

ABOUT THIS BUDGET PAPER

Purpose and scope

Budget Paper No. 2 Agency Financial Statements outlines general government sector performance and agency financial statements.

The scope of this budget paper includes agencies that are material within the sector that must prepare financial and annual reports.

This budget paper details:

- performance information
- principal department and agency arrangements following recent machinery of government changes
- recurrent and capital expenditure by principal department and agency.

Performance

This budget paper includes a performance of services chapter, as a continuation of the report provided in 2023-24 budget papers. It complements the economic and financial information provided elsewhere in these budget papers, with attention to outcomes relevant to NSW residents.

The NSW Government is concurrently developing a new 'Performance and Wellbeing' reporting framework, with a view to reporting against a broader range of wellbeing and performance measures in the future. A consultation paper seeking feedback on the draft new reporting framework has been released alongside the 2024-25 budget papers.

This chapter presents performance indicators against key service delivery areas of the NSW Government such as health and education, using the Classification of the Functions of Government expense framework adopted by the Australian Bureau of Statistics. This supports comparisons as this data is more resilient to changes in agency structure and responsibilities over time.

This chapter reports key indicators of performance against key government service delivery areas, including comparisons against historical performance.

Changes to principal department and agency arrangements

Since the last Budget in September 2023, the Government announced machinery of government changes, including the creation of a new principal department, the Department of Climate Change, Energy, the Environment and Water.

There are now 12 principal departments delivering the Government's priorities:

- Department of Climate Change, Energy, the Environment and Water
- Department of Communities and Justice
- Department of Customer Service
- Department of Education
- Department of Enterprise, Investment and Trade
- Department of Planning, Housing and Infrastructure
- Department of Regional NSW
- Ministry of Health

- Premier’s Department
- Transport for NSW
- The Cabinet Office
- Treasury.

Administrative arrangements

Since the 2023-24 Budget, multiple administrative arrangements orders have been made to provide for new Ministerial and agency arrangements and responsibilities.

The 2024-25 Budget Papers reflect the latest administrative arrangements and the NSW governance arrangements chart, including where agencies have moved between government portfolios.

Key changes since the 2023-24 Budget are set out in the following administrative orders:

- [Administrative Arrangements \(Administrative Changes – Miscellaneous\) Order \(No 6\) 2023](#)
- [Administrative Arrangements \(Administrative Changes – Miscellaneous\) Order 2024](#).

An overview of the administrative changes across the NSW Government since the 2023-24 Budget is provided in the table below:

Principal Department	Administrative arrangements changes
Department of Communities and Justice	<p>Transfer of functions to the Department of Communities and Justice</p> <p>The following parts were transferred from the Department of Planning, Housing and Infrastructure to the Department of Communities and Justice under the <i>Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 6) 2023</i>, effective from 1 February 2024:</p> <ul style="list-style-type: none"> • the part that enables the Aboriginal Housing Office to exercise its functions • the part that enables the NSW Land and Housing Corporation to exercise its functions • the Housing Services team of the Homes, Property and Development Group. <p>Key Worker Housing staff were also transferred from the Department of Regional NSW (DRNSW) to the Department of Communities and Justice effective as at 1 February 2024 as an ancillary function transfer that was not explicitly referenced in the Administrative Order. Cabinet approved the transfer of the Key Worker Housing Program from DRNSW to Homes NSW.</p>
Department of Customer Service	<p>Transfer of functions from the Department of Customer Service</p> <p>The following function was transferred from the Department of Customer Service to the Premier’s Department under <i>Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 6) 2023</i>, effective 1 January 2024:</p> <ul style="list-style-type: none"> • the NSW Government Strategic Communication team.
Department of Climate Change, Energy, the Environment and Water	<p>Transfer of functions to the Department of Climate Change, Energy, the Environment and Water and Environment Protection Authority Staff Agency</p> <p>The following functions were transferred to the Department of Climate Change, Energy, the Environment and Water and Environment Protection Authority Staff Agency under the <i>Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 6) 2023</i>, effective 1 January 2024:</p> <ul style="list-style-type: none"> • the Environment and Heritage Group and Water Group from the Department of Planning, Housing and Infrastructure • the Office of Energy and Climate Change from Treasury • the Environment line team in the Corporate Services Group from Department of Planning, Housing and Infrastructure to the Environment Protection Authority Staff Agency.

