Appendix A: Government Finance Statistics statements

The Commonwealth, States and Territories have an agreed framework — the *Accrual Uniform Presentation Framework* (UPF) — for the presentation of government financial information on a basis consistent with the ABS Government Finance Statistics (GFS) publication. This Appendix presents Commonwealth data on a GFS basis, as required by the UPF. An exception to this is the treatment of provisions for bad and doubtful debts. The draft ABS GFS publication (*Australian System of Government Finance Statistics: Concepts, Sources and Methods* Cat. No. 5514.0) requires that provisions for bad and doubtful debts be excluded from the balance sheet. This treatment has not been adopted because excluding such provisions would overstate the value of Commonwealth assets in the balance sheet (and would therefore be inconsistent with the market valuation principle).

The statistical tables that are presented below include an operating statement, balance sheet and cash flow statement for the Commonwealth general government, public non-financial corporations (PNFC) and total non-financial public sectors.

The clear policy intent of the *Intergovernmental Agreement on Commonwealth-State Financial Arrangements* is that GST is collected by the Commonwealth, as an agent for the States and Territories, and appropriated to the States. As such, it is not shown as Commonwealth revenue in Part III and Appendices B and E. However, the tables in this Part are presented on an accrual UPF reporting basis, and show GST as revenue in and expenses out.

Consistent with Australian Bureau of Statistics (ABS) practice, transactions between the Commonwealth general government and PNFC sectors are included in the tables produced for these sectors, but are removed from the total non-financial sector tables as they are transactions internal to that sector.

Appendix D provides reconciliations between key GFS aggregates and their Australian Accounting Standard No. 31 (AAS31) counterparts.

GOVERNMENT FINANCE STATISTICS STATEMENTS

Table A1: Commonwealth general government operating statement

	2001-02 $m	2002-03 $m	2003-04 $m	2004-05 $m
GFS revenue				
Taxation revenue	176,004	184,652	196,131	207,373
Current grants and subsidies	0	0	0	0
Sales of goods and services	3,106	3,114	3,140	3,169
Interest income	936	1,014	1,115	1,553
Dividend income	4,783	3,446	3,007	2,657
Other	3,459	3,201	3,136	3,116
Total GFS revenue	**188,286**	**195,427**	**206,528**	**217,868**
GFS expenses				
Gross operating expenses				
Depreciation	1,548	1,537	1,615	1,617
Superannuation	1,915	1,934	1,960	1,875
Salaries and wages	10,329	10,268	10,542	11,175
Payment for supply of goods and services	35,482	37,236	39,233	41,319
Other operating expenses	1,286	1,175	1,130	807
Total gross operating expenses	*50,561*	*52,150*	*54,481*	*56,793*
Nominal superannuation interest expense	4,847	4,486	4,641	4,675
Other interest expenses	5,397	5,110	4,625	4,259
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	60,782	62,726	65,005	67,216
Subsidy expenses	4,233	4,337	4,480	4,576
Personal benefit payments in cash	62,802	65,919	70,252	74,217
Other current transfers	0	0	0	0
Total current transfers	*127,817*	*132,982*	*139,737*	*146,010*
Capital transfers	3,400	3,040	2,830	2,840
Total GFS expenses	**192,022**	**197,769**	**206,314**	**214,575**
Net operating balance	**-3,736**	**-2,342**	**214**	**3,293**
Net acquisition of non-financial assets				
Gross fixed capital formation	1,016	553	1,127	1,038
less Depreciation	1,548	1,537	1,615	1,617
plus Change in inventories	-12	54	364	313
plus Other movements in non-financial assets	-268	-122	-274	-111
Total net acquisition of non-financial assets	**-812**	**-1,051**	**-398**	**-377**
Net lending/fiscal balance(a)(b)	**-2,923**	**-1,290**	**612**	**3,670**

(a) GFS net lending also equals net transactions in financial assets less net transactions in liabilities. The term 'fiscal balance' is not used by the ABS.

(b) The fiscal balance and net operating balance estimates for 2001–02 in this table are $150 million greater than the 2001–02 fiscal balance and net operating balance estimates elsewhere in the MYEFO. This represents GST revenue accrued in 2001-02 but not yet paid to the States (as GST is paid to the States on a cash basis). Under the State tax treatment applied elsewhere in this document, GST revenue accrued is offset by an equivalent amount payable to the States. Further information is provided in Attachment A to Part I of the *Final Budget Outcome 2000–01*.

