

5.4 2004-05 FINANCIAL POSITION

This chapter provides an overview of the financial position for the 2004-05 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 2004-05 Budget and across the forward estimates.

**Table 5.4.1
General Government Sector Financial Position
2004-05 Budget and Forward Estimates**

Budget 30/6/04 \$m		Est. Outcome 30/6/04 \$m	Planned 30/6/05 \$m	Var %	Planned 30/6/06 \$m	Planned 30/6/07 \$m	Planned 30/6/08 \$m
8 243	Total Assets	9 024	9 113	1	9 262	9 453	9 709
3 139	Total Liabilities	3 306	3 452	4	3 661	3 872	4 094
5 104	Total Funds Employed	5 718	5 661	-1	5 600	5 581	5 615

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
2004-05 Budget and Forward Estimates**

	Est. Outcome 30/6/04 \$m	Planned 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m	Planned 30/6/08 \$m
Current Assets	1 094	904	730	692	738
Current Liabilities	389	351	362	368	374
Current Ratio	2.81:1	2.58:1	2.02:1	1.88:1	1.97:1

The current ratio equals current assets divided by current liabilities

The General Government Sector ratio of 2.81:1 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 current ratio in the Budget and forward years drops from the high ratio recorded in the estimated outcome. The high ratio in the estimated outcome is the result of improvements in revenue from those forecast in the budget estimates. The ratio then drops back to normal general government levels, primarily resulting from the use of cash and investments to fund significant capital works programs in the budget year and during 2005-06.

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
2004-05 Budget and Forward Estimates**

	Est. Outcome 30/6/04 \$m	Planned 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m	Planned 30/6/08 \$m
Total Liabilities	1 340	1 285	1 285	1 276	1 271
Total Assets	7 824	7 734	7 703	7 711	7 754
Debt Ratio*	17%	17%	17%	17%	16%

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 30/6/04 \$m	Planned 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m	Planned 30/6/08 \$m
Cash	96	62	59	59	53
Receivables	561	588	547	532	518
Investments	2 052	2 071	2 116	2 277	2 552
Inventories	278	208	142	133	144
Land	230	230	230	231	231
Property, Plant and Equipment	5 710	5 907	6 128	6 187	6 181
Other	97	47	40	35	31
Total Assets	9 024	9 113	9 262	9 453	9 709

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 30/6/04 \$m	Planned 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m	Planned 30/6/08 \$m
Cash	96	62	59	59	53
Current Investments	707	570	429	395	449
Non Current Investments	1 345	1 501	1 686	1 882	2 103
	2 148	2 133	2 175	2 336	2 605
<i>\$ movement</i>	<i>164</i>	<i>(15)</i>	<i>42</i>	<i>161</i>	<i>269</i>
<i>% growth</i>	<i>8%</i>	<i>-1%</i>	<i>2%</i>	<i>7%</i>	<i>11%</i>

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

The decline in cash and investments movements between 2004-05 and 2005-06 is due to the size of planned capital works, which includes significant projects, such as a correctional facility, the Convention Centre and the Gungahlin Drive Extension. This trend is forecast to change in 2007-08.

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

**Table 5.4.6
Cash and Investments – excluding Superannuation investments**

	Est. Outcome 30/6/04 \$m	Planned 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m	Planned 30/6/08 \$m
Cash	96	62	59	59	53
Current Investments	707	570	429	395	449
Non Current Investments	151	142	145	148	151
	955	773	633	602	653
<i>\$ movement</i>	392	- 181	- 140	- 32	51
<i>% growth</i>	70%	-19%	-18%	-5%	8%

