex 3A: The Stage 3 Project Deed was signed with the concession holder on 12 June 2018 to design, construct, operate and maintain the M4-M5 Link Tunnels.</p>
Funding Model	<p>WestConnex 1A: GORTO arrangement.</p> <p>WestConnex 1B: Hybrid arrangement.</p> <p>WestConnex 2: Hybrid arrangement.</p> <p>WestConnex 3A: Hybrid arrangement.</p>
Arrangement Period	<p>WestConnex 1A and 1B: 43 years (2017 - 2060)</p> <p>WestConnex 2: 40 years (2020 - 2060)</p> <p>WestConnex 3A: 37 years (2023 to 2060)</p>
Arrangement Terms	<p>WestConnex 1A and 1B: The Project Deed stipulates that the operator, Transurban, will operate the motorway until 2060, after which the motorway will be transferred back to the State at no cost. Up until the end of the concession period, the State has granted the concession holder the right to levy and retain tolls on the motorway. The State is entitled to a share of tolling revenue above the base revenue threshold.</p> <p>WestConnex 2: The State granted motorway stratum land leases over new M5 Main Works and M5 East Lease when Stage 2 opened to traffic on 5 July 2020, and M5 West Lease from December 2026 to the termination date of 31 December 2060. The State is entitled to a share of tolling revenue with the operator, Transurban, above the base revenue threshold.</p> <p>WestConnex 3A: The Project Deed stipulates that the operator will operate the M4-M5 Link until 31 December 2060, after which the motorway will be transferred to the State at no cost. Up until the end of the concession period, the State will grant the concession holder the right to levy and retain tolls on the motorway.</p>
Rights and Obligations	<p>The operator must keep all traffic lanes of the toll road open to the public for the safe, efficient and continuous passage of vehicles. The operator must not levy or impose any charge, toll or fee for or in connection with the use of the toll road other than in accordance with the Toll Calculation Schedule specified in the Deed.</p> <p>Upon the end of the term the operator must transfer to the State the toll road and associated assets in a fully functional condition which complies with contractual arrangements.</p>
SCA Carrying Amount	Transport for NSW Toll Roads^(a): \$29,940 million (2021-22: \$28,184 million)

- (a) Toll roads managed by Transport for NSW for the State include the M2 Motorway, M5 Motorway, M7 Motorway, M7 Widening, M7-M12 Interchange, NorthConnex, Cross City Tunnel, Eastern Distributor, Lane Cove Tunnel, Sydney Harbour Tunnel, WestConnex 1A and 1B, WestConnex 2, and WestConnex 3.

Car Park Facilities

Arrangement Terms and Conditions	
Description	<p>B-Line Car Parks: The State has entered arrangements with the Northern Beaches Council (the operator) for the use of car spaces for public commuter car parking at B-Line bus service car parks.</p> <p>Hospital Car Parks: The State has entered into construction and operation arrangements with Infrashore (the operator) for car parks at the Royal North Shore Hospital (RNSH P1 and RNSH P2), and the International Parking Group (the operator) for car parks at the Prince of Wales Hospital and St George Hospital.</p>
Funding Model	<p>B-Line Car Parks: GORTO arrangement.</p> <p>Hospital Car Parks: RNSH P1: Hybrid arrangement, RNSH P2: Financial liability arrangement, Prince of Wales Hospital Car Park: GORTO arrangement, and St George Hospital Car Park: Hybrid arrangement.</p>
Arrangement Period	<p>B-Line Car Parks: 30 to 50 years</p> <p>Hospital Car Parks: RNSH P1: 26 years (2010 - 2036), RNSH P2: 22 years (2014 - 2036), Prince of Wales Hospital Car Park: 26 years (1997 - 2023), and St George Hospital Car Park: 25 years (1999 - 2024)</p>
Arrangement Terms	<p>B-Line Car Parks: The operator is responsible for the provision of public commuter car parking, and maintenance of the car parks, while the State will bear a pro rata share of the operator's outgoings in connection with ownership, control, operation, management and maintenance of the premises.</p> <p>Hospital Car Parks: The State has contracted the operator to build RNSH P2 carpark and manage both the RNSH P1 and P2 carparks. RNSH P2 carpark construction was funded by the State and paid in instalments under a financing arrangement for the duration of the term. The RNSH P1 carpark was an existing carpark of the State. The Prince of Wales hospital carpark and St George hospital carpark were funded by the operator which was contracted to build, manage and operate both carparks. The State has granted rights to the operator to operate and generate revenue from the carparks. Upon grant of this right, the operator has paid an upfront license fee to the State.</p>
Rights and Obligations	<p>B-Line Car Parks: The operator can terminate the arrangement, but only in the event of a material breach by the State or if monies are outstanding. The State has the right to give three months notice to terminate the arrangement and thereafter vacate after removing transport-related equipment and signage. At the end of the term, the State can continue to occupy the car park. The State can transfer or sublet the arrangement, including to another agency.</p> <p>Hospital Car Parks: The State is obliged to provide the operators with access to the carparks and is obligated to pay for the construction of the RNSH P2 car park under the financing arrangement with the Operator. The operators are responsible for car park operations and at arrangement end will return all assets back to the State. There are no provisions for extension of the term in the contracts, however this can be separately negotiated.</p>
Changes to Arrangements during 2022-23	<p>Hospital Car Parks: Prince of Wales Hospital Car Park arrangement ended on 30 June 2023, assets will be transferred back to the State during 2023-24.</p>
SCA Carrying Amount	<p>B-Line Car Parks: \$27 million (2021-22: \$38 million)</p> <p>Hospital Car Parks: RNSH P1 car park: \$24 million (2021-22: \$24 million), RNSH P2 car park: \$24 million (2021-22: \$24 million); St George Hospital car park: \$10 million (2021-22: \$10 million), and Prince of Wales Hospital car park: \$52 million (2021-22: \$52 million)</p>

Correctional Centres

Arrangement Terms and Conditions

Description	<p>Clarence Correctional Centre: The State has an arrangement with the Serco Group (the operator) to construct, maintain and operate the Clarence Correctional Centre as part of NSW Corrective Services.</p> <p>Parklea and Junee Correctional Centres: The State has separate arrangements with MTC-Broadspectrum and GEO Group Australia (the operators) to respectively maintain and operate the Parklea and Junee Correctional Centres.</p>
Funding Model	<p>Clarence Correctional Centre: Financial liability arrangement.</p> <p>Parklea and Junee Correctional Centres: N/A – the operator uses the State's existing assets.</p>
Arrangement Period	<p>Clarence Correctional Centre: 20 years (2020 - 2040)</p> <p>Parklea Correctional Centre: 7 years (2019 - 2026)</p> <p>Junee Correctional Centre: 5 years (2019 - 2024)</p>
Arrangement Terms	<p>Clarence Correctional Centre: The correctional centre was constructed by the operator on existing State-owned land and was completed for operational use on 1 July 2020. Construction is financed through the operator over the arrangement period. Commencing 1 July 2020, the State is obliged to make payments for ongoing service and asset maintenance fees, including transitional one-off fixed fees, interest and debt repayments.</p> <p>Junee and Parklea Correctional Centres: The Correctional Centres were existing assets of the State prior to 1 July 2019. Under the project deed arrangement, the State is obligated to pay ongoing services payments and asset maintenance fees to the operator over the arrangement period.</p>
Rights and Obligations	<p>The State is required to provide site access to all operators to operate the correctional centres. Following the contractual end dates, the State continues to own the assets managed by the operators. There is no early termination or option period after the contractual end dates stated above.</p>
SCA Carrying Amount	<p>Clarence Correctional Centre: \$727 million (2021-22: \$731 million)</p> <p>Parklea Correctional Centre: \$353 million (2021-22: \$346 million)</p> <p>Junee Correctional Centre: \$369 million (2021-22: \$335 million)</p>

Public Hospitals and Health Facilities

Arrangement Terms and Conditions	
Description	<p>Northern Beaches and Hawkesbury Hospitals: Two public hospitals built and operated under separate public private partnership arrangements by HealthScope (Northern Beaches Hospital operator) and St John of God Health Care (Hawkesbury Hospital operator).</p> <p>Far West Mental Health Recovery Centre: A mental health sub-acute unit in Broken Hill (Far West Local Health District) owned by the State and operated by Neami Limited (the operator) under a service agreement.</p> <p>Mercy Care Centre Young: A sub-acute rehabilitation and palliative care unit in Young that provides services to the people of Young and surrounding regions. It is owned by the State and operated by Mercy Health under a 20 year lease agreement and annual service agreements.</p>
Funding Model	<p>Northern Beaches Public Hospital: Hybrid arrangement, and Hospital Car Park - GORTO arrangement.</p> <p>Hawkesbury Hospital: Financial liability arrangement.</p> <p>Far West Mental Health Recovery Centre and Mercy Care Centre Young: N/A – the operator uses the State's existing assets.</p>
Arrangement Periods	<p>Northern Beaches Public Hospital: 20 years (2018 - 2038), and Hospital Car Park - 40 years (2018 - 2058)</p> <p>Hawkesbury Hospital: 29 years (1994 - 2023)</p> <p>Far West Mental Health Recovery Centre: 5 years (2019 - 2023)</p> <p>Mercy Care Centre Young: 20 years (2004 to 2024)</p>
Arrangement Terms	<p>Northern Beaches Hospital and Hawkesbury Hospital: The State has contracted the operators to separately build, operate, and manage the hospitals. The Northern Beaches Hospital was paid up front on completion of construction while the Hawkesbury Hospital was paid over time under a financing arrangement with the operator. The operator funded Northern Beaches car park construction, and the State has granted the operator the right to operate and generate revenue from the car park. The State has entered service level arrangements with the operators for the delivery of public health services at the hospitals which is funded by the State and paid monthly.</p> <p>Far West Mental Health Recovery Centre and Mercy Care Centre Young: The operator has been contracted to operate the Centre and is compensated under the agreement. Assets associated with the arrangement have been provided by the State.</p>
Rights and Obligations	<p>Northern Beaches Hospital and Hawkesbury Hospital: The State is obligated to provide the operators access to the hospitals and the carpark. The operators are responsible for the delivery of public patient health services at the hospitals which the State is obligated to pay for. The operators are obligated to return all assets back to the State at the end of the arrangements. For Northern Beaches Hospital, the State will be sharing a portion of the hospital facilities with the private operator for an additional term of 20 years after the expiry of the concession period. The State has the right to extend the Northern Beaches Hospital arrangement for up to five years. For Hawkesbury Hospital, an extension of 18 months was negotiated with the Operator in 2022. The extension allows both parties to define and agree on the principles of a new service agreement, which will replace the existing service agreement.</p> <p>Far West Mental Health Recovery Centre and Mercy Care Centre Young: The State is obligated to provide the operator with access to the Centre. The Operator is responsible for the delivery of specified patient services at the Centre. The State is obligated to pay for services under the funding agreement. The operator is obliged to return all assets back to the State at arrangement end. There is no provision for arrangement term extension, however this can be negotiated.</p>
SCA Carrying Amount	<p>Northern Beach Public Hospital and Car Park: \$682 million (2021-22: \$692 million)</p> <p>Hawkesbury Hospital: \$63 million (2021-22: \$64 million)</p> <p>Mental Health Recovery Centre: \$5 million (2021-22: \$5 million)</p> <p>Mercy Care Centre Young : \$10 million (2021-22: \$9 million)</p>

Water System Assets

Arrangement Terms and Conditions

Description	<p>Blue Mountains Sewage Transfer Scheme: The State has a service agreement with the legal owner of a sewage tunnel in the Blue Mountains for the transfer of sewage to a sewage treatment plant owned by the State. (TSS only)</p> <p>Water Filtration Plants: The State has contractual arrangements with the owners of water filtration plants at Prospect, Macarthur, Illawarra, and Woronora for the filtration of bulk water. (TSS only)</p> <p>Gerringong Gerroa Sewage Treatment Plant: The State has entered a service agreement with the legal owner of the sewage treatment plant for the collection of sewage via pumping stations and its transport via pipe networks to the sewage treatment works and its subsequent transport for re-use on a dairy farm. (TSS only)</p> <p>Bingara Gorge Treatment Plant: The State has an agreement with the operator to take and treat wastewater from Bingara Gorge and Wilton Village. This will supply recycled water services for the Bingara and Wilton area and any excess flow sent to an effluent pond for irrigation of an adjacent golf course. (TSS only)</p>
Funding Model	<p>Blue Mountains Sewage Transfer Scheme / Water Filtration Plants: Financial liability arrangement. (TSS only)</p> <p>Gerringong Gerroa Sewage Treatment Plant: N/A – the operator uses the State's existing assets. (TSS only)</p> <p>Bingara Gorge Treatment Plant: N/A – the operator uses the State's existing assets. (TSS only)</p>
Arrangement Period	<p>Blue Mountains Sewage Transfer Scheme: 35 years (1996 to 2031) with the option to extend to 50 years</p> <p>Water Filtration Plants: Illawarra: 21 years (2015 - 2036), Macarthur: 19 years (2011 - 2030), Prospect: 19 years (2016 - 2035), and Woronora: 21 years (2015 - 2036)</p> <p>Gerringong Gerroa Sewage Treatment Plant: 34 years (2002 to 2036)</p> <p>Bingara Gorge Treatment Plant: 13 years (2015 to 2028)</p>
Arrangement Terms	The legal owners are paid a tariff (separated into principal and interest components) on a quarterly basis for bulk water services for Blue Mountains and for others payment on a monthly basis.
Rights and Obligations	The legal owners are responsible for the delivery of filtration, transport and treatment services and transfer legal title of water system assets at the end of the agreements. The State is obligated to pay for service performed.
Changes to Arrangements during 2021-22	Bingara Gorge Treatment Plant: The service concession asset Bingara Gorge treatment plant was acquired on 28 June 2022 and the service concession arrangement was entered into effect from that date.
Changes to Arrangements during 2022-23	<p>Gerringong Gerroa Sewage Treatment Plant: The term of the agreement was extended for 14 years, effective 1 July 2022. The contract will now expire on 30 November 2036.</p> <p>Bingara Gorge Treatment Plant: The term of the agreement was extended for 5 years, effective 1 April 2023. The contract will now expire on 30 March 2028.</p>
SCA Carrying Amount	<p>Blue Mountains Sewage Transfer Scheme: \$965 million (2021-22: \$883 million) (TSS only)</p> <p>Water Filtration Plants: \$446 million (2021-22: \$423 million) (TSS only)</p> <p>Gerringong Gerroa Sewage Treatment Plant: \$80 million (2021-22: \$74 million) (TSS only)</p> <p>Bingara Gorge Treatment Plant: \$19 million (2021-22: \$19 million) (TSS only)</p>

Other Arrangements

Arrangement Terms and Conditions	
Description	<p>Ferry Services: A contract with Transdev (the operator) to operate ferry services in Sydney. (TSS only)</p> <p>International Convention Centre: A public private partnership agreement with Darling Harbour Live Partnership (the operator) to design, construct and operate the International Convention Centre in Sydney. (TSS only)</p> <p>Land Title Registration System: An arrangement to enable Australian Registry Investments (the operator) to operate the New South Wales Land Title Registration System for the State under a service agreement.</p> <p>Sydney Road Assets Performance (SRAP): A contract with three private parties (service providers) based on zoning to deliver key road maintenance and capital projects across the Greater Sydney state road network.</p>
Funding Model	<p>Ferry Services: Financial liability arrangement.</p> <p>International Convention Centre: Financial liability arrangement.</p> <p>Land Title Registration System: GORTO arrangement.</p> <p>Sydney Road Asset Performance: N/A – the operator uses the State's existing assets.</p>
Arrangement Period	<p>Ferry Services: 9 years (2019 – 2028)</p> <p>International Convention Centre: 28 years (2013 - 2041)</p> <p>Land Title Registration System: 35 years (2017 - 2052)</p> <p>Sydney Roads Asset Performance: 9 years (2021 - 2030)</p>
Arrangement Terms	<p>Ferry Services: The private operator Transdev is required to provide ferry services to public commuters on the Sydney Harbour and Parramatta River using ferries and other assets owned by the State. The State has entered into leases with the operator for the existing fleet and shipyard. The contract can be terminated at year five and eight at the State's discretion.</p> <p>International Convention Centre: The operator has been contracted to design, construct and operate the International Convention Centre for the arrangement duration. Operation services commenced for 25 years from construction arrangement completion date of December 2016. The State processes quarterly payments to the operator as per the agreement. The operator's interests in the Centre will revert to the State for no consideration at the end of the arrangement term.</p> <p>Land Title Registration System: The State has received up-front consideration of \$2.7 billion from the operator for the right to operate the NSW Land Titling Registry. The State has granted the operator the right to operate and generate revenue from land titling and registration services.</p> <p>Sydney Roads Asset Performance: The State, as the owner of the road assets, determines the strategic direction and issues the service provider with an Asset Management Brief.</p>
Rights and Obligations	<p>Ferry Services: The operator is responsible for the provision of end-to-end ferry services including maintenance of lease ferry and other leased assets. The operator is required to hand back all leased assets at the end of term at the required standard. The State is responsible for providing the operator with access to the core assets to provide ferry services.</p> <p>International Convention Centre: The State is required to provide the operator access to the Centre. The operator is responsible for the continuing operation of the Centre which the State is obligated to pay for under the contractual agreements.</p> <p>Land Title Registration System: The operator is responsible for maintenance and operation of the titling database. The State regulates and controls the maximum price chargeable by the operator for the core services and other price revisions. The State maintains control over the titling database as per the concession deed.</p> <p>Sydney Roads Asset Performance: The service providers must manage the assets, including developing and delivering routine maintenance, capital renewals and asset improvements to achieve agreed outcomes and progressively take on increased levels of risk in relation to asset performance over the duration of the contract term.</p>
SCA Carrying Amount	<p>Ferry Services^(a): \$148 million (2021-22: \$126 million) (TSS only)</p> <p>International Convention Centre: \$1,169 million (2021-22: \$1,157 million) (TSS only)</p> <p>Land Title Registration System^(b): \$883 million (2021-22: \$849 million)</p> <p>Sydney Roads Asset Performance: \$28,101 million (2021-22: \$21,184 million)</p>

(a) Ferry services service concession assets include intangible assets of \$33 million (2021-22: \$27 million) presented in Note 19: Intangibles.

(b) Land title registration system service concession assets include intangible assets of \$883 million (2021-22: \$849 million) presented in Note 19: Intangibles.

Note 18: Leases

State as a Lessee

Lessee Arrangements Under AASB 16

The State has leases of various land, buildings, infrastructure, equipment, and motor vehicles. Lease contracts of the State typically range from periods of 3 to 15 years and may also include extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets generally may not be used as security for borrowing purposes.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the State and not by the respective lessor. In determining the lease term, the State considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

The State assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The State recognises lease liabilities (which are reported as part of borrowings at amortised cost on the Consolidated Statement of Financial Position) to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

The State recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings: 1 to 100 years
- Plant and equipment: 1 to 43 years
- Infrastructure systems: 3 to 20 years

If ownership of the leased asset transfers to the State at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are also subject to impairment. The State assesses, at each reporting date, whether there is an indication that right-of-use assets may be impaired. If any indication exists, or when annual impairment testing of the asset is required, the State estimates the asset's recoverable amount. When the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversals are recognised in the operating result.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the State to further its objectives, are also measured at cost. These right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, subject to impairment. These arrangements are not significant in number or value for the State.

At the commencement date of the lease, the State recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- Fixed payments (including in substance fixed payments) less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate;
- Amounts expected to be paid under residual value guarantees;
- Exercise price of purchase options reasonably certain to be exercised by the State; and
- Payments of penalties for lease termination, if the lease term reflects the exercising of the termination option.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce or construct recognisable non-financial assets) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the State's leases, the State's incremental borrowing rate is used, being the rate that the State would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a lease modification, including a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. In some circumstances, a lease modification may result in a separate lease.

For a lease modification that is not accounted for as a separate lease, the State accounts for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the lease scope and recognising any gain or loss relating to the partial or full termination of the lease;
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

The State's lease liabilities are included in Note 24: Borrowings at Amortised Cost.

The State has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis over the lease term, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-Use Assets

The following tables present right-of-use assets (that do not meet the definition of investment property).

General Government Sector

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
Year Ended 30 June 2023				
Net Carrying Amount at Start of Year	5,768	1,284	122	7,174
Additions and Remeasurements ^(a)	(253)	259	32	39
Disposals	(56)	(5)	(2)	(64)
Net Impairment Recognised In the Operating Result	(145)	(14)	...	(159)
Depreciation Expense ^(b)	(559)	(275)	(12)	(846)
Other Movements	53	(18)	6	41
Net Carrying Amount at End of Year	4,808	1,231	147	6,185

(a) Additions and Remeasurements for Land and Buildings include \$(777) million mainly due to a lease modification for a removal of a lease extension option.

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

General Government Sector (continued)

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

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

Total State Sector

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$m	\$m	\$m	\$m
Year Ended 30 June 2022				
Net Carrying Amount at Start of Year	6,395	2,989	271	9,655
Additions and Remeasurements ^(a)	(191)	274	32	114
Disposals	(69)	(6)	(2)	(76)
Net Impairment Recognised In the Operating Result	(145)	(14)	...	(160)
Depreciation Expense ^(b)	(638)	(375)	(28)	(1,042)
Other Movements	46	(17)	17	46
Net Carrying Amount at End of Year	5,396	2,852	290	8,538

(a) Additions and Remeasurements for Land and Buildings include \$(780) million mainly due to a lease modification for a removal of a lease extension option.

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

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

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

Lease Liabilities

The following table presents lease liabilities accounted for under AASB 16.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Lease Liabilities				
Current	759	808	861	910
Non-current	6,022	6,849	8,397	9,254
	6,781	7,657	9,257	10,165

The total cash outflow for leases is \$1,417 million (2021-22: \$1,310 million) for the GGS and \$1,776 million (2021-22: \$1,662 million) for the TSS.

Potential undiscounted future cash outflows relating to extension and termination options of \$1,804 million (2021-22: \$1,566 million) for the GGS and \$1,831 million (2021-22: \$1,589 million) for the TSS have not been included in the carrying amount of lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the State. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$673 million (2021-22: \$62 million) for the GGS and \$680 million (2021-22: \$65 million) for the TSS.

The State in limited circumstances provides residual value guarantees in relation to leases to optimise lease costs throughout the lease term. The State initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. When the expected residual value at lease commencement is equal to or higher than the guaranteed amount, the State estimates that it will not pay any amounts under the guarantees. The expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices at the end of each reporting period.

The State is committed to short-term leases at 30 June 2023. These commitments do not expose the State to any material exposures at the 30 June reporting date.

Refer to Note 3: Expenses for interest expense on lease liabilities and expenditure amounts recognised for lease payments not recognised in the carrying amount of lease liabilities.

Further information regarding liquidity risk, including a maturity analysis of lease liabilities is disclosed in Note 29: Financial Instruments.

Sales and Leaseback Transactions

The State has not entered into any significant sale and leaseback transactions in the current financial year ending 30 June 2023 (2021-22: Nil).

State as a Lessor

The State leases out its infrastructure, land and buildings under finance and operating leases with rentals typically payable monthly. Lease payments for contracts include CPI increases, and in limited circumstances variable lease payments may be evident that depend on an index or rate.

Leases where the State transfers substantially all the risks and rewards incidental to ownership of an asset, are classified as finance leases. Subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

At the lease commencement date, the State recognises a receivable for assets held under a finance lease in the Consolidated Statement of Financial Position at an amount equal to the net investment in the lease. The net investment in leases is classified as a financial asset measured at amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease. Finance leases receivable also include residual interests in port and electricity network assets where payments have been received upfront by the State. Where considered necessary to reduce credit risk, the State may obtain guarantees or deposits for the lease term.

Although the State is exposed to changes in the residual value of leased assets at the end of the current leases, the State typically enters into new leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the carrying amount of the underlying leased asset. Payment has also been received upfront for finance lease arrangements where the State has exposure to unguaranteed residual values.

Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. Refer to Note 2: Revenue for interest income recognised for finance leases receivable.

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue from transactions in the Consolidated Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and depreciated over the lease term on the same basis as rental income. Contingent rents are recognised as revenue from transactions in the period in which they are earned.

Finance Leases

The following table sets out a maturity analysis of leases receivable under finance lease arrangements, showing the undiscounted lease payments to be received after the 30 June 2023 reporting date.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Finance Leases Receivable ^(a)	1,597	1,507	1,933	1,723
	1,597	1,507	1,933	1,723
Future Minimum Lease Receipts Under Non-Cancellable Finance Leases:				
Less Than One Year	39	36	59	50
One to Two Years	73	67	72	64
Two to Three Years	30	27	30	24
Three to Four Years	419	27	477	22
Four to Five Years	30	421	30	416
More Than Five Years	7,394	5,447	13,268	11,216
Total	7,984	6,025	13,935	11,794
Unguaranteed Residual Values - Undiscounted	210,247	213,353	264,948	266,883
(Less) Unearned Finance Income ^(b)	(216,635)	(217,871)	(276,950)	(276,954)
Net Investment In Finance Leases	1,597	1,507	1,933	1,723

(a) Refer to Note 8: Investments, Loans and Placements for further details regarding finance leases receivable.

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

The unguaranteed residual value within the net investment in finance leases contains the State's residual emerging interests in port assets and electricity network assets. Residual emerging interests in port assets amounted to \$305 million (2021-22: \$285 million) for the GGS and \$431 million (2021-22: \$403 million) for the TSS, and in electricity network assets amounted to \$242 million (2021-22: \$236 million) for the GGS and TSS in 2022-23.

Operating Leases

Future minimum lease payments receivable (undiscounted) under AASB 16 non-cancellable operating leases as at 30 June 2023 are as follows:

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Future Minimum Lease Receipts Under Non-Cancellable Operating Leases:				
Not Later Than One Year	162	177	1,047	1,010
One to Two Years	142	134	1,012	959
Two to Three Years	128	120	1,007	934
Three to Four Years	117	114	1,007	936
Four to Five Years	96	98	953	891
More Than Five Years	1,088	1,049	6,764	6,211
Total	1,733	1,693	11,790	10,941

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

Note 19: Intangibles

Intangible assets, excluding service concession assets, are measured initially at cost in accordance with AASB 138. Where an asset is acquired free of cost or at nominal cost, the cost is its fair value as at the date of acquisition. The State recognises intangible assets only if it is probable that future economic benefits will flow to the State and the cost of the asset can be measured reliably. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

Intangible assets are subsequently measured at fair value where there is an active market. If there is no active market, the assets are carried at cost less any accumulated amortisation and impairment losses.

Intangible assets with finite lives are amortised under the straight-line method and expensed in the Consolidated Statement of Comprehensive Income for the period, in accordance with AASB 138. Intangible assets with an indefinite life are not amortised but are tested for impairment annually either individually or at the cash generating unit level.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognised in other economic flows – included in the operating result.

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

Service concession assets included in intangibles are measured at current replacement cost on initial recognition or date of reclassification in accordance with the cost approach to fair value in AASB 13. Subsequent to the initial recognition or reclassification, these assets are measured at current replacement cost and accounted for in accordance with the amortisation and impairment requirements of AASB 138 and AASB 136.

Refer to Note 17: Property, Plant and Equipment for further information on service concession arrangements that fall in scope of AASB 1059 and the fair value measurement of service concession assets.

Assumptions

	Computer Software	Easements	Other	Service Concession Assets
Useful lives	Finite (2-18 years)	Indefinite	Indefinite or finite (4-10 years)	Indefinite or finite (16-19 years)
Amortisation method	Straight line	Not amortised	Not amortised or straight line	Not amortised or straight line
Internally Generated/Acquired	Both	Acquired	Both	Both
Impairment test/Recoverable amount testing	Where an indicator of impairment exists	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

General Government Sector

	Computer Software At Cost \$m	Easements ^(a) At Cost \$m	Other At Cost \$m	Service Concession Assets ^(b) At Fair Value \$m	Total \$m
At 1 July 2021					
Gross Carrying Amount	6,152	356	125	884	7,517
Accumulated Amortisation and Impairment	(3,030)	(8)	3	(26)	(3,061)
Net Carrying Amount	3,122	348	128	858	4,456
Year ended 30 June 2022					
Net Carrying Amount at Start of Year	3,122	348	128	858	4,456
Opening Balance Adjustments ^(c)	13	...	(13)	...	...
Adjusted Net Carrying Amount at Start of Year	3,135	348	115	858	4,456
Additions	817	0	24	4	846
Disposals	(51)	(0)	(8)	(0)	(59)
Reclassification from / (to) Property, Plant and Equipment	176	...	(19)	0	157
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations	(6)	...	0	1	(5)
Impairment	(3)	1	...	...	(2)
Amortisation	(548)	...	(0)	(6)	(554)
Other Movements	(99)	(3)	(2)	41	(64)
Net Carrying Amount at End of Year	3,422	346	110	896	4,774
At 1 July 2022					
Gross Carrying Amount	6,746	352	111	928	8,137
Accumulated Amortisation and Impairment	(3,324)	(6)	(1)	(32)	(3,363)
Net Carrying Amount	3,422	346	110	896	4,774
Year ended 30 June 2023					
Net Carrying Amount at Start of Year	3,422	346	110	896	4,774
Additions	920	0	33	2	955
Disposals	(31)	(0)	...	...	(31)
Reclassification from / (to) Property, Plant and Equipment	164	2	(8)	0	159
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations	(1)	...	...	...	(1)
Impairment	(18)	2	...	...	(16)
Amortisation	(666)	(0)	(2)	(5)	(672)
Other Movements	(37)	(0)	9	37	8
Net Carrying Amount at End of Year	3,754	350	142	931	5,176
At 30 June 2023					
Gross Carrying Amount	7,388	352	145	967	8,852
Accumulated Amortisation and Impairment	(3,634)	(2)	(3)	(36)	(3,676)
Net Carrying Amount	3,754	350	142	931	5,176

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

(b) Service concession assets comprises intangibles measured at current replacement cost including land and title registry databases, rights to receive inventories and stock, and easements under concessional arrangements.

(c) These adjustments have been made due to information becoming available after the release of the 2020-21 TSSA.

Total State Sector

	Computer Software At Cost	Easements ^(a) At Cost	Other At Cost	Service Concession Assets ^(b) At Fair Value	Total
	\$m	\$m	\$m	\$m	\$m
At 1 July 2021					
Gross Carrying Amount	7,912	463	373	912	9,659
Accumulated Amortisation and Impairment	(4,087)	(9)	(67)	(28)	(4,191)
Net Carrying Amount	3,825	454	306	884	5,469
Year ended 30 June 2022					
Net Carrying Amount at Start of Year	3,825	454	306	884	5,469
Opening Balance Adjustments ^(c)	(12)	...	12	...	...
Adjusted Net Carrying Amount at Start of Year	3,813	454	318	884	5,469
Additions	949	0	105	4	1,059
Disposals	(47)	(0)	(8)	0	(56)
Reclassification from / (to) Property, Plant and Equipment	186	0	34	0	220
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations	(25)	...	0	1	(24)
Impairment	(3)	1	...	1	(0)
Amortisation	(692)	(0)	(31)	(8)	(730)
Other Movements	(45)	(3)	(59)	41	(67)
Net Carrying Amount at End of Year	4,135	452	359	924	5,869
At 1 July 2022					
Gross Carrying Amount	8,539	460	471	957	10,426
Accumulated Amortisation and Impairment	(4,404)	(8)	(112)	(34)	(4,557)
Net Carrying Amount 30 June 2022	4,135	452	359	924	5,869
Year ended 30 June 2023					
Net Carrying Amount at Start of Year	4,135	452	359	924	5,869
Additions	1,089	0	35	4	1,128
Disposals	(31)	(0)	(0)	...	(32)
Reclassification from / (to) Property, Plant and Equipment	178	4	(11)	0	172
Recognised In the Operating Result - Other Economic Flows:					
Net Revaluations	(8)	...	...	...	(8)
Impairment	(18)	2	(2)	6	(12)
Amortisation	(814)	(0)	(33)	(6)	(852)
Other Movements	(8)	23	(64)	37	(13)
Net Carrying Amount at End of Year	4,524	481	284	964	6,253
At 30 June 2023					
Gross Carrying Amount	9,311	485	429	1,003	11,227
Accumulated Amortisation and Impairment	(4,787)	(4)	(144)	(39)	(4,975)
Net Carrying Amount	4,524	481	284	964	6,253

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

(b) Service concession assets comprises intangibles measured at current replacement cost including land and title registry databases, rights to receive inventories and stock, and easements under concessional arrangements.

(c) These adjustments have been made due to information becoming available after the release of the 2020-21 TSSA.

Note 20: Other Non-Financial Assets

Other non-financial assets comprise primarily of prepayments recognised for payments made in advance for goods and services.

Prepayments are recognised on an accrual basis and are amortised over the period in which the economic benefits from these assets are received.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	1,386	1,216	1,760	1,486
Non-Current	623	170	944	614
	2,009	1,386	2,704	2,100
Other Non-Financial Assets Comprise:				
Prepayments	1,946	1,327	2,187	1,557
Other	63	59	517	543
	2,009	1,386	2,704	2,100

Note 21: Deposits Held

Deposits held represent liabilities for deposits and security deposits held on behalf of entities and individuals external to the State.

Deposits held by PFCs are monies deposited with TCorp on an unsecured basis either at call or for fixed terms of one year or less, with interest payable at maturity. Deposits held by PFCs are designated at FVTPL at initial recognition as they are managed on a fair value basis in accordance with a documented risk management strategy.

Other deposits held represent liabilities for customer and security deposits for transport services and utilities such as electricity and water. Customer and contractor deposits can be refunded at any time. Other deposits held are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. Deposits are recognised at no less than the amount payable on demand. Other deposits held are subsequently measured at amortised cost using the effective interest method.

Further information regarding fair value measurement, liquidity risk, including a maturity analysis of deposits held, and market risk are disclosed in Note 29: Financial Instruments.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	327	335	397	414
Non-Current	0	18	2	18
	327	353	399	432
Deposits are Held for the Purposes of:				
Held by PFCs	...	...	37	52
Other	327	353	362	380
	327	353	399	432

Note 22: Payables

Payables represent liabilities for goods and services provided to the State. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are initially measured at fair value, net of directly attributable transaction costs. Payables are subsequently measured at amortised cost using the effective interest method.

Further information regarding liquidity risk, including a maturity analysis of the below payables are disclosed in Note 29: Financial Instruments.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
				Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^(a)	9,819	9,560	20,895	12,039
Non-Current	144	141	147	141
	9,963	9,700	21,042	12,180
Payables Comprise:				
Payables of a Capital Nature	1,562	2,177	1,845	2,400
Accrued Employee Benefits	950	730	1,059	836
Interest on Borrowings and Advances	820	513	20	4
Settlement of Borrowings and Other Financial Instruments ^{(a)(b)}	...	...	9,488	608
Creditors and Other Accruals ^(a)	6,631	6,281	8,630	8,332
	9,963	9,700	21,042	12,180

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) The payable represents amounts in managed investment funds due to brokers for securities purchased that have been contracted for but not yet delivered by the end of the period.

Note 23: Borrowings and Derivatives at Fair Value

Borrowings at fair value are initially and subsequently measured at fair value with transaction costs recognised in the 'net operating balance'. Borrowings at fair value primarily consist of domestic and overseas interest-bearing loans and bonds raised by TCorp. These borrowings are designated at FVTPL at initial recognition as they are managed on a fair value basis in accordance with a documented risk management strategy.

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

Further information on fair value measurement, liquidity risk, including a maturity analysis, and market risk is disclosed in Note 29: Financial Instruments.

	General		Total	
	Government	Sector	State Sector	
	2022-23	2021-22	2022-23	2021-22
				Restated ^(a)
	\$m	\$m	\$m	\$m
Current ^(a)	17	14	19,216	17,671
Non-Current ^(a)	...	0	133,186	106,222
	17	14	152,402	123,893
Borrowings and Derivatives at Fair Value Comprise:				
Borrowings at Fair Value				
Bonds and Other Borrowings Issued by TCorp ^(b)	...	...	146,781	120,931
Other Fair Value Borrowings ^(c)	...	...	3,437	...
	...	...	150,218	120,931
Financial Liabilities Held For Trading				
Derivative Liabilities ^(a)	17	14	2,184	2,962
	17	14	2,184	2,962
Designated And Effective Hedging Instruments				
Derivative Liabilities	...	0	...	0
	...	0	...	0
Total Borrowings and Derivatives at Fair Value	17	14	152,402	123,893

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) Bonds and borrowings issued by TCorp have increased throughout the 2022-23 financial year primarily to fund infrastructure investment of the State.

(c) Other Fair Value Borrowings in the TSS mainly comprise fixed interest securities in a managed investment fund.