Table A2: Commonwealth general government sector balance sheet

	2001-02 $m	2002-03 $m	2003-04 $m	2004-05 $m
GFS assets				
Financial assets				
Cash and deposits	1,099	557	175	152
Advances paid	19,227	20,082	20,651	21,983
Investments, loans and placements	9,861	10,003	10,163	10,272
Other non-equity assets	10,521	9,696	9,721	9,816
Equity	51,427	51,326	38,923	26,546
Total financial assets	*92,134*	*91,664*	*79,632*	*68,769*
Non-financial assets				
Land	4,061	3,819	3,675	3,548
Buildings	12,017	11,403	11,291	11,086
Plant, equipment and infrastructure	11,099	11,510	11,451	11,370
Inventories	3,479	3,533	3,897	4,210
Other non-financial assets	3,282	3,159	3,057	3,035
Total non-financial assets	*33,938*	*33,423*	*33,371*	*33,249*
Total GFS assets	**126,072**	**125,088**	**113,003**	**102,018**
GFS liabilities				
Deposits held	293	293	293	293
Advances received	0	0	0	0
Government securities	51,420	51,113	38,480	23,362
Loans	13,700	13,185	12,146	11,964
Other borrowing	283	203	175	155
Superannuation liability	80,781	82,381	83,854	85,181
Other employee entitlements and provisions	6,473	6,559	6,621	6,574
Other non-equity liabilities	16,037	15,961	15,842	15,766
Total GFS liabilities	**168,988**	**169,695**	**157,410**	**143,296**
Net worth(a)(b)	**-42,916**	**-44,607**	**-44,407**	**-41,278**
Net financial worth(c)	-76,854	-78,031	-77,778	-74,527
Net debt(d)	35,510	34,152	20,105	3,368

(a) Net worth is calculated as assets minus liabilities.

(b) The net worth estimates in this table are $214 million greater than the net worth estimates elsewhere in the MYEFO. This represents GST revenue accrued but not yet paid to the States (as GST is paid to the States on a cash basis). Under the State tax treatment applied elsewhere in this document, GST revenue accrued is offset by an equivalent amount payable to the States. Further information is provided in Attachment A to Part I of the *Final Budget Outcome 2000–01*.

(c) Net financial worth equals total financial assets minus total liabilities.

(d) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table A3: Commonwealth general government sector cash flow statement[(a)]

	2001-02 $m	2002-03 $m	2003-04 $m	2004-05 $m
Cash receipts from operating activities				
Taxes received	176,105	184,683	195,352	206,577
Receipts from sales of goods and services	2,865	2,974	3,024	3,000
Grants/subsidies received	0	0	0	0
Interest receipts	845	970	1,031	1,494
Dividends	4,783	3,446	3,007	2,657
GST receipts related to purchases/sales	0	0	0	0
Other receipts	3,171	2,847	2,766	2,726
Total receipts	*187,769*	*194,920*	*205,180*	*216,455*
Cash payments for operating activities				
Payments for goods and services	-34,878	-37,110	-39,211	-41,288
Grants and subsidies paid	-67,723	-69,446	-71,727	-73,952
Interest paid	-5,245	-5,026	-4,741	-4,439
Personal benefit payments	-62,417	-65,761	-70,113	-74,751
Salaries, wages and other entitlements	-14,956	-14,991	-15,642	-16,477
GST payments related to purchases/sales	0	0	0	0
Other payments for operating activities	-1,170	-1,179	-1,127	-780
Total payments	*-186,389*	*-193,514*	*-202,560*	*-211,686*
Cash flows from operating activities	**1,380**	**1,407**	**2,620**	**4,769**
Cash flows from investments in non-financial assets				
Sales of non-financial assets	1,073	1,498	851	722
less purchases of new and secondhand non-financial assets	-2,021	-1,964	-1,699	-1,635
Net cash flows from investments in non-financial assets	**-949**	**-466**	**-847**	**-913**
Net cash flows from investments in financial assets for policy purposes	**3,055**	**-1,152**	**10,857**	**10,711**
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-326	-117	-378	-293
Net cash flows from investments in financial assets for liquidity purposes	**-326**	**-117**	**-378**	**-293**
Cash flows from financing activities				
Advances received (net)	0	0	0	0
Borrowing (net)	-2,495	-348	-12,677	-15,117
Deposits received (net)	0	0	0	0
Other financing (net)	-670	133	43	820
Net cash flows from financing activities	**-3,165**	**-215**	**-12,634**	**-14,297**
Net increase/decrease in cash held	**-5**	**-542**	**-382**	**-23**
Net cash from operating activities and investments in non-financial assets	**431**	**941**	**1,772**	**3,856**
plus Finance leases and similar arrangements(b)	71	50	3	0
Equals Surplus(+)/Deficit(-)	**502**	**991**	**1,776**	**3,856**

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) The acquisition of assets under finance leases reduces the surplus/deficit.

