

NSW BUDGET 2025–26



How to read the Budget Papers



2025-26

How to Read the Budget Papers



FOREWORD

The Budget is the NSW Government's principal financial, economic and policy statement. It is released once a year. It focuses on the next four years, with a particular focus on the year ahead (the Budget year).

The Budget itself is made up of five individual budget papers, one of which is the Appropriation Bills presented to NSW Parliament.

The budget papers are an important resource for the community. They provide insight into how the NSW Government is allocating taxpayer dollars, what new and existing services, programs and infrastructure are being delivered and how government spending is performing.

How to Read the Budget Papers has been prepared to help readers get the most from the Budget. It explains where to locate key information and provides an overview of key concepts and terminology, as well as lists the classification of agencies.

This document is structured to serve a dual purpose:

- it is a plain English guide for readers to aid interpretation of key economic, financial and performance information in the budget papers
- it is also a technical accompaniment for the Estimated Financial Statements for the general government sector – including how they are prepared in accordance with principles and rules established by the Australian Accounting Standards Board and the Australian Bureau of Statistics.

This document concludes with a glossary of key terms used across the budget papers.

The full range of budget papers and associated products can be found on the NSW Budget website, www.budget.nsw.gov.au.

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1. OUTLINE OF 2025-26 BUDGET PAPERS

The budget papers for 2025-26 are:

- Budget Paper No. 1 *Budget Statement*
- Budget Paper No. 2 *Performance and Wellbeing Statement*
- Budget Paper No. 3 *Infrastructure Statement*
- Budget Paper No. 4 *Agency Financial Statements*
- Budget Paper No. 5 *Appropriation Bills*.

In addition to the papers listed above, the NSW Government prepares the following supporting products:

- Overview: Our plan for New South Wales
- Our plan for Regional New South Wales
- Our plan for Western Sydney
- Budget Speech.

All budget papers and associated products can be found on the NSW Budget website, www.budget.nsw.gov.au. The website also includes key interactive dashboards.

More information on key components and processes for the annual budget process can be found in the Consolidated Budget Management Guidance, which is on the [NSW Budget resource hub](#). This Guidance is a comprehensive resource setting out the core expectations and requirements of budget management and the budget process in the NSW public sector. It is a useful guide for all public servants, as well as for all readers of the budget papers.

Budget Paper No. 1 Budget Statement

Budget Paper No. 1 *Budget Statement* presents ‘whole of government’ information. It contains the NSW Government’s economic and fiscal position and outlook. It also details the NSW Government’s fiscal strategy and presents a consolidation of the main expense, revenue and balance sheet measures.

Budget Paper No. 2 Performance and Wellbeing Statement

Budget Paper No. 2 *Performance and Wellbeing Statement* presents NSW Government performance information and key budget measures organised by NSW Wellbeing themes.

The budget paper includes the Gender Equality Budget Statement in alignment with the NSW Wellbeing themes. This acknowledges that gender equality is central to our wellbeing, the performance of the State economy and the safety of society. The Gender Equality Budget Statement provides information on new measures impacting gender equality, gender impact assessments informing policy design and progress updates on previous investments.

Budget Paper No. 3 Infrastructure Statement

Budget Paper No. 3 *Infrastructure Statement* provides detailed information on the projects to be delivered such as roads, schools and hospitals. The budget paper includes the infrastructure investment of agencies that are material to the general government and public non-financial corporations sectors.

Budget Paper No. 4 Agency Financial Statements

Budget Paper No. 4 *Agency Financial Statements* presents an operating statement, balance sheet and cash flow statement for each principal department and material agency in the general government sector for the 2024-25 full year projections as at 30 April 2025, and 2025-26 Budget year.

Budget Paper No. 5 Appropriation Bills

Budget Paper No. 5 *Appropriation Bills* sets out the amount to be appropriated to each Coordinating Minister, along with the purpose for which it is to be spent.

The Appropriation Bills includes two bills which are presented to NSW Parliament. The first bill allocates funds for expenditure for the provision of services for the departments and Special Offices. The second bill, which is presented cognate (meaning two or more bills are considered in detail at the same time) details the amount allocated for the services of the Legislature.

2. BASIS AND SCOPE OF THE BUDGET PAPERS

The budget papers deliver several objectives. They:

- inform the public of the State's economic and fiscal position
- set out the NSW Government's fiscal strategy
- provide NSW Parliament with financial and service delivery information to inform consideration of the Appropriation Bills
- provide a clear and detailed report on the State's infrastructure expenditure strategy, covering both new works and works-in-progress
- provide insight on performance and how resources are expected to deliver NSW outcomes and contribute to improved wellbeing
- fulfil additional legal requirements of the *Government Sector Finance Act 2018* and the *Fiscal Responsibility Act 2012* for the presentation and content of budget papers.

2.1 Sector classifications in the NSW Government

The financial activities of all governments are measured using the government finance statistics (GFS) framework.¹ All entities controlled by governments are classified into sectors according to the nature of their activities and funding arrangements.

For financial reporting and policy framework purposes, each NSW Government entity is classified under one of three sectors:

- general government sector (GGS)
- public non-financial corporations (PNFC)
- public financial corporations (PFC).

When combined, these three sectors make up the **total state sector**, which is also referred to as whole of government. This is not a GFS term, but it is used to describe the scope of all government activities representing the total state.

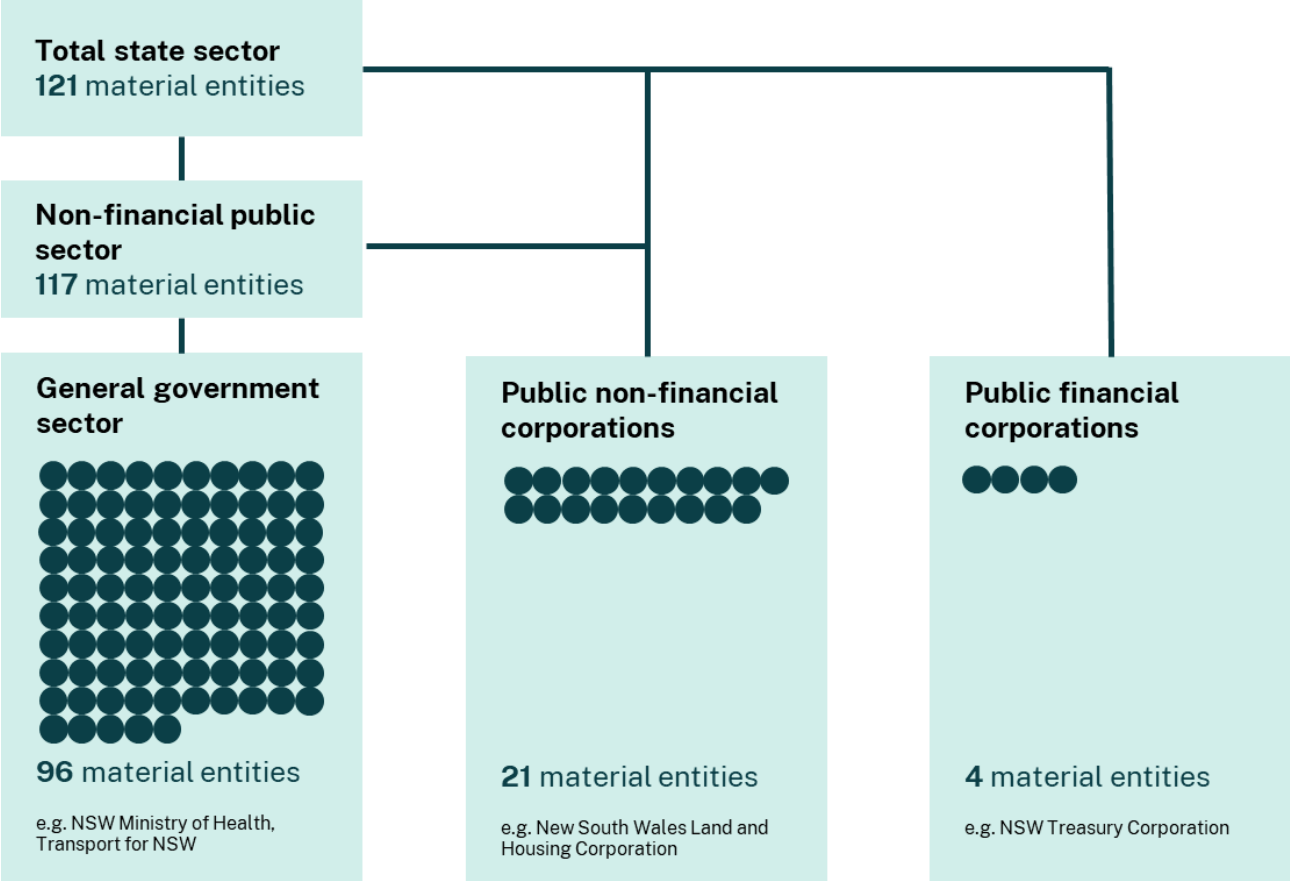
The nature of each sector as it relates to NSW Government entities is detailed in Table 2.1.

¹ Australian Bureau of Statistics, *Australian System of Government Finance Statistics: Concepts, Sources and Methods*, 2015 Cat. No. 5514, ABS, Canberra.