Note 24: Borrowings at Amortised Cost

Borrowings at amortised cost comprise of interest-bearing liabilities including GGS borrowings with TCorp, lease liabilities, service concession arrangement financial liabilities and other interest-bearing arrangements.

Borrowings at amortised cost are recognised when the State becomes a party to the contractual provisions of the instrument.

Borrowings at amortised cost are initially measured at fair value net of directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in other economic flows – included in operating result when the liabilities are derecognised as well as through the amortisation process.

Lease liabilities are determined in accordance with AASB 16. Refer to Note 18: Leases for further information on leases.

Further information on fair value measurement, liquidity risk, including a maturity analysis, and market risk of borrowings at amortised cost is disclosed in Note 29: Financial Instruments.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	4,910	5,464	2,270	1,673
Non-Current	127,168	101,977	17,025	16,995
	132,079	107,441	19,295	18,669
Borrowings at Amortised Cost Comprise:				
Other Borrowings at Amortised Cost ^{(a)(b)(c)}	120,122	94,871	3,397	2,100
Lease Liabilities	6,781	7,657	9,257	10,165
Service Concession Financial Liabilities ^(d)	5,176	4,913	6,640	6,404
	132,079	107,441	19,295	18,669

- (a) Other borrowings at amortised cost for the GGS comprise primarily of borrowings with TCorp. These borrowings have increased throughout the financial year mainly to fund infrastructure investment of the GGS.
- (b) Other borrowings at amortised cost include borrowings with respect to public private partnerships in the Health cluster totalling to \$952 million (2021-22: \$970 million) and Transport for NSW loan for TAHE \$597 million (2021-22: \$492 million).
- (c) Some other borrowings at amortised cost in the TSS are secured by financial assets at fair value of \$1,792 million (2021-22: Nil) and investment properties of \$258 million (2021-22: \$258 million). As of 30 June 2023 and 30 June 2022, the State was in compliance with all covenants and other requirements of other borrowings at amortised cost.
- (d) Service concession financial liabilities relate to contractual payments due to service concession operators. Refer to Note 17: Property, Plant and Equipment for further details on the State's service concession arrangements.

Note 25: Employee Benefits Liabilities

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Annual leave is not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (AASB 119) (although short-cut methods are permitted). Paid parental leave can be accumulated for up to 24 months and the provision is recognised when an employee becomes eligible. The provision is valued based on parental leave yet to be paid.

Unused sick leave does not give rise to a liability. It is not considered probable that sick leave taken will be greater than the benefits accrued in the future.

Consequential costs to employment such as payroll tax, workers compensation insurance premiums and fringe benefits tax are recognised as liabilities and expenses when the employee benefits they relate to are recognised.

Long Service Leave

A liability for long service leave is measured at the present value of future payments anticipated at the reporting date, using the projected unit credit method. An actuary calculates this using:

- expected future wage and salary levels;
- experience of employee departures; and
- periods of service.

Estimated future cash outflows are discounted using a discount rate based on the market yield on Commonwealth government bonds as published by the Reserve Bank of Australia, with terms to maturity that match, as closely as possible, the estimated future cash outflow.

A short-hand measurement technique is used as allowed by AASB 119 for leave relating to employees with five and more years of services, where it is not materially different from the present value, as confirmed periodically by an actuary.

Self-Funded Worker's Compensation

Worker's compensation insurance is provided by the employer or by the State's self-insurance scheme, known as the Treasury Managed Fund.

Self-funded workers' compensation includes liabilities of the Treasury Managed Fund that have been actuarially calculated on a discounted cash flows basis using a 'central' estimate assuming a liability discount rate of 4.29 to 4.35 per cent (2021-22: 1.8 to 2.46 per cent) and a future inflation rate of 2.97 to 3.44 per cent (2021-22: 2.6 to 3.2 per cent) and a superimposed inflation rate of 0.0 per cent (2021-22: 0.0 to 0.1 per cent).

Employee benefits liabilities are impacted by movements in the discount rate and growth in the volume and duration of claims.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	17,372	16,380	18,483	17,435
Non-Current	8,599	7,223	8,799	7,424
	25,971	23,603	27,281	24,859
Employee Benefits Liabilities Comprise:				
Long Service Leave	11,345	10,798	12,092	11,500
Annual and Other Leave Entitlements	5,136	4,782	5,506	5,140
Self Funded Worker's Compensation	8,131	6,917	8,251	7,040
Other	1,359	1,106	1,433	1,179
	25,971	23,603	27,281	24,859

Note 26: Superannuation Provisions

Superannuation provisions comprise unfunded superannuation liabilities recognised in the State's defined benefit schemes, in accordance with AASB 119.

The liability or asset, recognised in the Consolidated Statement of Financial Position, for defined benefit schemes is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets plus the impact of asset ceiling.

The defined benefit obligation is calculated annually by independent actuaries (Mercer Consulting (Australia) Pty Ltd) using the projected unit credit method. The liability is assessed using the latest triennial review of actuarial economic and demographic assumptions and subsequent economic and market forecasts. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the 10-year Commonwealth government bond rate as at 30 June.

The present value of the defined benefit obligation is based on future payments arising from service of current and past scheme members up to the reporting date. It is calculated using expected future wage and salary levels, expected future inflation levels as per the growth rate in the Consumer Price Index, superannuation contribution tax, and the experience of employee departures and their periods of service.

Net interest expense is calculated by applying the discount rate to the net defined benefit liability or asset. Net interest and other expenses related to the defined benefit plans are recognised as part of superannuation expense in expenses from transactions (refer to Note 3: Expenses).

Actuarial gains and losses resulting from changes in measurement assumptions, returns on plan assets in excess of the government bond rate and any change in the effect of the asset ceiling are recognised as re-measurements of post-employment benefits in other economic flows – other comprehensive income.

State Public Sector Superannuation Schemes

The State public sector superannuation liability comprises the following schemes:

- State Sector Schemes:
 - State Authorities Superannuation Scheme (SASS)
 - State Authorities Non-Contributory Superannuation Scheme (SANCS)
 - State Superannuation Scheme (SSS)
 - Police Superannuation Scheme (PSS)
- Parliamentary Contributory Superannuation Scheme (PCSS)
- Judges' Pension Scheme (JPS)
- Cbus Super (Cbus)*

*On 12 May 2023, the Energy Industries Superannuation Scheme (EISS) completed its merger with Cbus Super. As a result, all EISS members transferred to Cbus and all EISS products closed. EISS defined benefit members were transferred to the Pool B Subdivision of the Defined Benefits Section of Cbus under a 'successor fund' arrangement, which ensured that the defined benefit members' benefits were carried over to Cbus on an equivalency basis. Cbus's Trustee is United Super Pty Ltd.

These schemes are all defined benefit schemes, whereby at least a part of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. Except for JPS, all of the above schemes are closed to new entrants.

Description of Other Entities' Responsibilities for the Governance of the Fund

The NSW Government:

- ensures that the State Sector Schemes and PCSS conform to the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that member benefits are adequately protected.
- prudentially monitors and audits the State Sector Schemes and PCSS and the activities of each of the Trustees in a manner consistent with the prudential controls of the *Superannuation Industry (Supervision) Act 1993* (SIS Act). These activities are in addition to other legislative obligations on the Trustees.
- remains committed to fully funding its superannuation liabilities by 2040.

The Trustees of the schemes:

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

Regulatory Framework

The SIS Act governs the superannuation industry and provides the framework within which superannuation plans operate. The *Superannuation Industry (Supervision) Regulations 1994* require an actuarial investigation 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^{(a)(d)}, PCSS^{(b)(d)} and JPS^{(c)(d)} have an actuarial investigation performed every three years, with the last actuarial investigation performed at 30 June 2021 for the State Sector Schemes, at 30 June 2020 for PCSS, and at 1 January 2021 for JPS. The next triennial actuarial investigation for PCSS as at 30 June 2023 has started and the results will be reflected in the financial year 2023-24. The former EISS^(e) had previously received an Australian Prudential Regulation Authority (APRA) exemption from annual actuarial investigation and thus actuarial investigations were only required triennially (the most recent was performed at 30 June 2021). However under Cbus, actuarial investigations will be required annually for the time being. The first Cbus investigation as at 30 June 2023 is currently in progress.

- (a) These Schemes are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *Police Regulation (Superannuation) Act 1906*, *State Authorities Non-Contributory Superannuation Act 1987*, and their associated regulations. The SAS Trustee Corporation (STC) is responsible for the governance of the State Sector Schemes.
- (b) The Parliamentary Contributory Superannuation Scheme (PCSS) was established by and is governed by the *Parliamentary Contributory Superannuation Act 1971* and its associated regulations. The PCSS trustee is a statutory body comprising of two trustees from the Legislative Council, five trustees from the Legislative Assembly, and the Treasury Secretary (or Treasury official appointed in their absence).
- (c) Judges' Pension Scheme (JPS), was established by and is governed by *Judges' Pensions Act 1953 No 41*. The JPS does not have a trustee.
- (d) The State Sector Schemes, PCSS and JPS are exempt public sector superannuation schemes under the SIS Act. The SIS Act treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.
- (e) EISS was established on the 30 June 1997 by a Trust Deed made under an Act of the NSW Parliament for the purpose of providing retirement benefits for employees from certain energy industries bodies in New South Wales. EISS (now Cbus) is regulated primarily by the SIS Act but is also subject to regulation under the *Superannuation Administration Act 1996 (NSW)*. The Energy Industries Superannuation Scheme Pty Limited, as trustee, was responsible for the governance of the EISS.

Scheme Member Numbers

Scheme membership numbers are as follows:

General Government Sector Member Numbers	----- NSW Public Sector Superannuation Schemes -----					Total
	SASS	SANCS	SSS	PSS	Other Schemes ^(a)	
For the 2022-23 Financial Year						
Contributors	9,367	10,181	501	313	142	20,504
Deferred Benefits	7,908	8,280	364	60	14	16,626
Pensioners	3,971	...	46,110	6,757	1,056	57,894
Pensions Fully Commuted	...	...	12,084	...	...	12,084
For the 2021-22 Financial Year						
Contributors	10,773	11,913	732	408	148	23,974
Deferred Benefits	8,411	8,877	419	65	17	17,789
Pensioners	3,937	...	46,589	6,749	1,062	58,337
Pensions Fully Commuted	...	...	12,606	...	...	12,606

(a) Other schemes are the Cbus (EISS before 12 May 2023), JPS and PCSS.

Total State Sector Member Numbers	----- NSW Public Sector Superannuation Schemes -----					Total
	SASS	SANCS	SSS	PSS	Other Schemes ^(a)	
For the 2022-23 Financial Year						
Contributors	10,694	11,561	554	313	381	23,503
Deferred Benefits	7,908	8,280	404	60	14	16,666
Pensioners	4,714	...	48,283	6,757	1,180	60,934
Pensions Fully Commuted	...	...	12,927	...	...	12,927
For the 2021-22 Financial Year						
Contributors	12,253	13,458	797	408	427	27,343
Deferred Benefits	8,411	8,877	462	65	18	17,833
Pensioners	4,632	...	48,781	6,749	1,178	61,340
Pensions Fully Commuted	...	...	13,492	...	...	13,492

(a) Other schemes are the Cbus (EISS before 12 May 2023), JPS and PCSS.

Net Liability Recognised in the Consolidated Statement of Financial Position

The net liability recognised in the Consolidated Statement of Financial Position comprises the following Scheme net defined benefit obligation balances.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	1,719	1,260	1,720	1,261
Non-Current	39,959	42,296	41,247	43,722
	41,678	43,556	42,967	44,983
Net Liability Comprises:				
SASS				
Present Value of Defined Benefit Obligation	12,689	13,095	14,447	14,886
Plan Assets	(8,625)	(8,976)	(9,886)	(10,227)
Impact of Asset Ceiling	0	21	4	24
Net Liability	4,064	4,139	4,565	4,683
SANCS				
Present Value of Defined Benefit Obligation	1,872	1,926	2,018	2,079
Plan Assets	(1,226)	(1,296)	(1,333)	(1,398)
Net Liability	646	631	685	681
SSS				
Present Value of Defined Benefit Obligation	45,959	47,134	48,089	49,320
Plan Assets	(18,726)	(18,673)	(20,170)	(20,097)
Impact of Asset Ceiling	...	0	45	39
Net Liability	27,233	28,461	27,964	29,262
PSS				
Present Value of Defined Benefit Obligation	13,140	13,428	13,140	13,428
Plan Assets	(4,844)	(4,737)	(4,843)	(4,737)
Net Liability	8,296	8,692	8,296	8,692
Other Schemes^(a)				
Present Value of Defined Benefit Obligation	2,197	2,382	2,489	2,706
Plan Assets	(758)	(749)	(1,032)	(1,041)
Net Liability	1,439	1,633	1,457	1,665
Total				
Present Value of Defined Benefit Obligation ^(b)	75,857	77,965	80,182	82,419
Plan Assets	(34,179)	(34,431)	(37,264)	(37,500)
Impact of Asset Ceiling ^(c)	0	21	49	64
Total Net Liability	41,678	43,556	42,967	44,983

(a) Other schemes comprise of defined net benefit obligation balances of the PCSS, JPS and Cbus (EISS before 12 May 2023).

(b) The defined benefit obligation includes a contribution tax provision. This is calculated based on grossing up the deficit/(surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%. The JPS defined benefit obligation is projected from 2021 data (2022: from 2021 data).

(c) The Future Service Liability (FSL) used to determine if an asset ceiling limit should be imposed does not have to be recognised by the State in accordance with AASB 119.

The decrease in net liabilities over the 12 months to 30 June 2023 of \$1,878 million (2021-22: \$14,035 million decrease) for the GGS and \$2,016 million (2021-22: \$14,872 million decrease) for the TSS is largely as a result of the increase in the liability discount rate for the State Sector Schemes, PCSS, JPS and Cbus from 3.69 per cent to 4.07 per cent (2021-22: increase from 1.50 per cent to 3.69 per cent).

Reconciliation of the Net Defined Benefit Obligation

The movements in the net defined benefit obligation over the year are as follows:

General Government Sector

	Present Value of Obligation	Fair Value of Plan Assets	Total	Impact of Asset Ceiling	Total Net Liability
	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2022	77,964	(34,431)	43,533	21	43,556
Current Service Cost	201	...	201	...	201
Net Interest Expense (Interest Expense/(Income))	2,797	(1,214)	1,582	1	1,583
Superannuation Interest Cost - Expenses from Transactions	2,997	(1,214)	1,783	1	1,784
Remeasurements:					
Actual Return on Fund Assets Excluding Interest Income	...	(1,863)	(1,863)	...	(1,863)
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	...	...	...	...	...
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(1,306)	...	(1,306)	...	(1,306)
Actuarial (Gains)/Losses Arising from Liability Experience	822	...	822	...	822
Change in Asset Ceiling Excluding Interest Expense	...	...	...	(22)	(22)
Superannuation Recognised in Other Economic Flows - Other Comprehensive Income	(484)	(1,863)	(2,347)	(22)	(2,369)
(Gains)/Losses Arising from Settlements	...	...	...	...	...
Contributions:					
Employer Contributions	...	(1,264)	(1,264)	...	(1,264)
Contributions by Participants	97	(97)	...	...	...
Payments:					
Benefits Paid	(4,713)	4,713	...	...	...
Taxes, Premiums & Expenses Paid	23	(23)	...	...	...
Effects of Transfers In/Out Due to Business Combinations and Disposals	(29)	...	(29)	...	(29)
Balance at 30 June 2023	75,857	(34,179)	41,678	0	41,678

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

Total State Sector

	Present Value of Obligation	Fair Value of Plan Assets	Total	Impact of Asset Ceiling	Total Net Liability
	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2022	82,419	(37,500)	44,919	64	44,983
Current Service Cost	225	...	225	...	225
Net Interest Expense (Interest Expense/(Income))	2,941	(1,323)	1,618	2	1,621
Superannuation Interest Cost - Expenses from Transactions	3,166	(1,323)	1,843	2	1,845
Remeasurements:					
Actual Return on Fund Assets Excluding Interest Income	...	(2,016)	(2,016)	...	(2,016)
Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	...	...	...	...	...
Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	(1,369)	...	(1,369)	...	(1,369)
Actuarial (Gains)/Losses Arising from Liability Experience	874	...	874	...	874
Change in Asset Ceiling Excluding Interest Expense	...	...	...	(17)	(17)
Superannuation Recognised in Other Economic Flows - Other Comprehensive Income	(495)	(2,016)	(2,511)	(17)	(2,527)
(Gains)/Losses Arising from Settlements	(10)	10	0	...	0
Contributions:					
Employer Contributions	...	(1,306)	(1,306)	...	(1,306)
Contributions by Participants	109	(109)	...	...	...
Payments:					
Benefits Paid	(4,997)	4,997	...	...	...
Taxes, Premiums & Expenses Paid	17	(17)	...	...	...
Effects of Transfers In/Out Due to Business Combinations and Disposals	(28)	...	(28)	...	(28)
Balance at 30 June 2023	80,182	(37,264)	42,918	49	42,967

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

Significant Actuarial Assumptions

The significant defined benefit liability actuarial assumptions at the reporting dates are as per the following table.

Significant Actuarial Assumptions	At 30 June 2023		At 30 June 2022	
	State Sector Schemes, JPS, PCSS	Cbus	State Sector Schemes, JPS, PCSS	EISS
Discount Rate	4.07% pa	4.07% pa	3.69% pa	3.69% pa
CPI Growth Rate	6.65% pa ^(a)	6.65% pa ^(b)	4.00% pa ^(f)	4.00% pa ^(f)
Salary Growth Rate	5.74% pa ^(c)	3.00% pa ^(d)	3.15% pa ^(g)	2.50% pa ^(h)
Pensioner Mortality Rate	As per the 2021 actuarial investigation for State Super Schemes, as per 2021 triennial valuation for JPS, as per 2020 triennial actuarial valuation for PCSS, the actuarial investigation as at 30 June 2021 for Cbus (EISS before 12 May 2023) ^(e)		As per the 2021 actuarial investigation for State Super Schemes, as per 2021 triennial valuation for JPS, as per 2020 triennial actuarial valuation for PCSS, as per 2021 triennial actuarial valuation for EISS	

- (a) Rate of CPI increase for State Sector Schemes are 6.65% for 2022-23; 4.75% for 2023-24; 3.00% for 2024-25; 2.75% for 2025-26; 2.50% pa thereafter.
- (b) Rate of CPI increase for Cbus are 6.65% for 2023-24; 3.50% for 2024-25; 3.00% for 2025-26; 2.50% pa thereafter.
- (c) Salary Increase rate (excluding promotional increases) for State Sector Schemes are 5.74% for 2023-24, except for JPS & PCSS at 0%; 3.65% for 2024-25, except JPS & PCSS at 0%; 3.20% for 2025-26, except PCSS at 2.74%; 3.2% thereafter.
- (d) Salary Increase rate (excluding promotional increases) for Cbus is for Essential Energy only and is 3.0% for 2023-24; 2.50% pa thereafter.
- (e) The former EISS Scheme had previously received an APRA exemption from annual actuarial investigations. However under Cbus, actuarial investigations will be required annually for the time being. The most recent EISS triennial investigation was performed as at 30 June 2021. The first Cbus investigation as at 30 June 2023 is still in progress.
- (f) Rate of CPI increase for State Sector Schemes and EISS are 4.00% for 2021-22; 5.50% for 2022-23; 3.00% for 2023-24 to 2024-25; 2.75% for 2025-26 to 2026-27; 2.50% pa thereafter.
- (g) Salary Increase rate (excluding promotional increases) for State Sector Schemes are 3.15% for 2022-23, except for PCSS at 2.00%. Salary Increase rate in forward years are: 3.62% for 2023-24; 2.87% for 2024-25; 2.74% for 2025-26; 3.2% thereafter.
- (h) Salary Increase rate (excluding promotional increases) for EISS is for Essential Energy only and is 2.50% pa thereafter.

Sensitivity Analysis

Information on sensitivities provides a guide to how increased volatility could affect the defined benefit obligation.

The defined benefit obligation for the TSS is presented below under several scenarios. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2023.

Scenarios A to F relate to sensitivity of the total gross defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

30 June 2023	Base Case	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F	Scenario G	Scenario H
		-0.5% Discount Rate	+0.5% Discount Rate	+0.5% rate of CPI increase	-0.5% rate of CPI increase	+0.5% Salary Increase Rate	-0.5% Salary Increase Rate	Lower Pensioner Mortality Rates	Higher Pensioner Mortality Rates
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Gross Defined Benefit Obligation Value									
State Sector Schemes ^(a)	77,693	81,755	73,969	81,678	74,014	77,867	77,523	78,612	76,988
Other Schemes ^{(b)(c)(d)(e)}	2,489	2,656	2,339	860	788	2,609	2,378	2,570	2,422

- (a) For State Sector Schemes, the lower mortality demographic assumption sensitivity assumes that the short term pensioner mortality improvement factors for years 2023-2026 also apply for years after 2026. The higher mortality demographic assumption sensitivity assumes that long term pensioner mortality improvement factors for years post 2026 also apply for the years 2023 to 2026.
- (b) Other Schemes comprise Cbus (EISS before 12 May 2023), JPS and PCSS.
- (c) For Cbus, the lower mortality demographic assumption sensitivity assumes that the short term pensioner mortality improvement factors for years 2021 to 2027 (2021-22: years 2021 to 2027) also apply for years after 2027 (2021-22: years after 2027). The higher mortality demographic assumption sensitivity assumes that long term pensioner mortality improvement factors for years post 2027 (2021-22: years post 2027) also apply for years 2021 to 2027 (2021-22: years 2021 to 2027).
- (d) For JPS and PCSS, the lower pensioner mortality sensitivity assumes a 10 per cent decrease in pensioner mortality rates. The higher pensioner mortality sensitivity assumes a 10 per cent increase in pensioner mortality rates.
- (e) CPI sensitivity analysis information is not available for JPS and PCSS.

30 June 2022	Base Case	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F	Scenario G	Scenario H
		-0.5% Discount Rate ^(a)	+0.5% Discount Rate ^(a)	+0.5% rate of CPI increase	-0.5% rate of CPI increase	+0.5% Salary Increase Rate	-0.5% Salary Increase Rate	Lower Pensioner Mortality Rates	Higher Pensioner Mortality Rates
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Defined Benefit Obligation Value									
State Sector Schemes ^{(a)(b)}	79,711	84,134	75,673	84,005	75,762	79,922	79,507	80,646	78,996
Other Schemes ^{(a)(b)(c)(d)(e)(f)}	2,706	2,885	2,532	894	814	2,839	2,570	2,786	2,619

- (a) Due to the increased volatility in the economic environment (particularly in recent years as a result of COVID), sensitivity of the defined benefit obligation to a 1% discount rate fluctuation was assessed by the actuary under scenarios A and B. For scenario A, the values were \$88,831m for State Sector Schemes and \$3,083m for Other Schemes. For scenario B, the values were \$71,862m for State Sector Schemes and \$2,375m for Other Schemes.
- (b) For State Sector Schemes, the lower mortality demographic assumption sensitivity assumes that the short term pensioner mortality improvement factors for years 2022-2026 also apply for years after 2026. The higher mortality demographic assumption sensitivity assumes that long term pensioner mortality improvement factors for years post 2026 also apply for the years 2022 to 2026.
- (c) Other Schemes comprise EISS, JPS and PCSS.
- (d) For EISS, the lower mortality demographic assumption sensitivity assumes that the short term pensioner mortality improvement factors for years 2021 to 2027 (2020-21: years 2018-2024) also apply for years after 2027 (2020-21: years after 2024). The higher mortality demographic assumption sensitivity assumes that long term pensioner mortality improvement factors for years post 2027 (2020-21: years post 2024) also apply for years 2021 to 2027 (2020-21: years 2018 to 2024).
- (e) For JPS and PCSS, the lower pensioner mortality sensitivity assumes a 10 per cent decrease in pensioner mortality rates. The higher pensioner mortality sensitivity assumes a 10 per cent increase in pensioner mortality rates.
- (f) CPI sensitivity analysis information is not available for JPS and PCSS.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit net liability recognised in the Consolidated Statement of Financial Position.

Fair Value of Fund Assets

The major categories of plan assets for the State Sector Schemes are as follows:

Asset Category	2022-23				2021-22			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
	\$m	\$m	\$m		\$m	\$m	\$m	
Short Term Securities	2,896	2,434	5,331	14.3 %	1,855	3,186	5,041	13.7 %
Australian Fixed Interest	...	100	100	0.3 %	...	245	245	0.7 %
International Fixed Interest	0	1,301	1,301	3.5 %	4	1,435	1,440	3.9 %
Australian Equities	4,353	5,326	9,678	25.9 %	5,894	625	6,519	17.7 %
International Equities	13,943	195	14,138	37.8 %	12,002	172	12,174	33.0 %
Property	...	770	770	2.1 %	...	2,362	2,362	6.4 %
Alternatives	0	6,059	6,059	16.2 %	(1)	9,096	9,096	24.7 %
Total^(a)	21,192	16,185	37,377	100.0 %	19,755	17,122	36,877	100.0 %

- (a) Additional to the assets disclosed above, at 30 June 2023 the State Sector Schemes Pooled Fund has provisions for receivables / (payables) estimated to be around \$780 million (2022: \$1,250 million). This gives total estimated assets of around \$38,150 million (2022: \$38,130 million). The total includes assets for schemes outside NSW Government.

The State Sector Schemes' assets are invested at arm's length through independent fund managers and have a diversified asset mix. The assets of the State Sector Schemes are pooled together in the Pooled Fund and are not separately invested for each entity. It is therefore not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the table above relate to total assets of the Pooled Fund. The fair value of the Pooled Fund assets as at 30 June 2023 includes nil (2022: nil) in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$338 million (2022: \$362 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value of \$570 million (2022: \$540 million).

The major categories of plan assets for Cbus (EISS before 12 May 2023) are as follows:

Asset Category	2022-23				2021-22			
	Quoted \$m	Unquoted \$m	Total \$m	in %	Quoted \$m	Unquoted \$m	Total \$m	in %
Australian Equities	...	251	251	14.0 %	...	246	246	13.9 %
International Equities	...	413	413	23.0 %	...	359	359	20.3 %
Property	...	287	287	16.0 %	...	291	291	16.5 %
Private Equity	...	54	54	3.0 %	...	44	44	2.5 %
Infrastructure	...	179	179	10.0 %	...	216	216	12.2 %
Alternatives	...	233	233	13.0 %	...	272	272	15.4 %
Fixed Income	...	192	192	11.0 %	...	189	189	10.7 %
Cash	...	179	179	10.0 %	...	150	150	8.5 %
Total	...	1,789	1,789	100.0 %	...	1,767	1,767	100.0 %

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

There are no assets in the JPS at 30 June 2023 and 2022. The State makes regular contributions to meet the scheme's obligations. For PCSS the asset categories split was not available at 30 June 2023 and 2022.

Description of the Risks Arising from the Schemes

There are a number of risks arising from the schemes. The more significant risks are:

Risk Description	
Investment risk	The risk that investment returns will be lower than assumed and the employer will need to increase contributions to offset this shortfall.
Longevity risk	The risk that pensioners live longer than assumed, increasing future pensions.
Pension indexation risk	The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
Salary growth risk	The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
Legislative risk	The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The major potential for volatility arises from movements in the fair value of plan assets and the risk-free rate which is used to discount defined benefit obligations.

Plan assets are invested with independent fund managers and have a diversified asset mix. The Schemes do not have significant concentrations of investment risk or liquidity risk.

For State Sector Schemes, the Trustee monitors asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Derivative instruments may be used by investment managers in the management of the portfolio but must not be used for speculative purposes, investment portfolio gearing or to create net short positions.

Valuation under AASB 1056 Superannuation Entities (AASB 1056)

The following is a summary of the 30 June financial position of the State's defined benefit superannuation schemes calculated in accordance with AASB 1056.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Accrued Benefits	54,296	52,994	57,596	56,259
Net Market Value of Fund assets	(34,179)	(34,431)	(37,264)	(37,500)
Net (Surplus)/Deficit	20,117	18,563	20,332	18,759

The primary difference between the net deficit calculated in accordance with AASB 1056 compared with AASB 119 (and brought to account in the TSSA Consolidated Statement of Financial Position) is that the accrued benefits discount rate is based on the more volatile and currently significantly lower 30 June long-term Commonwealth government bond rate for the AASB 119 calculation, whereas the AASB 1056 calculation uses a less volatile long-term earnings rate. As the current long-term earning rate exceeds the Commonwealth government bond rate by a large margin, liabilities valued under AASB 1056 are significantly lower than liabilities valued under AASB 119.

Economic assumptions adopted for the AASB 1056 valuation are as follows:

	At 30 June 2023		At 30 June 2022	
	State Sector Schemes	Cbus	State Sector Schemes	EISS
Expected Rate of Return on Assets Backing Current Pension Liabilities	7.00% pa	6.15% pa	7.00% pa	5.30% pa
Expected Rate of Return on Assets Backing Other Liabilities	6.20% pa	6.10% pa	6.20% pa	5.30% pa
Expected Salary Increase Rate	4.45% pa ^(a)	3.00% pa ^(b)	3.15% pa ^(d)	2.30% pa ^(e)
Expected Rate of CPI Increase	6.65% pa ^(c)	2.50% pa	4.80% pa ^(f)	2.20% pa

(a) State Sector Schemes salary increase rate for 2023-24 is 4.45%; 2.95% for 2024-25; 2.74% for 2025-26; 3.20% pa thereafter.

(b) Cbus (for Essential Energy only) salary increase rate for 2023-24 and 2024-25 is 3.00%; 2.50% pa thereafter.

(c) State Sector Schemes CPI increase rate for 2022-23 is 6.65%; 3.50% for 2023-24; 3.00% for 2024-25; 2.50% pa thereafter.

(d) State Sector Schemes salary increase rate for 2022-23 is 3.15% pa; 3.62% for 2023-24; 2.87% for 2024-25; 2.74% for 2025-26; then 3.20% pa thereafter.

(e) EISS (for Essential Energy only) salary increase rate for 2022-23 is 2.30% pa; 2.40% for 2023-24; then 3.20% pa thereafter.

(f) State Sector Schemes CPI increase rate for 2021-22 is 4.80% pa; then 2.50% pa thereafter.

The assumptions for CPI, salary and demographics are broadly the same under both AASB 119 and AASB 1056. Therefore, separate sensitivities are not included for the AASB 1056 measurement of the accrued benefits. Whilst the underlying liability amounts for AASB 1056 are lower than for AASB 119, the sensitivity of results under AASB 119 gives an indication to the directional and proportional impact of the changes in these assumptions.

The one assumption that differs substantially under the two standards is the expected rate of return on the fund assets (discount rate). Due to this variation and the potential for material variation in the rate of return on fund assets in current financial conditions, the sensitivities to this assumption for the AASB 1056 measured accrued benefits for the TSS is provided in the table below.

	At 30 June 2023			At 30 June 2022		
	Base Case	Scenario A	Scenario B	Base Case	Scenario A	Scenario B
		-0.5% Discount Rate	+0.5% Discount Rate		-0.5% Discount Rate	+0.5% Discount Rate
	\$m	\$m	\$m	\$m	\$m	\$m
Defined Benefit Obligation Value						
State Sector Schemes	55,734	57,860	53,763	54,292	56,382	52,356
Other Schemes ^(a)	1,862	1,957	1,774	1,967	2,066	1,876

(a) Other schemes comprise Cbus (EISS before 12 May 2023), JPS and PCSS.

Funding Levels

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial investigation. Funding positions are reviewed annually, and funding arrangements may be adjusted as required after each annual review. Contribution rates are set after discussions between the employer, Trustees and the State.

The State makes regular contributions for the JPS to meet the scheme's obligations as it holds no assets.

The method used to determine the employer contribution recommendations at last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the costs to the State. Employer contributions rates are determined so that sufficient assets will be available to meet benefit payments to existing members considering the current value of assets, future contributions and the maturity profile of the funds.

The table below summarises the expected contributions to each plan for the next annual reporting period and the maturity profile of the defined benefit obligation of the plans.

	Expected Contributions	Maturity Profile		Recommended Contribution Rates
	2023-24	2022-23	2021-22	
	\$m	Years	Years	
SASS	254	10.3	11.0	multiple of member contributions
SANCS	58	10.3	11.0	% member salary
SSS	1,069	10.3	11.0	multiple of member contributions
PSS	319	10.3	11.0	% of member salary
PCSS	7	13.0	13.0	multiple of member contributions
JPS	54	14.0	14.0	% member salary
Cbus	3	10.5	12.5	multiple of member contributions / % of member salary

The NSW Government's commitment under the *Fiscal Responsibility Act 2012* to fully fund the State Sector Schemes is measured in accordance with AASB 1056.

Note 27: Other Provisions

Other Provisions

Other provisions exist when:

- the State has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the unwinding of the discount rate in the current period is recognised as interest expense in expenses from transactions. The impact of any discount rate changes on the provisions at the end of the period, due to the revaluation of future liabilities, is recognised in other economic flows included in the operating result.

In regard to outstanding claims, the liabilities are measured as the present value of the expected future payments, including claims incurred but not yet reported. Expected future payments are estimated on the basis of the ultimate cost of settling claims.

The amount and timing of the actual outflows in relation to the above provisions have a degree of uncertainty. Actual results may depend on a number of factors specific to the type of claim, for example, future economic and environmental conditions may be different to those assumed.

Actuarial gains and losses resulting from changes in measurement assumptions are recognised as part of other economic flows – included in the operating result. The other components of the expense are recognised in expenses from transactions.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Current	4,670	4,390	5,229	4,855
Non-Current	11,944	10,965	20,252	18,525
	16,614	15,355	25,481	23,380

Other Provisions Comprise:

Outstanding Claims:

Self Insurance Corporation (Excluding Self Funded Worker's Compensation ^(a))	8,531	7,680	8,531	7,680
Workers' Compensation (Dust Diseases)	1,939	2,035	1,939	2,035
Lifetime Care And Support Scheme	...	...	8,478	7,681
State Insurance Regulatory Authority	343	275	343	275
Long Service Corporation Schemes	1,645	1,593	1,645	1,593
Victims Support Fund	406	392	406	392
NSW Share of University Superannuation	988	1,027	988	1,027
Provision for Land Remediation, Restoration Costs and Other Claims	2,763	2,352	3,152	2,696
	16,614	15,355	25,481	23,380

Insurance Recoveries Receivable Include those Accrued by:

Self Insurance Corporation - for Reinsurance and Other Recoveries Receivable	617	547	617	547
Workers' Compensation (Dust Diseases) Authority - Insurance Levies Accrued	835	897	835	897
	1,452	1,444	1,452	1,444

(a) Refer to Note 25: Employee Benefits Liabilities.

- The provision for Self Insurance Corporation (excluding self-funded worker's compensation) exists to provide self-insurance coverage for GGS agencies and SOCs under the *NSW Self Insurance Corporation Act 2004*. The liabilities for these outstanding claims are measured as the present value of the expected future payments. The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors such as normal inflation and 'superimposed inflation' (refers to inflation above normal inflation, including factors such as trends in court awards). This provision is actuarially assessed in consultation with the claims managers of 'NSW Self Insurance Corporation' (SICorp) at each 30 June. The discount rate used is based on Commonwealth government bond yields. The provision comprises outstanding claims from the:
 - NSW Treasury Managed Fund (TMF). This is a self-insurance scheme which protects the insurable assets and exposures of all public hospitals, all public sector agencies that are financially dependent on the Consolidated Fund, and various other statutory authorities.
 - Pre-Managed Fund Reserve (PMF). This is used to fund claims incurred by the NSW Government, prior to 1 July 1989, which were previously in the Fire Risks Account, the Fidelity Fund and the Public Liability Fund.
 - Governmental Workers Compensation Account (GWC). This is used to fund outstanding workers compensation claims liabilities as at 30 June 1989.
 - Transport Accidents Compensation Fund (TAC). This is used to fund motor transport accident claims until 30 June 1987 and TransCover system claims costs from 1 July 1987 to 30 June 1989. This was replaced as of 1 July 1989 by the Motor Accidents Scheme.