Table A4: Commonwealth public non-financial corporations operating statement

	2001-02 $m
GFS revenue	
Current grants and subsidies	228
Sales of goods and services	27,082
Interest income	169
Other	19
Total GFS revenue	**27,499**
GFS expenses	
Gross operating expenses	
Depreciation	3,879
Other operating expenses	14,121
Total gross operating expenses	*18,000*
Interest expenses	1,221
Other property expenses	1,413
Current transfers	
Tax expenses	1,988
Other current transfers	0
Total current transfers	*1,988*
Capital transfers	0
Total GFS expenses	**22,622**
Net operating balance	**4,877**
Net acquisition of non-financial assets	
Gross fixed capital formation	4,747
less Depreciation	3,879
plus Change in inventories	2
equals Total net capital formation	*870*
plus Other movements in non-financial assets	-262
Total net acquisition of non-financial assets	**608**
Net lending/fiscal balance(a)	**4,269**

(a) GFS net lending also equals net transactions in financial assets less net transactions in liabilities. The term 'fiscal balance' is not used by the ABS.

Table A5: Commonwealth public non-financial corporations balance sheet

	2001-02 $m
GFS assets	
Financial assets	
Cash and deposits	1,931
Advances paid	0
Investments, loans and placements	3,191
Other non-equity assets	3,895
Equity	0
Total financial assets	*9,016*
Non-financial assets	
Land and fixed assets	31,270
Other non-financial assets	2,459
Total non-financial assets	*33,729*
Total GFS assets	**42,745**
GFS liabilities	
Deposits held	0
Advances received	56
Borrowing	14,039
Provisions (other than depreciation and bad debts)	6,612
Other non-equity liabilities	5,261
Total GFS liabilities	**25,969**
Shares and other contributed capital	**75,774**
Net worth(a)	**-58,997**
Net financial assets(b)	-92,726
Net debt(c)	8,974

(a) Net worth is calculated as assets minus liabilities minus shares and other contributed capital.
(b) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital.
(c) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table A6: Commonwealth public non-financial corporations cash flow statement[(a)]

	2001-02 $m
Cash receipts from operating activities	
Receipts from sales of goods and services	27,282
Grants and subsidies received	228
Other receipts	172
Total receipts	*27,684*
Cash payments for operating activities	
Payment for goods and services	-1,210
Interest paid	-16,362
Other payments for operating activities(b)	-3,851
Total payments	*-21,423*
Net cash flows from operating activities	**6,261**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	204
less purchases of new and secondhand non-financial assets	-4,951
Net cash flows from investments in non-financial assets	**-4,747**
Net cash flows from investments in financial assets for policy purposes	**0**
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	-20
Net cash flows from investments in financial assets for liquidity purposes	**-20**
Cash flows from financing activities	
Advances received (net)	-70
Borrowing (net)	24
Deposits received (net)	0
Distributions paid (net)(c)	-1,413
Other financing (net)	-16
Net cash flows from financing activities	**-1,475**
Net increase/decrease in cash held	**17**
Net cash from operating activities and investments in non-financial assets	**1,512**
plus Finance leases and similar arrangements(d)	0
plus Distributions paid	-1,413
Equals Surplus(+)/Deficit(-)	**99**

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) 'Other payments for operating activities' includes the cash flow to the general government sector from PNFC distributions paid.
(c) 'Distributions paid' comprise PNFC dividends to external shareholders.
(d) The acquisition of assets under finance leases reduces the surplus/deficit.