Table 2.1: NSW Government sectors

General government sector	<p>Agencies in this sector generally operate under the Financial Management Framework and carry out policy, regulatory and service delivery functions. This sector includes agencies such as the Ministry of Health, Department of Education, NSW Police Force, Rental Bond Board, and Independent Pricing and Regulatory Tribunal.</p> <p>‘General government sector’ is defined under GFS as the institutional sector comprising all entities controlled by the Government that provide public services, are mainly non-market in nature and are primarily budget-funded or obtain their funds from government generally.</p>
Public non-financial corporations sector	<p>Agencies in this sector are either commercial or non-commercial.</p> <p>Commercial enterprises generally operate under the Commercial Policy Framework, which aims to replicate disciplines and incentives that drive the efficient commercial practices of private sector businesses. They deliver services to a customer base from which they receive their income. They generally pay dividends and tax-equivalent payments to the general government sector. These agencies include State Owned Corporations such as Sydney Water and Hunter Water Corporations.</p> <p>Non-commercial enterprises address important social objectives and levy charges for services to client groups on a subsidised basis. This includes the New South Wales Land and Housing Corporation, which receives substantial grants from the general government sector to provide these services.</p> <p>‘Public non-financial corporations sector’ is defined under GFS as resident government controlled corporations and quasi-corporations whose primary function is to provide goods and services which are mainly market, non-regulatory and non-financial in nature, financed predominately through sales to the consumers of these goods and services.</p>
Public financial corporations sector	<p>These agencies are involved in financial services and generally operate under the Commercial Policy Framework. They include the New South Wales Treasury Corporation and Insurance and Care NSW.</p> <p>‘Public financial corporations sector’ is defined under GFS as resident government controlled operations and quasi-corporations mainly engaged in financial intermediation or provision of auxiliary financial services.</p>

Figure 2.1: The total state sector is comprised of 121 material entities



The following table lists all entities considered material for the whole-of-government purposes which are controlled by the NSW Government and the GFS sectors under which they are classified.

In addition, budget estimates shown in the budget papers include an estimate of the impact of small entities controlled by the NSW Government and not considered material for the whole-of-government purposes.

Table 2.2: Classification of agencies by sector

Material agencies	General government sector	Public non-financial corporations sector	Public financial corporations sector
Aboriginal Housing Office	•		
Alpha Distribution Ministerial Holding Corporation	•		
Art Gallery of New South Wales	•		
Audit Office of New South Wales	•		
Australian Museum	•		
Biodiversity Conservation Trust of NSW	•		
Centennial Park and Moore Park Trust	•		
Corrective Services NSW ^(a)	•		
Crown Solicitor's Office	•		
Department of Climate Change, Energy, the Environment and Water	•		
Department of Communities and Justice ^(a)	•		
Department of Creative Industries, Tourism, Hospitality and Sport ^(b)	•		
Department of Customer Service ^(c)	•		
Department of Education	•		
Department of Planning, Housing and Infrastructure	•		
Department of Primary Industries and Regional Development ^(d)	•		
Destination NSW	•		
Electricity Assets Ministerial Holding Corporation	•		
Electricity Retained Interest Corporation – Ausgrid	•		
Electricity Retained Interest Corporation – Endeavour Energy	•		
Electricity Transmission Ministerial Holding Corporation	•		
Energy Corporation of New South Wales	•		
Energy Security Corporation	•		
Environment Protection Authority	•		
Environmental Trust	•		
Epsilon Distribution Ministerial Holding Corporation	•		
Essential Energy		•	
Fire and Rescue NSW	•		
First Australian Mortgage Acceptance Corporation (FANMAC) Trusts			•
Forestry Corporation of New South Wales		•	
Greater Sydney Parklands Trust	•		
Health Care Complaints Commission	•		
Home Purchase Assistance Fund	•		
Hunter and Central Coast Development Corporation	•		
Hunter Water Corporation		•	
Independent Commission Against Corruption	•		
Independent Liquor and Gaming Authority	•		
Independent Pricing and Regulatory Tribunal	•		
Information and Privacy Commission	•		
Infrastructure NSW	•		
Insurance and Care NSW			•

Material agencies	General government sector	Public non-financial corporations sector	Public financial corporations sector
Judicial Commission of New South Wales	•		
Landcom		•	
Lands Administration Ministerial Corporation	•		
Law Enforcement Conduct Commission	•		
Legal Aid Commission of New South Wales	•		
Liability Management Ministerial Corporation	•		
Lifetime Care and Support Authority of New South Wales			•
Local Land Services	•		
Long Service Corporation	•		
Luna Park Reserve Trust	•		
Mental Health Commission of New South Wales	•		
Metropolitan Memorial Parks Land Manager ^(e)		•	
Ministry of Health	•		
Multicultural NSW	•		
Museum of Applied Arts and Sciences	•		
Museums of History NSW	•		
Natural Resources Commission	•		
New South Wales Crime Commission	•		
New South Wales Electoral Commission	•		
New South Wales Government Telecommunications Authority	•		
New South Wales Land and Housing Corporation		•	
New South Wales Rural Assistance Authority	•		
New South Wales Treasury Corporation			•
Newcastle Port Corporation		•	
NSW Education Standards Authority	•		
NSW Food Authority	•		
NSW Independent Casino Commission	•		
NSW Police Force	•		
NSW Reconstruction Authority	•		
NSW Rural Fire Service	•		
NSW Self Insurance Corporation	•		
NSW Trains		•	
NSW Trustee and Guardian	•		
Office of Sport	•		
Office of the Children's Guardian	•		
Office of the Director of Public Prosecutions	•		
Office of the Independent Planning Commission	•		
Office of the Independent Review Officer	•		
Office of the NSW State Emergency Service	•		
Office of Transport Safety Investigations	•		
Ombudsman's Office	•		
Parliamentary Counsel's Office	•		
Place Management NSW		•	
Planning Ministerial Corporation	•		

Material agencies	General government sector	Public non-financial corporations sector	Public financial corporations sector
Port Botany Lessor Ministerial Holding Corporation	•		
Port Kembla Lessor Ministerial Holding Corporation	•		
Port of Newcastle Lessor Ministerial Holding Corporation	•		
Ports Assets Ministerial Holding Corporation	•		
Premier's Department ^(f)	•		
Property and Development NSW	•		
Public Service Commission ^(f)	•		
Regional Growth NSW Development Corporation	•		
Rental Bond Board	•		
Royal Botanic Gardens and Domain Trust	•		
SafeWork NSW ^(c)	•		
Service NSW	•		
State Insurance Regulatory Authority	•		
State Library of New South Wales	•		
State Records Authority NSW	•		
State Sporting Venues Authority		•	
Sydney Ferries		•	
Sydney Metro	•		
Sydney Olympic Park Authority	•		
Sydney Opera House Trust		•	
Sydney Trains		•	
Sydney Water Corporation		•	
TAFE Commission	•		
Teacher Housing Authority of New South Wales		•	
The Cabinet Office	•		
The Legislature	•		
Transport Asset Manager of New South Wales ^(g)		•	
Transport for NSW ^(h)	•		
Treasury ⁽ⁱ⁾	•		
Venues NSW		•	
Waste Assets Management Corporation		•	
Water Administration Ministerial Corporation	•		
Water NSW		•	
Western Parkland City Authority	•		
Western Sydney Parklands Trust	•		
Workers' Compensation (Dust Diseases) Authority	•		
Zoological Parks Board of New South Wales		•	

- (a) Corrective Services NSW was established and the Corrective Services NSW branch of the Department of Communities and Justice, other than the Professional Standards and Investigations division of the branch, was transferred to Corrective Services NSW under the *Administrative Arrangements (Administrative Changes – Corrective Services NSW) Order 2024*, effective 1 October 2024.
- (b) Department of Enterprise, Investment and Trade was renamed to the Department of Creative Industries, Tourism, Hospitality and Sport under the *Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 2) 2024*, effective 1 July 2024.
- (c) SafeWork NSW will be established as an entity with the SafeWork NSW branch of the Department of Customer Service transferring to SafeWork NSW under the *Administrative Arrangements (Administrative Changes – SafeWork NSW Agency) Order 2025*, effective 1 July 2025.
- (d) Department of Regional NSW was renamed to the Department of Primary Industries and Regional Development under the *Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 2) 2024*, effective 1 July 2024.
- (e) The former Rookwood General Cemeteries Reserve Land Manager, Northern Metropolitan Cemeteries Land Manager and Southern Metropolitan Cemeteries Land Manager were amalgamated into Metropolitan Memorial Parks Land Manager under the *Crown Land Management Amendment Regulation 2023*, effective 1 July 2023. Metropolitan Memorial Parks Land Manager also includes various assets and liabilities of the former Rookwood Necropolis Land Manager following its dissolution by *NSW Government Gazette Number 385 - Crown Land* on 27 September 2024, effective 1 October 2024.
- (f) The Public Service Commission was abolished and staff employed were transferred to the Premier's Department under the *Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 2) 2024*, effective 1 July 2024.
- (g) Transport Asset Holding Entity of New South Wales was converted from a SOC into a statutory corporation that is also a NSW government agency and renamed to Transport Asset Manager of New South Wales under the *Transport Administration Amendment Act 2024 No 58*, effective 1 January 2025.
- (h) The budget papers generally refer to Transport for NSW which presents consolidated financials for Transport for NSW, the Department of Transport and the Transport Service of NSW. The Department of Transport is the principal department and receives the annual appropriation which is then on-granted to Transport for NSW and other Transport portfolio agencies.
- (i) The convention of presenting the Crown Finance Entity as an agency has ceased. Items recorded within the Crown Finance Entity are now presented as administered items by Treasury on behalf of the Crown in the right of NSW and included within the GGS.

2.2 Scope of the budget papers

The budget papers primarily examine the activities, new measures, financial statements, financial aggregates, and performance information for the general government sector, unless it is explicitly stated otherwise.

Appendix A of Budget Paper No. 1 *Budget Statement* includes financial statements for the public non-financial corporations sector and the non-financial public sector (which is the combined general government and public non-financial corporations sectors). These statements give readers a comprehensive insight into the State's fiscal performance and position.

3. IMPORTANT CONCEPTS

3.1 The Budget is based on economic forecasts and assumptions

The Budget is a forward-looking document, so it relies on economic forecasts and assumptions. These are based on professional judgement and reflect information available at the time.

Some economic parameters are heavily influenced by the Australian Government's policy settings and are largely underpinned by their assumptions. For example, the impact of the Australian Government's migration and border policies can impact NSW population growth.

Readers that are interested in the underlying forecasts and assumptions for this Budget can read further at page 6-5 of this document, which outlines the material economic assumptions used in the 2025-26 Budget, such as population and gross state product.

3.2 Accrual basis of accounting

The financial statements presented in the budget papers are prepared using an accrual basis of accounting in accordance with Australian Accounting Standards (AAS). Accrual accounting is different from cash accounting, which is the basis used by many households.

Under the accrual accounting method, revenue or expenses are recorded when a transaction occurs, not just when cash payments are received or made. Accrual accounting is the standard method of accounting for most governments and large organisations.