Principal Department	Administrative arrangements changes
Department of Enterprise, Investment and Trade	<p>Transfer of functions to the Department of Enterprise, Investment and Trade</p> <p>The following function was transferred from Destination NSW to the Department of Enterprise, Investment and Trade under the <i>Administrative Arrangements (Administrative Changes – Miscellaneous) Order 2024</i>, effective 1 April 2024:</p> <ul style="list-style-type: none"> the persons employed in the Destination NSW staff agency.
Department of Planning, Housing and Infrastructure (Previously the Department of Planning and Environment)	<p>Transfer of entities from the Department of Planning, Housing and Infrastructure</p> <p>The following entities were transferred from the Department of Planning, Housing and Infrastructure under the <i>Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 6) 2023</i>, effective 1 January 2024:</p> <ul style="list-style-type: none"> the Environment and Heritage Group and Water Group to the Department of Climate Change, Energy, the Environment and Water the Environment line team in the Corporate Services Group from the Department of Planning and Environment to the Environment Protection Authority Staff Agency. <p>The following entities were transferred from the Department of Planning, Housing and Infrastructure to the Department of Communities and Justice under the <i>Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 6) 2023</i>, effective 1 February 2024:</p> <ul style="list-style-type: none"> the part that enables the Aboriginal Housing Office to exercise its functions the part that enables the NSW Land and Housing Corporation to exercise its functions the Housing Services team of the Homes, Property and Development Group (includes Police Force Housing which is a division within Property NSW). <p>The Greater Cities Commission was abolished through the <i>Greater Cities Commission Repeal Act 2023</i> effective 1 January 2024. Residual functions and associated budget were transferred to the Department of Planning, Housing and Infrastructure.</p>
Department of Regional NSW	<p>Transfer of functions from the Department of Regional NSW</p> <p>Key Worker Housing staff were transferred from the Department of Regional NSW to the Department of Communities and Justice effective as at 1 February 2024 as an ancillary function transfer that was not explicitly referenced in <i>Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 6) 2023</i>. Cabinet approved the transfer of the Key Worker Housing Program from the Department of Regional NSW to Homes NSW.</p>
Premier's Department	<p>Transfer of functions to the Premier's Department</p> <p>The following transfers were made to the Premier's Department from the Department of Customer Service under the <i>Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No.6) 2023</i>, effective 1 January 2024:</p> <ul style="list-style-type: none"> the NSW Government Strategic Communication team.
Treasury	<p>Transfer of entities from Treasury</p> <p>The following functions were transferred from Treasury to the Department of Climate Change, Energy, the Environment and Water under the <i>Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 6) 2023</i>, effective 1 January 2024:</p> <ul style="list-style-type: none"> the Office of Energy and Climate Change.

The 2024-25 Budget Papers have been prepared based on the new administrative arrangements announced since the 2023-24 Budget. The machinery of government changes have been reflected with the following treatments:

- whole entity movement – in this case the entity will continue to report its full year expenses and will appear in the receiving principal department for Budget Paper No. 2 presentation purposes
- where the entity receives funding distributions (previously referred to as cluster grants), the original principal department will have provided funding distributions from 1 July 2023 to the date of transfer and the new principal department will provide funding distributions from the date of transfer to 30 June 2024 and for 2024-25 onwards
- an in-year function transfer has been captured in both the former and the new principal department as follows:
 - from 1 July 2023 to the date of transfer, expenses will be reported in the former entity, with no data for 2024-25 reflected in the previous entity
 - from date of transfer to 30 June 2024, expenses will be reported in the new entity, with the full budget reported for 2024-25 in the new entity.

These administrative restructures have several accounting and financial consequences:

- principal department and agency control relationships were amended with consequential consolidated financial reporting implications
- assets and liabilities associated with function transfers were transferred from the old agency to the new agency and transfers recognised from the effective date per the administrative orders
- staff, programs, projects and applicable funding associated with function and agency transfers need to occur as per the effective date of the administrative orders.

The following statutory bodies, public non-financial corporations (PNFC) and public financial corporations (PFC) have transferred between principal departments, and where applicable, funding distributions and personnel services arrangements will also be transferred to a new principal department.

Entity	Former Principal Department	New Principal Department
Energy Corporation of NSW	Treasury	Department of Climate Change, Energy, the Environment and Water
Essential Energy (PNFC)	Treasury	Department of Climate Change, Energy, the Environment and Water
Aboriginal Housing Office	Department of Planning, Housing and Infrastructure	Department of Communities and Justice
Biodiversity Conservation Trust	Department of Planning, Housing and Infrastructure	Department of Climate Change, Energy, the Environment and Water
Environmental Trust	Department of Planning, Housing and Infrastructure	Department of Climate Change, Energy, the Environment and Water
Environment Protection Authority	Department of Planning, Housing and Infrastructure	Department of Climate Change, Energy, the Environment and Water
Water Administration Ministerial Corporation	Department of Planning, Housing and Infrastructure	Department of Climate Change, Energy, the Environment and Water

Entity	Former Principal Department	New Principal Department
Hunter Water (PNFC)	Department of Planning, Housing and Infrastructure	Department of Climate Change, Energy, the Environment and Water
Sydney Water Corporation (PNFC)	Department of Planning, Housing and Infrastructure	Department of Climate Change, Energy, the Environment and Water
Taronga Conservation Society Australia (Zoological Parks Board) (PNFC)	Department of Planning, Housing and Infrastructure	Department of Climate Change, Energy, the Environment and Water
Water NSW (PNFC)	Department of Planning, Housing and Infrastructure	Department of Climate Change, Energy, the Environment and Water
NSW Land and Housing Corporation (PNFC)	Department of Planning, Housing and Infrastructure	Department of Communities and Justice
Teacher Housing Authority of NSW (PNFC)	Department of Planning, Housing and Infrastructure	Department of Communities and Justice

