

ATTACHMENT B

LOAN COUNCIL ALLOCATIONS – 2004-05 NOMINATIONS^(a) (\$m)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT C/w/ith	Agg
Nominated 2004-05 LCAs									
General government sector cash deficit(+)/surplus(-)	-1,447	12	-429	130	-211	-75	-22	0	-3,829
PNFC sector cash deficit(+)/surplus(-)	1,590	-128	727	681	-65	-75	-21	9	-1,412
Non-financial public sector cash deficit(+)/surplus(-) ^(b)	144	-186	297	811	-275	-150	-44	9	-5,241
<i>minus</i> Net cash flows from investments in financial assets for policy purposes ^(c)	-59	48	0	13	5	30	14	7	-968
<i>plus</i> Memorandum items ^(d)	724	221	138	-170	-200	20	-6	0	524
Loan Council Allocation	927	-13	435	628	-481	-160	-64	2	-3,749
2004-05 Tolerance limit	1,033	589	595	322	205	83	53	57	4,819
Latest estimates 2003-04 LCAs									
General government sector cash deficit(+)/surplus(-)	-1,191	138	-216	83	-116	-123	-182	1	-4,635
PNFC sector cash deficit(+)/surplus(-)	1,555	353	474	883	106	-35	-80	11	-1,179
Non-financial public sector cash deficit(+)/surplus(-) ^(b)	365	445	260	966	-10	-158	-262	12	-5,814
<i>minus</i> Net cash flows from investments in financial assets for policy purposes ^(c)	-72	39	-2	15	-13	70	17	22	-666
<i>plus</i> Memorandum items ^(d)	351	252	130	-155	-199	25	-6	0	658
Loan Council Allocation	788	658	392	796	-196	-203	-285	-10	-4,490
2003-04 Budget time estimate	1,306	777	658	736	-197	-145	-120	2	-2,159
2003-04 Nomination	809	890	190	403	-337	-128	-32	44	-5,715
2002-03 LCA outcome	-429	-297	190	-324	-869	-375	-318	-35	-6,828

- (a) LCA nominations for 2004-05 reflect current best estimates of non-financial public sector deficits/surpluses. Nominations have been provided on the basis of policies announced up to and included in jurisdictions' mid-year reports. Nominations are based on preliminary estimates of general government finances provided by jurisdictions for purposes of their mid-year reports, and projected bottom lines for each jurisdiction's PNFC sector, where actual estimates are unavailable. Each jurisdiction will publish an updated LCA estimate as part of its budget documentation. The 2 per cent (of non-financial public sector cash receipts from operating activities in each jurisdiction) tolerance limits around each jurisdiction's 2004-05 LCA are designed, inter alia, to accommodate changes to the LCA resulting from changes in policy.
- (b) The sum of the surpluses of the general government and PNFC sectors may not directly equal the non-financial public sector surplus due to intersectoral transfers.
- (c) This comprises net lending by governments with the aim of achieving government policy, as well as net equity sales and net lending to other sectors or jurisdictions. Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit. However, the cash flow from investments in financial assets for policy purposes has implications for governments' call on financial markets.
- (d) Memorandum items are used to adjust the non-financial public sector deficit/surplus to include in LCAs certain transactions - such as operating leases - that have many of the characteristics of public sector borrowings but do not constitute formal borrowings. They are also used, where appropriate, to deduct from the non-financial public sector deficit/surplus certain transactions that Loan Council has agreed should not be included in LCAs - for example, the funding of more than employers' emerging costs under public sector superannuation schemes, or borrowings by entities such as statutory marketing authorities. Where relevant, memorandum items include an amount for gross new borrowings of government home finance schemes.

NB. Governments' contingent exposures under infrastructure projects with private sector involvement have been identified and considered separately to the LCA nominations by the Loan Council. These exposures, which are measured as the governments' contractual liabilities in the event of termination of projects, are unlikely to be realised and are thus materially different from actual borrowings undertaken to finance the public sector deficit. Government outlays under these projects, such as equity contributions and ongoing commercial payments to the private sector, continue to be included in the annual total public sector deficit, and hence the LCA.