The Statement of Finances in Appendix A of Budget Paper No. 1 *Budget Statement* is prepared in accordance with the Uniform Presentation Framework (UPF) and AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

AASB 1049 harmonises the application of accounting standards with the principles and rules contained in the Australian Bureau of Statistics (ABS), *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* (Cat. No. 5514) (ABS-GFS Manual). This aids transparency and integrity in public reporting and facilitates comparison across jurisdictions.

3.3 Performance and Wellbeing Framework

The Performance and Wellbeing Framework was introduced in the Performance and Wellbeing Consultation Paper in 2024-25. The Framework recognises that the allocation of public resources should be based on how it enhances the quality of life of NSW residents (e.g. all school students are supported to reach their full potential), rather than the value of expenditure or the volume of services delivered.

The Framework uses wellbeing metrics and performance indicators to report against wellbeing themes and NSW Outcomes. See Budget Paper No.2 *Performance and Wellbeing Statement* for more information.

3.4 Principal departments

The general government sector is made up of around 100 agencies of a material size.² All agencies are grouped by policy area and are affiliated with one of 12 principal departments. The 12 principal departments are:

- Department of Climate Change, Energy, the Environment and Water
- Department of Communities and Justice
- Department of Creative Industries, Tourism, Hospitality and Sport (was renamed from the Department of Enterprise, Investment and Trade from 1 July 2024)
- Department of Customer Service
- Department of Education
- Department of Planning, Housing and Infrastructure
- Department of Primary Industries and Regional Development (was renamed from the Department of Regional NSW from 1 July 2024)
- Ministry of Health
- Premier's Department
- Transport for NSW³
- The Cabinet Office
- Treasury.

Further information about agency financial statements, capital investment plans and performance information can be found in Budget Paper No. 2 *Performance and Wellbeing Statement*, Budget Paper No. 3 *Infrastructure Statement* and Budget Paper No. 4 *Agency Financial Statements*. Budget Paper No. 5 *Appropriation Bills* outlines the amount of Consolidated Fund to be appropriated to each Coordinating Minister, along with the purpose for which it is to be spent.

² There are also a number of smaller service agencies and trusts.

³ The budget papers generally refer to Transport for NSW which presents consolidated financials for Transport for NSW, the Department of Transport and the Transport Service of NSW. The Department of Transport is the principal department and receives the annual appropriation which is then on-granted to Transport for NSW and other Transport portfolio agencies.

3.5 Interpreting aggregated data

Like large private sector businesses, entities within the NSW Government transact with each other throughout the year. For example, many agencies use Property and Development NSW for property transactions and the Audit Office of New South Wales for auditing services.

The aggregate financial data presented in Budget Paper No. 1 *Budget Statement* is presented on a 'sector eliminated basis'. This means consolidated, whole-of-government expenditure and revenue removes (or eliminates) intra-government transactions. This approach ensures there is no double counting and it provides an accurate picture of the size of the government as a single entity. The benefit is that citizens can see the total expenditure of the government as a sector and whole unit, alongside the total revenue of the government.

In Budget Paper No. 4 *Agency Financial Statements*, recurrent expenses and capital expenditure are presented on an uneliminated basis. Uneliminated basis refers to the full value of the transactions and balances of the agency, including those that relate to transactions with other government agencies.

3.6 Reflecting the latest changes in accounting standards

There have been no new or revised accounting standards which materially impact the budget estimates in 2025-26.

Several amendments and interpretations applied for the first time in 2024-25. However, these are not expected to have a material impact on the operating statement for 2024-25. For further information on the impact of changes to accounting standards on the Estimated Financial Statements for the general government sector, see the Statement of Significant Accounting Policies and Forecast Assumptions section later on in this document.

3.7 Actual data in the budget papers

Actual financial information represents financial data for the year ended 30 June 2024. This information is contained in the audited *Total State Sector Accounts 2023-24* in the *Report on State Finances 2023-24* that were tabled in Parliament on 18 December 2024. This data has not been restated to reflect any changes that may arise due to the adoption, or repeal, of accounting standards and policies in subsequent reporting periods. This is consistent with section 4.2(3A) of the *Government Sector Finance Act 2018* (GSF Act).

4. EXPLAINING KEY TERMS AND PHRASES

This section explains key concepts that are frequently used throughout the budget papers and relate to the Budget's analysis of the economy and fiscal outlook. It assists readers who do not have previous knowledge of finance or economics.

The Glossary at the end of this guide also provides an exhaustive list of terms used throughout the budget papers.

4.1 Concepts used to measure production and spending

Gross domestic product

Gross domestic product (GDP) is one way to measure economic performance. It measures the value-added of goods and services produced by a country. GDP can be presented in either nominal or real terms.

- Nominal GDP measures GDP in current market prices, which includes the impact of changes in prices in the economy.
- Real GDP measures GDP adjusted for changes in prices. Movements in real GDP is the preferred indicator of how fast economic activity is growing.

The Australian Bureau of Statistics (ABS) releases updates to national GDP quarterly and annually.

Gross state product

The equivalent measure of GDP at a state or territory level is known as gross state product (GSP). It measures the value-added of goods and services produced within a state. GSP is released annually by the ABS. For example, the *2023-24 Australian National Accounts: State Accounts* (previously *Cat: 5220.0 Australian National Accounts: State Accounts*) showed New South Wales GSP increased by 1.2 per cent in 2023-24.

State final demand

State final demand (SFD) is a measure of economic demand for goods and services in the economy. It is different to GSP in that it measures the total value of goods and services that are sold in a state or territory to buyers who either consume them or retain them in the form of capital assets.

Consumer price index

The consumer price index (CPI) is designed to provide a general measure of inflation of the household sector. It measures the change in the price for a basket of goods and services over a period of time. The CPI is compiled separately for each capital city and the national measure is presented as the weighted average of eight capital cities. In addition to a national CPI, a Sydney CPI is also published.

4.2 Concepts used to measure the State's overall financial position and performance

Revenue

Revenue is defined as net income received from all sources. These sources of income include taxation (e.g. transfer duty), sales of goods and services, interest income, other recurrent income and capital revenue.

Expenses

Expenses are defined as decreases in net worth resulting from transactions. Common types of expenses include employee expenses, depreciation and amortisation, interest, grants and subsidies, and other operating expenses.

Budget result (also called the net operating balance)

Represents the difference between revenue and expenses from operating transactions in the general government sector. It is important to keep in mind:

- It is a 'flow' measure because it covers a period of time (12 months).
- It measures activity from 'transactions'. It excludes changes to assets / liabilities that occur through other means (e.g. revaluations, purchases and sales of non-financial assets).
- Pages 5-3 to 5-4 of this guide shows a marked-up operating statement, highlighting what is included in the budget result.

Capital expenditure

This is money spent on acquiring or enhancing assets that are expected to provide benefits over multiple years. This usually refers to money spent on property, plant and equipment (including land and buildings, plant and equipment and infrastructure systems), and intangibles (including computer software and easements). In New South Wales, capital expenditure also includes leases and assets acquired using service concession arrangements, as required under Australian Accounting Standards. As page 5-3 illustrates, the budget result does not include capital expenditure – it includes depreciation.

Net lending / borrowing

This measure shows the financing requirement of the government over a one-year period (i.e. the draw on the balance sheet through either a lower cash balance or higher borrowings). It is measured as the net operating balance (excluding non-cash items such as depreciation), less the net acquisition of non-financial assets.

Gross debt

Gross debt is the sum of deposits held, advances received, borrowings at amortised costs and borrowings and derivatives at fair value. High levels of gross debt can impose a call on future revenue flows to service that debt (e.g. interest expenses).

Gross debt to gross state product (GSP)

Gross debt to GSP is a key fiscal indicator that assesses the longer-term fiscal sustainability of a State. It indicates how much debt a state has relative to its economic capacity to generate revenue to service (i.e., interest expenses) and repay the debt. The higher the ratio, the heavier the debt burden.

Net debt

Net debt comprises the stock of gross debt less selected financial assets. The stock of net debt is one (but not the only) common measure used to assess the overall strength of a jurisdiction's fiscal position. High levels of net debt can impose a call on future revenue flows to service that debt and if unchecked can limit government flexibility to adjust expenditure.

Net worth

Net worth is a measure of the strength of the government's financial position at a point in time, usually at the end of a financial year (30 June). It represents the value of all assets, minus the value of all outstanding liabilities.

5. READING AND UNDERSTANDING THE FINANCIAL STATEMENTS

Budget Paper No. 1 *Budget Statement* includes the consolidated⁴ financial statements for the general government sector, public non-financial corporations sector and the non-financial public sector. There are three primary statements:

- Operating Statement
- Balance Sheet
- Cash Flow Statement.

These statements cover a number of years:

- the year ended 30 June 2024. This is referred to as an ‘actual’ position because the year is complete and the results have been audited
- the year ending 30 June 2025. This is referred to as a ‘revised estimated’ position because it has been revised compared to the Budget that was originally handed down last June, based on agencies’ latest projections of current year financial performance. It is ‘estimated’ because the year is still underway
- the year ending 30 June 2026. This is referred to as the Budget year
- the years ending 30 June 2027, 2028 and 2029. These are referred to as the ‘forward years’ or ‘forward estimates’.

These statements contain common financial aggregates that are reported consistently across governments in Australia and internationally, in line with best practice. These aggregates are detailed further below. The NSW aggregates are prepared in line with:

- the Uniform Presentation Framework (UPF) endorsed by the Council on Federal Financial Relations (further background on the UPF can be found in Appendix A – Statement of Finances in Budget Paper No. 1 *Budget Statement*)
- the Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, which adopts a harmonised Government Finance Statistics (GFS) / Generally Accepted Accounting Principles (GAAP) reporting basis, to the maximum extent possible.

Differences between harmonised GFS and GAAP information, as shown in the budget papers and pure GFS information, as reported by the ABS, are known as convergence differences.

Budget Paper No. 4 *Agency Financial Statements* provides financial statements for each principal department and material agency within the general government sector. These are prepared consistent with Australian Accounting Standards AASB 101 *Presentation of Financial Statements*.

⁴ Consolidated means the combined activities of all those entities in the sector.

