

## LOAN COUNCIL ALLOCATIONS – 2007-08 NOMINATIONS (\$m) (a)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	C/with	Agg
<b>Nominated 2007-08 LCAs</b>										
General government sector cash deficit(+)/surplus(-)	1,604	613	995	-363	259	-85	-6	40	-12,736	
PNFC sector cash deficit(+)/surplus(-)	3,395	1,553	4,694	778	28	148	39	4	882	
Non-financial public sector cash deficit(+)/surplus(-) (b)	4,988	2,179	5,688	415	287	63	34	44	-11,854	
<i>minus</i> Net cash flows from investments										
in financial assets for policy purposes (c)	-50	2	0	0	-6	-3	-1	0	4,878	
<i>plus</i> Memorandum items (d)	-309	180	77	-564	-307	21	-6	0	-431	
<b>Loan Council Allocation</b>	<b>4,729</b>	<b>2,357</b>	<b>5,765</b>	<b>-149</b>	<b>-14</b>	<b>87</b>	<b>29</b>	<b>44</b>	<b>-17,163</b>	<b>- 4,315</b>
2007-08 Tolerance limit	1,193	719	824	455	246	109	60	72	5,744	9,422
<b>Latest estimates 2006-07 LCAs</b>										
General government sector cash deficit(+)/surplus(-) (e)	8,316	343	66	-832	194	-56	135	56	-13,997	
PNFC sector cash deficit(+)/surplus(-)	3,559	1,642	4,203	1,435	148	79	36	46	1,985	
Non-financial public sector cash deficit(+)/surplus(-) (b)	11,841	1,991	4,268	603	342	23	171	102	-12,012	
<i>minus</i> Net cash flows from investments										
in financial assets for policy purposes (c)	-74	-14	-188	0	-32	-3	-1	-10	7,038	
<i>plus</i> Memorandum items (d) (e)	-6,797	163	154	-645	-389	17	-6	0	-623	
<b>Loan Council Allocation</b>	<b>5,118</b>	<b>2,168</b>	<b>4,610</b>	<b>-42</b>	<b>-15</b>	<b>43</b>	<b>166</b>	<b>112</b>	<b>-19,673</b>	<b>-7,513</b>

- (a) LCA nominations for 2007-08 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 public non-financial corporations (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 2007-08 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. The Australian Government's estimates include cash flows from the sale of Telstra.
- (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.
- (e) NSW's cash deficit and memorandum items in 2006-07 are impacted by a one off contribution of \$7.2 billion from the General Government Liability Management Fund towards the defined benefit superannuation schemes.