Key actuarial assumptions adopted for the provision for outstanding claims in SICorp (excluding worker's compensation) are:

	TMF		PMF		GWC		TAC	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	%	%	%	%	%	%	%	%
Not Later Than One Year								
Inflation Rate	3.69-5.54	3.30-5.40	4.59-5.54	3.69-4.08	3.58-5.04	3.15-3.91	4.59-5.54	3.69-4.08
Discount Rate	4.23-4.43	1.52-2.90	4.23-4.43	1.52-2.90	4.36	2.38	4.23-4.43	1.52-2.90
Superimposed Inflation ^(a)	1.50-3.00	1.50-6.00	2.00	2.00	0.00-1.75	0.00-1.75	2.00	2.00
Later Than One Year								
Inflation Rate	2.42-4.17	2.00-3.49	3.21-4.17	3.00-3.49	2.93-3.95	2.50-3.26	3.21-4.17	3.00-3.49
Discount Rate	3.78-4.95	3.10-4.17	3.78-4.95	3.10-4.17	3.79-4.95	3.34-4.16	3.78-4.95	3.10-4.17
Superimposed Inflation ^(a)	0.00-3.00	0.00-6.00	2.00	2.00	0.00-1.75	0.00-1.75	2.00	2.00

(a) Dependent on payment type.

- The provision for Workers' Compensation (Dust Diseases) covers claims to workers in New South Wales who develop a dust disease from occupational exposure to dust. The Workers' Compensation (Dust Diseases) Authority provides a no-fault compensation scheme to victims under the *Workers' Compensation (Dust Diseases) Act 1942*. As at 30 June 2023, this liability was actuarially assessed by the agencies' consulting actuaries.
- The provision for Lifetime Care and Support covers the care and support services for persons catastrophically injured from motor accidents in New South Wales, regardless of who was at fault in the accident, as per the *Motor Accidents (Lifetime Care and Support) Act 2006*. As at 30 June 2023, this liability was actuarially assessed by the agencies' consulting actuaries.
- The provision for State Insurance Regulatory Authority covers claims assumed by the State from some failed insurance companies. The liabilities cover claims incurred but not yet paid, incurred but not yet reported and the anticipated fund management fees in respect of the management of those claims. As at 30 June 2023, liabilities for compensation payments and estimated compensation for future claims were actuarially assessed by the agencies' consulting actuaries.
- The provision for Long Service Corporation Schemes include the provisions for long service leave levies to be paid under the *Building and Construction Industry Long Service Payments Act 1986* and the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*. As at 30 June 2023, this liability was actuarially assessed by the agencies' consulting actuaries.

- A provision exists for the Victims' Support Scheme (VSS), which was created on 3 June 2013 through legislation known as the *Victims' Rights and Support Act 2013*. This Act replaced the Victims' Compensation Scheme (VCS), legislated through the *Victims' Support and Rehabilitation Act 1996*, and was closed to new applications for support on 7 May 2013. The VSS provides victims of violent crime, upon application after 7 May 2013 and within an eligibility period of 2 to 10 years from the date of the occurrence of a violent act of crime, support in the form counselling services, financial assistance and recognition payments. Violent acts can include assault, sexual assault, child sexual assault, domestic violence, robbery, homicide and other eligible violent acts.

The Department of Communities and Justice has obtained actuarial advice from an independent actuary to determine a liability provision as at 30 June 2023 in respect to Lodged But Unresolved Claims (for all offences) and Incurred But Not Reported (IBNR) claims with respect to domestic violence, sexual assault (adult), assault, robbery, homicide and other offences. However, no provision has been made in the financial statements for any IBNR claims in relation to child sexual assault as the amount attributable for IBNR claims in relation to child sex assault are unable to be reliably estimated by the actuary due to a range of key uncertainties (refer to Note 32: Contingent Liabilities and Contingent Assets).

- A provision for universities superannuation has been recognised for the funding of staff from NSW universities who are members of defined benefit State Sector Schemes (SASS, SANCS and SSS). As at 30 June 2023, this liability for universities superannuation was actuarially assessed by the agencies consulting actuaries.
- Provision for land remediation, restoration costs and other claims include provisions for other insurance claims mainly related to Home Building Compensation Fund scheme and unexpired risk liability based on a liability adequacy test under *AASB 1023 General Insurance Contracts*, remediation and restoration costs for make-good restoration on leased properties, an asset after its use and contaminated lands, and all other provisions such as state's contribution to Commonwealth redress scheme, external grant payments for natural disaster recovery, biodiversity developers' payments offset obligations and payment obligation related to capital projects.

Key actuarial assumptions adopted for other Schemes are as follows:

Scheme	Discount Rate %		Inflation Rate %	
	2022-23	2021-22	2022-23	2021-22
Claims expected to be paid not later than one year				
Workers' Compensation (Dust Diseases)	4.36	2.38	3.58	3.15
Lifetime Care and Support	4.23-4.43	1.52-2.90	3.50-3.61	2.90-3.40
State Insurance Regulatory Authority	4.32	2.45	5.12	3.45
Building and Construction Industry Long Service Payment Scheme	4.00	3.70	4.50	4.00
Claims expected to be paid later than one year				
Workers' Compensation (Dust Diseases)	3.79-4.95	3.34-4.16	2.93-3.45	2.5-2.96
Lifetime Care and Support	3.78-4.95	3.10-4.17	2.92-3.45	2.50-3.40
State Insurance Regulatory Authority	3.75-4.79	3.39-4.50	3.07-3.50	3.10-3.27
Building and Construction Industry Long Service Payments Scheme	4.00	3.70	4.50	4.00

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

2022-23 Movement in Other Provisions

	Carrying Amount 1 July 2022	Additional Provisions	Amounts Used	Unused Amounts Reversed	Actuarial (Gain) / Loss	Unwinding / Change In Discount Rate	Carrying Amount 30 June 2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	7,680	1,128	(1,465)	...	1,036	153	8,531
Workers' Compensation (Dust Diseases)	2,035	...	(153)	...	14	43	1,939
State Insurance Regulatory Authority	275	94	(69)	...	40	2	343
Long Service Corporation	1,593	107	(122)	...	11	55	1,645
Victims Support Fund	392	130	(63)	0	0	(52)	406
NSW Share of University Superannuation	1,027	...	(64)	...	(12)	37	988
Land Remediation, Restorations and Other Claims	2,352	1,063	(725)	(56)	94	34	2,763
Total Other Provisions	15,355	2,523	(2,662)	(56)	1,182	273	16,614

2021-22 Movement in Other Provisions

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

Total State Sector

2022-23 Movement in Other Provisions

	Carrying Amount 1 July 2022	Additional Provisions	Amounts Used	Unused Amounts Reversed	Actuarial (Gain) / Loss	Unwinding / Change In Discount Rate	Carrying Amount 30 June 2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Outstanding claims:							
Self Insurance Corporation (excluding Workers Compensation)	7,680	1,128	(1,465)	...	1,036	153	8,531
Workers' Compensation (Dust Diseases)	2,035	...	(153)	...	14	43	1,939
Lifetime Care and Support Scheme	7,681	666	(268)	...	220	180	8,478
State Insurance Regulatory Authority	275	94	(69)	...	40	2	343
Long Service Corporation	1,593	107	(122)	...	11	55	1,645
Victims Support Fund	392	130	(63)	0	0	(52)	406
NSW Share of University Superannuation	1,027	...	(64)	...	(12)	37	988
Land Remediation, Restorations and Other Claims	2,696	1,228	(815)	(89)	94	37	3,152
Total Other Provisions	23,380	3,353	(3,020)	(89)	1,402	454	25,481

2021-22 Movement in Other Provisions

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

Note 28: Other Liabilities

Other Liabilities

Grant of right to operate (GORTO) liabilities

GORTO liabilities are recognised for service concession arrangements where the State grants to operators the right to earn revenue from third-party users or access to another revenue-generating asset. Liabilities are recognised for the unearned portion of the revenue arising from the exchange of assets between the State and the operator. These liabilities are reduced, with revenue recognised according to the economic substance of the relevant service concession arrangement. Refer to Note 17: Property, Plant and Equipment for further information on service concession arrangements.

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the State are initially recognised at the fair value of the consideration received and are either subsequently amortised over time as the non-financial assets are being constructed, or at a point of time when non-financial assets are acquired. Refer to Note 2: Revenue for further details.

Other liabilities

Other liabilities in the TSS are comprised primarily of the interests in TCorpIM Funds of investors that are not controlled by the State such as universities, local government authorities, and the Workers Compensation Nominal Insurer. These interests represent units redeemable at the option of these investors and are classified as financial liabilities. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if these investors exercised their right to put the units back to the funds.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Current	1,841	2,085	18,394	19,331
Non-Current	19,763	20,197	19,846	20,290
	21,603	22,282	38,239	39,621
Other Liabilities Comprise:				
GORTO Liabilities Under Service Concessions	19,409	19,798	19,409	19,798
Liabilities Under Transfers to Acquire or Construct Non-Financial Assets to Be Controlled by the State	292	650	292	650
Other Deferred Revenues ^(c)	1,542	1,289	1,782	1,569
Other ^{(a)(b)}	361	544	16,757	17,603
	21,603	22,282	38,239	39,621

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) Other deferred revenues include amounts for lease receipts in advance of \$344 million (2022: \$377 million) in relation to Central Barangaroo.

(c) Other liabilities of the TSS include interests in TCorpIM Funds of investors that are not controlled by the State of \$16,488 million (2022: restated \$16,904 million).

Reconciliation of Financial Assets and Corresponding Liabilities Under Transfers to Acquire or Construct Non-Financial Assets to Be Controlled by the State

A reconciliation of financial assets and corresponding liabilities under transfers to acquire or construct non-financial assets to be controlled by the State is provided below for the current reporting period.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Opening Balance at 1 July	650	504	650	504
Opening Balance Adjustments ^(a)	...	9	...	9
Receipt of Cash During the Year	2,031	2,062	2,031	2,062
Income Recognised During the Year	(2,389)	(1,925)	(2,389)	(1,925)
Closing Balance at 30 June	292	650	292	650

a) These adjustments have been made due to information becoming available after the release of the TSSA.

The State expects to recognise income for unsatisfied obligations associated with liabilities under transfers to acquire or construct non-financial assets to be controlled by the State in future reporting periods as detailed in the table below.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Financial Year which Income will be Recognised				
Within One Year	224	568	224	568
Later Than One Year	68	82	68	82
Total	292	650	292	650

Refer to Note 2: Revenue for a description of the State's obligations under transfers received to acquire or construct non-financial assets to be controlled by the State.

Note 29: Financial Instruments

The principal financial instruments of the State are outlined below. These financial instruments arise directly from the State's operations or are used to finance the State's operations.

The note reports on the main risks as they affect the State's financial instruments classified into:

- credit risk, which affects financial assets;
- liquidity risk, which affects financial liabilities; and
- market risk, which affects financial assets and liabilities because of changes in market prices.

A reference to 'financial instruments' in this note excludes prepayments and statutory receivables/payables not within the scope of *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 NSW public sector. This includes establishing Treasury Management Policy to strengthen the framework for managing risks associated with public sector agency treasury functions, including borrowings, cash, investments, derivatives, debt and investment management.

As part of this framework, the Treasury administers the GSF Act which is the sole source of legal power for government authorities to enter into financial arrangements.

Under this Act, the Treasurer is given responsibility for exercising a central supervisory role in respect of the investment and liability management activities of authorities to ensure that the NSW public sector's financial risks and exposures are known, properly assessed and prudently managed. This role is affected through the requirement to have borrowing, investment and associated activities of each authority approved by the Treasurer.

TCorp is the State's central borrowing and investing authority. TCorp holds a level of investments for liquidity management purposes and, as the State's central investing authority, manages the majority of the State's investments. Bondholders include local and overseas individuals and financial institutions. TCorp manages credit risk associated with its financial assets through the selection of counterparties, establishment of minimum credit rating criteria and monitoring of credit utilisation against limits. Government agencies typically set debt / investment strategies which are then delegated to TCorp to execute on their behalf.

The State also holds borrowings that have not been made through TCorp but were made directly by individual State agencies under the authority of GSF Act. This includes lease liabilities.

The NSW Government Asset and Liability Committee has been established to advise the Treasury Secretary and Government regarding State Significant Financial Risks (SSFRs). SSFRs are financial risks which have the potential to materially impact one or more of the following:

- the State's triple-A credit rating with Moody's, double-A plus credit rating with Standard and Poor's, and triple-A credit rating with Fitch;
- the State's reputation; and
- the financial capacity of the State to carry out its commitments.

Accounting Classifications and Fair Values

Financial Assets - Recognition and Initial Measurement

Financial assets are initially recognised when the State becomes a party to the contractual provisions of the instrument. Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All other financial assets are initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial Assets - Classification and Subsequent Measurement

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

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

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

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

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

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

Financial Assets - Subsequent Measurement and Gains and Losses

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

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

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

Financial assets at FVTPL are subsequently measured at fair value under AASB 9. A gain or loss on a financial asset that is subsequently measured at FVTPL is recognised in other economic flows – included in the operating result. A change in fair value excludes interest and distributions, which are recognised as income and included as part of revenues from transactions.

Financial Assets - Impairment

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

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

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

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

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

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

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

Financial Liabilities – Classification, Subsequent Measurement, and Gains and Losses

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

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

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

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

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

Financial Assets and Financial Liabilities - Derecognition

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

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

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

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

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

Financial Instrument Categories

The State's financial instruments are classified at 30 June 2023, under AASB 9, as follows:

	Category	Note	General		Total	
			Government Sector		State Sector	
			2022-23	2021-22	2022-23	2021-22
			\$m	\$m	\$m	\$m
Financial Assets						
Cash and Cash Equivalents ^(a)	Amortised Cost	6	6,344	3,216	17,214	12,905
Receivables ^{(a)(b)}	Amortised Cost	7	4,663	4,849	14,486	6,764
Advances Paid	Amortised Cost	9	936	1,185	671	894
Investments, Loans and Placements						
Financial Assets at Fair Value						
Derivatives (Held for Trading) ^(a)	Mandatorily at FVTPL	8	230	170	2,273	2,940
Derivatives (Designated Hedging Instrument)	Fair Value - Hedging Instrument	8	1	8	3	9
Interest Bearing Securities ^(a)	Mandatorily at FVTPL	8	33	21	40,821	38,500
TCorpIM Funds	Mandatorily at FVTPL	8	48,105	44,324	...	...
Managed Funds and Other Investments ^(a)	Mandatorily at FVTPL	8	14	49	14,779	12,799
Other Financial Assets						
Term Deposits	Amortised Cost	8	5	1,501	334	263
Leases Receivable ^(c)	Amortised Cost	8	1,050	986	1,260	1,084
Other ^(b)	Amortised Cost	8	776	590	190	127
Equity Investments in Other Public Sector Entities ^{(d)(e)}	Designated at FVOCI	11	123,003	117,025	...	...
Other Equity Investments ^(a)	Mandatorily at FVTPL	11	15	6	28,208	23,545
Financial Liabilities						
Deposits Held	Designated at FVTPL	21	...	...	37	52
	Amortised Cost	21	327	353	362	380
Payables ^{(a)(f)}	Amortised Cost	22	9,781	9,530	20,776	11,991
Advances	Amortised Cost		492	545	492	545
Borrowings	Designated at FVTPL	23	...	...	150,218	120,931
	Amortised Cost	24	132,079	107,441	19,295	18,669
Derivatives (Held for Trading) ^(a)	Mandatorily at FVTPL	23	17	14	2,184	2,962
Derivatives (Designated Hedging Instrument)	Fair Value - Hedging Instrument	23	...	0	...	0
Other Liabilities						
Interests in TCorpIM Funds of Investors Not Controlled by the State ^(a)	Designated at FVTPL	28	...	...	16,488	16,904

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) Financial instrument disclosures exclude statutory receivables not within the scope of AASB 7. Statutory receivables include taxation, fines and levies receivable totalling \$7,338 million (2021-22: \$7,244 million) for the GGS and \$7,202 million (2021-22: \$7,052 million) for the TSS.

(c) Financial instrument disclosures exclude finance lease receivables which only represent the unguaranteed residual value totalling \$547 million (2021-22: \$521 million) for the GGS and \$673 million (2021-22: \$639 million) for the TSS.

(d) Changes in the carrying amount of Equity Investments in Other Public Sector Entities are accounted for in a manner consistent with Equity Investments at FVOCI under AASB 9.

(e) Financial instrument disclosures exclude investments in associates and joint ventures of \$10,545 million (2021-22: \$8,805 million) for the GGS and TSS not within the scope of AASB 7.

(f) Financial instrument disclosures exclude statutory payables not within the scope of AASB 7. Statutory payables include fringe benefits tax, goods and services tax payables and insurance fund scheme balances repayable totalling \$183 million (2021-22: \$171 million) for the GGS and \$267 million (2021-22: \$189 million) for the TSS.

The State determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Net Gains and Losses by Financial Instrument Measurement Categories

The following table summarises financial instrument net gains and losses ('other economic flows') recognised in the operating result by AASB 9 financial instrument measurement classifications.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Non-Derivative Financial Assets				
Mandatorily at FVTPL ^(a)	2,499	(4,488)	4,084	(3,868)
Amortised Cost	...	7	...	3
Total	2,499	(4,481)	4,084	(3,865)
Non-Derivative Financial Liabilities				
Designated at FVTPL	...	0	2,077	14,895
Amortised Cost	43	(234)	(70)	(1)
Total	43	(234)	2,007	14,895
Derivative Financial Instruments				
FVTPL – Held for Trading ^(a)	41	353	(64)	306
Fair Value - Hedging Instrument	...	4	...	
Total	41	357	(64)	306
Net Total^{(b)(c)(d)}	2,583	(4,358)	6,027	11,336

(a) Refer to Note 34: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) The net total equates to the sum of 'fair value adjustments to financial instruments' in Note 5: Other Economic Flows Included in the Operating Result.

(c) Refer to 'other dividends and distributions' in Note 2: Revenue for distributions from managed funds mandatorily measured at FVTPL.

(d) Refer to 'other economic flows – other comprehensive income' in the Consolidated Statement of Comprehensive Income for gains and losses deferred to equity in the hedging reserve for fair value – hedging financial instruments ('net gain/(loss) on financial instruments at fair value') and in the financial assets at fair value through other comprehensive income reserve for equity investments designated at FVOCI ('net gain/(loss) on equity instruments at fair value through other comprehensive income').

Interest Revenue and Interest Expense by Financial Instrument Measurement Category

The following table summarises recognised interest revenue and expense amounts by AASB 9 financial instrument measurement classifications.

	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Interest Income From^(b):				
Financial Assets at Amortised Cost ^(c)	545	258	513	246
Financial Assets at FVTPL ^{(a)(c)}	...	4	1,963	796
Total	545	262	2,476	1,042
Interest Expense From^(d):				
Financial Liabilities at Amortised Cost ^(a)	3,763	2,474	979	818
Financial Liabilities at FVTPL	...	0	4,158	2,517
Total^(c)	3,763	2,474	5,137	3,335

(a) Refer to Note 34: Restatement/Corrections to Prior Year Comparatives, for details of corrections to prior period.

(b) Interest revenue of \$545 million (2021-22: \$262 million) for the GGS and \$2,476 million (2021-22: \$1,042 million) for the TSS equates to total revenue reported as part of 'interest' in Note 2: Revenue.

(c) Re-classifications of prior year amounts have been made to reflect improvements in the comparability to the current year.

(d) Interest expense of \$3,763 million (2021-22: \$2,474 million) for the GGS equates to the sum of interest on borrowings of \$3,338 million (2021-22: \$2,153 million), interest on lease liabilities of \$266 million (2021-22: \$216 million) and interest on service concession financial liabilities of \$159 million (2021-22: \$104 million) reported in Note 3: Expenses ('interest expense'). Interest expense of \$5,137 million (2021-22: \$3,335 million) for the TSS equates to the sum of interest on borrowings of \$4,474 million (2021-22: \$2,773 million) and interest on lease liabilities of \$461 million (2021-22: \$411 million) and interest on service concession financial liabilities of \$202 million (2021-22: \$150 million) reported in Note 3: Expenses ('interest expense').

Valuation of Financial Instruments

Except where specified below, the amortised cost of financial instruments recognised in the Consolidated Statement of Financial Position approximates the fair value.

Fair Value Hierarchy of Financial Assets and Liabilities

The following tables set out the State's financial assets and liabilities measured at fair value according to the fair value hierarchy at reporting date.

General Government Sector

2022-23	Note	Level 1	Level 2	Level 3	Total
		\$m	\$m	\$m	\$m
Financial Assets					
Investments, Loans and Placements					
Derivatives					
Held for Trading	8	...	210	19	230
Designated and Effective Hedging Instruments	8	0	1	0	1
Financial Assets at Fair Value					
Interest Bearing Securities	8	0	3	29	33
TCorpIM Funds	8	8	47,864	233	48,105
Managed Funds and Other Investments	8	...	14	0	14
Other Equity Investments	11	0	0	15	15
Total		9	48,093	297	48,398
Financial Liabilities					
Derivatives					
Held for Trading	23	6	11	...	17
Total		6	11	...	17
Net Total		2	48,082	297	48,381

2021-22	Note	Level 1	Level 2	Level 3	Total
		\$m	\$m	\$m	\$m
Financial Assets					
Investments, Loans and Placements					
Derivatives					
Held for Trading	8	0	169	...	170
Designated and Effective Hedging Instruments	8	...	6	2	8
Financial Assets at Fair Value					
Interest Bearing Securities	8	18	3	...	21
TCorpIM Funds	8	0	44,109	215	44,324
Managed Funds and Other Investments	8	32	17	...	49
Other Equity Investments	11	0	0	6	6
Total		50	44,304	223	44,577
Financial Liabilities					
Derivatives					
Held for Trading	23	6	8	...	14
Total		6	8	...	14
Net Total		44	44,296	223	44,564

Total State Sector

2022-23	Note	Level 1	Level 2	Level 3	Total
		\$m	\$m	\$m	\$m
Financial Assets					
Investments, Loans and Placements					
Derivatives					
Held for Trading	8	107	2,144	23	2,273
Designated and Effective Hedging Instruments	8	1	1	...	3
Financial Assets at Fair Value					
Interest Bearing Securities	8	5,366	32,794	2,660	40,821
Managed Funds and Other Investments	8	727	6,362	7,690	14,779
Other Equity Investments	11	26,808	5	1,396	28,208
Total		33,009	41,306	11,770	86,084
Financial Liabilities					
Deposits Held					
Held by PFCs	21	0	37	...	37
Derivatives					
Held for Trading	23	134	2,049	...	2,184
Designated and Effective Hedging Instruments	23	...	...	...	...
Borrowings at Fair Value					
Bonds and Other Borrowings Issued by TCorp	23	126,273	19,557	951	146,781
Other Fair Value Borrowings	23	...	3,437	...	3,437
Other Liabilities					
Interests in TCorpIM Funds of Investors Not Controlled by the State	28	...	12,863	3,625	16,488
Total		126,408	37,944	4,576	168,928
Net Total		(93,399)	3,363	7,194	(82,844)

2021-22	Note	Level 1	Level 2	Level 3	Total
		\$m	Restated ^(a)	Restated ^(a)	Restated ^(a)
		\$m	\$m	\$m	\$m
Financial Assets					
Investments, Loans and Placements					
Derivatives					
Held for Trading	8	237	2,700	4	2,940
Designated and Effective Hedging Instruments	8	0	6	2	9
Financial Assets at Fair Value					
Interest Bearing Securities	8	4,290	33,834	375	38,500
Managed Funds and Other Investments ^(a)	8	776	4,924	7,100	12,799
Other Equity Investments ^(a)	11	22,743	6	796	23,545
Total		28,047	41,471	8,277	77,794
Financial Liabilities					
Deposits Held					
Held by PFCs	21	52	...	...	52
Derivatives					
Held for Trading	23	209	2,753	...	2,962
Designated and Effective Hedging Instruments	23	...	0	...	0
Borrowings at Fair Value					
Bonds and Other Borrowings Issued by TCorp	23	100,753	19,229	950	120,931
Other Liabilities					
Interests in TCorpIM Funds of Investors Not Controlled by the State ^(a)	28	...	14,569	2,335	16,904
Total		101,015	36,551	3,285	140,850
Net Total		(72,968)	4,920	4,992	(63,057)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Annual Movement Reconciliation of Level 3 Fair Value Measurements

The following table sets out the State's change in exposure throughout the reporting period to financial instruments categorised as Level 3 in the fair value measurement hierarchy. Reconciliation of Level 3 fair value movements is only disclosed for the TSS as they are only material for the PFC sector.

Total State Sector

	Note	Derivative Assets - Held for Trading		Derivative Assets - Designated and Effective Hedging Instruments		Interest Bearing Securities		Managed Funds and Other Investments		Other Equity Instruments		Total Recurring Level 3 Fair Value	
		8		8		8		8		11			
		2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
						Restated ^(a)		Restated ^(a)		Restated ^(a)			
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Financial Assets													
Opening Balance		4	1	2	...	375	175	7,100	4,274	796	4	8,277	4,454
Corrections to Prior Periods ^(a)		26	...	(363)	...	370	...	33
Gains or Loss Recognised in Other Economic Flows													
Included in the Operating Result		19	2	(2)	2	35	(13)	102	773	121	129	275	893
Included in Other Comprehensive Income(a)		(0)	...	...	...	...	(4)	...	...	...	...	(0)	(4)
Purchases ^(a)		...	1	...	...	427	78	818	2,784	255	25	1,500	2,888
Sales / Settlements ^(a)		(72)	(8)	(56)	(368)	(37)	...	(165)	(376)
Transfers into Level 3		1,966	121	...	...	15	268	1,981	389
Transfers out of Level 3		(17)	...	(6)	...	(23)	...
Other		(70)	...	(257)	0	252	0	(75)	...
Closing Balance		23	4	...	2	2,660	375	7,690	7,100	1,396	796	11,770	8,278

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

	Note	Bonds and Other Borrowings Issued by TCorp		Interests in TCorpIM Funds of Investors Not Controlled by the State		Total Recurring Level 3 Fair Value	
		23		28			
		2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
		\$m	\$m	\$m	\$m	\$m	
Financial Liabilities							
Opening Balance		950	1,300	2,335	1,492	3,285	2,792
Gains or Loss Recognised in Other Economic Flows							
Included in the Operating Result		1	(350)	93	223	94	(127)
Purchases		876	1,041	876	1,041
Sales / Settlements		(127)	(420)	(127)	(420)
Transfers into Level 3 ^(a)		448	...	448	...
Transfers out of Level 3		(0)	...	(0)
Closing Balance		951	950	3,625	2,335	4,576	3,285

(a) In 2022-23, transfers into level 3 of the interests in TCorpIM Funds of investors not controlled by the State liability included \$422 million relating to a TCorpIM Fund that was reassessed to be controlled by the State during 2022-23. Refer to Note 39: Details of Consolidated Entities.

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the transfer has occurred. Transfers into level 3 of the fair value hierarchy for the 2022-23 financial year totalled \$1,533 million (2021-22: \$389 million) for the TSS. Transfers out of level 3 of the fair value hierarchy for the 2022-23 financial year totalled \$23 million for the TSS (2021-22: \$0 million).

Valuation policies and procedures of the State are developed, reviewed, and enforced by management of the respective agencies.

Measurement of Fair Values

Financial Instruments Measured at Fair Value – Level 2

Financial instruments measured at fair value that are classified at level 2 of the fair value hierarchy comprise derivatives, interest bearing securities, TCorpIM Funds, managed funds and other investments, borrowings measured at fair value, and other equity investments. The valuation techniques and inputs for these financial instruments are as follows:

- **Derivatives (Held for Trading and Effective Hedging Instruments)** - The fair values are based on market quoted prices of similar instruments or discounted cash flow analysis depending on whether the derivatives are traded in an active market. Primary valuation inputs include spot FX rates, swap rates and basis curves.
- **Interest Bearing Securities** – The fair value is based on market comparisons of quoted prices of comparable securities or discounting of expected future cash flows to their present value using benchmark market yields and margins appropriate to the securities.
- **TCorpIM Funds** – The value of TCorpIM Funds is based on the State's share of the value of the underlying assets of the fund, based on the market value. All of the TCorpIM Funds are valued using 'redemption' pricing.
- **Managed Funds and Other Investments** – The fair value of unlisted managed fund investments is based on the State's share of the unit values using 'redemption' pricing provided by external fund managers.
- **Borrowings Measured at Fair Value (Bonds and Other Borrowings Issued by TCorp)** – The fair value is based on discounting of expected future cash flows to their present value using benchmark market yields and margins appropriate to the borrowings.

Financial Instruments Measured at Fair Value – Level 3

The valuation techniques and inputs for financial instruments classified at level 3 of the fair value hierarchy are summarised in the following table:

Type	Valuation technique	Significant unobservable inputs	Relationship between inputs and fair value
TCorpIM Funds (GGS only), Managed funds and other investments (Note 8: Investments, Loans and Placements)	For the TSS, unlisted managed investment funds and unit trusts held in TCorpIM Fund Trusts, that are classified at level 3, are infrequently traded. These investments directly hold assets such as unlisted property or unlisted infrastructure which require significant valuation estimation and judgement by the fund manager and their valuer. GGS holding of units in TCorpIM Funds that hold unlisted infrastructure and property are also classified at level 3 in the fair value hierarchy.	The funds' investment in unlisted managed investment funds is carried at fair value based on redemption value per unit reported by the manager of the funds. The unobservable inputs are published redemption prices.	An increase in published redemption prices would result in a higher fair value.
Other equity investments (Note 11: Equity Investments) and interest-bearing securities (Note 8: Investments, Loans and Placements)	Unlisted equity securities and loan notes held in TCorpIM Fund Trusts, that are classified at level 3, are infrequently traded. As observable prices are not available for these investments, valuation techniques are used to derive fair value. The valuation technique employed in most cases is the discounted cashflows technique (the income approach).	The significant unobservable inputs for these investments are the inflation rate, discount rate and terminal growth rates used in the discounted cashflows valuation.	An increase in inflation rate and terminal growth rates would result in a higher fair value. An increase in discount rate would result in a lower fair value.
Borrowings measured at fair value - bonds and other borrowings issued by TCorp (Note 23: Borrowings and Derivatives at Fair Value)	Euro medium term notes held by TCorp are classified at level 3 in the fair value hierarchy. These instruments are foreign currency denominated fixed interest borrowings. The fair value of these borrowings is derived from quoted market prices of the underlying securities adjusted by unobservable inputs for risk.	The quoted prices obtained for these securities are subject to a buy/sell spread (also known as a risk adjustment) in recognition of the limited trading activity of these bonds. This 'spread' is unobservable.	A higher risk adjustment would result in a lower fair value.

Financial Instruments Not Measured at Fair Value

The State has financial assets and liabilities which are not measured at fair value in the Consolidated Statement of Financial Position but for which the fair value is disclosed in this note. The amortised cost of cash and cash equivalents, receivables, advances paid, finance leases receivable, term deposits, other financial assets (other), payables, deposits held, advances held and service concession financial liabilities are assumed to approximate fair value.

Other borrowings at amortised cost held by the GGS is the only financial instrument category where fair value significantly differs from the carrying amount. The fair value is based on the State's share of the value of the underlying assets of the facility, based on the market value.

	2022-23				
	Note	General Government Sector		Total State Sector	
		Carrying Amount	Fair Value ^(a)	Carrying Amount	Fair Value ^(a)
		\$m	\$m	\$m	\$m
Financial Liabilities					
Borrowings at Amortised Cost					
Other Borrowings at Amortised Cost	24	120,122	122,419	3,397	3,274
Total		120,122	122,419	3,397	3,274

(a) Other borrowings at amortised cost would primarily be included in the fair value hierarchy at level 2.

2021-22	Note	General Government Sector		Total State Sector	
		Carrying Amount	Fair Value ^(a)	Carrying Amount	Fair Value ^(a)
		\$m	\$m	\$m	\$m
Financial Liabilities					
Borrowings at Amortised Cost					
	24	94,871	85,967	2,100	2,100
Total		94,871	85,967	2,100	2,100

(a) Other borrowings at amortised cost would primarily be included in the fair value hierarchy at level 2.

Offsetting Financial Instruments

Financial instruments are offset, and the net amount is reported in the Consolidated Statement of Financial Position if the State currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The State also enters into various derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. Under these agreements, the amounts owed by each counterparty in respect of all transactions outstanding are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, such as when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the Consolidated Statement of Financial Position. This is because the State does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events.

The following tables set out the carrying amounts of recognised financial instruments for the TSS that are offset in the Consolidated Statement of Financial Position and those that are not offset but are subject to master netting agreements. The GGS has not offset any material financial instrument balances in the Consolidated Statement of Financial Position or entered into any significant master netting arrangements as at 30 June 2023 (2021-22: Nil).

Total State Sector

2022-23	Note	Effects of Offsetting on the Statement of Financial Position			Related Amounts Not Offset		
		Gross Amounts	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Amounts Subject to Master Netting Arrangements	Financial Instrument Collateral	Net Amount
		\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets							
Investments, Loans and Placements							
Financial Assets at Fair Value							
	8	2,284	(11)	2,273	(1,296)	(461)	516
Receivables							
	7	11,250	...	11,250	(92)	(42)	11,116
Total		13,534	(11)	13,523	(1,388)	(503)	11,632
Financial Liabilities							
Borrowings and Derivatives at Fair Value							
	23	(2,195)	11	(2,184)	114	152	(1,918)
Payables							
	22	(8,630)	...	(8,630)	4	4,127	(4,499)
Total		(10,825)	11	(10,815)	118	4,279	(6,418)

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

2021-22	Effects of Offsetting on the Statement of Financial Position			Related Amounts Not Offset			
	Note	Gross Amounts Restated ^(a)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position Restated ^(a)	Amounts Subject to Master Netting Arrangements Restated ^(a)	Financial Instrument Collateral Restated ^(a)	Net Amount Restated ^(a)
		\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets							
Investments, Loans and Placements							
Financial Assets at Fair Value							
Derivatives - Held for Trading ^{(a)(b)}	8	2,992	(52)	2,940	(1,971)	(527)	442
Receivables							
Other ^{(a)(b)}	7	3,475	...	3,475	(54)	(25)	3,397
Total		6,467	(52)	6,415	(2,025)	(552)	3,839
Financial Liabilities							
Borrowings and Derivatives at Fair Value							
Derivatives - Held for Trading ^{(a)(b)}	23	(3,014)	52	(2,962)	1,971	302	(690)
Payables							
Creditors & Other Accruals ^{(a)(b)}	22	(8,332)	...	(8,332)	54	614	(7,664)
Total		(11,346)	52	(11,294)	2,025	916	(8,354)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

Credit Risk of Financial Assets

Credit risk arises when there is the possibility of the State's counterparties defaulting on their contractual obligations, resulting in a financial loss to the State. Credit risk arises from cash and cash equivalents, contractual cash flows of interest-bearing securities and other financial assets at amortised cost, term deposits with banks and financial institutions, derivative financial assets, as well as credit exposures to commercial entities and individuals, including outstanding receivables and finance leases receivable.

The carrying amount of financial assets and contract assets represents the State's maximum credit exposure (net of any allowance for credit losses or allowance for impairment) at the end of the reporting period.

Credit risk associated with the State's financial assets, other than receivables, is managed through the selection and monitoring of counterparties and establishment of minimum credit rating standards.

All financial assets, except for those measured at FVTPL, are subject to an annual review for impairment.

The State controls the borrowing and investing powers of its authorities through the GSF Act. The provision for the Treasurer to schedule authorities under this Act restricts the ability and amount that public authorities can borrow and invest and directs most authorities to finance through TCorp. Agencies with approved investing powers outside of TCorp are restricted to invest in classes of investments in accordance with the GSF Act.

The State holds various security deposits in the GGS to the value of \$327 million (2021-22: \$353 million) and in the TSS to the value of \$399 million (2021-22: \$432 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 \$263 million of collateral received under these arrangements at the reporting date (2021-22 restated: \$203 million). The State paid \$328 million of collateral under these arrangements throughout the year (2021-22 restated: \$403 million).

Cash and Cash Equivalents

Cash and cash equivalents (Note 6: Cash and Cash Equivalents) comprises cash on hand, cash invested in the TCorpIM Funds, and cash and short-term deposits held at financial institutions. Interest is earned on daily bank balances at agreed rates. The TCorpIM Cash Fund is discussed in market risk below. The credit ratings of other institutions holding non TCorpIM cash is within acceptable credit risk parameters.

Trade Receivables, Contract Assets and Lease Receivables

Receivables (Note 7: Receivables) and contract assets (Note 12: Contract Balances) exist for the settlement of services that the State provides across the range of its public services. All debtors are recognised at amounts receivable at reporting date. Sales are made on terms appropriate to the sector providing the public service. Collectability of debtors is reviewed on an ongoing basis. Established procedures are followed to recover outstanding debt amounts, including letters of demand.

In addition, amounts due from lessees to the State under finance leasing arrangements are recorded as leases receivable (Note 8: Investments, Loans and Placements). The State has issued finance leases over land and buildings and infrastructure property, plant and equipment.

