

5.4 2003-04 FINANCIAL POSITION

This chapter provides an overview of the financial position for the 2003-04 Budget and the forward estimates for the General Government Sector.

Financial Position of the General Government Sector

Table 5.4.1 below provides a summary of the financial position of the General Government Sector for the 2003-04 Budget and across the forward estimates.

Table 5.4.1
General Government Sector Financial Position
2003-04 Budget and Forward Estimates

Budget		Est. Outcome	Planned		Planned	Planned	Planned
30/6/03		30/6/03	30/6/04	Var	30/6/05	30/6/06	30/6/07
\$m		\$m	\$m	%	\$m	\$m	\$m
7 876	Total Assets	8 078	8 243	2	8 383	8 579	8 809
2 912	Total Liabilities	3 010	3 139	4	3 277	3 462	3 666
4 964	Total Funds Employed	5 067	5 104	1	5 106	5 117	5 143

NB. Tables may not add due to rounding

Short-Term Outlook - Liquidity

The current ratio is used to indicate the Territory's liquidity and equates to current assets over current liabilities. The ratio indicates the Territory's ability to meet short-term debt from cash and cash equivalents.

Superannuation investments and liabilities have been excluded in calculating the current ratio, as by legislation, these investments are not available for the repayment of any debt other than superannuation liabilities.

A ratio less than 1:1 may indicate an inability to meet short-term liabilities.

Table 5.4.2
General Government Sector Liquidity
2003-04 Budget and Forward Estimates

	Est. Outcome	Planned	Planned	Planned	Planned
	30/6/03	30/6/04	30/6/05	30/6/06	30/6/07
	\$m	\$m	\$m	\$m	\$m
Current Assets	902	861	749	770	850
Current Liabilities	581	567	548	551	560
Current Ratio	1.55:1	1.52:1	1.37:1	1.4:1	1.52:1

The current ratio equals current assets divided by current liabilities

The General Government Sector ratio of 1.52:1 as at 30 June 2004 indicates that the sector is more than able to meet its short-term debt from short-term cash and equivalents.

The drop in the current ratio between June 2003 and June 2004 reflects the reallocation of the current investments under the Strategic Asset Allocation (SAA).

Longer-Term Outlook – Financial Stability

The debt ratio (total liabilities over total assets) is used to indicate the Territory's longer term stability, in particular its ability to meet debts from its asset base. The lower the percentage, the better is the ability to cover debt from assets. This ratio also excludes the superannuation investments, as well as the total superannuation liability.

**Table 5.4.3
General Government Sector Financial Stability
2003-04 Budget and Forward Estimates**

	Est. Outcome 30/6/03 \$m	Planned 30/6/04 \$m	Planned 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m
Total Liabilities	1 249	1 222	1 195	1 193	1 198
Total Assets	7 041	7 073	7 074	7 115	7 183
Debt Ratio	18%	17%	17%	17%	17%

The debt ratio equals total liabilities divided by total assets

* The debt ratio has been calculated excluding equity investments, superannuation investments and superannuation liabilities.

The General Government Sector debt ratio of 17% indicates that the sector continues to maintain a manageable financial outlook with the ability to meet both short and longer term debt and maintain its asset base. This relatively low ratio demonstrates a prudent level of liabilities.

General Government Sector Assets

Composition of Assets

The following table outlines the composition of assets of the General Government Sector.

Table 5.4.4
General Government Sector Assets

	Est. Outcome 30/6/03 \$m	Planned 30/6/04 \$m	Planned 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m
Cash	91	48	41	41	47
Receivables	668	552	539	531	521
Investments	1 766	1 935	1 994	2 179	2 429
Inventories	31	77	82	87	80
Land	215	215	215	216	216
Property, Plant and Equipment	5 292	5 366	5 481	5 506	5 502
Other	15	50	31	20	15
Total Assets	8 078	8 243	8 383	8 579	8 809

Cash and Investments

The following tables provide a summary of the total level of cash and investments, including non current investments for the General Government Sector.

