

5.4 2005-06 FINANCIAL POSITION

This chapter provides an overview of the financial position for the 2005-06 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 (GGS) for the 2005-06 Budget and across the forward estimates.

Table 5.4.1
General Government Sector Financial Position
2005-06 Budget and Forward Estimates

Budget		Est. Outcome	Planned		Planned	Planned	Planned
30/6/05		30/6/05	30/6/06	Var	30/6/07	30/6/08	30/6/09
\$m		\$m	\$m	%	\$m	\$m	\$m
9 107	Total Assets	9 139	9 304	2	9 551	9 822	10 141
3 452	Total Liabilities	3 848	4 118	7	4 370	4 606	4 856
5 655	Total Funds Employed	5 291	5 186	-2	5 182	5 216	5 284

NB: Tables may not add due to rounding

Short-Term Outlook - Liquidity

The current ratio is used to indicate the GGS's liquidity and equates to current assets over current liabilities. The ratio indicates the GGS'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
2005-06 Budget and Forward Estimates**

	Est. Outcome	Planned	Planned	Planned	Planned
	30/6/05	30/6/06	30/6/07	30/6/08	30/6/09
	\$m	\$m	\$m	\$m	\$m
Current Assets	1 009	682	607	634	715
Current Liabilities	354	374	392	408	433
Current Ratio	2.85:1	1.82:1	1.55:1	1.56:1	1.65:1

The current ratio equals current assets divided by current liabilities. The current ratio has been calculated excluding superannuation investments and superannuation liabilities.

NB: Tables may not add due to rounding

The GGS ratio of 2.85:1 as at 30 June 2005 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 estimates decrease significantly from the high ratio in the estimated outcome. The reduction in the current ratio is attributed to the use of cash and investments to fund new and continuing capital works programs in the budget year and 2006-07, and financing enterprise bargaining agreements, offset by increases in revenues.

Longer-Term Outlook – Financial Stability

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

**Table 5.4.3
General Government Sector Financial Stability
2005-06 Budget and Forward Estimates**

	Est. Outcome	Planned	Planned	Planned	Planned
	30/6/05	30/6/06	30/6/07	30/6/08	30/6/09
	\$m	\$m	\$m	\$m	\$m
Total Liabilities	1 346	1 390	1 420	1 438	1 469
Total Assets	7 663	7 644	7 705	7 778	7 872
Debt Ratio	18%	18%	18%	18%	19%

The debt ratio equals total liabilities divided by total assets. The debt ratio has been calculated excluding equity investments, superannuation investments (including cash) and superannuation liabilities.

The General Government Sector debt ratio of 18% 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 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m	Planned 30/6/08 \$m	Planned 30/6/09 \$m
Cash	77	72	72	71	72
Receivables	575	562	559	556	553
Investments	2 304	2 214	2 280	2 499	2 803
Inventories	112	130	149	143	141
Land	278	277	277	278	278
Property, Plant and Equipment	5 685	5 955	6 108	6 165	6 180
Other	108	96	106	111	114
Total Assets	9 139	9 304	9 551	9 822	10 141

NB: Tables may not add due to rounding

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 30/6/05 \$m	Planned 30/6/06 \$m	Planned 30/6/07 \$m	Planned 30/6/08 \$m	Planned 30/6/09 \$m
Cash	77	72	72	71	72
Current Investments	638	348	258	283	361
Non Current Investments	1 666	1 865	2 022	2 215	2 442
	2 381	2 285	2 352	2 570	2 875
<i>\$ movement</i>	254	- 96	67	218	305
<i>% growth</i>	12%	-4%	3%	9%	12%

NB: Tables may not add due to rounding

Total cash and investments are currently forecast to show small decrease in the budget year, but improves across the forward estimates, reflecting increases in the value of superannuation investments.

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

Table 5.4.6
Cash and Investments – excluding Superannuation investments

	Est. Outcome	Planned	Planned	Planned	Planned
	30/6/05	30/6/06	30/6/07	30/6/08	30/6/09
	\$m	\$m	\$m	\$m	\$m
Cash	75	70	70	70	71
Current Investments	638	348	258	283	361
Non Current Investments	219	238	192	173	175
	932	657	521	526	607
<i>\$ movement</i>	<i>165</i>	<i>- 276</i>	<i>- 136</i>	<i>5</i>	<i>81</i>
<i>% growth</i>	<i>22%</i>	<i>- 30%</i>	<i>- 21%</i>	<i>1%</i>	<i>15%</i>

NB: Tables may not add due to rounding

The decrease in cash and investments movements between 2005-06 and 2006-07 is due to the size of planned capital works, which includes significant projects such as the replacement of the Quamby Youth Detention Centre and funding for the Alexander Maconochie Centre (Correctional Facility).

General Government Sector Liabilities

Composition of Liabilities

Total general government sector liabilities are anticipated to be \$4.118 billion, an increase of \$270m from the estimated opening balance.

Table 5.4.7 below depicts the composition of the General Government Sector liabilities.

Table 5.4.7
General Government Sector Liabilities

	Est. Outcome	Planned	Planned	Planned	Planned
	30/6/05	30/6/06	30/6/07	30/6/08	30/6/09
	\$m	\$m	\$m	\$m	\$m
Interest Bearing Liabilities	701	681	668	652	637
Finance Leases	114	159	190	217	248
Employee Entitlements	2 752	2 996	3 226	3 456	3 686
Other Provisions	14	8	6	6	6
Other	27	27	27	27	27
Payables	239	246	253	249	252
Total Liabilities	3 848	4 118	4 370	4 606	4 856

NB: Tables may not add due to rounding

Borrowings

There are no new General Government Sector borrowings projected during the 2005-06 financial year. Figure 5.4.1 illustrates the level of borrowings since 1996-97 and across the forward years.

Figure 5.4.1
General Government Sector Gross Borrowings