The annual movement in the contractual receivables ECLs allowance for the current reporting period is summarised below.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Opening Balance at 1 July	248	230	294	262
Amounts Written Off to the Net Operating Balance During the Year	(52)	(45)	(64)	(49)
Amounts Previously Provided for Recovered During the Year	(10)	7	(13)	7
Increase/(Decrease) in Allowance Recognised in Other Economic Flows - Operating Result	72	56	78	74
Other	3	...	3	...
Closing Balance at 30 June^(a)	261	248	298	294

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

The State did not recognise any impairment on contract assets throughout the 2022-23 financial year (2021-22: Nil impairment).

The State has assessed that leases receivable are not impaired at 30 June 2023 (2021-22: Nil impairment). The State's investments in these instruments are low risk and are with counterparties with low levels of default.

To measure the ECLs, these assets have been grouped based on shared credit risk characteristics and the days past due.

The State determines the ECLs for these assets by using a provision matrix, with the expected loss rates based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The State has identified the unemployment rate, wages growth rate and CPI inflation to be the most relevant factors and has accordingly adjusted the historical loss rates based on expected changes in these factors.

Receivables, contracts assets and lease receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 90 days past due.

The State provides services to a broad spectrum of the NSW economy, for example for water and public housing. Debtors include individual households and commercial businesses with various credit ratings. The State is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

Investments, Loans and Placements and Advances Paid

The State is also subject to credit risk from interest bearing securities, term deposits, advances paid, and other financial assets at amortised cost.

The credit quality of these investments is managed using Standard and Poor's ratings categories. Exposure in each grade is monitored to ensure that it is in accordance with mandated parameters. To be eligible for investment, counterparties must satisfy minimum credit worthiness criteria.

The following tables present an analysis of the credit quality of these investments. The tables also detail whether investments classified at amortised cost were subject to a 12-month ECLs allowance or lifetime ECLs allowance and, in the latter case, whether they were credit-impaired.

General Government Sector

30 June 2023										
Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Loss Allowance	Carrying Amount
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets at Carrying Amount										
Financial Assets at Fair Value										
Interest Bearing Securities	8	30	...	...	...	...	0	3	...	33
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	8	...	...	...	4	...	...	1	...	5
Other	8	...	...	...	...	...	...	776	...	776
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	9	...	...	...	...	...	...	954	(18)	936
		30	...	...	4	...	0	1,734	(18)	1,750

30 June 2022										
Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Loss Allowance	Carrying Amount
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets at Carrying Amount										
Financial Assets at Fair Value										
Interest Bearing Securities	8	...	...	...	...	...	...	21	...	21
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	8	...	1,500	...	...	...	...	1	...	1,501
Other ^(a)	8	...	...	...	...	...	...	590	...	590
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	9	...	...	...	...	...	...	1,199	(14)	1,185
		...	1,500	...	...	...	...	1,811	(14)	3,297

- (a) Amounts are assigned to the credit ratings categories based on information provided by individual agencies who use rankings assigned by S&P. 'AAA', 'AA+', 'AA', 'AA-', 'A+', 'A' displayed in the column headings are ratings categories by S&P that are comparable with 'Aaa', 'Aa1', 'Aa2', 'Aa3', 'A1', 'A2' ratings given by Moody's.
- (b) Short term ratings of A2 or better, when the counterparty has no long term rating or the long term rating is A- or lower.

Total State Sector

30 June 2023										
Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Loss Allowance	Carrying Amount
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets at Carrying Amount										
Financial Assets at Fair Value										
Interest Bearing Securities	8	5,849	3,085	2,826	6,794	2,615	6,950	12,704	...	40,821
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	8	...	...	...	124	...	...	210	...	334
Other	8	...	...	...	...	...	...	190	...	190
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	9	...	...	...	...	...	...	689	(18)	671
		5,849	3,085	2,826	6,918	2,615	6,950	13,792	(18)	42,016

30 June 2022										
Credit Rating ^(a)	Note	AAA	AA+	AA	AA-	A+	A	Other Ratings ^(b)	Loss Allowance	Carrying Amount
		\$m	\$m	Restated ^(c)	Restated ^(c)	\$m	Restated ^(c)	Restated ^(c)	\$m	Restated ^(c)
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial Assets at Carrying Amount										
Financial Assets at Fair Value										
Interest Bearing Securities ^(a)	8	4,116	2,240	2,930	8,973	2,777	2,320	15,142	...	38,500
Financial Assets at Amortised Cost with 12-Month ECLs										
Other Financial Assets										
Term Deposits	8	...	...	...	130	...	...	133	...	263
Other	8	...	...	...	...	...	...	127	...	127
Financial Assets at Amortised Cost with Lifetime ECLs										
Advances Paid	9	...	...	...	...	...	...	908	(14)	894
		4,116	2,240	2,930	9,103	2,777	2,320	16,311	(14)	39,784

- (a) Amounts are assigned to the credit ratings categories based on information provided by individual agencies who use rankings assigned by S&P. 'AAA', 'AA+', 'AA', 'AA-', 'A+', 'A' displayed in the column headings are ratings categories by S&P that are comparable with 'Aaa', 'Aa1', 'Aa2', 'Aa3', 'A1', 'A2' ratings given by Moody's.
- (b) Short term ratings of A2 or better, when the counterparty has no long term rating or the long term rating is A- or lower.
- (c) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

The State has placed funds on deposit with various financial institutions consisting of money market or bank deposits and can be placed 'at call' or for a fixed term. These term deposits are considered to have low credit risk, and the loss allowance calculated for these investments during the period was therefore limited to 12 months ECLs. The State did not recognise any ECLs on term deposits for the 2022-23 financial year (2021-22: Nil impairment).

The State has recognised ECLs for advances paid in the GGS and TSS to the value of \$18 million for the 2022-23 financial year (2021-22: \$14 million). Lifetime ECLs have been recognised for advances provided given increases in credit risk since initial recognition. This assessment has been performed based on reviews of actual and expected changes in external market indicators, internal factors and debtor-specific information.

The maximum exposure at the end of the reporting period for interest bearing securities is the fair value carrying amount of the investments.

Derivatives

The majority of derivative financial assets of the State are entered with banking and financial institution counterparties, which are predominately rated AA- to A, based on Standard and Poor's ratings categories.

Liquidity Risk of Liabilities

Liquidity risk is the risk that the State will be unable to meet its payment obligations when they fall due. The State, through its agencies, continuously manages risk through monitoring future cash flows and maturities and planning to ensure adequate holdings of high-quality liquid assets are maintained.

The State is exposed to liquidity risk mainly through the maturity of its external borrowings raised by TCorp. TCorp maintains adequate levels of liquidity within approved minimum prudential and maximum ranges. The minimum prudential level is defined as a percentage of total liabilities and is held to meet unanticipated calls and to cover temporary market disruptions. Additional levels of liquidity are maintained up to the maximum approved range to satisfy a range of circumstances, including agency funding requirements, maturing commitments, and balance sheet management activities.

There were no defaults of borrowings throughout the current and comparative reporting periods.

The State has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2023 and as at 30 June 2022. However, refer to Note 32: Contingent Liabilities and Contingent Assets regarding disclosures on guarantee arrangements.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Trade terms vary, depending upon the service performed and the agreement made with the debtor.

Maturity Analysis of Financial Liabilities

The table below summarises the maturity profile of the State's financial liabilities prepared using contractual undiscounted cash flows. This comprises loan commitments which include both borrowings at face value and future interest commitments.

General Government Sector

2022-23	Note	Contract maturity:			Nominal Amount ^(a)	Carrying Amount
		1 year or less	1 to 5 years	Over 5 years		
		\$m	\$m	\$m	\$m	\$m
Contractual Maturities of Financial Liabilities						
Non-Derivatives						
Deposits Held	21	327	0	...	327	327
Payables ^(b)	22	9,778	2	...	9,781	9,781
Advances Received		51	320	332	704	492
Borrowings						
Other Borrowings at Amortised Cost	24	6,389	40,780	101,437	148,606	120,122
Lease Liabilities	24	1,016	3,082	5,522	9,621	6,781
Service Concession Financial Liabilities	24	875	2,229	6,265	9,368	5,176
Total Non-Derivatives		18,436	46,412	113,557	178,406	142,678
Derivatives						
Derivative Liabilities ^(c)						
Held for Trading	23	17	...	...	17	17
Total Derivatives		17	...	...	17	17

2021-22	Note	Contract maturity:			Nominal Amount ^(a)	Carrying Amount
		1 year or less	1 to 5 years	Over 5 years		
		\$m	\$m	\$m	\$m	\$m
Contractual Maturities of Financial Liabilities						
Non-Derivatives						
Deposits Held	21	335	18	...	353	353
Payables ^(b)	22	9,528	2	...	9,530	9,530
Advances Received		77	262	441	780	545
Borrowings						
Other Borrowings at Amortised Cost	24	6,241	32,293	73,182	111,716	94,871
Lease Liabilities	24	1,006	3,026	6,366	10,398	7,657
Service Concession Financial Liabilities	24	682	2,302	2,863	5,847	4,913
Total Non-Derivatives		17,869	37,903	82,851	138,624	117,868
Derivatives						
Derivative Liabilities ^(c)						
Held for Trading	23	14	...	...	14	14
Total Derivatives		14	...	...	14	14

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

(b) Excludes statutory payables (i.e. not within the scope of AASB 7).

(c) The contractual maturity analysis and liquidity risk of derivative liabilities is the best approximation derived from reasonable estimates that were calculated from information sourced from major NSW Government agencies. These balances include estimated interest payments and exclude the impact of offsetting arrangements.

Total State Sector

2022-23	Note	Contract maturity:			Nominal Amount ^(a)	Carrying Amount
		1 year or less	1 to 5 years	Over 5 years		
		\$m	\$m	\$m		
Contractual Maturities of Financial Liabilities						
Non-Derivatives						
Deposits Held	21	397	2	...	399	399
Payables ^(b)	22	20,671	2	3	20,677	20,776
Advances Received		51	320	332	704	492
Borrowings						
Bonds and Other Borrowings Issued By TCorp	23	22,121	56,941	108,705	187,767	146,781
Other Fair Value Borrowings	23	54	625	2,758	3,437	3,437
Other Borrowings at Amortised Cost	24	579	1,816	2,888	5,283	3,397
Lease Liabilities	24	1,309	4,123	9,194	14,626	9,257
Service Concession Financial Liabilities	24	1,009	2,798	7,285	11,093	6,640
Other Liabilities						
Interests in TCorp/IM Funds of Investors Not Controlled by the State	28	16,488	...	...	16,488	16,488
Total Non-Derivatives		62,680	66,627	131,166	260,473	207,668
Derivatives						
Derivative Liabilities ^(c)						
Held for Trading	23	1,621	602	820	3,043	2,184
Designated and Effective Hedging Instruments	23	...	...	...	...	...
Total Derivatives		1,621	602	820	3,043	2,184

2021-22	Note	Contract maturity:			Nominal Amount ^(a)	Carrying Amount
		1 year or less	1 to 5 years	Over 5 years		
		Restated ^(b)	Restated ^(b)	\$m		
Contractual Maturities of Financial Liabilities						
Non-Derivatives						
Deposits Held	21	414	18	...	432	432
Payables ^{(b)(c)}	22	11,989	2	...	11,991	11,991
Advances Received		77	262	441	780	545
Borrowings						
Bonds and Other Borrowings Issued By TCorp	23	19,575	47,797	81,307	148,679	120,931
Other Borrowings at Amortised Cost ^(c)	24	145	1,589	2,441	4,175	2,100
Lease Liabilities	24	1,298	4,048	10,292	15,638	10,165
Service Concessions Financial Liabilities	24	815	2,860	4,008	7,683	6,404
Other Liabilities						
Interests in TCorp/IM Funds of Investors Not Controlled by the State ^(b)	28	16,904	...	...	16,904	16,904
Total Non-Derivatives		51,218	56,576	98,489	206,283	169,471
Derivatives						
Derivative Liabilities ^(d)						
Held for Trading ^(b)	23	1,078	1,909	798	3,786	2,962
Designated and Effective Hedging Instruments	23	0	...	...	0	0
Total Derivatives		1,078	1,909	798	3,786	2,962

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

(c) Excludes statutory payables (i.e. not within the scope of AASB 7).

(d) The contractual maturity analysis and liquidity risk of derivative liabilities is the best approximation derived from reasonable estimates that were calculated from information sourced from major NSW Government agencies. These balances include estimated interest payments and exclude the impact of offsetting arrangements.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The State's exposures to market risk are primarily through:

- interest rate risk on the State's borrowings and investments;
- price risks associated with the movement in price of TCorpIM Funds, managed fund investments, and equity instruments; and
- foreign exchange risk that could affect borrowings, investments and the value of overseas purchases.

The State does not have material exposures to commodity price risk.

For market risk, the effect on the 'operating result' and 'net worth' to a reasonably possible change in a risk variable is outlined in the information below. A reasonably possible change in a risk variable has been determined after taking into account the economic environment in which the State operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the reporting date.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the State's interest-bearing assets and liabilities including interest bearing securities and borrowings.

Total State Sector – TCorp Debt Funding Holdings in Interest Bearing Securities and Borrowings

TCorp manages the debt portfolio for most of the agencies of the State. TCorp measures its exposure to interest rate risk in terms of cash flows or notional cash flows generated from holdings in interest bearing securities (Note 8: Investments, Loans and Placements) and borrowings at fair value (Note 23: Borrowings and Derivatives at Fair Value). The boundaries within which interest rate risk is undertaken and managed are established under approved TCorp policies, management guidelines and client defined mandates. Derivatives are also employed by TCorp to manage interest rate risk for interest bearing assets and liabilities.

TCorp employs a Value at Risk (VaR) model to measure the market risk exposures of TCorp borrowings and investments in the Consolidated Statement of Financial Position. VaR is calculated daily and represents an estimate of the loss that can be expected over a 10-day period, with a one per cent probability that this amount may be exceeded. Given TCorp's financial position at 30 June 2023, the maximum potential loss for the TSS expected over a 10-day period is \$4.6 million (2021-22: \$2.9 million), with a one per cent probability that this maximum may be exceeded. The average VaR over the year ended 30 June 2023 was \$4.3 million (2021-22: \$5.7 million).

Total State Sector – TCorpIM Fund Trust Investments in Interest Bearing Securities

The TSS is exposed to interest rate risk through TCorpIM Fund Trust investments in interest bearing securities (Note 8: Investments, Loans and Placements). Interest rate risk exposures arising from these investments are primarily measured and managed using duration and mandated limits specified in investment agreements.

The TSS's exposure to interest rate risk arising from these investments is set out in the tables below. A reasonably possible change of +/- 1 per cent is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

Total State Sector

	2022-23		2021-22	
	-1%	1%	-1%	1%
			Restated ^(a)	
	\$m	\$m	\$m	\$m
Operating Result ^{(a)(b)}	221	(221)	260	(260)
Net Worth ^{(a)(b)}	221	(221)	260	(260)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) Re-classifications of prior year amounts have been made to reflect improvements in the comparability to the current year.

General Government Sector and Total State Sector – Other Financial Assets and Liabilities

The State's remaining exposure to interest rate risk is primarily from cash and cash equivalents (Note 6: Cash and Cash Equivalents), borrowings at amortised cost (Note 24: Borrowings at Amortised Cost) and term deposits (Note 8: Investments, Loans and Placements). The State predominately manages this risk by undertaking mainly fixed rate borrowings with TCorp. A small number of agencies engage private sector financial institutions to manage or advise on the management of their debt portfolios or manage their own portfolios.

The State's exposure to interest rate risk from remaining financial assets and liabilities is set out in the tables below. A reasonably possible change of +/- 1 per cent is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

2022-23	General		Total	
	Government Sector		State Sector	
	-1%	1%	-1%	1%
	\$m	\$m	\$m	\$m
Operating Result	(71)	71	(144)	144
Net Worth	(71)	71	(144)	144

2021-22	General		Total	
	Government Sector		State Sector	
	-1%	1%	-1%	1%
	Restated ^(a)	Restated ^(a)	Restated ^(a)	Restated ^(a)
	\$m	\$m	\$m	\$m
Operating Result ^(a)	(53)	53	(112)	112
Net Worth ^(a)	(53)	53	(112)	112

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will change because of movements in market prices. This risk arises from investments held by the State for which prices in the future are uncertain.

Total State Sector – TCorpIM Fund Trust Investments in Equities and Managed Fund Investments

The TSS is primarily subject to price risk from consolidated TCorpIM Fund Trust holdings in managed funds (Note 8: Investments, Loans and Placements) and other equity investments (Note 11: Equity Investments). These investments are categorised as financial assets at FVTPL with the carrying amount of these investments representing the State's maximum price risk at the reporting date. Any change in the price of these investments impacts directly on the operating result.

TCorp, as Trustee, mitigates price risk from listed equity instruments by diversifying exposure across a range of investment managers and markets. Benchmarks are established for each investment manager with TCorp monitoring performance relative to those benchmarks. Price risk from holdings in managed investment funds and other unlisted equity investments are managed by ensuring that investments are managed in accordance with stated objectives and by monitoring the performance of the investments.

TCorp examines the sensitivity of the 'operating result' and 'net worth' attributable to price risk from these investments. The TSS's exposure to price risk from these investments is set out in the table below. The table reports the estimated sensitivity of 10 per cent (2021-22: 10 per cent) movement in price to the 'operating result' and 'net worth' of the TSS.

Total State Sector

	2022-23		2021-22	
	-10%	+10%	-10%	+10%
			Restated ^(a)	Restated ^(a)
	\$m	\$m	\$m	\$m
Operating Result	(3,765)	3,765	(3,358)	3,358
Net Worth	(3,765)	3,765	(3,358)	3,358

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

General Government Sector – Unit Holdings in TCorpIM Funds

The GGS is primarily exposed to price risk through its unit holdings in TCorpIM Fund Trusts (Note 8: Investments, Loans and Placements). Investments in TCorpIM Funds are held for strategic rather than trading purposes. The funds comprise a series of managed funds which are subject to volatility in their unit prices. Each fund comprises a different underlying type of investment, with associated risks and investment horizons.

TCorpIM Fund investments held by agencies operating in the TSS are eliminated on consolidation of the sector.

The GGS holds units in the following TCorpIM Funds trusts:

Trust	Investment Sectors	Investment Horizon	General Government Sector	
			2022-23	2021-22
			\$m	\$m
Cash Fund	Cash, Money Market Instruments	Up to 1.5 years	...	5
Short Term Income Fund	Cash, Money Market Instruments, Australian Government Debt, Australian Corporate Debt and International Corporate Debt	1.5 years to 3 years	41	37
Medium Term Growth Fund	Cash, Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, and Derivatives	3 years to 7 years	1,208	791
Long Term Growth Fund	Cash, Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, and Derivatives	7 years and over	1,797	1,863
Insurers' Guarantee Fund Investment Trust	Cash, Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, Derivatives, Global Property, and Global Infrastructure	20 years and over	201	197
Treasury Managed Fund Investment Portfolio	Cash, Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, Derivatives, Global Property, and Global Infrastructure	10 years and over	14,945	11,738
Australian Share Fund	Listed Australian Equities	5 years and over	59	67
Developed Markets Equities (Sovereign Investor - Hedged) Fund	Developed Market Equities	5 years and over	251	230
Emerging Market Share Fund	Emerging Market Shares	5 years and over	35	50
Unlisted Property Fund	Retail, Office and Industrial Property Assets	10 years and over	128	139
Unlisted Infrastructure Fund	Unlisted Managed Investment Funds	10 years and over	83	74
NSW Infrastructure Future Fund	Cash, Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, and Derivatives	10 years and over	7,430	8,846
Long Service Corporation Investment Fund	Cash, Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, Derivatives, Global Property, and Global Infrastructure	10 years and over	2,213	2,041
Social and Affordable Housing NSW Fund Investment Trust	Cash, Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, Derivatives, Global Property, and Global Infrastructure	10 years and over	1,576	1,514

Trust	Investment Sectors	Investment Horizon	General	
			Government Sector 2022-23	2021-22
			\$m	\$m
Opportunistic Fund B	High Yield Corporate Debt	2 years to 3 years	3	3
Opportunistic Fund C	Global Property	4 years and over	3	2
Bank Loan Fund	Global Bank Loans	5 years and over	52	52
Emerging Market Debt Fund	Emerging Market Government and Corporate Bonds	5 years and over	54	55
NSW Generations (Debt Retirement) Fund Investment Trust	Cash, Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, Derivatives, Global Property, and Global Infrastructure	10 years and over	16,020	14,709
Liquidity Cash Fund	Cash, Money Market Instruments and Australian Government Debt and Australian Corporate Debt	Up to 1.5 years	50	47
Core Alternatives Fund	Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, and Derivatives	5 years and over	65	43
Snowy Hydro Legacy Fund	Cash, Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, and Derivatives	10 years and over	1,645	1,552
Global Credit Fund	Investment Grade Corporate Debt	5 years and over	...	16
High Yield Fund	High Yield Corporate Debt	5 years and over	21	22
Australian Bond Fund	Australian Government & Semi-Government Debt	3 years and over	105	190
Defensive Alternatives Fund	Money Market Instruments, Developed Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, and Derivatives	5 years and over	73	43
Direct Investment Fund N	Global Property	10 years and over	14	5
Opportunistic Liquidity Provision Fund	Money Market Instruments, Australian Equities, Developed Market Equities, Emerging Market Equities, Government Debt, Corporate Debt, Currencies, Commodities, and Derivatives	5 years and over	30	...
GGG Total TCorpIM Funds^(a)			48,103	44,328

(a) The GGS unit holdings in TCorpIM Funds of \$48.1 billion (2021-22: \$44.3 billion) is disclosed as part of Financial Assets at Fair Value included in Note 8: Investments, Loans and Placements. The 2021-22 year included \$5 million in the TCorpIM Cash Fund presented in Note 6: Cash and Cash Equivalents. The TCorpIM Cash Fund was dissolved during the year.

TCorpIM investment facilities are mandatorily measured at FVTPL by the GGS and therefore any change in unit price impacts directly on the operating result. The unit price of each trust is equal to the total fair value of the net assets held by the trust divided by the number of units on issue for that trust. Unit prices are calculated and published daily.

TCorpIM Fund investments are available to all NSW public authorities, including universities and local government authorities. Each TCorpIM Funds investment has been established as an individual unit trust and each trust has its own investment objective and strategy.

TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the TCorpIM Funds facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the TCorpIM Funds limits the State's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

The GGS's exposure to price risk from these investments is set out in the table below. The table reports the estimated sensitivity of 10 per cent (2021-22: 10 per cent) movement in price to the value of the investments of the GGS.

A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value at 30 June each year for each trust.

Price Risk Sensitivity Analysis of the TCorpIM Funds

Trust	Change in Unit Price		General Government Sector	
	2022-23	2021-22	2022-23	2021-22
	%	%	\$m	\$m
Cash Fund	+/-10.0%	+/-10.0%	...	0
Short Term Income Fund	+/-10.0%	+/-10.0%	4	4
Medium Term Growth Fund	+/-10.0%	+/-10.0%	121	79
Long Term Growth Fund	+/-10.0%	+/-10.0%	180	186
Insurers' Guarantee Fund Investment Trust	+/-10.0%	+/-10.0%	20	20
Treasury Managed Fund Investment Portfolio	+/-10.0%	+/-10.0%	1,494	1,174
Australian Share Fund	+/-10.0%	+/-10.0%	6	7
Developed Markets Equities (Sovereign Investor - Hedged) Fund	+/-10.0%	+/-10.0%	25	23
Emerging Market Share Fund	+/-10.0%	+/-10.0%	3	5
Unlisted Property Fund	+/-10.0%	+/-10.0%	13	14
Unlisted Infrastructure Fund	+/-10.0%	+/-10.0%	8	7
NSW Infrastructure Future Fund	+/-10.0%	+/-10.0%	743	885
Long Service Corporation Investment Fund	+/-10.0%	+/-10.0%	221	204
Social and Affordable Housing NSW Fund Investment Trust	+/-10.0%	+/-10.0%	158	151
Opportunistic Fund B	+/-10.0%	+/-10.0%	0	0
Opportunistic Fund C	+/-10.0%	+/-10.0%	0	0
Bank Loan Fund	+/-10.0%	+/-10.0%	5	5
Emerging Market Debt Fund	+/-10.0%	+/-10.0%	5	6
NSW Generations (Debt Retirement) Fund Investment Trust	+/-10.0%	+/-10.0%	1,602	1,471
Liquidity Cash Fund	+/-10.0%	+/-10.0%	5	5
Core Alternatives Fund	+/-10.0%	+/-10.0%	7	4
Snowy Hydro Legacy Fund	+/-10.0%	+/-10.0%	165	155
Global Credit Fund	+/-10.0%	+/-10.0%	...	2
High Yield Fund	+/-10.0%	+/-10.0%	2	2
Australian Bond Fund	+/-10.0%	+/-10.0%	10	19
Defensive Alternatives Fund	+/-10.0%	+/-10.0%	7	4
Direct Investment Fund N	+/-10.0%	+/-10.0%	1	1
Opportunistic Liquidity Provision Fund	+/-10.0%	+/-10.0%	3	...
Total			4,807	4,434

The table shows that the GGS's exposure to TCorpIM Fund price risk can be relatively significant, particularly for its holdings in the Long Term Growth Fund, Treasury Managed Fund Facilities, NSW Infrastructure Future Fund, NSW Generations (Debt Retirement) Fund Investment Trust and Long Service Corporation Investment Fund. These funds are underpinned by heavier weightings in share and property growth assets. It should be expected that, while there can be short-term volatility in annual returns, they will return higher long-term returns than the Cash or Short Term Income Fund. In particular, the Treasury Managed Fund investments are held beyond the short-term to reflect the longer-term payment horizon for insurance claims, which can extend beyond many years.

Foreign Exchange Risk

The State undertakes transactions denominated in foreign currencies which result in exposures to changes in foreign exchange rates. The State, through its consolidated agencies, has policies and procedures in place and utilises foreign exchange derivatives to minimise foreign exchange risk.

Total State Sector - Securities Denominated in Foreign Currencies

The TSS is exposed to foreign exchange risk through monetary securities denominated in foreign currencies held by TCorpIM Fund Trusts. Foreign exchange risk arises as the value of these securities fluctuate when foreign exchange rates change.

TCorp, as trustee, examines the possible effects of movements in exchange rates against the Australian dollar on the financial position as at the reporting date. The most probable changes in the foreign exchange variables have been selected based on estimations, considering historical changes in the correlation of the Fund's investments with the relevant benchmark and market volatility.

The TSS's exposure to foreign exchange risk from these financial assets and liabilities is set out in the table below. The table reports the estimated sensitivity range of 10 per cent movement in exchange rates to the 'operating result' and 'net worth' of the TSS.

Total State Sector

	2022-23		2021-22 Restated ^(a)	
	-10%	+10%	-10%	+10%
	\$m	\$m	\$m	\$m
Operating Result ^(a)	(214)	214	(299)	299
Net Worth ^(a)	(214)	214	(299)	299

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Total State Sector - Borrowings at Fair Value

The TSS is exposed to foreign exchange risk through TCorp borrowings issued in foreign currencies and overseas markets undertaken as part of the funding program of the State's debt.

Foreign exchange risk is managed by TCorp by entering into Australian dollar cross-currency swaps and forward foreign exchange contracts. Forward foreign exchange contracts with NSW Government agencies are covered by corresponding forward exchange contracts with market counterparties.

Other Purchase and Sale Commitments

State agencies enter into forward foreign exchange contracts to hedge certain purchase and sale commitments entered in the normal course of business. These contracts cover the purchase of capital equipment and supplies. The following table summarises foreign currency contract cash flows outstanding in Australian dollars for the State at the reporting date.

Currency	General Government Sector		Total State Sector	
	2022-23	2021-22	2022-23	2021-22
	Contract Value AUD (\$m)	Contract Value AUD (\$m)	Contract Value AUD (\$m)	Contract Value AUD (\$m)
US Dollars	46	76	36	48
Euro	10	14	10	13
Japanese Yen ^(a)	(2)	1	(20)	2
Other	0	6	(1)	3
Total	53	97	24	66

(a) This currency was included in 'Other' in the 2021-22 TSSA.

This foreign currency risk is not considered to be material in terms of a possible impact on the operating result and total net worth and, as such, a sensitivity analysis has not been completed. The GGS and TSS have entered into various risk management and hedging arrangements to manage these risks.

Note 30: Trusts Under Management

Trusts under management are held on behalf of beneficiaries and are not controlled by the State. Therefore, in principle, these trusts are not recognised as assets or liabilities on the Consolidated Statement of Financial Position. However, \$406 million (2021-22: \$392 million) of these trust funds are invested in TCorpIM Funds.

As the State controls TCorpIM Funds, the portion of these trusts that are invested in TCorpIM Funds are recognised as assets in the State accounts, while liabilities of the same amounts are also recognised to reflect the interest not controlled by the State, as trusts under management are not attributable, directly or indirectly, to the State.

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Trust Funds:				
NSW Trustee and Guardian	3,575	3,376	3,575	3,376
Rental Bond Board	1,948	1,793	1,948	1,793
State Insurance Regulatory Authority	1,750	1,613	1,750	1,613
Biodiversity Conservation Trust of NSW	279	192	279	192
Department of Regional NSW	223	217	223	217
Department of Customer Service	350	314	108	104
Ministry of Health	86	65	86	65
Department of Communities and Justice	68	70	68	70
NSW Police Force	65	64	65	64
Transport for NSW ^(a)	53	36	53	36
Sydney Metro	26	51	26	51
Other ^(b)	13	30	13	30
	8,436	7,821	8,194	7,611

(a) Transport for NSW was included in 'Other' in the 2021-22 TSSA.

(b) Other trust funds include balances under the management of the Department of Planning and Environment and Planning Ministerial Corporation.

Note 31: Expenditure Commitments

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

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Capital Expenditure (including expenditure for private sector financed infrastructure assets):				
Transport for NSW ^{(a)(b)}	14,737	9,876	14,736	9,876
Transport Asset Holding Entity of New South Wales ^{(a)(c)}	...	...	11,790	12,188
Sydney Metro ^{(a)(d)}	9,462	8,410	9,463	8,410
Sydney Water Corporation ^(h)	...	...	3,258	2,117
Ministry of Health ^{(a)(e)}	3,160	2,329	3,160	2,329
Department of Education	2,041	1,345	2,041	1,345
Infrastructure NSW	437	465	437	465
Department of Enterprise, Investment and Trade ^(a)	395	522	395	522
New South Wales Land and Housing Corporation	...	...	346	365
New South Wales Government Telecommunications Authority	176	163	176	163
TCorpIM Funds ^(a)	...	...	161	99
Electricity Retained Interest Corporation - Ausgrid ^(a)	160	157	160	157
Hunter Water Corporation	...	...	146	101
Northern Rivers Reconstruction Corporation	110	...	110	...
WaterNSW	...	...	107	93
NSW Police Force	99	169	99	169
Department of Communities and Justice	86	60	86	60
Planning Ministerial Corporation ^(f)	83	14	83	14
TAFE Commission	82	88	82	88
The Treasury ^(f)	75	2	75	2
Electricity Retained Interest Corporation - Endeavour Energy ^(a)	60	68	60	68
Regional Growth NSW Development Corporation	54	118	54	118
Sydney Ferries	...	...	53	61
Aboriginal Housing Office	48	31	48	31
Fire and Rescue NSW	38	45	38	45
Essential Energy	...	...	34	48
Sydney Opera House Trust	...	...	31	49
Department of Customer Service	30	36	30	36
Zoological Parks Board of New South Wales	...	...	30	31
Place Management NSW	...	...	22	48
Newcastle Port Corporation	...	...	10	33
Sydney Olympic Park Authority	1	22	1	22
Other	125	100	267	136
	31,460	24,022	47,591	39,288
Goods and Services Tax (GST) on Commitments^(g):				
GST Input Tax Credits Included in the Above Capital Expenditure Commitments	2,860	2,184	4,295	3,538
	2,860	2,184	4,295	3,538
Capital Expenditure Commitments:				
Not Later Than One Year	17,067	15,138	22,127	19,948
Later Than One Year and Not Later Than Five Years	13,958	8,714	21,445	15,678
Later Than Five Years	435	170	4,019	3,661
	31,460	24,022	47,591	39,288

- (a) General Government Sector and Total State Sector comparatives for commitments have been updated to improve readability and comparability.
- (b) Transport for NSW's increase in capital commitments is mainly driven by Western Harbour Tunnel Upgrade (\$3.9 billion) and the Coffs Harbour Bypass project (\$1.2 billion).
- (c) TAHE's capital construction are performed on their behalf by other Transport agencies. The amounts disclosed represent the capital expenditure TAHE is committed to funding via government grants it receives from Transport for NSW and its own funding in future years. This is based on the forecasts as at the reporting date in the Transport Investment Plan predominately relating to More Trains, More Services, Regional Rail Fleet Program and Maryung Fleet (New Intercity Fleet) projects.
- (d) Sydney Metro's increase in capital commitments is driven by Western Sydney Airport project (\$2.2 billion), partially offset by decrease in City & South West project commitments (\$1.3 billion).
- (e) Ministry of Health's increase in capital commitments is predominately driven by John Hunter Health and Innovation Precinct (\$487 million), Shoalhaven Hospital Redevelopment (\$295 million), Nepean Hospital and Integrated Ambulatory Services Redevelopment (\$227 million) and St George Hospital Stage 2 project (\$192 million).

- (f) These agencies were included in 'Other' in the 2021-22 TSSA.
- (g) The expenditure commitments are inclusive of GST except for NSW Land and Housing Corporation (LAHC). For LAHC they relate primarily to properties used to provide rental accommodation, which are input taxed activity where GST cannot be claimed from the ATO. GST input tax credits (debits) are expected to be recoverable from (payable to) the Australian Taxation Office.
- (h) Sydney Water Corporation's increase in capital commitments is driven by government growth initiatives, renewal of ageing infrastructure and the upgrade of existing infrastructure for increased water and environmental standards. The increase is also driven by stormwater management responsibilities in the Aerotropolis precinct and the implementation of the Greater Sydney Water Strategy to increase the resilience and reliability of the water supply.

Note 32: Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are possible future obligations or assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the State. Contingent liabilities also include present obligations that do not meet the criteria for recognition as liabilities. In this note, contingent assets and liabilities have been classified into quantifiable (where its financial effect is able to be estimated) or non-quantifiable.

Guarantees are provided to facilitate the provision of certain services and the construction of several infrastructure assets may give rise to contingent liabilities.

Contingent Liabilities

Quantifiable Contingent Liabilities

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Sydney Metro ^(a)	1,327	...	1,327	...
Transport for NSW ^(b)	860	539	860	539
(Land acquisitions, contractual disputes)				
Department of Communities and Justice ^(c)	1,169	1,072	1,169	1,072
(Victims Support Scheme, current litigation)				
Other Agencies	178	191	197	206
	3,534	1,802	3,553	1,817

- (a) Sydney Metro has an estimated contingent liability of \$1,327 million (2021-22: \$0) due to a number of compulsory property acquisition matters currently under litigation where claims differ from the Valuer General's determined amount.
- (b) Transport for NSW has an estimated contingent liability of \$825 million (2021-22: \$161 million) due to a number of compulsory property acquisition matters under litigation where claims differ from the Valuer General's determined amount, and several contractual disputes with an estimated contingent liability of \$35 million (2021-22: \$378 million).
- (c) The Victims' Support Scheme (VSS) was created on 3 June 2013 through legislation known as the *Victims' Rights and Support Act 2013*. The amount attributable under the VSS for child sexual assault could reasonably lie within the range of \$610 million to \$1,169 million (2021-22: \$549 million to \$1,072 million).

Non-Quantifiable Contingent Liabilities

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

Unless otherwise stated, the GGS contingent liabilities are also applicable to the TSS.