Table 5.4.5
Cash and Investments

	Est. Outcome 30/6/03 \$m	Planned 30/6/04 \$m	Planned 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m
Cash	91	48	41	41	47
Current Investments	808	834	759	811	925
Non Current Investments	957	1 102	1 235	1 368	1 503
	1 856	1 984	2 035	2 220	2 475
<i>\$ movement</i>	<i>145</i>	<i>127</i>	<i>51</i>	<i>185</i>	<i>256</i>
<i>% growth</i>	<i>8%</i>	<i>7%</i>	<i>3%</i>	<i>9%</i>	<i>12%</i>

Total cash and investments are currently forecast to show marginal growth in the budget year, improving across the forward years.

The move from cash investments to non current investments in the budget year, which is contributing to the reduction in the current ratio, reflects the reallocation of the superannuation investment portfolio with a move to 85% growth assets from the current strategic asset allocation to growth of 60%. Cash investments previously represented approximately 25% of the portfolio.

The following table presents Table 5.4.5 above, without superannuation investments.

Table 5.4.6
Cash and Investments – excluding Superannuation investments

	Est. Outcome 30/6/03 \$m	Planned 30/6/04 \$m	Planned 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m
Cash	91	48	41	41	47
Current Investments	527	541	431	445	519
Non Current Investments	207	225	253	270	284
	825	814	725	755	850
<i>\$ movement</i>	263	-12	-88	30	94
<i>% growth</i>	47%	-1%	-11%	4%	13%

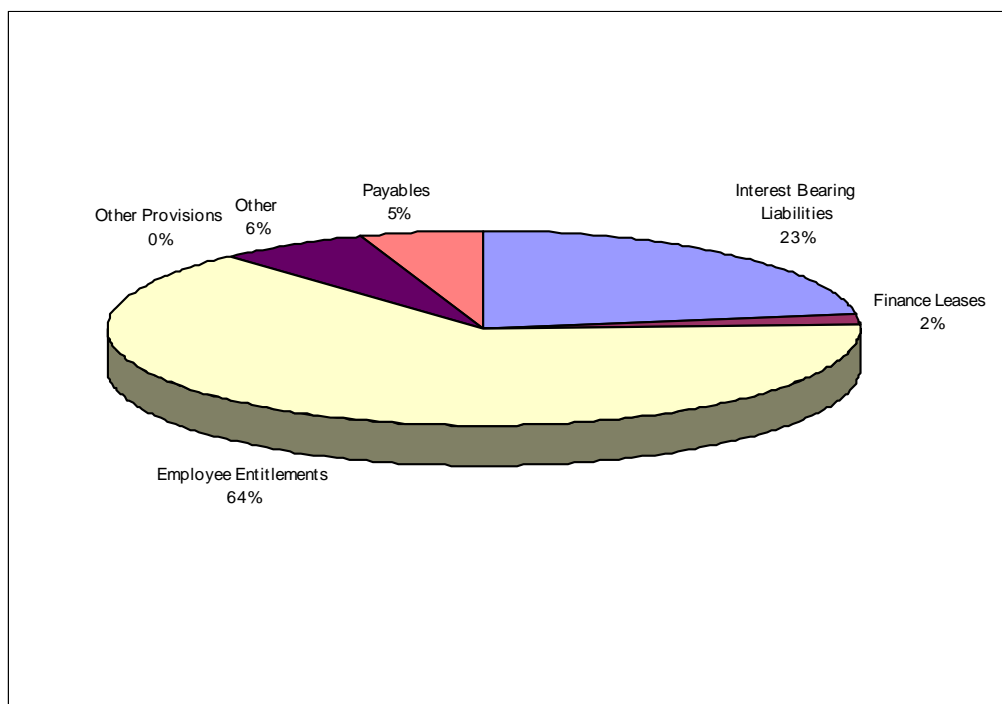
General Government Sector Liabilities

Composition of Liabilities

Total general government sector liabilities are anticipated to be \$3.139 billion, an increase of \$128.7m from the estimated opening balance.

Figure 5.4.1 below depicts the composition of the General Government Sector liabilities.

Figure 5.4.1
General Government Sector Liabilities



Superannuation

As illustrated in Figure 5.4.1 above, superannuation is the greatest contributor to general government sector liabilities (included within Employee Entitlements).

The level of superannuation liabilities has increased by \$156m in the 2003-04 Budget from the 2002-03 estimated outcome.

Borrowings

There are no new General Government Sector borrowings projected during the 2003-04 financial year. The following chart, Figure 5.4.2 illustrates the level of borrowings across the time.

Figure 5.4.2
General Government Sector Borrowings