5.1 Financial statements presented in the budget papers

While the Budget does contain some historical data, the bulk of analysis is forward looking. The sections below help readers understand how to read the different statements in the Budget, keeping in mind that the numbers presented for 2025-26 and beyond remain estimates because they are prospective.

At their heart, the financial statements are about economic value. Some statements show the change in value over a financial year (flows), some statements measure the economic value at a point in time (stocks).

Operating Statement

The Operating Statement shows the revenue and expenditure of the relevant sector. It also shows the net cost of government activities (budget result or net operating balance) within a financial year. It reflects the impact of government measures and actions during that time.

The Operating Statement reports against several major fiscal measures, including:

- net operating balance (budget result)
- operating result
- comprehensive result – total change in net worth
- net lending / borrowing (fiscal balance)
- capital expenditure.

The following pages provide an example of an Operating Statement. It is important to recognise the Operating Statement, which runs over two pages:

- captures changes in economic value (*economic flows*) over a 12-month period.
- breaks down economic flows into two main categories:
 - transactions: an economic flow that is an interaction between institutional units by mutual agreement or through the operation of the law
 - other economic flows: which are changes in the volume or value of assets or liabilities that do not result from transactions. For example, there may be changes due to natural events, such as an earthquake or a flood, or there may be other re-valuations.

The following pages are an example of an Operating Statement, detailing the above concepts for clarity.

Figure 5.1: Exemplar Operating Statement

Table A.1 in Budget Paper No. 1

	2023-24 Actual \$m	2024-25 Revised \$m	2025-26 Budget \$m	2026-27 Forward Estimates \$m	2027-28 Forward Estimates \$m	2028-29 Forward Estimates \$m
Revenue from Transactions						
Taxation	44,603	47,599	51,318	54,138	56,668	59,541
Grants and Subsidies	46,069	47,576	50,686	50,599	52,918	53,128
Sale of Goods and Services	10,156	10,419	11,086	11,157	11,442	11,838
Interest	768	801	573	598	589	541
Dividend and Income Tax Equivalents from Other Sectors	679	630	874	919	995	1,139
Other Dividends and Distributions	1,432	4,035	2,796	3,176	3,354	3,623
Fines, Regulatory Fees and Other	6,512	7,031	6,822	7,450	7,266	7,325
Total Revenue from Transactions	110,219	118,090	124,154	128,038	133,232	137,135
Expenses from Transactions						
Employee	46,131	48,514	50,307	51,913	53,129	56,206
Superannuation						
Superannuation Interest Cost	1,661	1,618	1,601	1,518	1,457	1,404
Other Superannuation	4,619	4,841	5,105	5,308	5,333	5,572
Depreciation and Amortisation	8,601	9,658	10,112	10,470	11,039	11,682
Interest	6,019	7,144	7,746	8,387	9,026	9,518
Other Operating Expense	27,994	27,192	27,776	26,154	27,806	27,497
Grants, Subsidies and Other Transfers	25,883	24,837	24,934			
Total Expenses from Transactions	120,909	123,805	127,581	Sum of expenses		
BUDGET RESULT - SURPLUS/(DEFICIT)						
[Net Operating Balance]	(10,690)	(5,715)	(3,427)	Budget Result is Revenue minus Expenses. It is one measure of the sustainability of the State's operations. It is also known as the Net Operating Balance.		

Figure 5.1: Operating Statement (cont.)

Table A.1 in Budget Paper No. 1 (cont.)

	2023-24 Actual \$m	2024-25 Revised \$m	2025-26 Budget \$m	2026-27 Forward \$m	2027-28 Estimates \$m	2028-29 Estimates \$m
Other Economic Flows - Included in the Operating Result						
Gain/(Loss) from Other Liabilities	(106)	56	(360)			
Other Net Gains/(Losses)	2,110	(105)	1,174			
Share of Earnings/(Losses) from Equity Investments (excluding Dividends)	(169)	(89)	(8)			
Dividends from Asset Sale Proceeds	40	40	14			
Deferred Income Tax from Other Sectors	67	46	84			
Other	(129)	(302)	(40)	(40)	(40)	(41)
Other Economic Flows - included in Operating Result	1,813	(355)	865	1,211	1,447	1,520
Operating Result	(8,877)	(6,070)	(2,562)	62	2,578	2,577
Other Economic Flows - Other Comprehensive Income						
Items that will not be Reclassified to Operating Result	54,075	1,571	(2,612)	2,655	5,528	5,933
Revaluations	15,681	6,262	1,977	1,861	1,959	1,905
Share of Associate's Other Comprehensive Income/(Loss) that will not be Reclassified Subsequently to Operating Result	138	...	...	...	...	...
Remeasurements of Post-Employee Benefits	3,649	258	(1,912)	214	852	821
Net Gain/(Loss) on Financial Assets at Fair Value through Other Comprehensive Income	34,104	(4,955)	(2,790)	465	2,602	3,109
Deferred Tax Direct to Equity	271	64	63	65	65	68
Other	232	(58)	49	50	50	29
Items that may be Reclassified Subsequently to Operating Result	(0)	(0)	...	...	...	...
Net Gain/(Loss) on Financial Instruments at Fair Value	(0)	(0)	...	...	...	...
Other Economic Flows - Other Comprehensive Income	54,075	1,571	(2,612)	2,655	5,528	5,933
Comprehensive Result - Total Change in Net Worth	45,198	(4,499)	(5,174)	2,655	5,528	5,933
Key Fiscal Aggregates						
Comprehensive Result - Total Change in Net Worth	45,198	(4,499)	(5,174)			
Less: Net Other Economic Flows	(55,888)	(1,216)	1,747			
Equals: Budget Result - Net Operating Balance	(10,690)	(5,715)	(3,427)			
Less: Net Acquisition of Non-Financial Assets						
Purchases of Non-Financial Assets ^(a)	20,881	20,919	21,531	21,145	20,604	19,331
Sales of Non-Financial Assets	(337)	(431)	(1,119)	(799)	(2,407)	(738)
Less: Depreciation	(8,601)	(9,658)	(10,112)	(10,470)	(11,039)	(11,682)
Plus: Change in Inventories	143	287	(739)	106	94	(422)
Plus: Other Movements in Non-Financial Assets						
Assets Acquired Using Leases ^(a)	1,131	764	703	791	856	779
Assets Acquired Using Service Concession Arrangements under						
- Finance Liability Model ^(a)	907	632	109			
- Grant of Right to the Operator Model	282	1,844	2,060			
Other	(744)	(602)	(295)			
Equals: Total Net Acquisition of Non-Financial Assets	13,662	13,755	12,139	11,142	10,955	10,350
Equals: Net Lending/(Borrowing) [Fiscal Balance]	(24,351)	(19,470)	(15,566)	(11,142)	(10,955)	(10,350)
OTHER FISCAL AGGREGATES						
Capital Expenditure ^(a)	22,919	22,315	22,343	22,043	21,480	20,111

Other economic flows
This section captures changes in the volume or value of assets and liabilities that are not a result of transactions.

Comprehensive result - Total Change in Net Worth
Is a similar measure to the Net Operating Balance but it also includes 'Other economic flows'.

Net lending
Represents the change in how much the Government can lend or needs to borrow from others.

Balance Sheet

The Balance Sheet records the value of financial and non-financial assets and liabilities of the government at the end of the financial year. It is a stock measure – highlighting the fiscal position of the NSW Government at a point in time.

The balance sheet details the following fiscal aggregates:

- total assets and liabilities
- net assets
- net worth
- net financial worth
- net financial liabilities
- net debt.

The table on the following page provides an example of a Balance Sheet, detailing the concepts listed above.

Figure 5.2: Exemplar Balance Sheet

Table A.2 in Budget Paper No. 1

	June 2024 Actual \$m	June 2025 Revised \$m	June 2026 Budget \$m	June 2027 \$m	June 2028 Forward Estimates \$m	June 2029 \$m
Assets						
Financial Assets						
Cash and Cash Equivalents	6,886	894	825	962	938	1,250
Receivables	13,759	14,999	15,055	14,881	14,438	14,295
Investments, Loans and Placements						
Financial Assets at Fair Value	50,460	52,086	54,648	55,669	57,753	60,759
Other Financial Assets	2,633	2,793	1,683	2,180	1,996	1,799
Advances Paid	930	1,001	1,324	1,762	2,223	2,055
Tax Equivalents Receivable	98	50	10	24	29	24
Deferred Tax Equivalents	3,915	4,134	4,290	4,468	4,669	4,915
Equity Investments						
Investments in Other Public Sector Entities	155,966	149,860	148,157	148,928	151,530	154,639
Investments in Associates	10,372	10,298	10,290	10,100	10,061	9,838
Other Equity Investments	15	15	15	31	31	31
Total Financial Assets	245,034	236,129	236,297	239,004	243,666	249,605
Non-Financial Assets						
Contract Assets	73	62	63			65
Inventories	1,280	1,542	848			601
Forestry Stock and Other Biological Assets	17	17	17			17
Assets Classified as Held for Sale	190	385	863			190
Property, Plant and Equipment						
Land and Buildings	139,379	146,468	150,776			11,767
Plant and Equipment	15,662	15,680	15,377			14,451
Infrastructure Systems	223,829	236,924	247,081			18,798
Right-of-Use Assets	6,288	6,348	6,375			6,557
Intangibles	5,647	5,753	5,936			5,169
Other Non-Financial Assets	1,729	1,720	1,563			1,468
Total Non-Financial Assets	394,094	414,899	428,898	1,284	450,318	459,085
Total Assets	639,128	651,028	665,195	679,488	693,985	708,690
Liabilities						
Deposits Held	344	344	344			344
Payables	9,691	9,558	9,474			9,509
Contract Liabilities	864	748	747			760
Borrowings and Derivatives at Fair Value	9	8	8			8
Borrowings at Amortised Cost	153,485	165,267	178,180			19,262
Advances Received	438	393	223			66
Employee Benefits Liabilities	29,267	31,760	34,113			39,136
Superannuation Provision ^(a)	38,134	37,831	39,598			16,260
Tax Equivalents Payable	4	26	42			47
Deferred Tax Equivalent Provision	40	27	27			27
Other Provisions	18,430	18,131	18,183			19,655
Other Liabilities	21,268	24,279	26,773			26,801
Total Liabilities	271,973	288,372	307,712	319,288	325,679	331,874
NET ASSETS	367,156	362,657	357,482	360,200	368,306	376,816
NET WORTH						
Accumulated Funds		64,756	61,746	63,794	68,644	73,451
Reserves		297,901	295,736	296,406	299,662	303,365
TOTAL NET WORTH		362,657	357,482	360,200	368,306	376,816
OTHER FISCAL AGGREGATES						
Net Debt^(b)		109,238	120,275			13,816
Net Financial Liabilities		202,102	219,572	229,212	233,542	236,907
Net Financial Worth^(d)		(52,243)	(71,416)	(80,284)	(82,012)	(82,268)

End of Budget year

Assets at end of year
An asset is a store of value. It represents a benefit (or series of benefits) accruing to the owner by holding or using it.