Non-Quantifiable Contingent Liabilities

Underpayment related to employee award entitlements	A claim has been lodged against the State for unspecified compensation in respect of alleged underpayment of employee award entitlements within the Health Cluster. The State is defending the action.
Native Title Act	The State has a contingent liability under the <i>Native Title Act 1993 (Cth)</i> . The liability arises because the State has an obligation to pay compensation to native title holders where the State commits an action that extinguishes or impairs the native title holders' rights. There have been a number of claims filed with the Federal Court under the <i>Native Title Act 1993 (Cth)</i> , however it is not possible to reliably estimate the State's liability in respect of these and any future claims. At 30 June 2023, 709,498 hectares (2022: 669,014 hectares) of operational timber reserves were subject to claims under the <i>Native Title Act 1993 (Cth)</i> . The impact of these claims cannot be quantified at this time.
Aboriginal Land Claims	The assets of the State in the form of reserved Crown land may be reduced in value by operation of the <i>Aboriginal Land Rights Act 1983 (NSW)</i> . Applications may result in land being transferred for no consideration. The State has approximately 38,339 Aboriginal Land Claims (ALC) to review (2021-22: 38,385). As at 30 June 2023, 776 ALCs were resolved (2021-22: 720). The increased staffing will enable a more proactive and outcomes focused engagement with Local Aboriginal Land Councils to identify and prioritise claims for determination. The detriment in land values due to potentially successful claims cannot be estimated at this point of time.
Claims and Litigation - Transport	There are a number of significant disputes which have been notified to and by Transport for NSW in relation to its activities. <ul style="list-style-type: none"> A statement of claim was filed on 28 August 2018 in the Supreme Court of New South Wales alleging public and private nuisance as a result of the Sydney Light Rail Project. The proceedings have been brought as representative proceedings. The project specific insurers are managing the conduct of Transport for NSW's defence. It is not possible at this stage to estimate any potential financial effect in excess of the insurance coverage from these proceedings. Transport for NSW has several environmental matters emerging from its normal road construction works. There is significant uncertainty as to whether any future liability will emerge in respect of these matters as they are in early state of works and cannot be reliably measured at this time. Other than the contingent liabilities listed above, there are a number of other contractual claims that have arisen from the normal course of business. The amount of the liability that may arise from these claims cannot be measured reliably at this time. There is significant uncertainty as to whether a future liability will arise in respect to these items.
Land Remediation	The State has engaged experts to assess the risk of the existence of contamination on sites. There were several sites where the risk of existing contamination is high. These sites are being assessed to determine existence and extent of contamination. The assessment provides the extent of work and the related costs necessary to remediate the sites. A limited number of sites have been assessed to date, with a provision made for estimated remediation costs. The extent of contamination and cost of remediation of the remaining sites cannot yet be reliably estimated.
Land Contamination	In accordance with the State's Contaminated Land Management Strategy, the State is proactively assessing high risk categories of potentially contaminated land across the whole Crown land portfolio. This process identifies sites where further investigation is required, leading to remediation plans and where appropriate on ground remediation actions with future management determined by way of long-term management plans.
Unclaimed Money – Consolidated Fund	The State treats the receipt of unclaimed money to the Consolidated Fund as income. However, claims can be legally lodged for several years after the money is paid into the Fund. Future claims for the return of these monies cannot be estimated and thus, is a contingent liability for the State.
TAB Totalizator Licence	NSW TAB, a wholly owned subsidiary of Tabcorp, holds a 99-year licence to conduct totalizator betting in New South Wales. The licence included a 15-year 'exclusivity period' which expired on 22 June 2013. The State has agreed to extend TAB's exclusivity licence for a further 20 years to 2033 for \$75 million. Under the agreement, the State must compensate Tabcorp if any adverse regulatory event occurs. The amount to be refunded is the initial payment reduced by \$2.5 million for each year between the year of receipt and when the adverse regulatory event occurs.
Cemeteries Management	The TSS includes a number of cemetery managers. There is a general expectation on the part of the public that the cemeteries managed by them will be maintained in perpetuity and the State is aware that there may be significant on-going cash outflows for this future maintenance. No liability has crystallised for future maintenance, hence no liability has been recognised.
Stolen Generations Reparations Scheme	In December 2016, the NSW Government announced the 'Stolen Generations Reparations Scheme' in acknowledgement of the suffering caused by the forcible removal of Aboriginal children by the NSW Government in the past. A standard payment of \$75k is paid for approved reparations applications, unless varied by ministerial discretion to a lower amount. The scheme was open for applications until 30 June 2023. Whilst future payments are expected under the scheme, the liability for payment of reparations will only be confirmed upon the occurrence of a number of uncertain future events. Ex-gratia payments are entirely at the Minister's discretion and therefore future costs under the scheme are considered to be contingent liabilities, and expenses are recognised upon ministerial approval.
Surcharge duties and tax	There has been a determination that NSW surcharge purchaser duty and surcharge land tax provisions are inconsistent with a number of international tax treaties entered into by the Federal Government. There is a potential for refunds for individuals who have not provided their citizenship, and for non-individuals who have not provided their country of affiliation. Until Revenue NSW can identify customers and transactions that may be eligible, these refunds cannot be reliably determined.
Claims and Litigation - Other	State agencies and corporations are subject to various claims and litigation in the normal course of operations. The quantum of these claims cannot accurately be determined.

Warranties, Guarantees and Indemnities

Guarantees have been provided to facilitate the provision of certain services and the construction of several infrastructure assets, which may give rise to contingent liabilities. Details are summarised in the table below of the most significant contingent liabilities which are all fully disclosed in the accounts of individual agencies.

Unless otherwise stated, the GGS guarantees are also applicable to the TSS.

Warranties, Guarantees and Indemnities	
Guarantee of TCorp Borrowing Program	Issued securities, borrowing and derivative liabilities of TCorp with a market value of \$148.2 billion (2021-22: \$124.2 billion) have been guaranteed by the NSW Government under the GSF Act.
TCorp Local Government Lending Facility	The State Government has guaranteed TCorp loans to NSW local councils, with value of \$1,020.3 million (2021-22: \$977.7 million), in connection with local government reform programs.
TCorp Undertakings	TCorp has undertakings for other government authorities for their performance under contracts with third parties. At the reporting date they were valued at \$66.4 million (2021-22: \$53.9 million).
Co-Operative Housing Societies	The State has given guarantees to various organisations under statute relating to certain co-operative housing societies. The maximum exposure as at 30 June 2023 is \$11.7 million (2021-22: \$14.9 million).
Delta, Eraring Energy, Vales Point Power Station, and Colongra Power Station and Macquarie Generation - Warranties	<p>The State made several warranties in relation to the sale of Delta Electricity's Western Assets, Eraring Energy, Vales Point Power Station, Colongra Power Station, Macquarie Generation and the 99-year leases of TransGrid, Ausgrid and Endeavour Energy network assets:</p> <p><i>Pre-existing contamination liability</i></p> <p>The State retains the costs for remediating pre-existing contamination at the Eraring, Shoalhaven, Mt Piper, Vales Point, Colongra, Bayswater and Liddell power stations sites to minimum legal standards. Contamination is determined by reference to base line study or studies within certain time restrictions.</p> <p><i>General warranties</i></p> <p>Under the various Sale and Purchase and Lease transactions, the State has potential liabilities under various warranties, indemnities and guarantees provided to the purchaser and lessees. Warranties are subject to various caps, carve-outs and time restrictions.</p> <p><i>Coal haul road liability</i></p> <p>If existing Aboriginal land right claims affect Crown Land titles over the coal haul road from Newstan Colliery to the Eraring Power station, compensation will be payable by the State to the native title holders to negotiate a continued right to use. The State's obligations end (in respect of each existing Aboriginal Land Claim) twelve months after the date on which the Minister or Court (as applicable) determines that Crown Land subject to an existing Aboriginal Land Claim is not claimable land or an easement or similar for the purposes of the Coal Haul Road is granted to the indemnified party, or the date on which an existing Aboriginal Land Claim is withdrawn or terminated.</p> <p><i>Ash dam liability</i></p> <p>As part of the Eraring Sale, the State will pay half the incremental cost of implementing an alternative arrangement for ash disposal if the existing proposal (as at 1 August 2013) for further backfilling at the ash dam cannot be implemented.</p>
Vales Point Power Station, Colongra Power Station and Macquarie Generation – Guarantees and Indemnities	<p>In addition to the warranties, the State made the following guarantees and indemnities in relation to the sale of Vales Point Power Station, Colongra Power Station and Macquarie Generation:</p> <p><i>Vales Point Hand Back Deed</i></p> <p>The State will be responsible for the demolition and remediation of Vales Point and the Site Land if an option is exercised under the Hand Back Deed.</p> <p><i>Land remediation indemnity</i></p> <p>The State has indemnified the purchasers in relation to the cost to remediate land at the various power station sites, subject to various conditions and time frames.</p> <p><i>Barnard River Scheme native title indemnity</i></p> <p>The State has indemnified AGL for costs related to any native title claims affecting a parcel of Crown land related to the Barnard River Scheme.</p>

Warranties, Guarantees and Indemnities

Contracts with Private Sector Parties The State has guaranteed the obligations and performance of various statutory authorities under contracts with private sector parties. These guarantees are considered unlikely to ever be exercised and, in some cases, are limited to financial obligations only. The current guarantees in place are:

- Cross City Tunnel
- Eastern Creek Alternative Waste Treatment Plant (The Crown Entity holds a guarantee, a contingent asset, which fully offsets this contingent liability)
- Eastern Distributor
- Illawarra and Woronora Water Treatment Plant
- Lane Cove Tunnel
- Long Bay Prison and Forensic Hospital
- M2 Motorway
- Macarthur Water Filtration Plant
- Mater Hospital
- New Grafton Correctional Centre
- Newcastle Integrated Service Operator
- North West Rail Link – Operations, Trains and Systems
- NorthConnex
- Northern Beaches Hospital
- Olympic Multi-Use Arena
- Orange Hospital Redevelopment
- Prospect Water Filtration Plant and Treatment Works
- Regional Rail
- Royal North Shore Hospital Redevelopment
- Sydney International Convention, Exhibition and Entertainment Precinct
- Sydney Light Rail
- Sydney Metro City & Southwest: Operations, Trains and Systems, Trains & Systems
- VISY Mill: Tumut Timber Supply Agreement
- Waratah Rolling Stock
- WestConnex
- Western Sydney Airport – Stations, Systems, Trains, Operations & Maintenance
- Western Sydney Orbital

Employer's Superannuation Guarantee Contributions – Ex-Public Sector Employees

The State bears the risk of the employer's superannuation guarantee contributions being insufficient to fund the defined employee benefits (in respect of past and future service liabilities) for certain ex-public sector employees following the State's decision to sell a number of former State controlled public trading enterprises (PTE) in past reporting periods. The State must pay the contribution shortfall on an annual basis and is obliged to make good any employer reserve shortfall upon the insolvency of the employer. Indemnities have also been provided to the private sector employer in respect of loss suffered, for example, from non-payment of an unfunded amount or tax losses suffered due to payments by the State.

Warranties, Guarantees and Indemnities

Deeds of Indemnity – SOC Directors and Senior Management	<p>The State has provided a Deed of Indemnity to the directors and designated senior management of some SOCs. This deed indemnifies them against claims and liabilities in connection with the Energy Industry Reform Transactions (Transaction Process).</p> <p>The directors and designated senior management covered by this indemnity are the directors and designated senior management of Essential Energy and the former directors and designated senior management of Eraring Energy, Ausgrid, Macquarie Generation, Endeavour Energy and Delta Electricity. To the extent permitted by law, the indemnity covers each indemnified party, in their capacity as directors or senior management, against:</p> <ul style="list-style-type: none"> • civil liability arising in respect of the Transaction Process if such liability is or was not due to conduct which involved a lack of good faith on the part of the indemnified party, and • costs in defending proceedings, whether civil or criminal, in which judgement is or was given in favour of the indemnified party or in which the indemnified party is or was acquitted or where the proceedings are discontinued or in connection with any application in relation to a proceeding in which a court grants or granted relief to the indemnified party. <p>The indemnified parties have a duty to maintain in force comprehensive directors' and officers' insurance policies which cover all of the risks indemnified by the State under the indemnities until:</p> <ul style="list-style-type: none"> • the completion of the Transaction Process, and • for seven years following the completion of the Transaction Process for any acts or omissions of the Indemnified Party occurring before completion of the Transaction Process. <p>The indemnity does not apply in respect of a liability which arises out of any act or omission on the part of the indemnified party that involves, among others as detailed in the Deed of Indemnity, gross negligence, recklessness and conduct contrary to any written direction or instructions to the indemnified party made by or on behalf of the State. It is not possible to estimate the amount of contingent liability exposure at this time. There are no known claims as at the reporting date.</p>
Transactions related to facilities at Port Kembla, Port Botany, Enfield, and the Port of Newcastle.	In entering the 99-year lease of land and fixtures at Port Kembla, Port Botany and Enfield and 98-year lease at Port of Newcastle the State has indemnified the Port lessees in respect of pre-existing environmental damage or contamination at relevant sites (no known claims as at the reporting date) and the State has guaranteed limited compensation to financiers if the Port Leases are terminated for any reason.
Guarantees of Energy Distributors	State-owned electricity distributors have provided guarantees to regulatory and statutory authorities to the value of \$20.0 million (2021-22: \$20.0 million).
Contaminated Land	State's Fire and Rescue has undertaken site assessments at its training centres located in Armidale, Albion Park, Deniliquin, Alexandria and Greenacre. The assessment results confirmed the presence of perfluorooctane sulfonate (PFOS), perfluorooctanoic acid (PFOA) and Perfluorohexane Sulfonic Acid (PFHxS) chemicals. Plans for remediation are being prepared for sites that require remediation. The final remediation costs of the impacted properties owned by the State remain uncertain.

Contingent Assets

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

Unless otherwise stated, the GGS contingent assets are also applicable to the TSS.

Contingent Assets

Outstanding claims, caveats, or rights on assets	The Land and Housing Corporation has contingent assets from outstanding claims, caveats or rights on assets which are subject to third party conditions and long-term leases which the State has granted to third parties. Whilst the outcomes of these are uncertain and cannot be reliably measured at balance date, the net outstanding claims to the State from private sector parties and property caveats have been estimated at \$5.2 million (2021-22: \$6.9 million) and the long-term leases at \$25.9 million (2021-22: \$21.8 million).
Investigation and potential recoveries of grant funding from fraudulent and non-compliant claims	Service NSW is currently investigating its grant payments to NSW public for fraud and non-compliance. Depending on the findings, Service NSW is anticipated to take steps to recover amounts overpaid due to fraudulent activities, non-compliance, or incorrect bank account deposits. The total amount of \$92.7 million is being actively investigated by law enforcement authorities which involve potentially fraudulent activities and the outcome of the investigations will determine the recoverability of the funds.
Overpayment related to Smart and Skilled program	Training Services NSW, part of the Department of Education, had identified overpayments for the Smart and Skilled program to the private registered training organisations (RTO) from historical data submissions. The recoverability of the overpayments was probable but not virtually certain as at the reporting date.

Note 33: Events after the Reporting Period

Changes to Reporting Entities

As mentioned in Note 1, during the financial year there was a change in government. Following this, there have been several changes to reporting entities as a result of the Administrative change orders effective 1 July 2023. These changes will have consequential financial and annual reporting implications for individual agencies however, at a State level there is no material impact as the remit and delivery of the State's responsibilities remains consistent.

Sydney Desalination Plant arrangements

The contractual arrangements and operating rules at 30 June 2023 between Sydney Water Corporation and SDP Pty Limited in respect of the Sydney Desalination Plant (SDP) do not give rise to a lease under Australian Accounting Standard *AASB 16 Leases* (AASB 16).

The Greater Sydney Water Strategy document (GSWS document) was released in August 2022 which outlined a change for the use of the SDP asset to meet the growing population needs of Greater Sydney. The intention is that the SDP asset will be used to produce an extra 20 gegalitres (GL) per year to contribute towards higher dam levels at the start of a future drought and to slow down the rate of dam depletion during this future drought. The operating impact is that the SDP asset will be used more frequently and thus will require a greater degree of operational control from Sydney Water.

Therefore, revisions were made to the operating rules and contractual agreements to accommodate the GSWS document. As a result, a lease will arise under AASB16 once the revised operating rules come into effect from 1 July 2023. Right-of-use assets and Lease liabilities of \$1,805m will be reflected in the balance sheet of the Total State Sector on inception of the lease arrangement.

Transport Asset Holding Entity of New South Wales (TAHE)

In August 2023, the NSW Government made several key decisions regarding the future of TAHE, including to transition TAHE from operating as a for-profit statutory SOC to operating as a non-commercial PNFC effective from 1 July 2024.

The decisions of Government may impact the future commercial agreements between TAHE and the public rail operators and the future valuation of TAHE's assets and may change the future valuation methodology used. The decision is currently being assessed and the financial impact cannot be quantified at this stage.

Note 34: Restatement/Corrections to Prior Years

(a) Accounting for investments in the TCorpIM Funds

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

- certain TCorpIM funds controlled by the State, have either control, joint control or significant influence over the entities in which they invest through managed investment funds and unit trusts. Accordingly, these investments held by these TCorpIM Funds should have been consolidated, accounted for under the equity method of accounting or accounted for as an investment in a joint operation in the TSS, rather than presented as financial assets. Adjustments have been made to restate the 2021-22 comparatives and the opening balances at 1 July 2021, to reflect this accounting.

The adjustments to account for investments held by TCorpIM Funds consolidated or in a joint operation resulted in an increase of \$2,074 million at 1 July 2021 and \$5,105 million at 30 June 2022 to total financial assets and liabilities.

This resulted in a decrease of \$516 million to Net operating balance (net result from transactions), increase of \$29 million to gain/(loss) from liabilities and increase of \$486 million to other net gains/(losses) in Other economic flows - included in operating result in the TSS. These adjustments did not have a net impact on the 2021-22 comprehensive result and opening net worth at 1 July 2021 for both the GGS and TSS.

- some unrealised losses recognised by NSW Government agencies from its investments in TCorpIM Funds were not eliminated. This resulted in a reclassification of \$398 million within other economic flows - included in the operating result (from other net gains/(losses) to gain/(loss) from liabilities in the other economic flows - included in the operating result in the TSS);
- the income and expenses of a controlled TCorpIM Fund was not consolidated. This resulted in an increase of \$339 million to Net operating balance (net result from transactions), decrease of \$613 million to gain/(loss) from liabilities and increase of \$275 million to other net gains/(losses) in Other economic flows - included in operating result in the TSS; and
- some unlisted equity securities were incorrectly classified as financial assets at fair value rather than other equity investments. The impact of the reclassification from financial assets at fair value to other equity investments on 1 July 2021 on the Statement of Financial Position in the TSS was \$361 million, and on 30 June 2022 was \$753 million.

(b) TAFE Commission - 2017-18 comprehensive valuation of Building assets:

Since the 2017-18 comprehensive valuation process, TAFE Commission has developed enhanced asset data which has formed the basis of the comprehensive revaluation of buildings in 2022-23. A prior period adjustment has subsequently been applied to restate fair value impacts on 2021-22 comparative reporting periods and as at 1 July 2021 to realign cumulative effects of 2017-18 comprehensive valuation outcomes with revised buildings gross floor area measurement data. The impacts of the prior year adjustment on the GGS and TSS are as follows:

The impact of the restatement on 1 July 2021 on the Statement of Financial Position:

- an increase to land and buildings asset class of \$138 million
- a decrease to accumulated funds of \$29 million
- an increase to reserves of \$167 million.

The impact of the restatement on 30 June 2022 on the Statement of Financial Position:

- an increase to land and buildings asset class of \$152 million
- a decrease to accumulated funds of \$38 million.
- an increase to reserves of \$190 million.

The impact of the restatement on the Statement of Comprehensive Income for the financial year ended 30 June 2022:

- an increase to depreciation expense of \$9 million
- an increase of \$23 million to the fair value increment (arising from the gain) through other comprehensive income.

(c) Department of Education - 2017-18 comprehensive valuation of Building assets:

During the current year of 2022-23, Department of Education identified two adjustments arising from the 2017-18 comprehensive valuation. The removable furniture was incorrectly included in the replacement cost of buildings and improvements, and gross building area instead of gross floor area was used in the calculation of the replacement cost of building shells. Updates have subsequently been made to the 2021-22 comparative reporting periods and as at 1 July 2021 and the total impacts of the adjustment on the GGS and TSS are as follows:

The impact of the restatement on 1 July 2021 on the Statement of Financial Position:

- a decrease to land and buildings asset class of \$839 million
- an increase to accumulated funds of \$98 million
- a decrease to reserves of \$937 million.

The impact of the restatement on 30 June 2022 on the Statement of Financial Position:

- a decrease to land and buildings asset class of \$989 million
- an increase to accumulated funds of \$127 million
- a decrease to reserves of \$1,116 million.

The impact of the restatement on the Statement of Comprehensive Income for the financial year ended 30 June 2022:

- a decrease to depreciation expense of \$29 million
- a decrease of \$179 million to the fair value increment (arising from the loss) through other comprehensive income.

Consolidated Statement of Comprehensive Income (Extract)

For the Financial Year Ended 30 June 2022		General Government Sector			Total State Sector		
		2021-22	Adjustment	2021-22	2021-22	Adjustment	2021-22
		Published		Restated	Published		Restated
				for			for
				Corrections			Corrections
FROM CONTINUING OPERATIONS	Note	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from Transactions							
Interest	(a)	262	...	262	835	207	1,042
Other Dividends and Distributions	(a)	2,442	...	2,442	1,070	(247)	823
Fines, Regulatory Fees and Other	(a)	6,982	...	6,982	7,420	10	7,429
Total Revenue from Transactions		103,486	...	103,486	106,663	(31)	106,632
Expenses from Transactions							
Depreciation and Amortisation	(b)(c)	7,101	(20)	7,081	9,770	(20)	9,749
Interest	(a)	2,527	...	2,527	3,367	22	3,389
Other Operating Expenses	(a)	29,697	...	29,697	33,763	125	33,887
Total Expenses from Transactions		118,815	(20)	118,795	123,439	127	123,566
NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)		(15,329)	20	(15,309)	(16,776)	(158)	(16,933)
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT							
Gain/(Loss) from Liabilities	(a)	2,862	...	2,862	5,964	(982)	4,983
Other Net Gains/(Losses)	(a)	932	...	932	15,401	1,159	16,560
Other Economic Flows - included in Operating Result		4,261	...	4,261	21,604	178	21,782
OPERATING RESULT		(11,068)	20	(11,048)	4,828	20	4,849
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME							
<i>Items that will not be reclassified to operating result</i>							
Revaluations	(b)(c)	19,782	(156)	19,625	32,167	(156)	32,010
Other Economic Flows - Other Comprehensive Income		64,729	(156)	64,572	48,831	(156)	48,675
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS		53,661	(136)	53,525	53,661	(136)	53,525
KEY FISCAL AGGREGATES							
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS		53,661	(136)	53,525	53,661	(136)	53,525
Less: Net Other Economic Flows		(68,990)	156	(68,834)	(70,436)	(21)	(70,457)
NET OPERATING BALANCE		(15,329)	20	(15,309)	(16,776)	(158)	(16,933)
Less: Net Acquisition of Non-Financial Assets							
Less: Depreciation and Amortisation	(b)(c)	(7,101)	20	(7,081)	(9,770)	20	(9,749)
Equals Total Net Acquisition of Non-Financial Assets		11,624	20	11,644	15,282	20	15,303
EQUALS: NET LENDING/(BORROWING)		(26,953)	...	(26,953)	(32,058)	(178)	(32,236)

Consolidated Statement of Financial Position (Extract)

As at 30 June 2022

30 June 2022	General Government Sector			Total State Sector			
		30 June 2022 Published	Adjustment	30 June 2022 Restated for Corrections	30 June 2022 Published	Adjustment	30 June 2022 Restated for Corrections
	Note	\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
Financial Assets							
Cash and Cash Equivalent Assets	(a)	3,216	...	3,216	12,021	884	12,905
Receivables	(a)	12,093	...	12,093	13,109	707	13,816
Investments, Loans and Placements							
Financial Assets at Fair Value	(a)	44,572	...	44,572	51,514	2,734	54,248
Equity Investments							
Other Equity Investments	(a)	6	...	6	22,766	779	23,545
Total Financial Assets		193,513	...	193,513	112,205	5,105	117,310
Non-Financial Assets							
Property, Plant and Equipment							
Land and Buildings	(b)(c)	116,737	(837)	115,900	198,347	(837)	197,510
Total Non-Financial Assets		317,036	(837)	316,199	458,972	(837)	458,135
TOTAL ASSETS		510,549	(837)	509,712	571,177	4,268	575,445
LIABILITIES							
Payables	(a)	9,700	...	9,700	10,891	1,288	12,180
Borrowings and Derivatives at Fair Value	(a)	14	...	14	122,189	1,704	123,893
Other Liabilities	(a)	22,282	...	22,282	37,508	2,113	39,621
TOTAL LIABILITIES		223,828	...	223,828	284,455	5,105	289,560
NET ASSETS		286,722	(837)	285,885	286,722	(837)	285,885
NET WORTH							
Accumulated Funds	(b)(c)	76,924	89	77,013	107,287	89	107,376
Reserves	(b)(c)	209,798	(926)	208,872	179,435	(926)	178,509
TOTAL NET WORTH		286,722	(837)	285,885	286,722	(837)	285,885
OTHER FISCAL AGGREGATES							
Net Debt		55,781	...	55,781	90,083	199	90,282

Consolidated Statement of Financial Position (Extract)

As at 1 July 2021

1 July 2021	General Government Sector			Total State Sector			
		1 July 2021 Published	Adjustment	1 July 2021 Restated for Corrections	1 July 2021 Published	Adjustment	1 July 2021 Restated for Corrections
	Note	\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
Financial Assets							
Cash and Cash Equivalents	(a)	3,781	...	3,781	9,044	396	9,440
Receivables	(a)	12,212	...	12,212	11,892	(210)	11,682
Investments, Loans and Placements							
Financial Assets at Fair Value	(a)	47,662	...	47,662	47,810	1,509	49,319
Equity Investments							
Other Equity Investments	(a)	5	...	5	22,224	379	22,603
Total Financial Assets		168,211	...	168,211	107,370	2,074	109,444
Non-Financial Assets							
Property, Plant and Equipment							
Land and Buildings	(b)(c)	103,179	(701)	102,478	173,380	(701)	172,679
Total Non-Financial Assets		284,358	(701)	283,657	410,595	(701)	409,894
TOTAL ASSETS		452,570	(701)	451,869	517,965	1,373	519,338
LIABILITIES							
Payables	(a)	9,697	...	9,697	10,963	353	11,316
Borrowings and Derivatives at Fair Value	(a)	212	...	212	114,905	120	115,024
Other Liabilities	(a)	22,028	...	22,028	30,036	1,601	31,638
TOTAL LIABILITIES		219,509	...	219,509	284,903	2,074	286,977
NET ASSETS		233,061	(701)	232,360	233,061	(701)	232,360
NET WORTH							
Accumulated Funds	(b)(c)	73,379	69	73,448	86,470	69	86,539
Reserves	(b)(c)	159,681	(770)	158,912	146,592	(770)	145,822
TOTAL NET WORTH		233,061	(701)	232,360	233,061	(701)	232,360
OTHER FISCAL AGGREGATES							
Net Debt		37,076	...	37,076	83,551	(184)	81,766

Consolidated Statement of Cash Flow (Extract)

For the Financial Year Ended 30 June 2022		General Government Sector			Total State Sector		
		2021-22 Published	Adjustment	2021-22 Restated for Corrections	2021-22 Published	Adjustment	2021-22 Restated for Corrections
	Note	\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
Interest	(a)	195	...	195	942	487	1,429
Other	(a)	10,957	...	10,957	14,651	1,262	15,913
Total Receipts		104,742	...	104,742	110,391	1,749	112,139
Payments							
Payments for Goods and Services	(a)	(26,614)	...	(26,614)	(28,960)	(1,863)	(30,823)
Interest	(a)	(2,543)	...	(2,543)	(2,983)	(22)	(3,005)
Other	(a)	(5,554)	...	(5,554)	(6,741)	503	(6,238)
Total Payments		(109,677)	...	(109,677)	(111,528)	(2,005)	(113,534)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(4,935)	...	(4,935)	(1,138)	(257)	(1,394)
CASH FLOWS FROM INVESTING ACTIVITIES							
Financial Assets (Liquidity Purposes)							
Purchase of Investments	(a)	(3,807)	...	(3,807)	(9,349)	1,198	(8,151)
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)		(650)	...	(650)	(1,187)	1,198	11
NET CASH FLOWS FROM INVESTING ACTIVITIES		(11,679)	...	(11,679)	(15,146)	1,198	(13,948)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from Borrowings	(a)	27,011	...	27,011	74,136	...	74,136
Repayments of Borrowings	(a)	(10,921)	...	(10,921)	(54,891)	(57)	(54,948)
NET CASH FLOWS FROM FINANCING ACTIVITIES		16,051	...	16,051	19,260	(57)	19,203
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(563)	...	(563)	2,977	884	3,861
CLOSING CASH AND CASH EQUIVALENTS		3,216	...	3,216	12,021	884	12,905
DERIVATION OF CASH RESULT							
Net Cash Flows from Operating Activities	(a)	(4,935)	...	(4,935)	(1,138)	(257)	(1,394)
CASH SURPLUS/(DEFICIT)		(24,322)	...	(24,322)	(25,492)	(257)	(25,748)

Note 35: Related Party Disclosures

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the State. As the NSW Cabinet is the decision-making body for the State, all NSW Cabinet Ministers are considered KMP of the State. Information on KMP of each individual agency can be found in individual agency accounts. Only Cabinet exercises the role of KMP over the whole State.

Key Management Personnel Compensation

KMP compensation is as follows:

	Total State Sector 2022-23 \$000	Total State Sector 2021-22 \$000
KMP Compensation Comprises:		
Short-term Employee Benefits		
Salaries	6,972	6,792
Other Monetary Allowances	3,208	3,107
Non-monetary Benefits	1,203	1,888
Post-Employment Benefits	740	717
Total KMP Compensation	12,123	12,505

Related Party Transactions

As a KMP of the State, each Cabinet Minister is considered a related party to all NSW Government-controlled entities. The definition of related parties extends to each Cabinet Minister's close family members and entities controlled or jointly controlled by the Cabinet Minister and/or close family members.

During the year, there were no material transactions with the Cabinet Ministers, their close family members or entities controlled or jointly controlled thereof.

Note 36: Budgetary Information on 2022-23 General Government Sector Financial Statements

The budgeted amounts for the GGS are drawn from the original 2022-23 budget presented to Parliament on 21 June 2022. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

The NSW General Government Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
Revenue from Transactions			
Taxation	39,637	39,747	110
Grants and Subsidies	42,928	45,572	2,645
Sale of Goods and Services	10,191	9,700	(491)
Interest	372	545	173
Dividend and Income Tax Equivalents from Other Sectors	726	483	(243)
Other Dividends and Distributions	2,684	1,467	(1,217)
Fines, Regulatory Fees and Other	7,079	8,388	1,309
Total Revenue from Transactions	103,617	105,901	2,284
Expenses from Transactions			
Employee	42,640	42,490	(150)
Superannuation			
Superannuation Interest Cost	1,473	1,583	110
Other Superannuation	3,923	4,059	136
Depreciation and Amortisation	7,907	7,884	(23)
Interest	3,566	4,232	666
Other Operating Expenses	28,368	28,765	397
Grants and Subsidies	27,000	27,454	454
Total Expenses from Transactions	114,878	116,467	1,589
TRANSACTIONS FROM DISCONTINUING OPERATIONS	...	...	...
NET RESULT FROM TRANSACTIONS			
NET OPERATING BALANCE (BUDGET RESULT FOR THE GENERAL GOVERNMENT SECTOR)	(11,260)	(10,565)	695

The NSW General Government Statement of Comprehensive Income for the Year Ended 30 June 2023 (continued)

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
NET OPERATING BALANCE	(11,260)	(10,565)	695
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT			
Gain/(Loss) from Other Liabilities	(74)	(186)	(112)
Other Net Gains/(Losses)	102	2,215	2,113
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	209	(13)	(222)
Dividends from Asset Sale Proceeds	35	120	85
Deferred Income Tax from Other Sectors	3	129	126
Other	(16)	(90)	(74)
Other Economic Flows - included in Operating Result	260	2,175	1,915
OPERATING RESULT	(11,001)	(8,390)	2,611
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to operating result			
Revaluations	4,190	33,225	29,035
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result	...	1,706	1,706
Remeasurements of Post-Employment Benefits	165	2,369	2,204
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income	1,972	6,265	4,293
Deferred Tax Direct to Equity	46	495	449
Other	19	403	384
Items that may be reclassified subsequently to operating result			
Net Gain/(Loss) on Financial Instruments at Fair Value	...	0	...
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result	...	...	...
Other	...	0	...
Other Economic Flows - Other Comprehensive Income	6,392	44,463	38,071
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	(4,609)	36,072	40,681
KEY FISCAL AGGREGATES			
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	(4,609)	36,072	40,681
Less: Net Other Economic Flows	(6,652)	(46,638)	(39,986)
NET OPERATING BALANCE	(11,260)	(10,565)	695
Less: Net Acquisition of Non-Financial Assets			
Purchases of Non-Financial Assets	21,862	21,208	(654)
Sales of Non-Financial Assets	(586)	(369)	217
Less: Depreciation and Amortisation	(7,907)	(7,884)	23
Plus: Change in inventories	(800)	(117)	683
Plus: Other Movements in Non-Financial Assets			
Assets Acquired Using Leases	635	37	(598)
Assets Acquired Using Service Concession Arrangements			
Financial Liability Model	169	827	658
Grant of a Right to the Operator Model	1,829	273	(1,556)
Other	(724)	31	755
Equals Total Net Acquisition of Non-Financial Assets	14,479	14,005	(474)
EQUALS: NET LENDING/(BORROWING)	(25,740)	(24,570)	1,170

Analysis of the General Government Sector Results

Significant variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Net Operating Balance (Budget Result)

The budget result for the financial year ended 30 June 2023 was a deficit of \$10.6 billion, \$0.7 billion lower than the forecast deficit in the 2022-23 original budget of \$11.3 billion.

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

Total Revenues

Total revenues were \$2.3 billion higher than the original budget forecasts. Key drivers of this change are as outlined below.

Taxation

Taxation revenue was broadly in line with original budget forecasts, however was made up of more material movements between the categories of taxation revenue including:

- Revenue from transfer duty was \$0.9 billion lower than forecast due to weaker than expected residential property market activity driven by higher interest rates.
- Revenue from land tax was \$0.3 billion higher than forecast due to stronger than expected growth in land values.
- Payroll tax revenue was \$0.5 billion higher than forecast due to stronger than expected wages and employment growth.
- GST revenue was \$0.5 billion higher than forecast due to stronger than anticipated household consumption.

Grants and Subsidies

Grants and subsidies revenue was higher than the original budget forecasts by \$2.6 billion mainly due to:

- Commonwealth National partnership payments being higher than budgeted by \$2.3 billion. There were a number of payments across a range of programs that were higher than budgeted, in particular the natural disaster relief grants were \$0.9 billion higher than expected, primarily paid to NSW Reconstruction Authority.

Fines, Regulatory Fees and Other

Revenue from fines, regulatory fees and other revenues were \$1.3 billion higher than forecast in the original budget. This was driven by:

- Mining royalties which were \$0.6 billion higher than the 2022-23 budget estimates.
- Transport for NSW exceeding budget by \$0.6 billion as a result of an increase in local government road asset transfers not included within the original budget.

Other Dividends and Distributions

Other dividends and distributions were \$1.2 billion lower than forecast in the 2022-23 budget, mainly driven by lower-than-expected investment income from:

- Distributions from managed funds being \$1.3 billion below budget, due to large realised losses on spot FX and forward currency contracts and capital losses realised on equity trades.

Sale of Goods and Services

Sale of goods and services includes revenue from the use of government assets as well as revenue generated by agencies in their normal trading activities.

Sale of goods and services was lower than forecast in the 2022-23 budget by \$0.5 billion, mainly attributable to:

- Fees for other services, as a result of Transport for NSW being below budget by \$0.6 billion as a result of persisting reductions in passenger numbers as a result of the Covid-19 pandemic.

Expenses

Total expenses were higher than forecast in the original budget by \$1.6 billion as outlined below.

Interest Expenses

Interest expenses were \$0.7 billion higher than forecast in the 2022-23 budget mainly driven by:

- Treasury was \$0.5 billion above budget due to higher interest rates and higher borrowings.
- NSW Self Insurance Corp was \$0.2 billion above budget which reflect a more recent risk free yield curve as a result of a higher interest rate environment.

Other Operating Expenses

Other operating expenses were \$0.4 billion higher than forecast in the 2022-23 budget. This was mainly driven by the following:

- NSW Self Insurance Corp being \$0.7 billion above budget. The variance is largely driven by the movement in the Home Builders Compensation Fund's (HBCF) unexpired risk reserve due to an increase in the premium liability. Actual results also include increases in frequency and claim size in the construction industry.
- Offset by: Transport for NSW being under budget by \$0.4 billion as a result of general cost savings, specifically contractor and labour hire expenses.

Grants and Subsidies Expenses

Recurrent and capital grants, subsidies and other transfers expenses were \$0.5 billion higher than the 2022-23 budget forecasts.

This is mainly driven by:

- The NSW Reconstruction authority being over budget by \$1.8 billion as a result of significantly larger than budgeted grant program in 2022-23 compared to 2021-22. This is due to more disaster events, particularly through February 22 to September 22.
- This was offset by various other agency's underspends - due to changes in approved budgets throughout the year or re-profiling of the grant expenditure.