Future Administrative arrangements

The Government has announced that further administrative arrangement orders will be released following the 2024-25 Budget. The transfers are anticipated to include:

- the Department of Regional NSW to be renamed to the NSW Department of Primary Industries and Regional Development
- the Regional Coordination and Delivery team to be transferred from the Department of Primary Industries and Regional Development to the Premier's Department
- the Department of Enterprise, Investment and Trade to be renamed to the Department of Creative Industries, Tourism, Hospitality and Sport
- Investment NSW and the Office of the Chief Scientist and Engineer to be transferred from the Department of Creative Industries, Tourism, Hospitality and Sport to the Premier's Department
- Office of Sport, Venues NSW and the NSW Institute of Sport to be transferred to the Creative Industries, Tourism, Hospitality and Sport portfolio
- staff in the Public Service Commission to be transferred to the Premier's Department.

Principal department and agency appropriation arrangements

Lead ministers will receive an appropriation for their respective principal departments. Resources are then allocated through funding distributions to agencies (previously referred to as cluster grants) and the Secretary of each principal department.

The Legislature and several smaller agencies classified as special or independent offices are funded through separate appropriations to maintain their independence from government.

Entities that receive an appropriation for the 2024-25 Budget^(a)

Appropriations – Departments

Department of Climate Change, Energy, the Environment and Water
 Department of Communities and Justice
 Department of Customer Service
 Department of Education
 Department of Enterprise, Investment and Trade
 Department of Planning, Housing and Infrastructure
 Department of Regional NSW
 Ministry of Health
 Premier’s Department
 The Cabinet Office
 Transport for NSW
 Treasury^(b)

Appropriations – Special Offices

Independent Pricing and Regulatory Tribunal
 Judicial Commission of New South Wales
 Office of the Children’s Guardian
 Office of the Director of Public Prosecutions
 Independent Commission Against Corruption
 Law Enforcement Conduct Commission
 New South Wales Electoral Commission
 Ombudsman’s Office
 Public Service Commission

Appropriation for Legislature

The Legislature

- (a) Appropriations as set out in the *Appropriation Bill 2024* and *Appropriation (Parliament) Bill 2024*, including (i) Public Service Departments, (ii) various special offices and (iii) the Legislature. In these Appropriation Bills, it is the Ministers that receive the appropriations for the services of these entities (other than the Legislature).
- (b) Includes appropriation to the Treasurer for the purposes of the activities or services administered on behalf of the State that is administered by Treasury.

Reporting of Budget data

The financial statements in this budget paper are prepared on an accrual basis of accounting, in accordance with Australian Accounting Standards.

The majority of agencies that have property leases with Property and Development NSW have changed their occupancy agreement contracts as at 30 June 2022 so this is no longer recognised as a lease under AASB 16 *Leases*. Rather under the new contracts agencies record an annual service fee expense. Property NSW will be the lessee to the private sector and recognise the lease and the appropriate lease accounting under AASB 16 at the agency level.

Consistent with AASB 102 *Inventories*, where a delivering agency is not expected to be the long-term owner of a completed project, the expenditure is classified as inventory rather than property, plant and equipment. On completion of the project, the asset will be transferred to the intended owner. The NSW agencies currently delivering projects for other entities include Infrastructure NSW and Regional Growth NSW Development Corporation.

Agency Expense Summary

This section lists recurrent expenses and capital expenditure for each agency led by principal departments and the activities or services administered by the Treasurer on behalf of the State.

Financial Statements

Financial statements are presented for the 12 principal departments.

Section	Description
Operating Statement	This lists the major categories of expenses and revenues for each agency.
Balance Sheet	This details the agency’s assets, liabilities and net worth.
Cash Flow Statement	This details the cash impacts of agency activities, including the cash appropriations sourced from whole-of-government activities.

Notes

The Budget year refers to 2024-25, while the forward estimates period refers to 2025-26, 2026-27 and 2027-28.

Expenditure figures cited throughout refer to expenditure in the 2024-25 Budget year unless otherwise indicated.

Expenditure figures cited as '2023-24 revised' refer to 2023-24 Budget updated full year projections as at 30 April 2024.

Figures in tables, charts and text have been rounded. Discrepancies between totals and the sum of components reflect rounding:

- values of \$1 billion and above are rounded to the nearest \$100 million unless specified
- values below \$1 billion are rounded to the nearest \$100,000
- estimates under \$100,000 are rounded to the nearest thousand
- estimates midway between rounding points are rounded up
- percentages are based on the underlying unrounded values
- for the budget balance, parentheses indicate a deficit while no sign indicates a surplus
- one billion equals one thousand million
- the following notations are used:
 - n.a. means data is not available
 - N/A means not applicable
 - no. means number
 - 0 means not zero, but rounded to zero
 - ... means zero
 - \$m means millions of dollars
 - \$b means billions of dollars.
- unless otherwise indicated, the data source for financial tables and charts is NSW Treasury.