Broken down by

- Financial Assets
- Non-Financial Assets.

Liabilities at end of year
Often established through contract, a liability is when the Government (the debtor) is obliged, under specific circumstances, to provide funds or other resources to another unit (the creditor).

Net debt
The stock of selected financial liabilities less selected financial assets. It is one measure of the financial position of the State.

Net worth
Assets minus liabilities.

Cash Flow Statement

The Cash Flow Statement shows how the NSW Government obtains and spends cash. It records the government's cash inflows and outflows. The Cash Flow Statement reports against two fiscal measures:

- net increase in cash held
- cash surplus/(deficit).⁵

The Cash Flow statement is categorised into three main sections:

- net cash flows from operating activities
- net cash flows from investing activities
- net cash flows from financing activities.

Cash flows from operating activities

This section contains the main cash generating activities of the NSW Government. Any money earned or spent in the normal day-to-day running of the government will appear in the operations section of the cash flow statement.

Cash flows from investing activities

Investing activities included in this section generally include purchases or sales of long-term assets, such as property, plant, and equipment. The sale or purchase of other investments would also be included here.

Cash flows from financing activities

Financing activities refers to activities related to raising finance, other than from operations or investments. This includes activities such as borrowing, repayments of borrowing, or issuance of shares or bonds.

The table on the following page provides an example of a Cash Flow Statement and explains some of the main concepts.

⁵ It is important to keep in mind that when the NSW Government reports a surplus, deficit or balanced budget it is referring to the Operating Statement not the Cash Flow Statement.

Figure 5.3: Exemplar Cash Flow Statement

Table A.3 in Budget Paper No. 1

	2023-24 Actual \$m	2024-25 Revised \$m	2025-26 Budget \$m	2026-27 Forward \$m	2027-28 Forward Estimates \$m	2028-29 Forward Estimates \$m
Cash Receipts from Operating Activities						
Taxation	43,182	47,203	51,339	54,134	56,658	59,525
Sales of Goods and Services	10,054	10,989	11,589	11,639	12,006	12,406
Grant and Subsidies Received	46,154	47,612	51,432	50,581	53,267	52,807
Interest	666	706	480	441	426	388
Dividends and Income Tax Equivalents from Other Sectors	537	514	725	981	1,011	1,109
Other	12,325	12,400	9,719	10,247	10,266	9,842
Total Cash Receipts from Operating Activities	112,919	119,424	125,284	128,022	133,634	136,077
Cash Payments from Operating Activities						
Employee Related	(43,245)	(46,222)	(48,728)	(50,553)	(52,064)	(55,307)
Superannuation	(6,181)	(6,504)	(6,851)	(7,142)	(7,277)	(7,622)
Payments for Goods and Services	(26,306)	(27,267)	(27,190)	(25,607)	(27,087)	(26,440)
Grants and Subsidies	(24,687)	(23,795)	(24,129)	(23,174)	(23,057)	(22,876)
Interest	(4,294)	(5,237)	(5,389)	(6,094)	(6,896)	(6,973)
Other	(7,827)	(7,506)	(5,614)	(5,051)	(4,705)	(4,360)
Total Cash Payments from Operating Activities	(112,541)	(116,531)	(117,900)			
Net Cash Flows from Operating Activities	378	2,892	7,384			
Cash Flows from Investments in Non-Financial Assets						
Proceeds from Sale of Non-Financial Assets	597	878	1,336			
Purchases	(20,696)	(21,199)	(21,609)			
Net Cash Flows from Investments in Non-Financial Assets	(20,099)	(20,321)	(20,273)			
Cash Flows from Investments in Financial Assets for Policy Purposes						
Receipts	175	196	849	163	339	598
Payments	(235)	(258)	(634)	(611)	(545)	(131)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(60)	(62)	215	(448)	(206)	467
Cash Flows from Investments in Financial Assets for Liquidity Purposes						
Proceeds from Sale of Investments	3,135	4,967	3,750	5,076	4,571	3,938
Purchase of Investments	(1,662)	(2,619)	(2,030)	(1,931)	(2,065)	(2,089)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	1,474	2,348	1,719	3,145	2,507	1,850
Net Cash Flows from Investing Activities	(18,686)	(18,035)	(18,339)	(17,635)	(15,763)	(16,187)
Cash Flows from Financing Activities						
Advances (Net)	(77)	(57)	(348)	(149)	(164)	(140)
Proceeds from Borrowings	21,040	10,210	13,704	9,102	4,557	5,409
Repayment of Borrowings	(2,122)	(1,002)	(2,472)	(1,000)	(1,000)	(1,000)
Deposits (Net)	9	(0)	...			
Net Cash Flows from Financing Activities	18,850	9,151	10,884			
Net Increase/(Decrease) in Cash Held	542	(5,992)	(71)			
Derivation of Cash Result						
Net Cash Flows from Operating Activities	378	2,892	7,384			
Net Cash Flows from Investments in Non-Financial Assets	(20,099)	(20,321)	(20,273)			
Cash Surplus/(Deficit)	(19,721)	(17,429)	(12,889)			

Cash changes from operating activities

Cash from asset sales minus asset purchases (incl. new infrastructure)

Cash result
Is a key measure of the Government's call on financial markets. It comprises net cash from operating activities, plus net cash flows from sales and disposals of non-financial assets.

6. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND FORECAST ASSUMPTIONS

6.1 Scope of the Actual Financial Statements and Estimated Financial Statements for the general government sector

This Statement of Significant Accounting Policies and Forecast Assumptions applies to the actual and estimated financial statements of the general government sector (GGS) for the 2025-26 Budget publications.

The GGS comprises government agencies controlled by the State that:

- undertake 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 other services to general government agencies.

The scope of the GGS is 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).

The Financial Statements of the GGS comprise the GGS operating statement, the GGS balance sheet and the GGS cash flow statement.

The Financial Statements for the GGS include:

- the actual financial results (audited financial statements) for the GGS for the financial year ended 30 June 2024
- the revised budget estimates for the GGS for the current year ending 30 June 2025
- the Estimated Financial Statements for the GGS for the budget year ending 30 June 2026 and three forward years ending 30 June 2027, 2028 and 2029.

6.2 Basis of preparation

The GGS Actual and Estimated Financial Statements are prepared using the accrual basis of accounting. This basis recognises the effect of transactions and events when they are forecast to occur.

The GGS Actual Financial Statements

The actual results for 2023-24 reflect the audited financial statements for the GGS as presented in the *Report on the State Finances 2023-24*.

The GGS Estimated Financial Statements

The GGS Estimated Financial Statements are prepared in accordance with this Statement of Significant Accounting Policies and Forecast Assumptions and include:

- revised estimates for the current year ending 30 June 2025
- estimates for the budget year ending 30 June 2026
- estimates for the three forward years ending 30 June 2027, 2028 and 2029.

The GGS Estimated Financial Statements for the budget and forward years are prepared to reflect existing operations and the impact of new policy decisions taken by the NSW Government, where their financial effect can be reliably estimated.

They take into account other economic and financial data available to Treasury up to 11 June 2025, including Australian Government funding decisions announced in the 2025-26 Australian Government Budget.

In keeping with these principles, where the impact of a policy decision or planned event cannot be reliably estimated, the impact is not reflected within the GGS Estimated Financial Statements (e.g. due to uncertainties regarding the timing and amount of future cash flows).

Additionally, they do not include the impact of major asset transactions until they are finalised. The estimated financial impact of these future planned discontinuing operations or restructuring transactions are not recognised due to their commercial, in-confidence nature.

In the GGS Estimated Financial Statements, any estimates or assumptions made in measuring revenue, expenses, other economic flows, assets or liabilities are based on:

- the latest information available at the time
- professional judgements derived from experience
- other factors considered to be reasonable under the circumstances.

Actual results may differ from such estimates. Key assumptions are detailed below in the sections: *Material economic assumptions* and *Summary of other key assumptions*.

6.3 Accounting policies

Australian Accounting Standards (AAS) do not include requirements for, or provide guidance on, the preparation or presentation of prospective financial information, such as that included in the GGS Estimated Financial Statements. However, recognition and measurement principles within AAS have been applied in the presentation of the GGS Estimated Financial Statements to the maximum extent possible.

The GGS Actual Financial Statements for 2023-24 reflect the audited financial statements for the GGS as presented in the Report on the State Finances 2023-24. This report contains the *Total State Sector Accounts*.

The GGS Estimated Financial Statements for 2024-25 reflect the revised estimated information of the GGS that is expected to be presented in the *Total State Sector Accounts 2024-25* when published. They have been prepared using the accounting policies which will be used to prepare the *Total State Sector Accounts 2024-25*.

The GGS Estimated Financial Statements adopt the accounting policies expected to be used in preparing the *Total State Sector Accounts* for 2025-26.

The GGS Estimated Financial Statements have been prepared consistently with the GGS Actual Financial Statements for 2023-24. Refer to the matters discussed below under *Changes in accounting policies*.

The significant accounting policies (including the principles of consolidation), significant accounting judgements and estimates, and the recognition and measurement policies for revenue, expenses, other economic flows, assets and liabilities are outlined within Note 1 Statement of Significant Accounting Policies in the *Total State Sector Accounts 2023-24*.

The *Government Sector Finance Act 2018* does not require that the presentation of prior years' Actual Financial Statements be restated to include the impacts of the adoption of new accounting standards.