Employee Expenses (excluding superannuation)

Employee expenses (excluding superannuation) were \$0.2 billion lower than the 2022-23 budget forecast. This was mainly driven by the following:

- Ministry of Health employee expenses were \$1.0 billion below budget. This was primarily as a result of the Health Worker Payment. This payment was recognised in 2021-22 however was only allocated to the 2022-23 budget. Additionally, there were delayed implementation of workforce initiatives announced as part of the 2022-23 State Budget.
- This was offset by various other agencies, including the NSW Self Insurance claims which were above budget by 0.3 billion. Workers compensation claims were 17% higher compared to original budget driven by increased medical discharges and severity of psychological claims included in the results of the June-23 Actuarial Valuation.

Operating Result

The operating result is the budget result (net operating balance) plus the sum of other economic flows included in the operating result.

The operating result for 2022-23 was a deficit of \$8.4 billion, the deficit being \$2.6 billion lower than expected against the original budget estimate. This result captures the sum of the budget result positive variance of \$0.7 billion explained previously under revenues and expenses, and a net positive variance in other economic flows included in the operating result of \$1.9 billion, mainly driven by gains in equity markets which delivered strong returns over the year despite the persisting high inflation, increasing interest rates, and tighter credit conditions.

Comprehensive Result

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

The comprehensive result for 2022-23 was a surplus of \$36.1 billion, a \$40.7 billion improvement on the budget estimate. This result was attributable to the operating result variance of \$2.6 billion explained above, along with variances in other economic flows – other comprehensive income of \$38.1 billion primarily due to gains on revaluations (\$29.0 billion). Additionally, increases in the equity instruments measured at FVOCI (\$4.3 billion) and gains on actuarial adjustment to superannuation provisions (\$2.2 billion) drove this increase from the original budgeted position.

Net Lending

The net lending result is the budget result (net operating balance) adjusted for the net acquisition and sale of non-financial assets.

The net lending position improved against the original budget by \$1.2 billion, primarily due to the purchase of non-financial assets and assets acquired using service concession arrangements being less than budgeted.

The NSW General Government Sector Consolidated Statement of Financial Position as at 30 June 2023

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
ASSETS			
Financial Assets			
Cash and Cash Equivalents	704	6,344	5,640
Receivables	11,373	12,001	628
Investments, Loans and Placements			
Financial Assets at Fair Value	46,165	48,383	2,218
Other Financial Assets	1,727	2,378	651
Advances Paid	2,160	936	(1,224)
Tax Equivalents Receivable	129	43	(86)
Deferred Tax Equivalents	2,419	3,607	1,188
Equity			
Investments in Other Public Sector Entities	116,374	123,003	6,629
Investments in Associates and Joint Ventures	8,086	10,545	2,459
Other Equity Investments	6	15	9
Total Financial Assets	189,143	207,255	18,112
Non-Financial Assets			
Contract Assets	21	77	56
Inventories	407	1,088	681
Forestry Stock and Other Biological Assets	23	16	(7)
Assets Classified as Held for Sale	95	151	56
Investment Properties	0	...	...
Property, Plant and Equipment			
Land and Buildings	116,209	129,648	13,439
Plant and Equipment	14,405	15,161	756
Infrastructure Systems	181,513	204,909	23,396
Right-of-Use Assets	6,771	6,185	(586)
Intangibles	4,900	5,176	276
Other Non-Financial Assets	953	2,009	1,056
Total Non-Financial Assets	325,296	364,419	39,123
TOTAL ASSETS	514,439	571,674	57,235
LIABILITIES			
Deposits Held	282	327	45
Payables	8,847	9,963	1,116
Contract Liabilities	759	858	99
Borrowings and Derivatives at Fair Value	11	17	6
Borrowings at Amortised Cost	128,131	132,079	3,948
Advances Received	501	492	(9)
Employee Benefits Liabilities	24,715	25,971	1,256
Superannuation Provision	45,234	41,678	(3,556)
Tax Equivalents Payable	3	73	70
Deferred Tax Equivalent Provision	50	42	(8)
Other Provisions	13,786	16,614	2,828
Other Liabilities	24,917	21,603	(3,314)
TOTAL LIABILITIES	247,236	249,717	2,481
NET ASSETS	267,203	321,957	54,754

The NSW General Government Sector Consolidated Statement of Financial Position as at 30 June 2023 (continued)

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
NET WORTH			
Accumulated Funds	66,265	72,533	6,268
Reserves	200,938	249,424	48,486
TOTAL NET WORTH	267,203	321,957	54,754
OTHER FISCAL AGGREGATES			
Net Debt	78,169	74,873	(3,296)
Net Financial Liabilities	174,467	165,465	(9,002)

Analysis of the General Government Sector Statement of Financial Position

Net Debt

Net debt was \$74.9 billion at 30 June 2023. This was \$3.3 billion lower than forecast in the 2022-23 budget, primarily driven by \$5.6 billion more cash and cash equivalents than budgeted along with \$2.2 billion more financial assets at fair value than budgeted. This is offset by borrowings being \$3.9 billion more than originally budgeted.

Net Financial Liabilities

Net financial liabilities were \$165.5 billion at 30 June 2023. This was a \$9.0 billion improvement against the budget estimate. This change was primarily driven by reductions to superannuation provision carrying amounts due to higher discount rates applied and higher than expected investment in other public sector entities, offset by higher than forecasted borrowings for the year.

Net Worth

Net worth was \$322.0 billion at 30 June 2023. This was \$54.8 billion higher than the original budget. Net worth increased due to liabilities, such as superannuation provisions being less than budgeted in combination with an increase in assets above budget figures such as the value of investments in other public sector entities and property, plant and equipment.

The NSW General Government Sector Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxation	39,706	39,831	125
Sale of Goods and Services	10,576	10,629	53
Grants and Subsidies	43,772	45,234	1,462
Interest	295	464	169
Dividends and Income Tax Equivalents from Other Sectors	558	421	(137)
Other	8,699	13,874	5,175
Total Receipts	103,605	110,453	6,848
Payments			
Employee Related	(41,707)	(40,003)	1,704
Superannuation	(5,002)	(5,137)	(135)
Payments for Goods and Services	(27,348)	(27,448)	(100)
Grants and Subsidies	(25,921)	(26,212)	(291)
Interest	(3,051)	(3,163)	(112)
Other	(3,276)	(8,649)	(5,373)
Total Payments	(106,304)	(110,613)	(4,309)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(2,699)	(160)	2,539
CASH FLOWS FROM INVESTING ACTIVITIES			
Non-financial Assets			
Proceeds from Sale of Non-Financial Assets	586	280	(306)
Purchases	(21,843)	(22,056)	(213)
Net Cash Flows from Investments in Non-Financial Assets	(21,257)	(21,777)	(520)
Financial Assets (Policy Purposes)			
Receipts	338	268	(70)
Payments	(2,663)	(127)	2,536
Net Cash Flows from Investments in Financial Assets (Policy Purposes)	(2,325)	140	2,465
Financial Assets (Liquidity Purposes)			
Proceeds from Sale of Investments	3,795	4,847	1,052
Purchase of Investments	(857)	(3,295)	(2,438)
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)	2,938	1,552	(1,386)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(20,644)	(20,084)	560

The NSW General Government Sector Consolidated Statement of Cash Flows for the Year Ended 30 June 2023 (continued)

	Original Budget	Actual	Budget Variance
	\$m	\$m	\$m
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances Received	(8)	1	9
Advances Repaid	(90)	(79)	11
Proceeds from Borrowings	25,835	28,457	2,622
Repayments of Borrowings	(4,824)	(4,983)	(159)
Deposits Received/(Paid) - Net	...	(26)	(26)
Other (Net)	45	0	(45)
NET CASH FLOWS FROM FINANCING ACTIVITIES	20,959	23,370	2,411
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,384)	3,126	5,510
Opening Cash and Cash Equivalents	3,088	3,216	128
Reclassification of Cash Equivalents and Other Adjustments	(0)	(0)	...
CLOSING CASH BALANCE	704	6,344	5,640
DERIVATION OF CASH RESULT			
Net Cash Flows from Operating Activities	(2,699)	(160)	2,539
Net Cash Flows from Investments in Non-Financial Assets	(21,257)	(21,777)	(520)
CASH SURPLUS/(DEFICIT)	(23,957)	(21,936)	2,021

Analysis of the General Government Sector Statement of Cash Flows

Cash Result

The cash deficit was \$21.9 billion at 30 June 2023, a \$2.0 billion decrease against the estimated budget cash deficit of \$24.0 billion. This was mainly driven by net cash flows from operating activities which were \$2.2 billion above budget.

Net Cash Flows from Operating Activities

Net cash flows from operating activities were \$2.5 billion below budget. This was driven by other operating payments which are \$4.6 billion above budget but offset by a larger increase in operating receipts driven by other operating receipts, which is \$6.8 billion greater than budget as a result of increased receipts across a large number of agencies specifically Transport for NSW and Sydney Metro that were collectively \$1.8 billion ahead of budget.

Net Cash Flows from Investing Activities

Net cash flows from investing activities were \$0.6 billion below budget reflecting that investing activities were broadly in line with budget.

Net Cash Flows from Financing Activities

Net cash flows from financing activities were \$2.4 billion above budget, mainly driven by increased borrowing by Treasury to meet debt and financing requirements of the sector.

Note 37: Disaggregated Financial Statements

Disaggregated Sector Information

Disaggregated primary financial statements are provided for the GGS, PNFC sector and PFC sector as a note to the TSSA. These financial statements are prepared consistent with the accounting policies adopted in the TSSA. This sector information is determined before consolidation eliminations, and includes GFS type fiscal aggregates and reconciliations.

The TSS comprises a consolidation of three sectors:

- GGS;
- PNFC sector, also referred to as the Public Trading Enterprise (PTE) sector; and
- PFC sector, also referred to as the Public Financial Enterprise (PFE) sector.

The broad sectors have been determined in accordance with the GFS of the ABS.

The GGS 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 GGS agencies.

PNFCs are government-controlled entities that are either commercial or non-commercial in nature and largely self-funded from user charges. However, they may also receive funding from the GGS for social programs (non-commercial activities).

PFCs are government-controlled entities that perform central bank functions, or accept demand, time or savings deposits, or have the authority to incur liabilities and acquire financial assets in the market on their own account. This sector includes TCorp. This note presents the following statements for each sector included in the TSS:

- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Cash Flows; and
- Statement of Changes in Equity.

For the purpose of this disclosure, transactions and balances between sectors have not been eliminated, but those between entities within each sector have been eliminated.

Pursuant to National Competition Policy, the State has implemented a National Tax Equivalents Regime (NTER) for Public Corporations and some GGS 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 TSS.

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 2021-22 presentation.

In addition, this note also presents information on total expenses and total assets by function for the GGS and TSS. 'Functions' are broad policy areas, which the ABS refers to as Classifications of the Functions of Government (COFOG).

The NSW Total State Sector Accounts Statement of Comprehensive Income by Sector for the Year Ended 30 June 2023

	General Government		Public Non-Financial Corporations	
	2022-23	2021-22	2022-23	2021-22
		Restated ^(a)		
FROM CONTINUING OPERATIONS	\$m	\$m	\$m	\$m
Revenue from Transactions				
Taxation	39,747	39,007	...	...
Grants and Subsidies	45,572	44,887	7,401	5,087
Sale of Goods and Services	9,700	9,451	7,989	6,870
Interest ^(a)	545	262	144	30
Dividend and Income Tax Equivalents from Other Sectors	483	454	...	...
Other Dividends and Distributions ^(a)	1,467	2,442	21	23
Fines, Regulatory Fees and Other ^(a)	8,388	6,982	639	1,425
Total Revenue from Transactions	105,901	103,486	16,195	13,435
Expenses from Transactions				
Employee Expenses	42,490	40,207	2,740	2,806
Superannuation				
Superannuation Interest Cost	1,583	858	38	33
Other Superannuation	4,059	3,736	262	220
Depreciation and Amortisation ^(a)	7,884	7,081	2,833	2,634
Interest ^(a)	4,232	2,527	1,043	939
Income Tax Equivalents	...	...	107	116
Other Property Expense	...	...	...	...
Other Operating Expenses ^(a)	28,765	29,697	6,171	5,492
Grants and Subsidies	27,454	34,689	76	95
Total Expenses from Transactions	116,467	118,795	13,270	12,335
TRANSACTIONS FROM DISCONTINUING OPERATIONS	...	...	...	...
NET RESULT FROM TRANSACTIONS -				
NET OPERATING BALANCE (BUDGET RESULT				
FOR THE GENERAL GOVERNMENT SECTOR)	(10,565)	(15,309)	2,925	1,100

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Public Financial Corporations		Eliminations		Total State Sector	
2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	Restated ^(a)		Restated ^(a)		Restated ^(a)
\$m	\$m	\$m	\$m	\$m	\$m
729	606	(565)	(521)	39,911	39,092
...	...	(7,588)	(5,142)	45,385	44,833
1,179	1,070	(3,466)	(3,978)	15,402	13,414
5,835	3,434	(4,049)	(2,684)	2,476	1,042
...	...	(483)	(454)	...	...
944	768	(1,260)	(2,411)	1,172	823
18	12	(143)	(990)	8,901	7,429
8,705	5,891	(17,553)	(16,180)	113,248	106,632
307	270	(147)	(341)	45,390	42,941
...	...	...	0	1,621	891
28	23	(1)	(1)	4,348	3,979
56	56	(23)	(22)	10,750	9,749
4,461	2,552	(3,938)	(2,629)	5,797	3,389
55	42	(163)	(158)	...	...
...
3,675	5,423	(5,319)	(6,724)	33,292	33,887
22	16	(7,542)	(6,072)	20,010	28,728
8,605	8,382	(17,133)	(15,946)	121,209	123,566
...
100	(2,491)	(420)	(234)	(7,961)	(16,933)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

The NSW Total State Sector Accounts Statement of Comprehensive Income by Sector for the Year Ended 30 June 2023 (continued)

	General Government 2022-23	General Government 2021-22 Restated ^(a)	Public Non-Financial Corporations 2022-23	Public Non-Financial Corporations 2021-22
	\$m	\$m	\$m	\$m
NET OPERATING BALANCE	(10,565)	(15,309)	2,925	1,100
OTHER ECONOMIC FLOWS - INCLUDED IN THE OPERATING RESULT				
Gain/(Loss) from Liabilities ^(a)	(186)	2,862	0	92
Other Net Gains/(Losses) ^(a)	2,215	932	(1,490)	(261)
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	(13)	273	...	...
Dividends from Asset Sale Proceeds	120	85	...	...
Deferred Income Tax from Other Sectors	129	191	(84)	(29)
Other	(90)	(81)	0	(10)
Discontinuing Operations - Other Economic Flows	...	...	...	...
Other Economic Flows - included in Operating Result	2,175	4,261	(1,573)	(207)
OPERATING RESULT	(8,390)	(11,048)	1,351	892
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to operating result</i>				
Revaluations ^(a)	33,225	19,625	3,118	12,313
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result	1,706	...	...	...
Remeasurements of Post-Employment Benefits	2,369	15,108	158	854
Net Gain/(Loss) on Equity Instruments at Fair Value through Other Comprehensive Income	6,265	28,705	...	...
Deferred Tax Direct to Equity	495	492	(495)	(492)
Other	403	(317)	20	(105)
<i>Items that may be reclassified subsequently to operating result</i>				
Net Gain/(Loss) on Financial Instruments at Fair Value	0	0	(9)	7
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result	...	959	...	...
Other Economic Flows - Other Comprehensive Income	44,463	64,572	2,792	12,578
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	36,072	53,525	4,144	13,470
Dividends Distributed	...	...	(333)	(286)
Net Equity Injections/(Transfers)	...	...	(287)	2,542
Total Change in Net Worth	36,072	53,525	3,524	15,726
KEY FISCAL AGGREGATES				
COMPREHENSIVE RESULT - TOTAL CHANGE IN NET WORTH BEFORE TRANSACTIONS WITH OWNERS AS OWNERS	36,072	53,525	4,144	13,470
Less: Net Other Economic Flows ^(a)	(46,638)	(68,834)	(1,219)	(12,370)
NET OPERATING BALANCE	(10,565)	(15,309)	2,925	1,100
Less: Net Acquisition of Non-Financial Assets				
Purchases of Non-Financial Assets	21,208	18,853	5,515	5,165
Sales of Non-Financial Assets	(369)	(476)	(293)	(544)
Less: Depreciation and Amortisation ^(a)	(7,884)	(7,081)	(2,833)	(2,634)
Plus: Change in inventories	(117)	(819)	(70)	3
Plus: Other Movements in Non-Financial Assets				
Assets Acquired Using Leases	37	1,499	63	50
Assets Acquired Using Service Concession Arrangements under				
Financial Liability Model	827	248	...	...
Grant of a Right to the Operator Model	273	517	...	...
Other	31	(1,098)	411	1,150
Equals Total Net Acquisition of Non-Financial Assets	14,005	11,644	2,794	3,190
EQUALS: NET LENDING/(BORROWING)	(24,570)	(26,953)	131	(2,090)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Public Financial Corporations		Eliminations		Total State Sector	
2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	Restated ^(a)		Restated ^(a)		Restated ^(a)
\$m	\$m	\$m	\$m	\$m	\$m
100	(2,491)	(420)	(234)	(7,961)	(16,933)
(3,299)	6,525	2,513	(4,497)	(972)	4,983
5,842	11,354	(970)	4,535	5,598	16,560
(88)	58	0	...	(101)	331
...	...	(120)	(85)	...	...
...	...	(45)	(162)	...	...
...	...	...	...	(89)	(91)
...
2,455	17,937	1,379	(209)	4,435	21,782
2,555	15,446	959	(443)	(3,526)	4,849
49	72	(1,433)	...	34,959	32,010
...	...	...	...	1,706	...
0	2	...	(0)	2,527	15,964
...	...	(6,265)	(28,705)	(0)	0
...	...	(0)	...	0	...
(0)	...	(9)	156	415	(266)
...	...	...	...	(9)	7
...	...	...	...	...	959
49	75	(7,707)	(28,549)	39,598	48,675
2,604	15,521	(6,748)	(28,991)	36,072	53,525
(106)	(95)	439	381	...	...
...	...	287	(2,542)	0	...
2,498	15,426	(6,022)	(31,152)	36,072	53,525
2,604	15,521	(6,748)	(28,991)	36,072	53,525
(2,504)	(18,012)	6,328	28,758	(44,033)	(70,457)
100	(2,491)	(420)	(234)	(7,961)	(16,933)
151	357	0	(0)	26,874	24,375
...	(0)	2	(1)	(661)	(1,021)
(56)	(56)	23	22	(10,750)	(9,749)
...	...	0	0	(187)	(816)
2	106	(2)	9	100	1,665
...	...	...	...	827	248
...	...	...	...	273	517
...	...	12	31	453	83
97	407	35	62	16,931	15,303
3	(2,898)	(455)	(296)	(24,892)	(32,236)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

The NSW Total State Sector Accounts Statement of Changes in Equity for the Whole of Government by Sector for the Year Ended 30 June 2023

	Equity at 1 July 2022 Restated ^(a)	Comprehensive Result	Transfers between equity classes	Transactions with owners as owners	Equity at 30 June 2023
	\$m	\$m	\$m	\$m	\$m
General Government Sector					
Accumulated Funds	77,013	(6,071)	1,591	...	72,533
Reserves					
Asset Revaluation Surplus	123,172	34,126	(1,603)	...	155,695
Equity Investment Revaluation Surplus/ Hedge Reserve in Associate	2,044	1,763	(0)	...	3,807
Hedging Reserve	(6)	(11)	...	...	(17)
Financial Assets at Fair Value through Other Comprehensive Income	83,662	6,265	...	...	89,927
Other	(0)	...	13	...	13
	285,885	36,072	...	...	321,957
Public Non-Financial Corporation Sector					
Accumulated Funds	52,763	430	392	(620)	52,964
Reserves					
Asset Revaluation Surplus	52,870	3,723	(372)	...	56,222
Equity Investment Revaluation Surplus/ Hedge Reserve in Associate	...	...	...	...	...
Hedging Reserve	7	(9)	...	...	(2)
Financial Assets at Fair Value through Other Comprehensive Income	...	...	...	...	...
Other	71	...	(20)	...	50
	105,709	4,144	...	(620)	109,232
Public Financial Corporation Sector					
Accumulated Funds	10,991	2,555	...	(106)	13,441
Reserves					
Asset Revaluation Surplus	352	49	...	...	401
Equity Investment Revaluation Surplus/ Hedge Reserve in Associate	...	...	...	...	...
Hedging Reserve	...	...	...	...	...
Financial Assets at Fair Value through Other Comprehensive Income	...	...	...	...	...
Other	...	...	...	...	...
	11,343	2,604	...	(106)	13,841
Eliminations	(117,052)	(6,748)	...	726	(123,073)
Total State Sector	285,885	36,072	...	...	321,957

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

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

	Equity at 1 July 2021	Correction to Prior Period ^(a)	Equity at 1 July 2021 Restated ^(a)	Comprehensive Result Restated ^(a)	Transfers between equity classes Restated ^(a)	Transactions with owners as owners	Equity at 30 June 2022 Restated ^(a)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
General Government Sector							
Accumulated Funds ^(a)	73,379	69	73,448	3,439	125	...	77,013
Reserves							
Asset Revaluation Surplus ^(a)	103,528	(770)	102,758	20,533	(119)	...	123,172
Equity Investment Revaluation Surplus/Hedge Reserve in Associate ^(a)	1,203	...	1,203	847	(6)	...	2,044
Hedging Reserve ^(a)	(7)	...	(7)	1	...	...	(6)
Financial Assets at Fair Value through Other Comprehensive Income ^(a)	54,956	...	54,956	28,706	...	...	83,662
Other	(0)	...	(0)	...	...	...	(0)
	233,061	(701)	232,360	53,525	...	...	285,885
Public Non-Financial Corporation Sector							
Accumulated Funds ^(a)	48,399	...	48,399	1,580	528	2,256	52,763
Reserves							
Asset Revaluation Surplus ^(a)	41,517	...	41,517	11,882	(529)	...	52,870
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	...	...	...	...	...	...	...
Hedging Reserve ^(a)	(1)	...	(1)	8	...	...	7
Financial Assets at Fair Value through Other Comprehensive Income ^(a)	0	...	0	(0)	...	...	...
Other	70	...	70	...	1	...	71
	89,983	...	89,983	13,470	...	2,256	105,709
Public Financial Corporation Sector							
Accumulated Funds ^(a)	(4,362)	...	(4,362)	15,448	...	(95)	10,991
Reserves							
Asset Revaluation Surplus ^(a)	279	...	279	73	...	...	352
Equity Investment Revaluation Surplus/Hedge Reserve in Associate	...	...	...	...	...	...	...
Hedging Reserve	...	...	...	...	...	...	...
Financial Assets at Fair Value through Other Comprehensive Income ^(a)	(0)	...	(0)	0	...	...	...
Other	...	...	...	...	...	...	...
	(4,083)	...	(4,083)	15,521	...	(95)	11,343
Eliminations	(85,900)	...	(85,900)	(28,991)	...	(2,161)	(117,052)
Total State Sector^(a)	233,061	(701)	232,360	53,525	...	...	285,885

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period. It also includes a revised classification between "Other Comprehensive Result" and "Transfers between Equity Classes" to reflect opening balance and deferred tax direct to equity adjustments in "Other Comprehensive Result".

The NSW Total State Sector Accounts Statement of Financial Position as at 30 June 2023

	General Government		Public Non-Financial Corporations	
	2022-23	2021-22 Restated ^(a)	2022-23	2021-22
	\$m	\$m	\$m	\$m
ASSETS				
Financial Assets				
Cash and Cash Equivalents ^(a)	6,344	3,216	4,134	3,066
Receivables ^(a)	12,001	12,093	1,485	1,256
Investments, Loans and Placements				
Financial Assets at Fair Value ^{(a)(c)}	48,383	44,572	571	473
Other Financial Assets	2,378	3,598	785	612
Advances Paid	936	1,185	31	21
Tax Equivalents Receivable	43	29	73	45
Deferred Tax Equivalents	3,607	2,985	42	49
Equity Investments				
Investments in Other Public Sector Entities	123,003	117,025	...	...
Investments in Associates and Joint Ventures	10,545	8,805	...	...
Other ^(a)	15	6	...	...
Total Financial Assets	207,255	193,513	7,121	5,524
Non-Financial Assets				
Contract Assets	77	53	12	9
Inventories	1,088	1,307	634	701
Forestry Stock and Other Biological Assets	16	23	626	624
Assets Classified as Held for Sale	151	62	9	26
Investment Properties	...	...	611	611
Property, Plant and Equipment				
Land and Buildings ^(a)	129,648	115,900	83,922	81,594
Plant and Equipment	15,161	13,530	4,210	3,950
Infrastructure Systems	204,909	171,990	50,092	48,311
Right-of-Use Assets	6,185	7,174	2,483	2,615
Intangibles	5,176	4,774	937	895
Other Non-Financial Assets	2,009	1,386	585	651
Total Non-financial Assets	364,419	316,199	144,123	139,987
TOTAL ASSETS	571,674	509,712	151,244	145,511
LIABILITIES				
Deposits Held	327	353	35	27
Payables ^(a)	9,963	9,700	2,388	2,409
Contract Liabilities	858	873	143	132
Borrowings and Derivatives at Fair Value ^(a)	17	14	3	1
Borrowings at Amortised Cost	132,079	107,441	31,905	30,332
Advances Received	492	545	297	312
Employee Benefits Liabilities	25,971	23,603	1,262	1,213
Superannuation Provision	41,678	43,556	1,289	1,426
Tax Equivalents Payable	73	57	31	8
Deferred Tax Equivalent Provision	42	50	3,607	2,984
Other Provisions	16,614	15,355	710	632
Other Liabilities ^(a)	21,603	22,282	342	326
TOTAL LIABILITIES	249,717	223,828	42,012	39,802
NET WORTH^(a)	321,957	285,885	109,232	105,709
OTHER FISCAL AGGREGATES				
Net Debt^(c)	74,873	55,781	26,719	26,499
Net Financial Liabilities	165,465	147,340	34,890	34,278

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) These adjustments have been made due to information becoming available after the release of the 2021-22 TSSA.

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

Public Financial Corporations		Eliminations		Total State Sector	
2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	Restated ^(b)		Restated ^(b)		Restated ^(a)
\$m	\$m	\$m	\$m	\$m	\$m
6,934	6,837	(198)	(214)	17,214	12,905
10,557	2,466	(2,355)	(1,998)	21,688	13,816
203,560	173,199	(194,639)	(163,996)	57,876	54,248
9	34	(714)	(2,131)	2,457	2,113
...	...	(297)	(312)	671	894
...	...	(116)	(74)	...	...
...	...	(3,648)	(3,034)	...	...
...	...	(123,003)	(117,025)	...	...
1,358	982	...	...	11,903	9,787
28,193	23,539	...	...	28,208	23,545
250,611	207,058	(324,970)	(288,785)	140,017	117,310
...	...	(0)	(0)	90	62
...	...	...	...	1,722	2,008
...	...	0	...	642	646
...	...	...	(0)	161	88
1,142	1,130	(0)	...	1,753	1,741
16	16	(0)	...	213,586	197,510
8	4	48	50	19,427	17,534
653	607	(0)	13	255,653	220,921
104	123	(234)	(256)	8,538	9,655
139	200	...	...	6,253	5,869
128	115	(18)	(52)	2,704	2,100
2,190	2,195	(204)	(246)	510,528	458,135
252,801	209,253	(325,174)	(289,031)	650,545	575,445
239	1,775	(202)	(1,722)	399	432
10,589	1,716	(1,897)	(1,646)	21,042	12,180
...	...	(12)	(5)	989	999
152,633	124,060	(251)	(181)	152,402	123,893
1,924	741	(146,613)	(119,845)	19,295	18,669
...	...	(297)	(312)	492	545
60	54	(11)	(11)	27,281	24,859
0	1	...	...	42,967	44,983
11	10	(116)	(74)	...	...
...	...	(3,648)	(3,034)	...	...
8,597	7,795	(442)	(402)	25,481	23,380
64,905	61,758	(48,612)	(44,745)	38,239	39,621
238,959	197,910	(202,100)	(171,979)	328,588	289,560
13,841	11,343	(123,074)	(117,052)	321,957	285,885
9,116	10,216	150	(2,214)	110,858	90,282
(11,652)	(9,148)	(133)	(219)	188,570	172,251

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) These adjustments have been made due to information becoming available after the release of the 2021-22 TSSA.

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

The NSW Total State Sector Accounts Statement of Cash Flows by Sector for the Year Ended 30 June 2023

	General Government 2022-23	2021-22	Public Non-Financial Corporations 2022-23	2021-22
	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Taxation	39,831	38,275	...	...
Sale of Goods and Services	10,629	9,696	7,981	7,012
Grants and Subsidies	45,234	45,082	7,393	5,132
Interest ^(a)	464	195	118	9
Dividends and Income Tax Equivalents from Other Sectors	421	536	(11)	...
Other ^{(a)(b)}	13,874	10,957	1,728	1,423
Total Receipts	110,453	104,742	17,208	13,576
Payments				
Employee Related	(40,003)	(38,405)	(2,739)	(2,605)
Superannuation	(5,137)	(3,521)	(278)	(233)
Payments for Goods and Services ^{(a)(b)}	(27,448)	(26,614)	(6,044)	(5,791)
Grants and Subsidies	(26,212)	(33,039)	(70)	(85)
Interest ^(a)	(3,163)	(2,543)	(948)	(870)
Distributions Paid ^(b)	...	...	(90)	(39)
Other ^(a)	(8,649)	(5,554)	(1,435)	(915)
Total Payments	(110,613)	(109,677)	(11,605)	(10,539)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(160)	(4,935)	5,603	3,037
CASH FLOWS FROM INVESTING ACTIVITIES				
Non-financial Assets				
Proceeds from Sale of Non-financial Assets	280	493	292	508
Purchases	(22,056)	(19,881)	(5,490)	(4,934)
Net Cash Flows from Investments in Non-financial Assets	(21,777)	(19,387)	(5,198)	(4,427)
Financial Assets (Policy Purposes)				
Receipts	268	10,794	...	0
Payments	(127)	(2,436)	(10)	(30)
Net Cash Flows from Investments in Financial Assets (Policy Purposes)	140	8,358	(10)	(30)
Financial Assets (Liquidity Purposes)				
Proceeds from Sale of Investments	4,847	3,158	7	4
Purchase of Investments ^(a)	(3,295)	(3,807)	(137)	(102)
Net Cash Flows from Investments in Financial Assets (Liquidity Purposes)	1,552	(650)	(131)	(97)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(20,084)	(11,679)	(5,339)	(4,554)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances Received	1	(0)	...	2,303
Advances Repaid	(79)	(109)	(31)	(151)
Proceeds from Borrowings ^(a)	28,457	27,011	1,810	1,309
Repayments of Borrowings ^(a)	(4,983)	(10,921)	(631)	(573)
Dividends Paid	...	...	(286)	(343)
Deposits Received/(Paid) - Net	(26)	70	9	(0)
Other - Net	0	(0)	(16)	(105)
NET CASH FLOWS FROM FINANCING ACTIVITIES	23,370	16,051	855	2,441
NET INCREASE/(DECREASE) IN CASH HELD	3,126	(563)	1,120	924

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) Re-classifications of prior year amounts have been made to reflect information becoming available after the release of the 2021-22 TSSA which improves the comparability to the current year

Public Financial Corporations		Eliminations		Total State Sector	
2022-23	2021-22 Restated ^(a)	2022-23	2021-22 Restated ^(a)	2022-23	2021-22 Restated ^(a)
\$m	\$m	\$m	\$m	\$m	\$m
706	602	(548)	(484)	39,989	38,393
1,181	1,053	(3,563)	(6,393)	16,228	11,369
...	...	(7,575)	(5,178)	45,051	45,036
4,963	4,014	(3,388)	(2,789)	2,157	1,429
...	...	(411)	(536)	0	(0)
332	3,749	(29)	(217)	15,905	15,913
7,182	9,419	(15,513)	(15,597)	119,330	112,139
(306)	(274)	199	153	(42,848)	(41,132)
(28)	(23)	(0)	(0)	(5,443)	(3,778)
(535)	(3,133)	4,026	4,714	(30,002)	(30,823)
(8)	(5)	7,438	5,194	(18,853)	(27,935)
(3,544)	(2,375)	3,387	2,782	(4,268)	(3,005)
(1,695)	(2,458)	1,403	1,874	(382)	(623)
(445)	(232)	(26)	463	(10,555)	(6,238)
(6,562)	(8,500)	16,429	15,180	(112,350)	(113,534)
620	919	917	(416)	6,980	(1,394)
...	0	0	1	571	1,002
(148)	(357)	52	(183)	(27,643)	(25,355)
(148)	(357)	52	(183)	(27,071)	(24,354)
...	...	(151)	(236)	117	10,558
...	...	0	2,303	(137)	(162)
0	...	(151)	2,067	(21)	10,396
7,349	8,557	(5,414)	(3,557)	6,788	8,162
(42,208)	(29,796)	33,162	25,554	(12,479)	(8,151)
(34,860)	(21,239)	27,747	21,996	(5,691)	11
(35,008)	(21,596)	27,648	23,881	(32,782)	(13,948)
...	...	...	(2,303)	1	(0)
...	...	31	151	(79)	(109)
124,871	75,713	(34,410)	(29,897)	120,728	74,136
(90,290)	(51,865)	5,380	8,411	(90,524)	(54,948)
(95)	(94)	381	437	...	...
...	...	(0)	...	(17)	70
...	...	16	160	0	55
34,485	23,754	(28,601)	(23,042)	30,109	19,203
97	3,078	(36)	422	4,307	3,861

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) Re-classifications of prior year amounts have been made to reflect information becoming available after the release of the 2021-22 TSSA which improves the comparability to the current year.

The NSW Total State Sector Accounts Statement of Cash Flows by Sector for the Year Ended 30 June 2023 (continued)

	General Government		Public Non-Financial Corporations	
	2022-23	2021-22	2022-23	2021-22
	\$m	\$m	\$m	\$m
Opening Cash and Cash Equivalents	3,216	3,781	3,066	2,142
Reclassification of Cash Equivalents	(0)	(2)	(52)	...
CLOSING CASH BALANCE	6,344	3,216	4,134	3,066
DERIVATION OF CASH RESULT				
Net Cash Flows from Operating Activities ^(a)	(160)	(4,935)	5,603	3,037
Net Cash Flows from Investments in Non-Financial Assets	(21,777)	(19,387)	(5,198)	(4,427)
Dividend Distributions	...	...	(286)	(343)
CASH SURPLUS/(DEFICIT)	(21,936)	(24,322)	119	(1,732)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Public Financial Corporations		Eliminations		Total State Sector	
2022-23	2021-22 Restated ^(a)	2022-23	2021-22 Restated ^(a)	2022-23	2021-22 Restated ^(a)
\$m	\$m	\$m	\$m	\$m	\$m
6,837	3,759	(214)	(638)	12,905	9,044
...	...	52	2	(0)	0
6,934	6,837	(198)	(214)	17,214	12,905
620	919	917	(416)	6,980	(1,394)
(148)	(357)	52	(183)	(27,071)	(24,354)
(95)	(94)	381	437	...	...
376	468	1,350	(162)	(20,091)	(25,748)

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

Information on Expenses and Assets by Function

	General		Total	
	Government Sector		State Sector	
	2022-23	2021-22 Restated ^(a)	2022-23	2021-22 Restated ^(a)
	\$m	\$m	\$m	\$m
Total Expenses by Function (Policy Area)				
General Public Services ^(a)	12,954	23,186	15,017	24,102
Defence	...	...	...	...
Public Order and Safety	11,107	9,883	11,119	9,899
Economic Affairs	6,138	5,165	7,917	6,912
Environmental Protection	2,436	2,005	2,369	1,905
Housing and Community Amenities	2,255	2,376	4,665	4,558
Health	29,167	29,433	29,151	29,413
Recreation, Culture and Religion	1,691	1,647	2,501	2,212
Education ^(a)	21,924	20,088	21,566	19,723
Social Protection	9,096	8,923	10,469	10,591
Transport	19,698	16,089	16,434	14,251
Total Expenses^(b)	116,467	118,795	121,209	123,566
Total Assets by Function (Policy Area)				
General Public Services ^(c)	181,318	171,550	133,209	114,576
Defence	...	...	...	...
Public Order and Safety	16,597	15,848	16,586	15,837
Economic Affairs	22,657	19,513	28,184	24,394
Environmental Protection	2,046	1,257	2,132	1,338
Housing and Community Amenities	21,553	16,018	36,020	29,773
Health	34,135	33,167	34,132	33,165
Recreation, Culture and Religion	16,503	14,521	25,254	22,552
Education ^(a)	51,670	47,085	51,670	47,071
Social Protection	5,691	5,138	79,988	76,174
Transport	219,506	185,615	243,370	210,565
Total Assets^(b)	571,674	509,712	650,545	575,445

(a) Refer to Note 34: Restatement/Corrections to Prior Years for details of corrections to prior period.