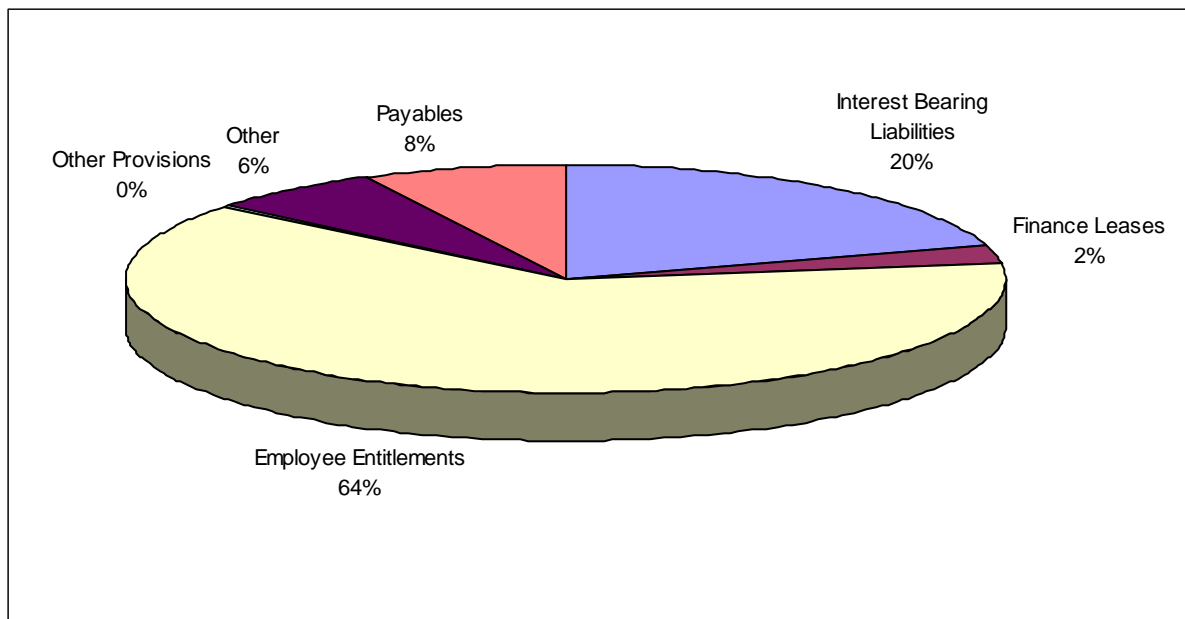
General Government Sector Liabilities

Composition of Liabilities

Total general government sector liabilities are anticipated to be \$3.452 billion, an increase of \$146m from the estimated opening balance.

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

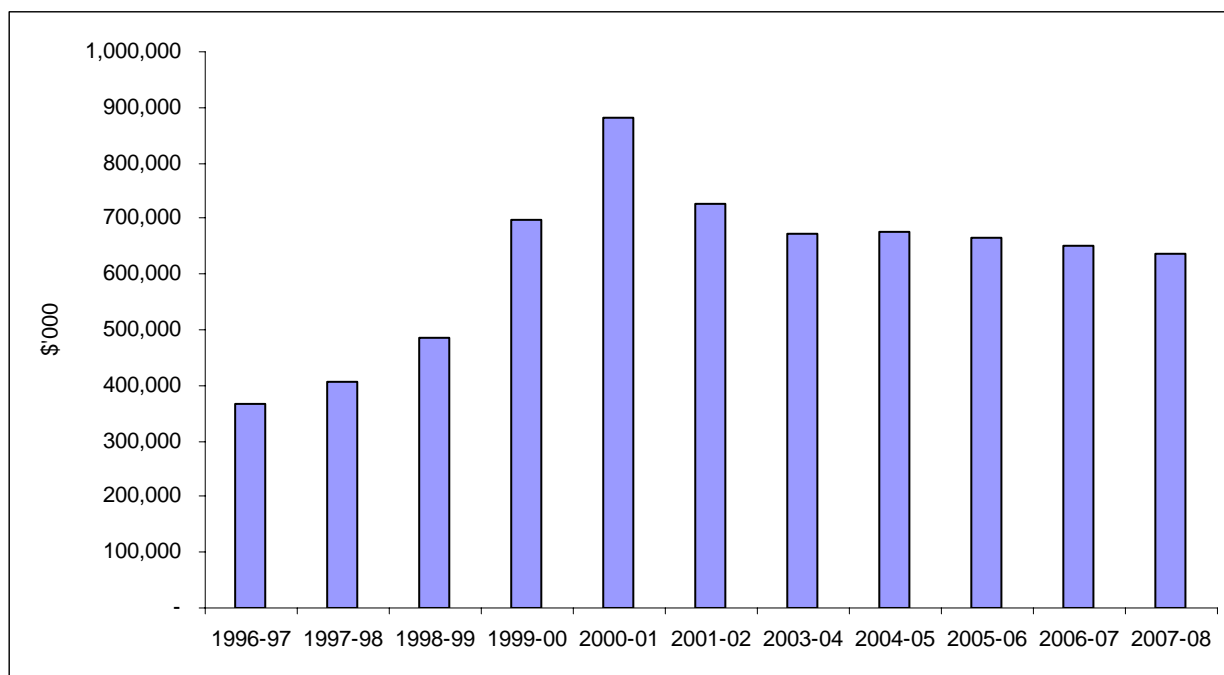
**Figure 5.4.1
General Government Sector Liabilities**



Borrowings

There are no new General Government Sector borrowings projected during the 2004-05 financial year. Figure 5.4.2 illustrates the level of borrowings since 1996-97 and across the forward years.

Figure 5.4.2
General Government Sector Borrowings



Note: The slight increase in the level of borrowings in the 2004-05 financial year represents borrowings on behalf of ACTEW, a Public Trading Enterprise, to assist fund a higher than normal capital works program. These borrowings are not attributable to the General Government Sector.