6.4 Changes in accounting policies

Changes in Australian Accounting Standards (AAS) are taken into account when preparing the GGS Estimated Financial Statements.

The only significant recent change to accounting standards is from AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities (AASB 2022-10), which is effective for not-for-profit public sector entities from 1 July 2024. AASB 2022-10 amends AASB 13 Fair Value Measurement (AASB 13), adds authoritative implementation guidance, and provides related illustrative examples for application by not-for-profit public sector entities. Work is underway to assess the estimated impact of AASB 2022-10. The impacts have not been sufficiently identified and quantified at this stage. However, the impacts on the operating statement are not expected to be material.

There are no other significant changes to AAS or accounting policies in 2024-25 that materially impact the GGS Estimated Financial Statements.

New Accounting Standards issued but not effective

In December 2022, the Australian Accounting Standards Board (AASB) issued AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* (AASB 2022-9). AASB 2022-9 has the effect of applying the general AASB accounting standard on insurance contracts (i.e. AASB 17 *Insurance Contracts*) to public sector entities. As a result, AASB 17 is effective for public sector entities from 1 July 2026, with earlier application permitted.

Work is underway to assess the estimated impact of AASB 17. The impact has not been sufficiently identified and quantified at this stage and thus is not disclosed.

There are no other standards that are issued and not yet effective, or that have been adopted early, that are expected to have a material impact on the GGS Actual or Estimated Financial Statements presented in the 2025-26 Budget papers.

6.5 Presentation of the GGS Estimated Financial Statements

The *Statement of Finances* follows the presentation requirements for GGS reporting contained in AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

This accounting standard harmonises Generally Accepted Accounting Principles (GAAP) with Government Financial Statistics (GFS) principles in accordance with the GFS framework adopted by the Australian Bureau of Statistics (ABS).

The net operating balance (or budget result) presented in accordance with AASB 1049 is the net result of harmonised GFS-GAAP transactions for the GGS.

AASB 1049 requirements include the following:

- The statement of comprehensive income (referred to as the operating statement) classifies amounts into transactions or other economic flows, in order to be consistent with GFS principles, applied from a GAAP perspective
- In the operating statement:
 - the *net operating balance* is the net result of *revenue and expenses from transactions*. Transactions are the result of mutually agreed interactions between parties. This excludes *other economic flows*, that represent changes in the volume or value of assets or liabilities that do not arise from transactions with other entities (and which are often outside the control of government)
 - the *operating result* includes the *net operating balance* and certain *other economic flows*. It is the same under both the harmonised GFS-GAAP and pure GAAP presentations.

The GGS financial statements adopt the recognition, measurement and disclosure requirements of GAAP, consistent with the following principles in AASB 1049:

- where options exist in GAAP, the GGS financial statements adopt the option that is aligned with GFS, to minimise differences between GAAP and GFS and / or
- where only one approach is allowed in GAAP and there is conflict between GAAP and GFS, GAAP prevails.

Due to the prospective nature of the GGS Estimated Financial Statements, detailed notes to the GGS Estimated Financial Statements are not required to be included. This is consistent with Section 4.2 of the *Government Sector Finance Act 2018*, that does not require the budget papers to be presented to include notes within the meaning of the Australian Accounting Standards.

Each year ends on 30 June. All monetary amounts are presented in Australian dollars and rounded to the nearest million dollars (\$m).

Use of a zero ("0") represents amounts rounded to zero. Use of three dots ("...") represents nil amounts.

Tables may not add in all instances due to rounding to the nearest million dollars.

Presentation changes

There have been no significant presentation changes since Appendix 1 Statement of Finances in the 2024-25 Budget Paper No.1 *Budget Statement* was released. The presentation of information in the financial estimates remains consistent with GAAP and GFS presentation requirements.

6.6 Definitions

Key technical terms, including fiscal aggregates, are defined in the Glossary to this document and Note 39 of the *Total State Sector Accounts 2023-24*.

6.7 Material economic assumptions and forecasts

The GGS Estimated Financial Statements have been prepared using the material economic assumptions and forecasts that underpin the 2025-26 Budget, as set out below.

Table 6.1: Key economic performance assumptions and forecasts^(a)

	2022-23 Outcome	2023-24 Outcome	2024-25 Forecasts	2025-26 Forecasts	2026-27 Forecasts	2027-28 Forecasts	2028-29 Forecasts
New South Wales population (persons) ^(b)	8,341,000	8,479,000	8,592,000	8,690,000	8,783,000	8,877,000	8,972,000
Nominal gross state product (\$million) ^(c)	779,100	820,800	851,600	879,500	922,400	967,900	1,018,400
Real gross state product (per cent)	4.2	1.2	1¾	1¾	2¼	2	2
Real state final demand (per cent) ^(d)	4.6	1.3	1¼	2¼	2¼	2¼	2½
Employment (per cent)	6.0	2.1	2	1	1¼	1½	1¼
Unemployment rate (per cent) ^(e)	3.2	3.9	4	4 ¼	4¼	4	4
Sydney consumer price index (per cent) ^(f)	7.1	4.3	2 ½	3	2½	2½	2½
Wage price index (per cent) ^(g)	3.3	4.1	3 ¼	3½	3	3	3
Nominal gross state product (per cent)	10.5	5.3	3¾	3¼	5	5	5¼

(a) Forecasts are rounded to the nearest quarter point and are annual average per cent change, unless otherwise indicated.

(b) Rounded to the nearest thousand and are as at 30 June each year.

(c) Rounded to the nearest hundred million dollars.

(d) Forecasts completed prior to publication of the March quarter 2025 National Accounts by the Australian Bureau of Statistics (ABS).

(e) As at June quarter.

(f) Weighted private and public sector wages.

Source: ABS 3101.0, 5206.0, 5220.0, 6202.0, 6401.0, 6345.0 and NSW Treasury

6.8 Summary of other key assumptions

The following section outlines the other key assumptions used in the preparation of the GGS Estimated Financial Statements. The summary considers materiality in relation to the GGS' overall financial position and sensitivity to changes in key economic assumptions.

Notwithstanding these key assumptions, agency finance officers apply appropriate professional judgement in determining estimated financial information.

Revenue from transactions

Taxation revenue

Taxation revenue is forecast by assessing economic and other factors that influence the various taxation bases. For example, payroll tax involves an assessment of the outlook for employment and wages. Forecasts of government debt guarantee fees consider an assessment of the level of debt of public non-financial corporations (PNFCs) and their credit rating differential compared with the State as a whole. The forecasts of taxation revenue also involve the analysis of historical information and relationships (using econometric and other statistical methods), and consultation with relevant government agencies.

Grant revenue

Forecast grants from the Australian Government are based on the latest available information from the Australian Government and projections of timing of payments at the time of preparation of the Budget. This considers the conditions, payment timetable, and escalation factors relevant to each type of grant and where relevant, estimated progress against grant obligations.

GST revenue is forecast based on estimates of the national GST pool by NSW Treasury. For 2025-26, the GST forecast is based on the assessed GST sharing relativity for New South Wales in 2025-26 and the Australian Government's population projections. The assessed relativity is based on the three-year average of actual data (2021-22, 2022-23 and 2023-24) as published by the Commonwealth Grants Commission.

Beyond 2025-26, the State's share of GST is based on NSW Treasury's forecasts of state relativities, the national GST pool, and on the Australian Government's state population projections. NSW Treasury's forecasts of annual per capita relativities are based on its forecasts of the projected fiscal capacity of New South Wales compared with other states and territories.

Sale of goods and services

Revenue from the sale of goods and services is forecast by considering all known factors, including:

- estimates of changes in demand for services provided
- expected unit price variations based on proposed fee increases imposed by general government agencies and / or indexation.

Dividend and income tax equivalents

Dividend and income tax equivalent revenue from other sectors are estimated by the PNFC and PFC sectors. These forecasts are based on expected profitability and the agreed dividend policy at the time of the Budget.

Other dividends and distributions

Other dividends include estimates of dividends to be received from investments in entities other than the PNFC and PFC sectors, with the revenue recognised when the right to receive payment is expected to be established. Estimates are based on advice from external parties.

Distributions are mainly from managed fund investments administered by New South Wales Treasury Corporation (TCorp), with the revenue recognised when the right to receive payment is expected to be established based on advice from TCorp. It excludes estimated fair value movements in the unit price of the investments, which are recognised as 'other economic flows – included in the operating result'.

Fines, regulatory fees and other revenue

Fines, regulatory fees and other revenues include estimates of fines issued by the courts, estimated traffic infringement fines, estimated revenue from enforcement orders and regulatory fees and contributions. It also includes estimated royalty revenue based on assessments of coal volumes and prices and the AUS / US dollar exchange rate. Other revenue forecasts are adjusted for indexation where appropriate.

Expenses from transactions

To improve the accuracy of budget estimates, consistent with longstanding practice and reflecting historic trends, the GGS Estimated Financial Statements include adjustments:

- to account for parameter and technical adjustments expected to be required to maintain service provision on a no policy change basis, consistent with the policy set out in *TPG21-11 NSW Treasury Policy and Guidelines: Parameter and Technical Adjustments and New Policy Proposals (Measures)* reflecting the historic conservative bias in aggregate spending estimates
- to account for expenses expected to be carried forward into future years reflecting changes in timing of delivery of government activity, consistent with the policy set out in *TPG22-05 NSW Treasury Policy and Guidelines: Carry Forwards Policy*
- to reflect government decisions not yet included in agency estimates, for example due to timing or because they are commercial in confidence or subject to further requirements.

Employee expenses

Employee expenses are projected based on expected staffing profiles, salaries, conditions, workers compensation insurance and on-costs.

Where an industrial instrument is due for renewal, such as an expired award, the budget includes the financial impact of the Government's approved bargaining parameters.

Factors that can impact the employee expense estimates are:

- final approved wage agreements
- decisions or judgments by the NSW Industrial Relations Commission, NSW Industrial Court or Fair Work Commission
- future wage policies
- productivity enhancing reforms
- new initiatives
- other policy or parameter changes.