(b) The aggregate expenses and assets for the GGS can be greater than the TSS aggregates due to the elimination of inter sector expenses and asset balances from the Total State aggregates.

(c) General Public Services for the GGS includes the State's equity investment in the PNFC/PFC sectors which is eliminated in TSS assets.

The aggregate amount of the comprehensive result attributable to the GGS from the PNFC and PFC sector entities in the 2022-23 financial year is a \$6,748 million net surplus (2021-22: \$28,991 million net surplus). It comprises the sum of GGS inter-sector expenses (grants, interest on borrowings, and purchases) less the sum of GGS inter-sector revenues (dividends, income and other tax revenues, revenues from sale of goods and services, interest from inter-sector loans, and gains on the equity investment in the PNFC/PFC sectors).

Note 38: Key Fiscal Aggregates and Reconciliations to Government Finance Statistics

AASB 1049 harmonises Government Finance Statistics (GFS) with Australian Accounting Standards (AAS) to the extent that GFS does not conflict with AAS. This requires the selection of options within the AAS that harmonise with the ABS GFS Manual.

The Australian Bureau of Statistics (ABS) GFS Manual provides the basis upon which GFS information contained in this financial report is prepared. The principles and concepts contained in the GFS Manual share many similarities with accounting principles and concepts. Where harmonisation cannot be achieved because of differences in definition, recognition, measurement, classification and consolidation principles and rules, a convergence difference arises.

Key Fiscal Aggregates

Fiscal aggregates are useful for assessing the impact of the financial transactions and balances of government-controlled entities on the economy. These measures are derived from the financial statements.

The **net operating balance** is calculated as income from transactions less expenses from transactions for both AAS and GFS. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. The GFS measure for the net operating balance will differ from the AASB 1049 measurement due to differences in the treatment of revenue and expense items that are included in this fiscal aggregate under the two frameworks.

Net lending/(borrowing) is calculated as the net operating balance, less the net acquisition of non-financial assets. The GFS measure of net lending/(borrowing) will vary from the AASB 1049 measure due to differences in the treatment of items that are recognised as revenues and expenses under AAS. There will also be variances between the two frameworks arising from the recognition of items that are included in the presentation of the net acquisition of non-financial assets.

The **total change in net worth** reports the movement in the transactions and other economic flows that contribute to the closing balance of net worth reported in the Consolidated Statement of Financial Position. For both GFS and AASB 1049, the change in the net worth is calculated from the prior year's net worth balance. Variances between GFS and AASB 1049 in this fiscal aggregate, relate to the conceptual differences between these two frameworks for items reported in the Consolidated Statement of Comprehensive Income.

Net worth represents total assets less total liabilities, excluding the State's equity investments in the PNFC and PFC sectors under GFS. Different recognition and measurement principles applied for assets and liabilities under the two frameworks results in differences in the calculation of the GFS and AASB 1049 net worth measure. AASB 1049 net worth also differs from GFS as it includes the GGS equity investments in the PNFC and PFC sectors. Under AAS, equity investments in the PNFC and PFC sectors are measured at the fair value of the Government's proportional share of the carrying amount of net assets. GFS differs from AAS and reports the equity investment in the PNFC and PFC sectors as zero, as the shares and other contributed equity are considered to represent a liability to the State as the owner.

The **cash surplus/(deficit)** equals to net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets (less distributions paid for the PNFC and PFC sectors). The GFS measure for the cash surplus/deficit will differ from the AASB 1049 measurement due to differences in the treatment of operating and investing cash flows that are included and recognised in this fiscal aggregate under the two frameworks.

In the TSSA, **net debt** is reported as the sum of deposits held, government securities, loans payable and other borrowings, less the sum of cash and deposits, advances paid and investments, loans receivable and placements. GFS data published by the ABS presents debt in a matrix form with no single net debt aggregate identified.

Net financial liabilities equals total liabilities less financial assets excluding equity investments in other public sector entities.

Convergence Differences

The following table details convergence differences resulting in the different calculation of the key fiscal aggregates under AASB 1049 (AAS) and in accordance with the ABS GFS manual.

Convergence Difference	AAS Treatment	GFS Treatment
Allowances for ECLs	Allowances for ECLs for assets are recognised in the Consolidated Statement of Financial Position. Movements in the allowance (i.e. ECLs expense) are recognised in the Consolidated Statement of Comprehensive Income as other economic flows.	Bad debt expenses are only required to be recognised when the economic event of debt write off occurs. Allowances for ECLs are not recognised in the Consolidated Statement of Financial Position.
Assets held for sale	AASB 5 <i>Non-Current Assets Held for Sale and Discontinued Operations</i> requires valuation at fair value less costs to sell.	GFS valuation is at market value which does not include costs to sell.
Borrowings and advances	Borrowings and advances measured at amortised cost are recognised initially at fair value and subsequently measured at amortised cost.	Interest free or low interest loans are recognised based on the amount lent, and interest is recognised based on any cash interest paid. Any difference between the original amount lent and the fair value is initially recognised to the operating result and subsequently amortised over the life of the loan.
Deferred tax accounting	AAS adopts tax effect accounting whereby temporary differences between the accounting base and tax base of assets and liabilities are recognised in the Consolidated Statement of Financial Position as deferred tax assets and deferred tax liabilities.	GFS does not recognise deferred tax balances.
Dividends to owners	Dividends to the GGS (as owners) made by the PNFC and PFC sectors are treated as distributions to owners and therefore a direct reduction of accumulated funds. This difference does not impact the TSS as dividends are eliminated on consolidation.	Dividends are treated as an expense.
Income tax equivalents – discontinued operations	The component of income tax equivalents related to the disposal of discontinuing operations is reported in other economic flows, similar to deferred taxes, in the Consolidated Statement of Comprehensive Income.	Under GFS, this is treated as a return of capital, rather than a transaction.
Inter-sector employee expenses	Where staff employed in the GGS sector provide services to the PNFC sector, the related employee expenses and the revenue recoverable from the PNFC sector, are reported in the GGS.	The revenue and expense related to services provided by GGS staff to the PNFC sector are offset in the GGS and the employee expenses related to these personnel are recognised in the PNFC sector where the services were provided.
Land inventory	Land may be treated as inventory under AAS and measured at the lower of cost and net realisable value. Changes in inventory are presented on a net basis.	Under GFS, land is classified as a tangible non-financial non-produced asset and recognised at its market value. Acquisitions of land is also presented separately from disposals of land. These recognition and measurement differences impact both the Consolidated Statement of Comprehensive Income when land inventory is remeasured, and the value of the land inventory assets recorded in the Consolidated Statement of Financial Position.
Leases	The distinction between operating and finance leases has been removed from the lessee perspective with the adoption of AASB 16. Under AAS, a right-of-use asset and depreciation expense is recognised with associated lease liability and interest expense.	GFS however continues to maintain a distinction between operating and finance leases for lessees and does not recognise operating leases on the Consolidated Statement of Financial Position.
Non-contractual licences arising from statutory requirements	Revenue associated with non-contractual licences arising from statutory requirements is presented as licence fee revenue under AASB 15 <i>Revenue from Contracts with Customers</i> . AAS recognises revenue deferrals for short-term and low value prepaid licences in the Consolidated Statement of Financial Position.	Licence fee revenues are presented as taxation revenue under GFS. Revenue deferrals for licence fee revenue are excluded from the GFS Consolidated Statement of Financial Position as the prepaid income is treated as an upfront sale of a non-produced intangible asset (e.g. a permit or licence to engage in an activity over an extended period).
Prepaid expenses and deferred revenues	Prepaid expenses and deferred revenues are not recognised as financial instruments as they do not give rise to a present right to receive or deliver cash or any other financial assets. They are presented in the Consolidated Statement of Financial Positions as other non-financial assets and liabilities.	Prepaid expenses and deferred revenues are respectively presented as receivables and payables in the Consolidated Statement of Financial Position.
Provisions	Provisions are recognised as liabilities when a present obligation to another party is evident.	GFS does not recognise provisions when the identity of the party to whom the obligation is owed is unknown. The balance for provisions and is therefore lower under GFS.

Convergence Difference	AAS Treatment	GFS Treatment
Rental bond monies held in trust	Rental bond assets and liabilities are considered trust monies and are excluded from the Consolidated Statement of Financial Position.	Rental bond monies are recognised in the Consolidated Statement of Financial Position.
Service concession arrangements	The State is required by AASB 1059 <i>Service Concession Arrangements: Grantors</i> to recognise service concession assets, related financial / GORTO liability balances and associated transactions for service concession arrangements.	GFS does not require the recognition of service concession balances and transactions and continues to account for these arrangements under pre-existing accounting approaches.
Subsidies	Transport and energy subsidies paid from the GGS to the PNFC sector for students and pensioners are eliminated on consolidation of the TSS.	The payments by the State are treated as a gross expense, and a gross revenue for electricity sales and travel fares.
Taxation revenue	Taxation revenue is recognised in the sector in which it is collected.	A tax or fine can only be incurred in the GGS. For GFS reporting, taxation income collected by a PFC sector or PNFC sector agency due to administrative requirements is reclassified as a tax receipt in the GGS and an equivalent subsidy is paid back to the PFC/PNFC sectors.
Transfer payments to local government	Transfer payments relate to grants from the Australian Government for specific non-government schools or for local government authorities. As the State has no control over the transfer payments, they are not recognised as State revenues and expenses.	The ABS has determined that for GFS purposes that transfer payments are recognised as GFS revenues and expenses of the States and Territories.

Note 39: Details of Consolidated Entities

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

Two controlled entities (2021-22: two controlled entities) have a reporting date other than 30 June. The reporting date for the National Art School and the Border Fence Maintenance Board is 31 December.

It is not considered material to the results and financial position of the TSSA to attempt to align the reporting period of these reporting entities to 30 June. Accordingly, the annual financial results of these reporting entities as at the last reported year (ended 31 December) have been consolidated into the 30 June TSSA.

Entities and staff agencies displayed in italics have been abolished.

Changes to Reporting Entities

There have been a number of changes to reporting entities since the last TSSA that affect reporting in this financial year. These changes are as a result of legislative amendments and Administrative Changes Orders which are outlined below.

- Northern Rivers Reconstruction Corporation was established under the *Growth Centres (Development Corporations) Amendment (Northern Rivers Reconstruction Corporation) Order 2022* effective 13 May 2022.
- Investment NSW was abolished and staff employed were transferred to Department of Enterprise, Investment and Trade under the *Administrative Arrangements (Administrative Changes—Miscellaneous) Order (No 6) 2022* effective 1 July 2022.
- Greater Sydney Parklands Trust was established under the *Greater Sydney Parklands Trust Act 2022 No 9* effective 1 July 2022.
- NSW Independent Casino Commission was established under the *Casino Legislation Amendment Act 2022 No 36* effective 5 September 2022.
- Resilience NSW was abolished and its various functions, including staff employed that undertook those functions, were transferred to the relevant agency such as the NSW Police Force, Department of Premier and Cabinet, Department of Justice and Communities and the NSW Reconstruction Authority, under the *Administrative Arrangements (Administrative Changes—Miscellaneous) Order 2022 (No 10)* effective 16 December 2022.
- State Archives and Records Authority of New South Wales Staff Agency was renamed to the Museums of History NSW and State Records Authority NSW Staff Agency under the *Administrative Arrangements (Administrative Changes—Miscellaneous) Order 2022 (No 10)* effective 31 December 2022.
- Historic Houses Trust of New South Wales was abolished and Museums of History NSW was established under the *Museums of History NSW Act 2022 No 42* effective 31 December 2022.
- State Archives and Records Authority of New South Wales was renamed to State Records Authority NSW under the *Museums of History NSW Act 2022 No 42* effective 31 December 2022.

General Government Sector Controlled Entities^(a)

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

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

Public Non-Financial Corporations

Catholic Metropolitan Cemeteries Trust
 Cobar Water Board
 Essential Energy
 Intium Pty Limited
 Forestry Corporation of New South Wales
 Hunter Water Corporation
 Jenolan Caves Reserves Trust
 Landcom
 Newcastle Port Corporation
 New South Wales Land and Housing Corporation
 Northern Metropolitan Cemeteries Land Manager
 NSW Trains
 Place Management NSW
 Rookwood General Cemeteries Reserve Land Manager
 Rookwood Necropolis Land Manager
 Southern Metropolitan Cemeteries Land Manager

State Sporting Venues Authority
 State Transit Authority of New South Wales^(m)
 Sydney Ferries
 Sydney Opera House Trust
 Sydney Opera House Trust Staff Agency
 Sydney Trains
 Sydney Water Corporation
 Teacher Housing Authority of New South Wales
 Transport Asset Holding Entity of New South Wales
 Venues NSW
 Venues NSW Staff Agency
 Waste Assets Management Corporation
 WaterNSW
 WaterNSW Infrastructure Pty Ltd
 Wentworth Park Sporting Complex Trust
 Zoological Parks Board of New South Wales

Public Financial Corporations⁽ⁿ⁾

First Australian Mortgage Acceptance Corporation
 (FANMAC) Master Trust
 First Australian Mortgage Acceptance Corporation
 (FANMAC) Pooled Super Trust
 Insurance and Care NSW
 Insurers' Guarantee Fund Investment Trust
 Lifetime Care and Support Authority of New South Wales
 Motor Accident Injuries Treatment and Care Benefits Fund
 Long Service Corporation Investment Fund
 NSW Generations (Debt Retirement) Investment Trust
 NSW Infrastructure Future Fund
 NSW Treasury Corporation
 SAS Trustee Corporation
 SAS Trustee Corporation Staff Agency
 Snowy Hydro Legacy Fund Investment Trust
 Social and Affordable Housing NSW Fund Investment Trust
TCorpIM Absolute Return Multi-Asset Class Fund^(o)
TCorpIM Alternative Risk Premia Fund^(o)
 TCorpIM Australian Bond Fund
 TCorpIM Australian Inflation Linked Bond Fund
 TCorpIM Australian Share Fund
 TCorpIM Bank Loan Fund
 ICG Australia Fund
 KKR Senior Floating Rate Income Fund
 PineBridge Senior Floating Rate Income Fund
TCorpIM Cash Fund^(p)
 TCorpIM Core Alternatives Fund
 Fulcrum Discretionary Macro Fund SPV
 GMO Systematic Global Macro Trust
 K2 Advisors Alpha Strategies Ltd
 TCorpIM Defensive Alternative Fund
 K2 Advisors Defensive Strategies
 PIMCO Defensive Strategies Fund
 TCorpIM Developed Market Property Fund
 TCorpIM Developed Markets Equities (Hedged) Fund
 TCorpIM Developed Markets Equities (Sovereign Investor -
 Hedged) Fund
 TCorpIM Direct Infrastructure Fund A
 Hermes Infrastructure (Alaska) L.P.
 TCorpIM Direct Investment Fund B

TCorpIM Direct Investment Fund C
 LOGOS Australia Logistics Portfolio Trust
 TCorpIM Direct Investment Fund D
 TCorpIM Direct Investment Fund E
 TCorpIM Direct Investment Fund F
 WaterGen Australia Holdings Pty Ltd
 WaterGen Canada Holdings Inc
 TCorpIM Direct Investment Fund G
 TCorpIM Direct Investment Fund K
 TCorpIM Direct Investment Fund M
 TCorpIM Direct Investment Fund N
 Waratah Holding Limited
 Waratah Property S.à r.l.
 TCorpIM Emerging Market Debt Fund
 TCorpIM Emerging Market Share Fund
 TCorpIM Global Credit Fund^(q)
 TCorpIM High Yield Fund
 TCorpIM Liquidity Cash Fund
TCorpIM Listed Property Fund^(o)
 TCorpIM Long Term Growth Fund
 TCorpIM Medium Term Growth Fund
 TCorpIM Middle Market Bank Loan Fund^(r)
 T Series Middle Market Loan Fund LLC
 TCorpIM Middle Market Bank Loan Fund B^(s)
 Phillip Street Middle Market Lending Fund LLC
TCorpIM Multi-Asset Class Fund^(o)
 TCorpIM Opportunistic Fund A
 TCorpIM Opportunistic Fund B
 Tailored Opportunistic Credit Fund
 TCorpIM Opportunistic Fund C
 TCorpIM Opportunistic Fund E
 TCorpIM Opportunistic Fund F^(t)
 TCorpIM Opportunistic Liquidity Fund^(u)
 PIMCO Liquidity Provision Strategy Fund
 TCorpIM Short Term Income Asset Class Fund^(v)
 TCorpIM Short Term Income Fund
 TCorpIM Sustainable Development (Infrastructure) Fund
 TCorpIM Unlisted Infrastructure Fund
 TCorpIM Unlisted Property Fund
 Treasury Managed Fund Investment Portfolio

- (a) In addition to the entities below, there are 570 Crown Land Managers and 115 Commons Trusts controlled by the State. Refer to Note 1 for further detail of these entities.
- (b) National Park Boards of Management as per the *National Parks and Wildlife Act 1974*.
- (c) Legislation is being prepared to dissolve the corporation during 2023-24.
- (d) Agency was established 1 July 2022 under the *Greater Sydney Parklands Trust Act 2022 No 9*.
- (e) Agency was established 31 December 2022 as the Museums of History NSW and State Records Authority NSW from Historic Houses Trust and State Archives and Records Authority of New South Wales under the *Museums of History NSW Act 2022 No 42*.
- (f) Agency was abolished 1 July 2022 and transferred to the Department of Enterprise, Investment and Trade under the *Administrative Arrangements (Administrative Changes—Miscellaneous) Order (No 6) 2022*.
- (g) The special purpose service entities of the local health districts have not been listed.
- (h) Agency was renamed on 31 December 2022 as the Museums of History NSW and State Records Authority NSW Staff Agency from State Archives and Records Authority Staff Agency under the *Administrative Arrangements (Administrative Changes—Miscellaneous) Order 2022 (No 10)*.
- (i) Agency was established under the *Growth Centres (Development Corporations) Amendment (Northern Rivers Reconstruction Corporation) Order 2022* on 13 May 2022, effective 1 July 2022.
- (j) Agency was established 5 September 2022 under the *Casino Legislation Amendment Act 2022 No 36*.
- (k) Agency was abolished 16 December 2022 and functions transferred to the NSW Reconstruction Authority under the *Administrative Arrangements (Administrative Changes—Miscellaneous) Order 2022 (No 10)*.
- (l) On 17 September 2021, the remaining 49 per cent interest was sold to the Sydney Transport Partners Consortium, with completion occurring on 29 October 2021 and deregistration on 5 October 2022.
- (m) State Transit Authority ceased operations on 3 April 2022. The State Transit Authority will continue to exist as a legal entity until dissolved by Parliament.
- (n) There were 45 TCorpIM Funds controlled by the State as of 30 June 2023 (40 TCorpIM Funds as of 30 June 2022). Out of this number, 27 TCorpIM Funds (23 TCorpIM Funds as of 30 June 2022) had unitholders not controlled by the State such as universities, local government authorities, and the Workers Compensation Nominal Insurer. The State's economic interest in the controlled TCorpIM Funds varied from 35% to 100% over 2022-23 (2021-22: 34% to 100%), while the State's voting rights percentage was either equal to its economic interest or higher since some non-State unitholders transfer their voting rights to the State through TCorp.
- (o) Funds were dissolved 30 June 2022.
- (p) The Fund was controlled and not controlled (under AASB 10) by the State during 2021-22. The Fund was not controlled during 2022-23 and was dissolved 2 November 2022.
- (q) The Fund was controlled and not controlled (under AASB 10) by the State during 2021-22 and 2022-23. The Fund was controlled as at 30 June 2022 and was not controlled as at 30 June 2023.
- (r) The Fund was controlled and not controlled (under AASB 10) by the State during 2022-23 (2021-22: not controlled). The Fund was controlled as at 30 June 2023.
- (s) Fund was established 27 October 2022.
- (t) Fund was established 24 May 2023.
- (u) Fund was established 31 May 2023.
- (v) Fund was established 11 October 2022.
- (w) On 1 July 2022, Ports Assets Ministerial Holding Corporation was abolished and replaced by Port of Newcastle Lessor Pty Limited, Port Botany Lessor Pty Limited, and Port Kembla Lessor Pty Limited.
- (*) These agencies are not considered material for whole-of-government reporting, so are excluded from individual agency budget reporting in Budget Paper 4. These agencies are however controlled and included in the consolidated financial statements of the State.

Note 40: Key Technical Terms used in the Financial Statements

ABS GFS Manual: The Australian Bureau of Statistics (ABS) publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods* as updated from time to time.

Advances: loans acquired or made for policy purposes rather than for liquidity management purposes.

Capital expenditure: this is expenditure relating to the acquisition or enhancement of property, plant, and equipment (including land and buildings, plant and equipment and infrastructure systems) and intangibles (including computer software and easements).

Cash surplus/(deficit): net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets (less distributions paid for the PNFC and PFC sectors).

Comprehensive result (total change in net worth before transactions with owners as owners): net result of all items of income and expense recognised for the period. It is the aggregate of the operating result and other movements in equity, other than transactions with owners as owners.

Contract asset: an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

Contract liability: an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Convergence difference: the difference between the amounts recognised in the financial statements compared with the amounts determined for GFS purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.

Defined contribution superannuation plans: post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit superannuation plans: post-employment benefit plans other than defined contribution plans.

Fair value: the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy: categorises into three levels the inputs to valuation techniques used to measure fair value.

level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

level 3 inputs: unobservable inputs for the asset or liability.

Financial asset: any asset that is:

- (a) cash
- (b) an equity instrument of another entity
- (c) a contractual right:
 - (i) to receive cash or another financial asset from another entity, or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity, or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments, or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial assets at fair value through other comprehensive income (FVOCI): financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets at fair value through profit or loss (FVTPL): financial assets are classified and measured at FVTPL unless they are measured at amortised cost or at fair value through other comprehensive income.

Financial liability: any liability that is:

- (a) a contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

General Government Sector (GGS): an ABS classification of agencies that provide public services (such as health, education and police) or carry out policy or perform regulatory functions. GGS agencies are funded in the main by taxation (directly or indirectly).

Government Finance Statistics (GFS): a system of financial reporting developed by the International Monetary Fund and used by the Australian Bureau of Statistics to classify the financial transactions of governments and measure their impact on the rest of the economy.

Interest expense: costs incurred in connection with the borrowing of funds. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings. Where discounting is used, the carrying amount of a liability increases in each period to reflect the passage of time. This increase is also recognised as an interest expense.

Key fiscal aggregates: balances useful for macro-economic analysis purposes, including assessing the impact of a government and its sectors on the economy. AASB 1049 *Whole of Government and General Government Sector Financial Reporting* prescribes: net worth, net operating balance, net lending/ (borrowing), total change in net worth, and cash surplus/(deficit).

National Partnership Payments (NPP): an Australian Government grant to States and Territories to support the delivery of specified outputs or projects, to facilitate reforms or to reward the delivery of nationally significant reforms. Each NPP is supported by a National Partnership Agreement which defines mutually agreed objectives, outputs and performance benchmarks.

National Specific Purpose Payments (SPP): an Australian Government grant made to the States and Territories under the associated National Agreement. These grants must be spent in the key service delivery sector for which it is provided. States are free to allocate the funds within that sector to achieve the mutually agreed objectives specified in the associated National Agreement.

Net acquisition of non-financial assets: This is purchases (or acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Purchases and sales (or net acquisitions) of non-financial assets generally include accrued expenses and payables for capital items. Other movements in non-financial assets include non-cash capital grant revenue/expenses such as developer contribution assets.

Net cash flows from investments in financial assets (liquidity management purposes): cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.

Net cash flows from investments in financial assets (policy purposes): cash receipts from the repayment and liquidation of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by natural disaster.

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

Net defined benefit superannuation liability (asset): the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

Net financial liabilities: calculated as total liabilities, less financial assets, other than equity in PNFCs and PFCs. This fiscal aggregate measure is broader than net debt as it includes significant liabilities, other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements).

Net interest on the net defined benefit liability/asset: this is the change during the period to the net defined superannuation liability/asset that arises from the passage of time.

Net gain on equity investments in other sectors: comprises the net gains relating to the equity held by the GGS in other sector entities. It arises from a change in the carrying amount of net assets of the subsidiaries. The net gains are measured (in the absence of market values) based on the carrying amount of net assets/ (liabilities) before elimination of inter-sector balances.

Net lending/(borrowing): the financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. A positive result reflects a net lending position and a negative result reflects a net borrowing position.

Net operating balance (net result from transactions): calculated as revenue from transactions minus expenses from transactions. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

Net worth: an economic measure of wealth and is equal to total assets less total liabilities.

Operating result: a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Other economic flows: changes in the volume or value of an asset or liability that do not result from transactions (that is, revaluations and other changes in the volume of assets).

Other superannuation expense: it includes all superannuation expenses from transactions except superannuation interest cost. Superannuation actuarial gains/losses are excluded as they are disclosed under 'other economic flows'.

Performance obligation: a promise in a revenue contract with a customer to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Public Financial Corporations (PFC) sector: an ABS classification of government-controlled agencies that have one or more of the following functions:

- (a) that of a central bank;
- (b) the acceptance of demand, time or savings deposits, or
- (c) the authority to incur liabilities (such as insurance) and acquire financial assets in the market on their own account.

Public Non-Financial Corporations (PNFC) sector: an ABS classification, for GFS purposes, of agencies where user charges represent a significant proportion of revenue and the agencies operate within a broadly commercial orientation.

Service concession arrangement: a contract effective during the reporting period between a grantor and an operator in which:

- (a) the operator has the right of access to the service concession asset (or assets) to provide public services on behalf of the grantor for a specified period of time;
- (b) the operator is responsible for at least some of the management of the public services provided through the asset and does not act merely as an agent on behalf of the grantor; and
- (c) the operator is compensated for its services over the period of the service concession arrangement.

Service concession arrangement – financial liability model: a service concession arrangement where the grantor has a contractual obligation to deliver cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset.

Service concession arrangement – grant of a right to the operator (GORTO) model: a service concession arrangement where the grantor does not have a contractual obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and instead grants the operator the right to earn revenue from third-party users or access to another revenue-generating asset.

Service concession asset: an asset (other than goodwill) to which the operator has the right of access to provide public services on behalf of the grantor in a service concession arrangement that:

(a) the operator constructs, develops, upgrades or replaces major components, or acquires from a third party or is an existing asset of the operator; or

(b) is an existing asset of the grantor, including a previously unrecognised identifiable intangible asset and land under roads, or an upgrade to or replacement of a major component of an existing asset of the grantor.

Service concession grantor: the entity that grants the right to access the service concession asset to the operator.

Service concession operator: the entity that has a right of access to the service concession asset to provide public services.

Superannuation interest cost: the net interest on the net defined benefit liability/asset.

TCorpIM Funds: are managed investment schemes available to NSW public sector entities, NSW universities and some foundations and charities. They are structured as units trusts and are managed by TCorp.

Total State Sector (TSS): represents all agencies and corporations owned and controlled by the NSW Government. It comprises the GGS, PNFC sector and PFC sector.

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
2022 - 2023

UNIFORM PRESENTATION FRAMEWORK: OUTCOMES REPORT

Purpose

The Outcomes Report presents financial aggregates according to the Uniform Presentation Framework (UPF) agreed by the Council on Federal Financial Relations (CFFR) in February 2019.

The UPF is an agreed framework between the Australian, State and Territory governments for the presentation of government financial information on a basis broadly consistent with the Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. This framework sets out the minimum information to be reported by governments.

The UPF financial aggregates serve a number of purposes including:

- allowing comparisons between the financial position of Australian governments on a consistent basis
- facilitating time series comparisons since they are relatively unaffected by changes in public sector administrative structures, and
- permitting an assessment of the impact of NSW public sector transactions on the economy by providing data classified by economic type.

Relationship with other reporting

Information in the Outcomes Report is not audited, however it has been prepared consistent with the audited Total State Sector Accounts.

Several tables in the Outcomes Report are similar with those reported in the Total State Sector Accounts and are repeated here for completeness.

The Outcomes Report compares the published NSW Budget for 2022-23 with the outcome for the year.

Financial aggregates are published for the following:

- general government (GGS) sector
- public non-financial corporation (PNFC) sector
- non-financial public (NFPS) sector
- public financial corporation (PFC) sector.

Budget estimates are not prepared for the NSW Public Financial Corporation sector. In addition to the reporting requirements, a consolidated NSW Total State Sector Statement of Financial Position by sector (Table 1) has been included. This assists in analysis of the Consolidated Statement of Financial Position for the Total State Sector.

Table 1: NSW Public Sector Consolidated Statement of Financial Position at 30 June 2023^(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 Equivalents	6,344	4,134	10,490	6,934	17,214
Receivables	12,001	1,485	12,277	10,557	21,688
Investments, Loans and Placements					
Financial Assets at Fair Value	48,383	571	48,954	203,560	57,876
Other Financial Assets	2,378	785	2,569	9	2,457
Advances Paid	936	31	671	...	671
Tax Equivalents Receivable	43	73	11	...	...
Deferred Tax Equivalent Asset	3,607	42	(0)	...	...
Equity Investments					
Investments in Other Public Sector Entities	123,003	...	13,834	...	...
Investments in Associates and Joint Ventures	10,545	...	10,545	1,358	11,903
Other Equity Investments	15	...	15	28,193	28,208
Total Financial Assets	207,255	7,121	99,367	250,611	140,017
Non-Financial Assets					
Contract Assets	77	12	90	...	90
Inventories	1,088	634	1,722	...	1,722
Forestry Stock and Other Biological Assets	16	626	642	...	642
Assets Classified as Held for Sale	151	9	161	...	161
Investment Properties	...	611	611	1,142	1,753
Property, Plant and Equipment					
Land and Buildings	129,648	83,922	213,570	16	213,586
Plant and Equipment	15,161	4,210	19,419	8	19,427
Infrastructure Systems	204,909	50,092	255,000	653	255,653
Right-of-Use Assets	6,185	2,483	8,434	104	8,538
Intangibles	5,176	937	6,113	139	6,253
Other Non-Financial Assets	2,009	585	2,581	128	2,704
Total Non-Financial Assets	364,419	144,123	508,343	2,190	510,528
Total Assets	571,674	151,244	607,710	252,801	650,545
Liabilities					
Deposits Held	327	35	362	239	399
Payables	9,963	2,388	11,467	10,589	21,042
Contract Liabilities	858	143	989	...	989
Borrowings and Derivatives at Fair Value	17	3	20	152,633	152,402
Borrowings at Amortised Cost	132,079	31,905	163,336	1,924	19,295
Advances Received	492	297	492	...	492
Employee Benefits Liabilities	25,971	1,262	27,221	60	27,281
Superannuation Provision ^(b)	41,678	1,289	42,966	0	42,967
Tax Equivalents Payable	73	31	0	11	...
Deferred Tax Equivalent Provision	42	3,607	(0)	...	...
Other Provisions	16,614	710	16,989	8,597	25,481
Other Liabilities(a)	21,603	342	21,909	64,905	38,239
Total Liabilities	249,717	42,012	285,752	238,959	328,588
NET ASSETS	321,957	109,232	321,957	13,841	321,957

Table 1: NSW Public Sector Consolidated Statement of Financial Position at 30 June 2023 (cont)

	General Government Sector	Public Non-financial Corporations	Non-financial Public Sector	Public Financial Corporations	Total State Sector
	\$m	\$m	\$m	\$m	\$m
NET WORTH					
Accumulated Funds	72,533	52,962	116,288	13,441	108,305
Reserves	249,424	56,270	205,669	401	213,653
TOTAL NET WORTH	321,957	109,232	321,957	13,841	321,957
OTHER FISCAL AGGREGATES					
Net Debt^(c)	74,873	26,719	101,526	9,116	110,858
Net Financial Liabilities^(d)	165,465	34,890	200,220	(11,652)	188,570
Net Financial Worth^(e)	(42,462)	(34,890)	(186,386)	11,652	(188,570)

(a) This table has been presented on a liquidity basis as per AASB 1049. Amounts may not add across due to inter sector eliminations.

(b) The superannuation provision is reported net of the fair value of fund assets.

(c) Net debt equals the sum of deposits held, advances received, borrowings and other liabilities relating to the interests in TCorpIM Funds of investors not controlled by the State minus the sum of cash and cash equivalents, advances paid and investments, loans and placements.

(d) Net financial liabilities equals total liabilities less financial assets excluding equity investments in other public sector entities.

(e) Net financial worth equals total financial assets minus total liabilities.

Table 2: NSW General Government Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023

	2022-23 Budget \$m	2022-23 Actual \$m
Revenue from Transactions		
Taxation	39,637	39,747
Grants and Subsidies	42,928	45,572
Sale of Goods and Services	10,191	9,700
Interest	372	545
Dividend and Income Tax Equivalents from Other Sectors	726	483
Other Dividends and Distributions	2,684	1,467
Fines, Regulatory Fees and Other	7,079	8,388
Total Revenue from Transactions	103,617	105,901
Expenses from Transactions		
Employee	42,640	42,490
Superannuation		
Superannuation Interest Cost	1,473	1,583
Other Superannuation	3,923	4,059
Depreciation and Amortisation	7,907	7,884
Interest	3,566	4,232
Other Operating Expenses	28,368	28,765
Grants, Subsidies and Other Transfer	27,000	27,454
Total Expenses from Transactions	114,878	116,467
BUDGET RESULT - SURPLUS/(DEFICIT) [Net Operating Balance]	(11,260)	(10,565)

Table 2: NSW General Government Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023(cont)

	2022-23 Budget \$m	2022-23 Actual \$m
Other Economic Flows - Included in the Operating Result		
Gain/(Loss) from Liabilities	(74)	(186)
Other Net Gains/(Losses)	102	2,215
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	209	(13)
Dividends from Asset Sale Proceeds	35	120
Deferred Income Tax from Other Sectors	3	129
Other	(16)	(90)
Other Economic Flows - included in Operating Result	260	2,175
Operating Result	(11,001)	(8,390)
Other Economic Flows - Other Comprehensive Income		
Items that will not be Reclassified to Operating Result	6,392	44,463
Revaluations	4,190	33,225
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result	...	1,706
Remeasurements of Post-Employment Benefits	165	2,369
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	1,972	6,265
Deferred Tax Direct to Equity	46	495
Other	19	403
Items that may be Reclassified Subsequently to Operating Result	...	0
Net Gain/(Loss) on Financial Instruments at Fair Value	...	0
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result	...	...
Other Economic Flows - Other Comprehensive Income	6,392	44,463
Comprehensive Result - Total Change in Net Worth	(4,609)	36,072
Key Fiscal Aggregates		
Comprehensive Result - Total Change in Net Worth	(4,609)	36,072
Less: Net Other Economic Flows	(6,652)	(46,638)
Equals: Budget Result - Net Operating Balance	(11,260)	(10,565)
Less: Net Acquisition of Non-Financial Assets		
Purchases of Non-Financial Assets ^(a)	21,862	21,208
Sales of Non-Financial Assets	(586)	(369)
Less: Depreciation	(7,907)	(7,884)
Plus: Change in Inventories	(800)	(117)
Plus: Other Movements in Non-Financial Assets		
Assets Acquired Using Leases ^(a)	635	37
Assets Acquired Using Service Concession Arrangements		
Financial Liability Model ^(a)	169	827
Grant of a Right to the Operator Model	1,829	273
Other	(724)	31
Equals: Total Net Acquisition of Non-Financial Assets	14,479	14,005
Equals: Net Lending/(Borrowing) [Fiscal Balance]	(25,740)	(24,570)
OTHER FISCAL AGGREGATES		
Capital Expenditure ^(a)	22,666	22,071

(a) Capital expenditure comprises purchases of non-financial assets, assets acquired using leases and assets acquired using service concession arrangements under the financial liability model.

Table 3: NSW General Government Sector Consolidated Statement of Financial Position at 30 June 2023^(a)

	2023 Budget	2023 Actual
	\$m	\$m
Assets		
Financial Assets		
Cash and Cash Equivalents	704	6,344
Receivables	11,373	12,001
Investments, Loans and Placements		
Financial Assets at Fair Value	46,165	48,383
Other Financial Assets	1,727	2,378
Advances Paid	2,160	936
Tax Equivalents Receivable	129	43
Deferred Tax Equivalents Asset	2,419	3,607
Equity Investments		
Investments in Other Public Sector Entities	116,374	123,003
Investments in Associates and Joint Ventures	8,086	10,545
Other Equity Investments	6	15
Total Financial Assets	189,143	207,255
Non-Financial Assets		
Contract Assets	21	77
Inventories	407	1,088
Forestry Stock and Other Biological Assets	23	16
Assets Classified as Held for Sale	95	151
Property, Plant and Equipment		
Land and Buildings	116,209	129,648
Plant and Equipment	14,405	15,161
Infrastructure Systems	181,513	204,909
Right-of-Use Assets	6,771	6,185
Intangibles	4,900	5,176
Other Non-Financial Assets	953	2,009
Total Non-Financial Assets	325,296	364,419
Total Assets	514,439	571,674
Liabilities		
Deposits Held	282	327
Payables	8,847	9,963
Contract Liabilities	759	858
Borrowings and Derivatives at Fair Value	11	17
Borrowings at Amortised Cost	128,131	132,079
Advances Received	501	492
Employee Benefits Liabilities	24,715	25,971
Superannuation Provision ^(b)	45,234	41,678
Tax Equivalents Payable	3	73
Deferred Tax Equivalent Provision	50	42
Other Provisions	13,786	16,614
Other Liabilities	24,917	21,603
Total Liabilities	247,236	249,717
NET ASSETS	267,203	321,957

Table 3: NSW General Government Sector Consolidated Statement of Financial Position at 30 June 2023 (cont)

	2023 Budget	2023 Actual
	\$m	\$m
NET WORTH		
Accumulated Funds	66,265	72,533
Reserves	200,938	249,424
TOTAL NET WORTH	267,203	321,957
OTHER FISCAL AGGREGATES		
Net Debt^(c)	78,169	74,873
Net Financial Liabilities^(d)	174,467	165,465
Net Financial Worth^(e)	(58,093)	(42,462)

(a) This table has been presented on a liquidity basis as per AASB 1049.

(b) The superannuation provision is reported net of the fair value of fund assets.

(c) Net debt equals the sum of deposits held, advances received, borrowings and other liabilities relating to the interests in TCorpIM Funds of investors not controlled by the State, minus the sum of cash and cash equivalents, advances paid and investments, loans and placements.

(d) Net financial liabilities equals total liabilities less financial assets excluding equity investments in other public sector entities.

(e) Net financial worth equals total financial assets minus total liabilities.

Table 4: NSW General Government Sector Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

	2022-23 Budget \$m	2022-23 Actual \$m
Cash Receipts from Operating Activities		
Taxation	39,706	39,831
Sale of Goods and Services	10,576	10,629
Grants and Subsidies	43,772	45,234
Interest	295	464
Dividends and Income Tax Equivalents from Other Sectors	558	421
Other	8,699	13,874
Total Cash Receipts from Operating Activities	103,605	110,453
Cash Payments from Operating Activities		
Employee Related	(41,707)	(40,003)
Personnel Services ^(a)	(0)	(0)
Superannuation	(5,002)	(5,137)
Payments for Goods and Services ^(a)	(27,348)	(27,448)
Grants and Subsidies	(25,921)	(26,212)
Interest	(3,051)	(3,163)
Other	(3,276)	(8,649)
Total Cash Payments from Operating Activities	(106,304)	(110,613)
Net Cash Flows from Operating Activities	(2,699)	(160)
Cash Flows from Investments in Non-Financial Assets		
Proceeds from Sale of Non-Financial Assets	586	280
Purchases	(21,843)	(22,056)
Net Cash Flows from Investments in Non-Financial Assets	(21,257)	(21,777)
Cash Flows from Investments in Financial Assets for Policy Purposes		
Receipts	338	268
Payments	(2,663)	(127)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(2,325)	140
Cash Flows from Investments in Financial Assets for Liquidity Purposes		
Proceeds from Sale of Investments	3,795	4,847
Purchase of Investments	(857)	(3,295)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	2,938	1,552
Net Cash Flows from Investing Activities	(20,644)	(20,084)
Cash Flows from Financing Activities		
Advances Received	(8)	1
Advances Repaid	(90)	(79)
Proceeds from Borrowings	25,835	28,457
Repayments of Borrowings	(4,824)	(4,983)
Deposits Received/(Paid) - (Net)	...	(26)
Other (Net)	45	0
Net Cash Flows from Financing Activities	20,959	23,370
Net Increase/(Decrease) in Cash Held	(2,384)	3,126
Opening Cash and Cash Equivalents	3,088	3,216
Reclassification of Cash Equivalents and Other Adjustments	(0)	(0)
CLOSING CASH AND CASH EQUIVALENTS	704	6,344
Derivation of Cash Result		
Net Cash Flows from Operating Activities	(2,699)	(160)
Net Cash Flows from Investments in Non-Financial Assets	(21,257)	(21,777)
Cash Surplus/(Deficit)	(23,957)	(21,936)

(a) Payments for personnel services are shown as a separate line in these UPF tables, they are included as payments for goods and services in the Total State Sector Accounts.

Table 5: NSW General Government Sector Taxes

	2022-23 Budget \$m	2022-23 Actual \$m
Taxes on Employers' Payroll and Labour Force	11,274	11,736
Taxes on Property		
Land Taxes	5,657	5,999
Other	183	169
Total Taxes on Property	5,840	6,168
Taxes on the Provision of Goods and Services		
Excises and Levies	...	...
Taxes on Gambling	3,262	3,374
Taxes on Insurance	3,595	3,525
Transfer Duties on Financial and Capital Transactions	11,152	10,036
Total Taxes on the Provision of Goods and Services	18,009	16,935
Taxes on Use of Goods and Performance of Activities		
Motor Vehicle Taxes	3,596	3,858
Franchise Taxes	0	...
Other	919	1,050
Total Taxes on Use of Goods and Performance of Activities	4,515	4,908
Total Taxation Revenue	39,637	39,747

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

	2022-23 Budget	2022-23 Actual
	\$m	\$m
Dividend and Income Tax Revenue from the PNFC Sector	575	322
Dividend and Income Tax Revenue from the PFC Sector	152	161
Other Dividend Income	2,684	1,467
Total Dividend and Income Tax Equivalent Income	3,410	1,950

Table 7: NSW General Government Sector Grant Revenue and Expense

	2022-23 Budget \$m	2022-23 Actual \$m
Current Grants and Subsidies		
Current Grants from the Commonwealth ^(a)		
General Purpose Grants	25,538	26,024
Specific Purpose Payments	12,476	12,286
National Partnership Payments	1,227	3,230
Other Commonwealth Payments	586	449
Total	39,827	41,988
Other Grants and Subsidies	202	952
Total Current Grants and Subsidies Revenue	40,029	42,939
Capital Grants and Subsidies		
Capital Grants from the Commonwealth ^(a)		
General Purpose Payments	...	...
Specific Purpose Payments	...	...
National Partnership Payments	2,274	2,607
Other Commonwealth Payments	0	10
Total	2,275	2,617
Other Grants and Subsidies	623	16
Total Capital Grants and Subsidies Revenue	2,898	2,633
Total Grants and Subsidies Revenue	42,928	45,572
Current Grants, Subsidies and Transfer Payments Expense to:		
State/Territory Government	2	10
Local Government ^(a)	2,292	3,122
Private and Not-for-Profit Sector ^(a)	14,201	12,716
Other Sectors of Government	8,103	8,530
Total Current Grants, Subsidies and Transfer Payments Expense	24,598	24,378
Capital Grants, Subsidies and Transfer Payments to:		
State/Territory Government	...	...
Local Government ^(a)	800	315
Private and Not-for-Profit Sector ^(a)	1,053	396
Other Sectors of Government	537	2,365
Total Capital Grants, Subsidies and Transfer Payments Expense	2,390	3,076
Total Grants and Subsidies Expense	26,988	27,454
(a) Grant revenue and expenses above exclude the following transfer payments from the Commonwealth government that New South Wales passes on to third parties. They are not recorded as New South Wales revenue and expense as the State has no control over the amounts that it passes on.		
Transfer Receipts and Payments from the Commonwealth Government on-passed by New South Wales to Third Parties		
Transfer Receipts		
Current Transfer Receipts for Specific Purposes	6,181	6,748
Capital Transfer Receipts for Specific Purposes	...	...
Total Receipts	6,181	6,748
Current Transfer Payments to:		
Local Government	1,699	1,188
Private and Not-For-Profit Sector	4,482	5,560
Capital Transfer Payments to:		
Local Government	...	...
Private and Not-For-Profit Sector	...	...
Total Payments	6,181	6,748

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

	2022-23 Budget \$m	2022-23 Actual \$m
General Public Services		
Executive and legislative organs, financial and fiscal affairs, external affairs	692	1,073
General Services	3,229	2,994
Public debt transactions	4,901	5,660
Transfers of a general character between different levels of government	358	83
General public services n.e.c.	2,094	3,145
Total General Public Services	11,274	12,954
Defence		
Total Defence	...	...
Public Order and Safety		
Police services	4,522	4,786
Civil and fire protection services	1,344	1,644
Law courts	1,702	1,831
Prisons	2,389	2,652
Public order and safety n.e.c.	199	194
Total Public Order and Safety	10,154	11,107
Economic Affairs		
General economic, commercial and labour affairs	5,750	3,573
Agriculture, forestry, fishing and hunting	1,153	1,874
Fuel and energy	566	379
Mining, manufacturing and construction	46	23
Communication	231	188
Other industries	109	66
Economic affairs n.e.c.	71	35
Total Economic Affairs	7,926	6,138
Environmental Protection		
Pollution abatement	32	48
Protection of biodiversity and landscape	15	19
Environmental protection n.e.c.	1,935	2,370
Total Environmental Protection	1,983	2,436
Housing and Community Amenities		
Housing development	755	128
Community development	1,402	1,724
Water supply	858	402
Total Housing and Community Amenities	3,015	2,255
Health		
Medical products, appliances and equipment	610	747
Outpatient services	5,399	4,543
Hospital services	18,319	16,656
Mental health institutions	362	359
Community health services	3,582	4,221
Public health services	1,128	2,028
Research & development health	458	401
Health n.e.c.	438	214
Total Health	30,296	29,167

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

	2022-23 Budget \$m	2022-23 Actual \$m
Recreation, Culture and Religion		
Recreational and sporting services	1,060	765
Cultural services	989	870
Recreation, culture and religion n.e.c.	67	56
Total Recreation, culture and religion	2,116	1,691
Education		
Pre-primary and primary education	8,661	8,914
Secondary education	7,002	7,404
Tertiary education	2,736	2,551
Education not definable by level	(0)	...
Subsidiary services to education	564	553
Education n.e.c.	2,547	2,502
Total Education	21,510	21,924
Social Protection		
Sickness and disability	3,493	3,470
Old age	540	462
Family and children	2,663	2,863
Housing	1,023	807
Social exclusion n.e.c.	765	752
Social protection n.e.c.	1,118	743
Total Social Protection	9,602	9,096
Transport		
Road transport	6,255	7,930
Bus transport	(0)	...
Water transport	142	173
Railway transport	6,020	7,892
Multi-mode urban transport	4,566	3,659
Transport n.e.c.	20	45
Total Transport	17,004	19,698
Total Expenses	114,878	116,467

Notes:

n.e.c. not elsewhere classified.

- (a) The original budget included a total of \$80 million State Contingencies (in place of Advances to the Treasurer) which was allocated across functions as the funds were spent in the actual year. There was also a special appropriation to Treasury of \$300 million for expenditure related to the Government's responses to public health emergencies and natural disasters during the Budget Year.

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

	2022-23	2022-23
	Budget	Actual
	\$m	\$m
General public services ^(c)	1,368	122
Defence	...	...
Public order and safety	812	711
Economic affairs	1,132	600
Environmental protection	31	17
Housing and community amenities	510	513
Health	2,293	2,340
Recreation, culture and religion	231	208
Education	2,253	2,656
Social protection	212	115
Transport	13,824	14,790
Total Capital Expenditure	22,666	22,071

(a) This table comprises capital expenditure, including assets acquired under leases and assets acquired using service concession arrangements under the financial liability model, and reconciles to the General Government Sector capital expenditure program.

(b) The original budget included a total of \$80 million State Contingencies (in place of Advances to the Treasurer) which was allocated across functions as the funds were spent in the actual year.

(c) The actual included a \$844m reduction in capital expenditure due to remeasurement of right of use assets that occurred during the year.

Table 10: NSW Public Non-Financial Corporation Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023

	2022-23 Budget \$m	2022-23 Actual \$m
Revenue from Transactions		
Grants and Subsidies	5,037	7,401
Sale of Goods and Services	7,788	7,989
Interest	28	144
Other Dividends and Distributions	...	21
Fines, Regulatory Fees and Other	526	639
Total Revenue from Transactions	13,380	16,195
Expenses from Transactions		
Employee	2,479	2,606
Personnel Services Expenses	148	134
Superannuation		
Superannuation Interest Cost	47	38
Other Superannuation	228	262
Depreciation and Amortisation	2,807	2,833
Interest	1,096	1,043
Income Tax Equivalents	280	107
Other Operating Expenses	5,884	6,171
Grants, Subsidies and Other Transfer	82	76
Total Expenses from Transactions	13,050	13,270
NET OPERATING BALANCE - SURPLUS/(DEFICIT) AFTER TAX	330	2,925

Table 10: NSW Public Non-Financial Corporation Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023 (cont)

	2022-23 Budget \$m	2022-23 Actual \$m
Other Economic Flows - Included in the Operating Result		
Gain/(Loss) from Liabilities	...	0
Other Net Gains/(Losses)	(95)	(1,490)
Deferred Income Tax from Other Sectors	(3)	(84)
Other	(4)	0
Other Economic Flows - included in Operating Result	(101)	(1,573)
Operating Result	228	1,351
Other Economic Flows - Other Comprehensive Income		
Items that will not be Reclassified to Operating Result	2,078	2,802
Revaluations	2,103	3,118
Remeasurements of Post-Employment Benefits	20	158
Deferred Tax Direct to Equity	(46)	(495)
Other	0	20
Items that may be Reclassified Subsequently to Operating Result	...	(9)
Net Gain/(Loss) on Financial Instruments at Fair Value	...	(9)
Other Economic Flows - Other Comprehensive Income	2,078	2,792
Comprehensive Result - Before Transactions with Owners in their capacity as Owners	2,306	4,144
Dividends Distributed	(330)	(333)
Net Equity Injections/(Transfers)	2,072	(287)
Comprehensive Result - Total Change in Net Worth	4,048	3,524
Key Fiscal Aggregates		
Comprehensive Result - Before Transactions with Owners in their capacity as Owners	2,306	4,144
Less: Net Other Economic Flows	(1,976)	(1,219)
Equals: Net Operating Balance	330	2,925
Less: Net Acquisition of Non-Financial Assets		
Purchases of Non-Financial Assets ^(a)	6,486	5,515
Sales of Non-Financial Assets	(649)	(293)
Less: Depreciation	(2,807)	(2,833)
Plus: Change in Inventories	36	(70)
Plus: Other Movements in Non-Financial Assets		
Assets Acquired Using Leases ^(a)	89	63
Assets Acquired Using Service Concession Arrangements		
Financial Liability Model ^(b)	...	...
Grant of a Right to the Operator Model	...	...
Other	331	411
Equals: Total Net Acquisition of Non-Financial Assets	3,488	2,794
Equals: Net Lending/(Borrowing) [Fiscal Balance]	(3,158)	131
OTHER FISCAL AGGREGATES		
Capital Expenditure ^(a)	6,576	5,578
Dividend Accrued	330	333

(a) Capital expenditure comprises purchases of non-financial assets, assets acquired using leases and assets acquired using service concession arrangements under the financial liability model.

Table 11: NSW Public Non-Financial Corporation Sector Consolidated Statement of Financial Position at 30 June 2023^(a)

	2023 Budget	2023 Actual
	\$m	\$m
Assets		
Financial Assets		
Cash and Cash Equivalents	2,720	4,134
Receivables	1,260	1,485
Investments, Loans and Placements		
Financial Assets at Fair Value	371	571
Other Financial Assets	597	785
Advances paid	29	31
Tax Equivalents Receivable	3	73
Deferred Tax Equivalents Asset	50	42
Equity Investments		
Other Equity Investments	156	...
Total Financial Assets	5,186	7,121
Non-Financial Assets		
Contract Assets	...	12
Inventories	798	634
Forestry Stock and Other Biological Assets	624	626
Assets Classified as Held for Sale	56	9
Investment Properties	604	611
Property, Plant and Equipment		
Land and Buildings	83,228	83,922
Plant and Equipment	4,289	4,210
Infrastructure Systems	50,010	50,092
Right-of-Use Assets	4,137	2,483
Intangibles	1,084	937
Other Non-Financial Assets	517	585
Total Non-Financial Assets	145,347	144,123
Total Assets	150,532	151,244
Liabilities		
Deposits Held	39	35
Payables	2,074	2,388
Contract Liabilities	67	143
Borrowings and Derivatives at Fair Value	2	3
Borrowings at Amortised Cost	33,342	31,905
Advances Received	297	297
Employee Benefits Liabilities	1,302	1,262
Superannuation Provision ^(b)	1,410	1,289
Tax Equivalents Payable	84	31
Deferred Tax Equivalent Provision	2,419	3,607
Other Provisions	607	710
Other Liabilities	470	342
Total Liabilities	42,113	42,012
NET ASSETS	108,419	109,232

Table 11: NSW Public Non-Financial Corporation Sector Consolidated Statement of Financial Position at 30 June 2023 (cont)

	2023 Budget	2023 Actual
	\$m	\$m
NET WORTH		
Accumulated Funds	54,699	52,962
Reserves	53,720	56,270
TOTAL NET WORTH	108,419	109,232
OTHER FISCAL AGGREGATES		
Net Debt^(c)	29,962	26,719
Net Financial Liabilities^(d)	36,928	34,890
Net Financial Worth^(e)	(36,928)	(34,890)

(a) This table has been presented on a liquidity basis as per AASB 1049.

(b) The superannuation provision is reported net of the fair value of fund assets.

(c) Net debt equals the sum of deposits held, advances received, borrowings and other liabilities relating to the interests in TCorpIM Funds of investors not controlled by the State minus the sum of cash and cash equivalents, advances paid and investments, loans and placements.

(d) Net financial liabilities equals total liabilities less financial assets excluding equity investments in other public sector entities.

(e) Net financial worth equals total financial assets minus total liabilities.

Table 12: NSW Public Non-Financial Corporation Sector Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

	2022-23 Budget \$m	2022-23 Actual \$m
Cash Receipts from Operating Activities		
Sale of Goods and Services	8,034	7,981
Grants and Subsidies	5,062	7,393
Interest	20	118
Dividends and Income Tax Equivalents from Other Sectors	...	(11)
Other	689	1,728
Total Cash Receipts from Operating Activities	13,805	17,208
Cash Payments from Operating Activities		
Employee Related	(2,621)	(2,739)
Personnel Services ^(a)	(317)	(285)
Superannuation	(264)	(278)
Payments for Goods and Services ^(a)	(6,069)	(5,759)
Grants and Subsidies	(82)	(70)
Interest	(1,052)	(948)
Distributions Paid	(174)	(90)
Other	(599)	(1,435)
Total Cash Payments from Operating Activities	(11,177)	(11,605)
Net Cash Flows from Operating Activities	2,628	5,603
Cash Flows from Investments in Non-Financial Assets		
Proceeds from Sale of Non-financial Assets	649	292
Purchases	(6,162)	(5,490)
Net Cash Flows from Investments in Non-financial Assets	(5,513)	(5,198)
Cash Flows from Investments in Financial Assets for Policy Purposes		
Receipts	0	...
Payments	(6)	(10)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(6)	(10)
Cash Flows from Investment in Financial Assets for Liquidity Purposes		
Proceeds from Sale of Investments	221	7
Purchase of Investments	(51)	(137)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	170	(131)
Net Cash Flows from Investing Activities	(5,350)	(5,339)
Cash Flows from Financing Activities		
Advances Received	2,263	...
Advances Repaid	(31)	(31)
Proceeds from Borrowings	1,381	1,810
Repayments of Borrowings	(430)	(631)
Dividends Paid	(286)	(286)
Deposits Received/(Paid) - (Net)	(8)	9
Other (Net)	(46)	(16)
Net Cash Flows from Financing Activities	2,842	855
Net Increase/(Decrease) in Cash Held	120	1,120
Opening Cash and Cash Equivalents	2,600	3,066
Reclassification of Cash Equivalents	...	(52)
CLOSING CASH AND CASH EQUIVALENTS	2,720	4,134
Derivation of Cash Result		
Net Cash Flows from Operating Activities	2,628	5,603
Net Cash Flows from Investments in Non-Financial Assets	(5,513)	(5,198)
Dividend Distributions	(286)	(286)
Cash Surplus/(Deficit)	(3,172)	119

(a) Payments for personnel services are shown as a separate line in these UPF tables, they are included as payments for goods and services in the Total State Sector Accounts.

Table 13: NSW Non-Financial Public Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023

	2022-23 Budget \$m	2022-23 Actual \$m
Revenue from Transactions		
Taxation	39,089	39,199
Grants and Subsidies	42,843	45,385
Sale of Goods and Services	14,504	14,563
Interest	305	525
Dividend and Income Tax Equivalents from Other Sectors	152	162
Other Dividends and Distributions	2,684	1,488
Fines, Regulatory Fees and Other	7,561	8,884
Total Revenue from Transactions	107,138	110,207
Expenses from Transactions		
Employee	45,108	45,085
Superannuation		
Superannuation Interest Cost	1,520	1,621
Other Superannuation	4,151	4,320
Depreciation and Amortisation	10,694	10,694
Interest	4,566	5,111
Other Operating Expenses	30,391	31,220
Grants and Subsidies and Other Transfers	21,744	20,003
Total Expenses from Transactions	118,175	118,052
NET OPERATING BALANCE - SURPLUS/(DEFICIT)	(11,038)	(7,845)

Table 13: NSW Non-Financial Public Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023 (cont)

	2022-23 Budget \$m	2022-23 Actual \$m
Other Economic Flows - Included in the Operating Result		
Gain/(Loss) from Liabilities	(74)	(186)
Other Net Gains/(Losses)	8	727
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	209	(13)
Deferred Income Tax from Other Sectors	0	(0)
Other	20	89
Other Economic Flows - included in Operating Result	123	438
Operating Result	(10,915)	(7,407)
Other Economic Flows - Other Comprehensive Income		
Items that will not be Reclassified to Operating Result	6,306	43,489
Revaluations	6,293	36,343
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result	...	1,706
Remeasurements of Post-Employment Benefits	185	2,527
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	(195)	2,483
Deferred Tax Direct to Equity	(0)	0
Other	23	429
Items that may be Reclassified Subsequently to Operating Result	...	(9)
Net Gain/(Loss) on Financial Instruments at Fair Value	...	(9)
Share of Associate's Other Comprehensive Income/(Loss) that may be Reclassified Subsequently to Operating Result	...	...
Other Economic Flows - Other Comprehensive Income	6,306	43,480
Comprehensive Result - Total Change in Net Worth	(4,609)	36,072
Key Fiscal Aggregates		
Comprehensive Result - Before Transactions with Owners in their capacity as Owners	(4,609)	36,072
Less: Net Other Economic Flows	(6,429)	(43,918)
Equals: Net Operating Balance	(11,038)	(7,846)
Less: Net Acquisition of Non-Financial Assets		
Purchases of Non-Financial Assets ^(a)	28,348	26,723
Sales of Non-Financial Assets	(1,235)	(661)
Less: Depreciation	(10,694)	(10,694)
Plus: Change in inventories	(763)	(187)
Plus: Other Movements in Non-Financial Assets		
Assets Acquired Using Leases ^(a)	724	95
Assets Acquired Using Service Concession Arrangements		
Financial Liability Model ^(b)	169	827
Grant of a Right to the Operator Model	1,829	273
Other	(399)	453
Equals Total Net Acquisition of Non-Financial Assets	17,980	16,830
Equals: Net Lending/(Borrowing) [Fiscal Balance]	(29,018)	(24,676)
OTHER FISCAL AGGREGATES		
Capital Expenditure ^(a)	29,242	27,645

(a) Capital expenditure comprises purchases of non-financial assets, assets acquired using leases and assets acquired using service concession arrangements under the financial liability model.

Table 14: NSW Non-Financial Public Sector Consolidated Statement of Financial Position at 30 June 2023^(a)

	2023 Budget \$m	2023 Actual \$m
Assets		
Financial Assets		
Cash and Cash Equivalent Assets	3,428	10,490
Receivables	11,542	12,277
Investments, Loans and Placements		
Financial Assets at Fair Value	46,537	48,954
Other Financial Assets	2,319	2,569
Advances paid	935	671
Tax Equivalent Receivable	46	11
Deferred Tax Equivalent Asset	(0)	(0)
Equity Investments		
Investments in Other Public Sector Entities	7,845	13,834
Investments in Associates and Joint Ventures	8,086	10,545
Other Equity Investments	162	15
Total Financial Assets	80,898	99,367
Non-Financial Assets		
Contract Assets	21	90
Inventories	1,205	1,722
Forestry Stock and Other Biological Assets	647	642
Assets Classified as Held for Sale	151	161
Investment Properties	604	611
Property, Plant and Equipment		
Land and Buildings	199,437	213,570
Plant and Equipment	18,694	19,419
Infrastructure Systems	231,522	255,000
Right-of-Use Assets	10,736	8,434
Intangibles	5,984	6,113
Other Non-Financial Assets	1,465	2,581
Total Non-financial Assets	470,466	508,343
Total Assets	551,364	607,710
Liabilities		
Deposits Held	321	362
Payables	10,162	11,467
Contract Liabilities	819	989
Borrowings and Derivatives at Fair Value	13	20
Borrowings at Amortised Cost	160,470	163,336
Advances Received	501	492
Employee Benefits Liabilities	26,007	27,221
Superannuation Provision ^(b)	46,644	42,966
Other Provisions	14,058	16,989
Other Liabilities	25,165	21,909
Total Liabilities	284,161	285,752
NET ASSETS	267,203	321,957

Table 14: NSW Non-Financial Public Sector Consolidated Statement of Financial Position at 30 June 2023 (cont)

	2023 Budget \$m	2023 Actual \$m
NET WORTH		
Accumulated Funds	109,397	116,288
Reserves	157,806	205,669
TOTAL NET WORTH	267,203	321,957
OTHER FISCAL AGGREGATES		
Net Debt ^(c)	108,088	101,526
Net Financial Liabilities ^(d)	211,108	200,220
Net Financial Worth ^(e)	(203,263)	(186,386)

(a) This table has been presented on a liquidity basis as per AASB 1049.

(b) The superannuation provision is reported net of the fair value of fund assets.

(c) Net debt equals the sum of deposits held, advances received, borrowings and other liabilities relating to the interests in TCorpIM Funds of investors not controlled by the State minus the sum of cash and cash equivalents, advances paid and investments, loans and placements.

(d) Net financial liabilities equals total liabilities less financial assets excluding equity investments in other public sector entities.

(e) Net financial worth equals total financial assets minus total liabilities.

Table 15: NSW Non-Financial Public Sector Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

	2022-23 Budget \$m	2022-23 Actual \$m
Cash Receipts from Operating Activities		
Taxation	39,172	39,300
Sales of Goods and Services	14,916	15,390
Grants and Subsidies	43,681	45,051
Interest	235	434
Dividends and Income Tax Equivalents	133	148
Other	9,366	15,581
Total Cash Receipts from Operating Activities	107,503	115,905
Cash Payments from Operating Activities		
Employee Related	(44,163)	(42,547)
Payment for Personnel Services ^(a)	(0)	0
Superannuation	(5,266)	(5,415)
Payments for Goods and Services ^(a)	(29,849)	(29,804)
Grants and Subsidies	(20,677)	(18,845)
Interest	(4,023)	(3,963)
Other	(3,879)	(10,125)
Total Cash Payments from Operating Activities	(107,857)	(110,699)
Net Cash Flows from Operating Activities	(354)	5,206
Cash Flows from Investments in Non-Financial Assets		
Proceeds from Sale of Non-financial Assets	1,235	571
Purchases	(27,943)	(27,487)
Net Cash Flows from Investments in Non-financial Assets	(26,709)	(26,916)
Cash Flows from Investments in Financial Assets for Policy Purposes		
Receipts	268	117
Payments	(406)	(137)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(138)	(21)
Cash Flows from Investment in Financial Assets for Liquidity Purposes		
Proceeds from Sale of Investments	4,016	4,848
Purchase of Investments	(908)	(3,432)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	3,108	1,416
Net Cash Flows from Investing Activities	(23,739)	(25,521)
Cash Flows from Financing Activities		
Advances Received	(4)	1
Advances Repaid	(90)	(79)
Proceeds from Borrowings	27,216	30,267
Repayments of Borrowings	(5,253)	(5,608)
Dividends Paid	...	...
Deposits Received/(Paid) - (Net)	(8)	(17)
Other (Net)	(1)	0
Net Cash Flows from Financing Activities	21,860	24,564
Net Increase/(Decrease) in Cash Held	(2,233)	4,250
Opening Cash and Cash Equivalents	5,661	6,292
Reclassification of Cash Equivalents and Other Adjustments	(0)	(52)
CLOSING CASH AND CASH EQUIVALENTS	3,428	10,490
Derivation of Cash Result		
Net Cash Flows from Operating Activities	(354)	5,206
Net Cash Flows from Investments in Non-Financial Assets	(26,709)	(26,916)
Dividends Paid	...	...
Cash Surplus/(Deficit)	(27,063)	(21,710)

(a) Payments for personnel services are shown as a separate line in these UPF tables, they are included as payments for goods and services in the Total State Sector Accounts.

Table 16: NSW Public Financial Corporations Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023^(a)

	2022-23
	Actual
	\$m
Revenue from Transactions	
Sale of Goods and Services ^(b)	1,908
Interest	5,835
Other Dividends and Distributions	944
Fines, Regulatory Fees and Other	18
Total Revenue from Transactions	8,705
Expenses from Transactions	
Employee	307
Superannuation	
Superannuation Interest Cost	...
Other Superannuation	28
Depreciation and Amortisation	56
Interest	4,461
Income Tax Equivalents	55
Other Operating Expenses	3,675
Grants and Subsidies and Other Transfers	22
Total Expenses from Transactions	8,605
NET OPERATING BALANCE - SURPLUS / (DEFICIT) AFTER TAX	100

Table 16: NSW Public Financial Corporations Sector Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023(cont)

	2022-23
	Actual
	\$m
Other Economic Flows - Included in the Operating Result	
Gain/(Loss) from Liabilities	(3,299)
Other Net Gains/(Losses)	5,842
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	(88)
Other Economic Flows - included in Operating Result	2,455
Operating Result	2,555
Other Economic Flows - Other Comprehensive Income	
Items that will not be Reclassified to Operating Result	49
Revaluations	49
Remeasurements of Post-Employment Benefits	0
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	...
Deferred Tax Direct to Equity	...
Items that may be Reclassified Subsequently to Operating Result	0
Net Gain/(Loss) on Financial Instruments at Fair Value	...
Other Economic Flows - Other Comprehensive Income	49
Comprehensive Result - Before Transactions with Owners in their capacity as Owners	2,604
Dividends Distributed	(106)
Net Equity Injections/(Transfers)	...
Comprehensive Result -Total Change in Net Worth	2,498
Key Fiscal Aggregates	
Comprehensive Result - Before Transactions with Owners in their capacity as Owners	2,604
Less: Net Other Economic Flows	(2,504)
Equals: Net Operating Balance	100
Less: Net Acquisition of Non-Financial Assets	
Purchases of Non-Financial Assets ^(c)	151
Sales of Non-Financial Assets	...
Less: Depreciation	(56)
Plus: Change in inventories	...
Plus: Other Movements in Non-Financial Assets	
Assets Acquired Using Leases ^(c)	2
Assets Acquired Using Service Concession Arrangements	0
Financial Liability Model	...
Grant of Right to the Operator Model	...
Other	...
Equals: Total Net Acquisition of Non-Financial Assets	97
Equals : Net Lending /(Borrowing) [Fiscal Balance]	3
OTHER FISCAL AGGREGATES	
Capital Expenditure ^(c)	153
Dividends Accrued	106

(a) The current Uniform Presentation Framework does not require the publishing of the results of the Public Financial Corporation Sector at budget time and mid-year, therefore a Budget column is not available.

(b) Includes taxation revenue which is shown as a separate line item in the Total State Sector Accounts.

(c) Capital expenditure comprises purchases of non-financial assets, assets acquired using leases and assets acquired using service concession arrangements under the financial liability model.

Table 17: NSW Public Financial Corporations Sector Consolidated Statement of Financial Position at 30 June 2023^{(a)(b)}

	2023 Actual \$m
Assets	
Financial Assets	
Cash and Cash Equivalent Assets	6,934
Receivables	10,557
Investments, Loans and Placements	
Financial Assets at Fair Value	203,560
Other Financial Assets	9
Equity Investments	0
Other Equity Investments	28,193
Total Financial Assets	250,611
Non-Financial Assets	
Investment Properties	1,142
Property, Plant and Equipment	
Land and Buildings	16
Plant and Equipment	8
Infrastructure Systems	653
Right-of-Use Assets	104
Intangibles	139
Other Non-Financial Assets	128
Total Non-Financial Assets	2,190
Total Assets	252,801
Liabilities	
Deposits Held	239
Payables	10,589
Borrowings and Derivatives at Fair Value	152,633
Borrowings at Amortised Cost	1,924
Employee Benefits Liabilities	60
Superannuation Provision ^(c)	0
Tax Equivalents Payable	11
Other Provisions	8,597
Other Liabilities	64,905
Total Liabilities	238,959
NET ASSETS	13,841
NET WORTH	
Accumulated Funds	13,441
Reserves	401
TOTAL NET WORTH	13,841
OTHER FISCAL AGGREGATES	
Net Debt^(d)	9,116
Net Financial Liabilities^(e)	(11,652)
Net Financial Worth^(f)	11,652

(a) The current Uniform Presentation Framework does not require the publishing of the results of the Public Financial Corporation Sector at budget time and mid-year, therefore a Budget column is not available.

(b) This table has been presented on a liquidity basis as per AASB 1049.

(c) The superannuation provision is reported net of the fair value of fund assets.

(d) Net debt equals the sum of deposits held, advances received, borrowings and other liabilities relating to the interests in TCorpIM Funds of investors not controlled by the State minus the sum of cash and cash equivalents, advances paid and investments, loans and placements.

(e) Net financial liabilities equals total liabilities minus financial assets.

(f) Net financial worth equals total financial assets minus total liabilities.

Table 18: NSW Public Financial Corporations Sector Consolidated Statement of Cash Flows for the Year Ended 30 June 2023^(a)

	2022-23 Actual \$m
Cash Receipts from Operating Activities	
Sale of Goods and Services ^(b)	1,886
Interest	4,963
Other	332
Total Cash Receipts from Operating Activities	7,182
Cash Payments from Operating Activities	
Employee Related	(306)
Superannuation	(28)
Payments for Goods and Services	(535)
Grants and Subsidies	(8)
Interest	(3,544)
Distributions Paid	(1,695)
Other	(445)
Total Cash Payments from Operating Activities	(6,562)
Net Cash Flows from Operating Activities	620
Cash Flows from Investments in Non-Financial Assets	
Proceeds from Sale of Non-financial Assets	...
Purchases	(148)
Net Cash Flows from Investments in Non-financial Assets	(148)
Cash Flows from Investments in Financial Assets for Policy Purposes	
Receipts	...
Payments	...
Net Cash Flows from Investments in Financial Assets for Policy Purposes	0
Cash Flows from Investment in Financial Assets for Liquidity Purposes	
Proceeds from Sale of Investments	7,349
Payments for Purchase of Investments	(42,208)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	(34,860)
Net Cash Flows from Investing Activities	(35,008)
Cash Flows from Financing Activities	
Proceeds from Borrowings	124,871
Repayments of Borrowings	(90,290)
Dividends Paid	(95)
Deposits Received/(Paid) - (Net)	...
Other (Net)	...
Net Cash Flows from Financing Activities	34,485
Net Increase/(Decrease) in Cash Held	97
Opening Cash and Cash Equivalents	6,837
Reclassification of Cash Equivalents and Other Adjustments	...
CLOSING CASH AND CASH EQUIVALENTS	6,934
Derivation of Cash Result	
Net Cash Flows from Operating Activities	620
Net Cash Flows from Investments in Non-Financial Assets	(148)
Dividends Paid	(95)
Cash Surplus/(Deficit)	376

- (a) The current Uniform Presentation Framework does not require the publishing of the Public Financial Corporation Sector at budget time and mid-year, therefore the Budget column is not presented.
- (b) Includes taxation revenue which is shown as a separate line item in the TSSA.

NSW Treasury

Published by NSW Treasury

First published December 2023

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