Superannuation expense (and liabilities)

Superannuation expense comprises:

- for defined contribution plans, the forecast accrued contributions for the period
- for defined benefit plans, the forecast service cost and the net interest expense. This excludes the re-measurements (i.e. actuarial gains and losses and return on plan assets in excess of the long-term Australian Government Securities (AGS) rate, which are classified as 'other economic flows – other comprehensive income').

Superannuation expenses for defined contribution plans are based on assumptions regarding future salaries and contribution rates.

Superannuation expenses for defined benefit plans are estimated based on actuarial advice, applying the long-term AGS yield as at 30 June in the prior year to the opening value of net liabilities (gross superannuation liabilities less assets), less benefit payments at the mid-point of the contribution year, plus any accruing liability for the year.

Forecasts of defined benefit superannuation liabilities are based on actuarial estimates of cash flows for the various defined benefit superannuation schemes, discounted using a nominal long-term AGS yield as at 30 June. Gross liability estimates are based on a number of demographic and financial assumptions.

The table below sets out the major financial assumptions used to estimate the superannuation expense and liability in respect of defined benefit superannuation for the Budget and forward estimates period.

Table 6.2: Superannuation assumptions – Pooled Fund / State super schemes

	2024-25 %	2025-26 %	2026-27 %	2027-28 %	2028-29 %
Liability discount rate ^(a)	4.3	3.9	3.8	3.8	3.8
Expected return on investments ^(b)	7.5/7.4	7.0/6.2	7.0/6.2	7.0/6.2	7.0/6.2
Expected salary increases ^(c)	4.55	3.47	3.56	3.58	3.50
Expected rate of CPI	2.50	3.00	2.50	2.50	2.50

(a) The liability discount rate is as at 30 June for each financial year.

(b) The expected return on SAS Trustee Corporation's Pooled Fund is 7.0 per cent on assets backing pension liabilities and 6.2 per cent on assets backing non-pension liabilities. The expected long-term investment return is 5.4 per cent (after fees and charges) for Cbus (which has replaced EISS as the trustee of the fund related to former employees of the electricity industry) and 6.5 per cent for the Parliamentary Contributory Superannuation Fund.

(c) Note that salary increase forecasts capture a range of factors beyond the Government's announced salary increase policy, such as the effects of promotions.

Depreciation and amortisation

Property, plant and equipment are depreciated (net of residual value) over their respective useful lives. Right-of-use assets are generally depreciated over their respective lease term. Depreciation is generally allocated on a straight-line basis.

Depreciation is projected on:

- estimated new asset investment
- the expected economic life of assets
- the basis of known asset valuations, plus the impact of expected future revaluations, when it can be reliably estimated
- sales of non-financial assets.

The depreciation expense is based on the assumption that there will be no change in depreciation rates over the forecast period. The depreciation expense may also be impacted by future changes in useful lives, residual value or revaluations.

Certain heritage assets, including original artworks and collections and heritage buildings, may not have limited useful lives because appropriate custodial and preservation policies are adopted. Such assets are not subject to depreciation. Land is not a depreciable asset.

Intangible assets with finite lives are amortised using the straight-line method. Intangible assets with indefinite lives are not amortised but tested for impairment annually.

Interest expense

The forecasts for the interest expense are based on:

- payments required on outstanding borrowings (e.g. debt facilities with NSW TCorp and lease liabilities), other long-term financial liabilities and provisions
- expected payments on any new borrowings (including any refinancing of existing borrowings) required to finance general government activities based on forward contracts for NSW TCorp bonds
- the unwinding of discounts on non-employee provisions.

Other operating expenses

Other operating expenses mainly represent the day-to-day running costs incurred in the normal operations of agencies and include the cost of supplies and services.

Grants, subsidies and other transfers expenses

Grants, subsidies and other transfers expenses generally comprise contributions to local government authorities, non-government organisations and the PNFC and PFC sectors.

The forecast grant payments are determined by taking into account current and past policy decisions, the forecast payment schedules and escalation factors relevant to each type of grant.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions (and these changes are often outside the control of government).

Revaluations

The budget and forward estimates years do not generally include the estimated impact of future revaluations of property, plant and equipment.

Superannuation actuarial gains / losses

The forecast actuarial gains or losses on defined benefit superannuation liabilities are based on the revised estimates of the margin of forecast fund earnings in excess of the expected discount rate.

Net gain / (loss) on equity investments in other sectors

The net gain / (loss) on equity investments in other sectors is based on estimates of the PNFC and PFC sectors' forward comprehensive results adjusted for transactions with owners. The underlying management estimates of future comprehensive results are based on current Statements of Intent. Future distributions to equity holders are based on Treasury's *Commercial Policy Framework* and are approved by the Responsible Minister of the government business.

Net acquisition of non-financial assets

This is purchases (or acquisitions) less sales (or disposals) of non-financial assets less depreciation, plus changes in inventory and other movements in non-financial assets.

Purchases and sales 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 / expense such as assets contributed by developers.

Assets

Property, plant and equipment

The estimates of property, plant and equipment over the forecast period are at fair value and take into account planned acquisitions, disposals, and the impact of depreciation. New investments in assets are valued at the forecast purchase price and where appropriate, recognised progressively over the estimated construction period.

Right-of-use assets are based on the State's best estimate of the timing of renewals of lease arrangements and the impact of depreciation. Service concession assets are measured at estimated current replacement cost.

To improve the accuracy of budget estimates, consistent with longstanding practice and reflecting historic trends, the Budget includes adjustments:

- to account for capital expenses expected to be carried forward into future years reflecting changes in timing of delivery of government activity, consistent with the policy set out in *TPG22-05 NSW Treasury Policy and Guidelines: Carry Forwards Policy*
- to reflect government decisions on capital expenditure that are not yet included in agency estimates, for example due to timing, because they are commercial in confidence or subject to further requirements.

Liabilities

Borrowings

Estimates for borrowings are based on current debt levels (including lease liabilities), amortisation of any premiums or discounts, and the cash flows required to fund future government activities.

Employee provisions

Employee provisions are forecast based on estimated future cash outflows to settle employees' entitlements, such as unused long service leave, annual leave and paid parental leave.

Superannuation provisions

Refer to section: *Superannuation expense (and liabilities)* above for information on assumptions that also impact the measurement of the superannuation provisions.

Other provisions

Other provisions include the State's obligations for several insurance schemes. To estimate future claim liabilities, actuarial assumptions have been applied for future claims to be incurred, claim payments, inflation and liability discount rates. Actual liabilities may differ from estimates.

7. GLOSSARY

Please note a glossary of terms can also be found in Note 39 of *Total State Sector Accounts 2023-24*.

ABS Government Finance Statistics Manual (ABS GFS Manual)	The Australian Bureau of Statistics (ABS) publication <i>Australian System of Government Finance Statistics: Concepts, Sources and Methods</i> as updated from time to time.
Act	A statute or law passed by both Houses of Parliament.
Appropriation	An appropriation is the authority to withdraw money from the Consolidated Fund.
Appropriation Bill	The objective of Appropriation Bills is to legally authorise the expenditure of money from the Consolidated Fund for the financial year to enable the provision of Government services.
Budget result (net operating balance)	The budget result represents the difference between revenues and expenses from transactions for the general government sector. This measure is equivalent to the net operating balance adopted in accounting standard AASB 1049 <i>Whole-of-Government and General Government Sector Financial Reporting</i> .
Capital expenditure	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). In New South Wales, capital expenditure also includes leases and assets acquired using service concession arrangements under the financial liability model.
Capital grants	Amounts paid or received for capital purposes for which no economic benefits of equal value are receivable or payable in return.
Cash flows from financing activities	Refers to cash receipts from borrowing by public sector units less cash repayments or redemption of such borrowing in the past.
Cash flows from investments in financial assets for liquidity management	Refers to 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.
Cash flows from transactions in financial assets for policy purposes	Refers to 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. Acquisitions of financial assets for policy purposes are distinguished from investments by the underlying government motivation for acquiring the assets. Where assets are acquired for the purpose of implementing or promoting government policy, the acquisition of the assets is treated as being for policy purposes.

Cash surplus / (deficit)	Net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets (less distributions paid for the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors).
Classification of the functions of government – Australia (COFOG-A)	The classification of the functions of government - Australia (COFOG-A) (formerly known as the government purpose classification (GPC)) is used to classify selected revenues, all expenses, and all transactions in non-financial assets in terms of the government purpose (e.g. health, education, defence) of the expenditure.
Comprehensive Result (change in net worth)	Change in net worth (comprehensive result) is revenue from transactions less expenses from transactions plus other economic flows. It measures the variation in a government's accumulated assets and liabilities.
Contingent assets	Possible 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 control of the State.
Contingent liabilities	Possible liabilities 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 control of the State. It also includes present liabilities that arise from past events where it is not probable the State will be required to settle the liability, or the amount of the obligation cannot be reliably estimated.
Concessional charges	Goods and services provided by government agencies at a lower fee or charge to certain members of the community, compared to the wider population, to pursue an economic or social policy goal such as reducing the cost of living.
Consolidated Fund	Under s39 of the <i>Constitution Act 1902</i> , all public monies collected, received or held by any person for or on behalf of the State form part of one Consolidated Fund, except as provided by or under any other Act.
Coordinating Minister	Minister who receives an appropriation via the annual Appropriation Act for the services of a department.
Current grants	Amounts paid or received for current purposes for which no economic benefits of equal value are receivable or payable in return.
Elimination	Removes the impact of transactions between government entities when preparing consolidated financial statements.
Environmental, social and governance (ESG)	ESG stands for Environmental, Social, and Governance. They represent risks and opportunities that can impact financial performance and may be considered by governments and businesses when assessing approaches to growth, investment and governance.

Estimated total cost (ETC)	Represents the current cost estimate of planning, procuring and delivering the infrastructure / project / asset. The ETC may change as more detailed planning is undertaken and further information on market conditions becomes available. Due to commercial sensitivities, the ETC for some major works is not included.
Federation Funding Agreement Payment	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 payment is supported by a Federation Funding Agreement Schedule which defines mutually agreed objectives, outputs and performance benchmarks.
Fiscal aggregates	These are analytical balances that are useful for macroeconomic purposes, including assessing the impact of a government and its sectors on the economy. AASB 1049 <i>Whole-of-Government and General Government Sector Financial Reporting</i> specifies the key fiscal aggregates as: net operating balance (budget result), net lending / borrowing, change in net worth (comprehensive result), net debt, net worth and cash surplus / (deficit).
Fiscal gap	The fiscal gap measures how fiscal pressures might build in the long term under current policy settings. It measures the projected change in revenues less recurrent and capital expenditures (excluding interest) as a percentage of gross state product. The change is measured between the base year, 2018-19, and the end of the projection period in 2060-61. A positive gap implies that fiscal pressures will be building over the projection period.
<i>Fiscal Responsibility Act 2012 (FRA)</i>	The Act sets out both medium-term and long-term fiscal targets and principles providing a framework for budgeting in New South Wales.
Forward estimates	Refers to the period from 2026-27 to 2028-29.
Funding distribution from department / to agencies (previously Cluster grants)	This represents the monies distributed by principal departments to agencies to fund their services, under the authority of the principal department's annual appropriation.
General government sector (GGS)	This is an ABS classification of agencies that provide public services (such as health, education and police), or perform a regulatory function. General government agencies are primarily budget-funded or obtain their funds from government generally.
Goods	Represent any object or product that can be used to satisfy human wants and has a value.
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.
government / Government	'government' refers to the institution of government and is used as a pronoun in these budget papers (e.g. government department). The 'Government' refers to the present Government constituted by the Executive.

<i>Government Sector Audit Act 1983 (GSA Act)</i>	An Act to establish and empower the role of the Auditor-General and Audit Office in NSW. Under the GSA Act, the Audit Office conducts audits and audit-related functions for the purposes of the GSF Act. The GSA Act, also establishes and empowers the Public Accounts Committee, a statutory committee of Parliament which examines the financial and audit reports of the State and oversees the role of the Auditor-General.
<i>Government Sector Finance Act 2018 (GSF Act)</i>	The GSF Act establishes the legislative framework that promotes and supports sound financial and resource management, budgeting, performance, financial risk management, transparency and accountability in the New South Wales government sector.
Grants for on-passing	All grants paid to one institutional sector (for example, a state government) to be passed on to another institutional sector (for example, local government or a non-profit institution). For New South Wales, these primarily comprise grants from the Australian Government to be on-passed to specified private schools and to specified local government authorities.
Gross debt	The total value of money borrowed by the government. It is the sum of deposits held, advances received, borrowings at amortised costs, and borrowings and derivatives at fair value.
Gross state product (GSP)	The total market value of final goods and services produced within a state.
Half-yearly review	Required under the GSF Act to be released publicly by the Treasurer, the half-yearly review provides an update to the economic and financial assumptions released in the Budget.
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.
Machinery of Government (MoG)	MoG changes vary in scope and can involve: the abolition or creation of new government entities; the merge or absorption of entities; and small or large transfers of policy, program or service delivery responsibilities to other entities.
Major works	Refers to projects with an estimated total cost of \$1 million or above, subdivided into new projects (approved to begin in 2025-26) and works in progress (commenced before 2025-26 but not yet completed).
Measure	Refers to government decisions, either as recurrent or capital expenditure, revenue or savings decisions.
Minor works	Refers to projects with an estimated total cost below \$1 million, such as minor plant and equipment or annual provisions for replacements.

National Agreement (please also see National Specific Purpose Payments)	National Agreements define the objectives, outcomes, outputs and performance indicators and clarify the roles and responsibilities that guide the Australian Government and the states in the delivery of services across a particular sector. The sectors include Health, Education, Skills and Workforce, Disability and Housing.
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 (Health, Education, Skills and Workforce, Disability and Housing) 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 debt	Net debt equals the sum of interest-bearing liabilities (deposits held, borrowings, derivatives and advances received and certain other financial liabilities) less the sum of financial assets (cash and deposits, advances paid and investments, loans and placements).
Net financial assets	See 'net financial worth' definition.
Net financial liabilities (NFL)	This is the total liabilities less financial assets, other than equity in PNFCs and PFCs. It is a more accurate indicator than net debt of a jurisdiction's fiscal position. This is because it is a broader measure than net debt in that it includes significant liabilities other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements).
Net financial worth	Net financial worth measures a government's net holdings of financial assets. It is calculated from the balance sheet as financial assets less financial liabilities. It is a broader measure than net debt, in that it incorporates provisions made (such as superannuation) as well as holdings of equity. It includes all classes of financial assets and financial liabilities, only some of which are included in net debt.
Net interest on the net defined benefit liability / asset	This is the change during the period to the net defined benefit liability / asset that arises from the passage of time.
Net lending / (borrowing)	This is the financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position and a negative result reflects a net borrowing position.
Net operating balance (budget result)	This is calculated as revenue from transactions less expenses from transactions.

Net worth	This is an economic measure of wealth and is equal to total assets less liabilities.
Nominal dollars / prices	This shows the dollars of the relevant period. No adjustment is made each time period for inflation.
Non-financial public sector (NFPS)	This is a sub-sector formed by the consolidation of the general government sector (GGS) and public non-financial corporations (PNFC) sector.
NSW Generations Fund (NGF)	The NGF comprises two funds, the Debt Retirement Fund (DRF) and the Community Services and Facilities Fund (CSFF). Assets in the DRF are dedicated to retiring State debt. The CSFF is used to fund a range of facilities and services designed to improve the wellbeing and lives of the people of New South Wales.
OneFund	OneFund is a more integrated approach to managing the State's investment funds by pooling financial investments into a master fund structure. The OneFund is designed to result in a more efficient, diversified investment portfolio.
Operating result	This is 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	These are the 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	This includes all superannuation expenses from transactions except superannuation interest cost. It generally includes all employer contributions to accumulation schemes and the current service cost, which is the increase in defined benefit entitlements associated with the employment services provided by employees in the current period. Superannuation actuarial gains / losses are excluded as they are disclosed as an 'other economic flows'.
Payables	A liability that includes short and long-term trade creditors and accounts payable.
Program	The collection of activities, tasks, divisions or functions of an agency, designed to deliver specific outputs that contribute towards achieving a positive purpose.
Public financial corporations (PFC)	An ABS classification of government-controlled agencies that have one, or more, of the following functions: <ul style="list-style-type: none"> • that of a central bank • the acceptance of demand time or savings deposits or • the authority to incur liabilities and acquire financial assets in the market on their own account.
Public non-financial corporations (PNFC)	An ABS classification of government-controlled agencies where user charges represent a significant proportion of revenue and the agencies operate within a broadly commercial orientation.

Public Private Partnerships (PPP)	A concession (usually long-term) arrangement between the public and private sector for the delivery of service enabling public infrastructure, including social infrastructure, economic infrastructure, and joint financing arrangements. The State may contribute to the project by providing land or capital works, through risk sharing, revenue diversion, or purchase of the agreed services.
Receivables	An asset that includes short and long-term trade debtors, accounts receivable and interest accrued.
Recurrent expenditure	*see total expenses (from transactions)
Services	These are the 'end products' or direct services that are delivered to clients or recipients, the broader community or another government agency. They are expected to contribute to government priorities and the delivery of outcomes.
Service concession arrangement	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.
Slippage (capital)	This is an allowance for the established tendency for capital expenditure to slip and be carried forward into the future years. This can be due to factors such as market capacity constraints and supply chain disruptions.
Social Impact Investments (SII)	Social impact investments (SII) aim to achieve measurable social outcomes alongside financial returns. The government uses SII to partner with the for-purpose and private sectors to tackle complex social challenges. Investments apply an outcome-based approach to fund early intervention and prevention programs that reduce future demand for government services.
Special Deposits Account (SDA)	<p>The SDA is created under section 4.15 of the GSF Act. The SDA is to consist of:</p> <ul style="list-style-type: none"> all accounts of money that the Treasurer is, under statutory authority, required to hold otherwise than for or on account of the Consolidated Fund, and all accounts of money that are directed or authorised to be paid to the SDA by or under legislation. <p>There are two types of accounts that may be held within the SDA, a statutory SDA account (which is established by an Act other than the GSF Act), and a working account (under section 4.17 of the GSF Act).</p>
State Owned Corporation (SOC)	Government entities (mostly PNFCs) which have been established with a governance structure mirroring as far as possible that of a publicly listed company. NSW state owned corporations are scheduled under the <i>State Owned Corporations Act 1989</i> (Schedule 5).
Superannuation interest cost	This is the net interest on the net defined benefit liability / asset determined by multiplying the net defined benefit liability / asset by the discount rate (government bond rate).

Surplus / deficit (net result)	This is the agency accounting result which corresponds to profit or loss in private sector financial reports. It equals the net cost of services adjusted for government contributions. This is not the same as the budget result or the GFS cash surplus / (deficit).
Tax expenditure	A tax concession that is provided to certain taxpayers to pursue an economic or social policy goal such as reducing the cost of living. It can be provided in the form of specific exemptions, tax rebates, reduced tax rates, allowances, deductions and deferral of tax liabilities.
Total expenses (from transactions)	The total amount of expenses incurred in the provision of goods and services, regardless of whether a cash payment is made to meet the expense in the same year. It does not include expenditure on the purchase of assets. It also excludes losses, which are classified as other economic flows.
Total revenues (from transactions)	This is the total amount of revenue due by way of taxation, Australian Government grants and from other sources (excluding asset sales) regardless of whether a cash payment is received. It excludes gains, which are classified as other economic flows.
Total state sector	This represents all agencies, corporations and other entities controlled by the NSW Government. It comprises the general government, public non-financial corporations and public financial corporations sectors.
Transport Asset Manager of New South Wales (TAM)	TAM is a NSW Government agency and PNFC, constituted under the <i>Transport Administration Act 2024</i> . TAM owns an extensive asset portfolio of property, stations, rollingstock and rail infrastructure across the Sydney metropolitan area, the country regional network and other limited locations in New South Wales. TAM is also the strategic asset manager of these assets.
Uniform Presentation Framework (UPF)	The Uniform Presentation Framework provides uniformity in presentation of financial information so that users of the information can make valid comparisons between jurisdictions. A new framework was introduced in February 2019 which aligns the UPF with the ABS GFS Manual updates.