Table A7: Commonwealth total non-financial public sector operating statement

	2001-02 $m
GFS revenue	
Taxation revenue	174,016
Current grants and subsidies	0
Sales of goods and services	30,188
Interest income	1,049
Dividend Income	2,875
Other	3,478
Total GFS revenue	**211,605**
GFS expenses	
Gross operating expenses	
Depreciation	5,428
Superannuation	1,918
Salaries and wages	10,329
Payment for supply of goods and services	35,482
Other operating expenses	13,495
Total gross operating expenses	*66,652*
Nominal superannuation interest expense	4,847
Other interest expenses	6,563
Other property expenses	1,413
Current transfers	
Grant expenses	60,782
Subsidy expenses	4,005
Personal benefit payments in cash	62,802
Other current transfers	0
Total current transfers	*127,589*
Capital transfers	3,400
Total GFS expenses	**210,464**
Net operating balance	**1,141**
Net acquisition of non-financial assets	
Gross fixed capital formation	5,764
less Depreciation	5,428
plus Change in inventories	-10
plus Other movements in non-financial assets	-531
Total increase in net non-financial assets	**-205**
Net lending/fiscal balance(a)(b)	**1,346**

(a) GFS net lending also equals net transactions in financial assets less net transactions in liabilities. The term 'fiscal balance' is not used by the ABS.

(b) The fiscal balance and net operating balance estimates for 2001–02 in this table are $150 million greater than the fiscal balance and net operating balance 2001–02 estimates in Appendix E. This represents GST revenue accrued in 2001-02 but not yet paid to the States (as GST is paid to the States on a cash basis). Under the State tax treatment applied elsewhere in this document, GST revenue accrued is offset by an equivalent amount payable to the States. Further information is provided in Attachment A to Part I of the *Final Budget Outcome 2000–01*.

Table A8: Commonwealth total non-financial public sector balance sheet

	2001-02 $m
GFS assets	
Financial assets	
Cash and deposits	3,030
Advances paid	19,297
Investments, loans and placements	13,051
Other non-equity assets	14,416
Equity	12,571
Total financial assets	*62,365*
Non-financial assets	
Land	4,061
Buildings	12,017
Plant, equipment and infrastructure	42,369
Inventories	3,479
Other non-financial assets	5,741
Total non-financial assets	*67,667*
Total GFS assets	**130,032**
GFS liabilities	
Deposits held	293
Advances received	126
Government securities	51,420
Loans	13,700
Other borrowing	14,322
Superannuation liability	80,781
Other employee entitlements and provisions	13,085
Other non-equity liabilities	21,298
Total GFS liabilities	**195,026**
Shares and other contributed capital	**36,917**
Net worth(a)(b)	**-101,912**
Net financial worth(c)	-169,579
Net debt(d)	44,483

(a) Net worth is calculated as assets minus liabilities minus shares and other contributed capital.

(b) The net worth estimates in this table are $214 million greater than the net worth estimates in Appendix E. This represents GST revenue accrued but not yet paid to the States (as GST is paid to the States on a cash basis). Under the State tax treatment applied elsewhere in this document, GST revenue accrued is offset by an equivalent amount payable to the States. Further information is provided in Attachment A to Part I of the *Final Budget Outcome 2000–01*.

(c) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital.

(d) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements

Table A9: Commonwealth total non-financial public sector cash flow statement[(a)]

	2001-02 $m
Cash receipts from operating activities	
Taxes received	174,117
Receipts from sales of goods and services	30,148
Grants and subsidies received	0
Interest receipts	845
Dividends	2,875
GST receipts related to purchases/sales	0
Other receipts	3,287
Total receipts	**211,272**
Cash payments for operating activities	
Payments for goods and services	-51,240
Grants and subsidies paid	-67,495
Interest paid	-6,400
Personal benefit payments	-62,417
Salaries, wages and other entitlements	-14,956
GST payments related to purchases/sales	0
Other payments for operating activities	-1,125
Total payments	**-203,632**
Net cash flows from operating activities	**7,640**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	1,276
Less Purchases of new and secondhand non-financial assets	-6,972
Net cash flows from investments in non-financial assets	**-5,696**
Net cash flows from investments in financial assets for policy purposes	**2,985**
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	-346
Net cash flows from investments in financial assets for liquidity purposes	**-346**
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	-2,471
Deposits received (net)	0
Distributions paid (net)(b)	-1,413
Other financing (net)	-686
Net cash flows from financing activities	**-4,570**
Net increase/decrease in cash held	**12**
Net cash from operating activities and investments in non-financial assets	**1,944**
plus Finance leases and similar arrangements(c)	71
plus Distributions paid	-1,413
Equals surplus(+)/deficit(-)	**602**

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) 'Distributions paid' comprise PNFC dividends to external shareholders.
(c) The acquisition of assets under finance leases reduces the surplus/deficit.

LOAN COUNCIL ALLOCATION

Under Loan Council arrangements, every year the Commonwealth and each State and Territory nominate a Loan Council Allocation (LCA). A jurisdiction's LCA incorporates:

- the estimated non-financial public sector cash deficit (made up from the general government and public non-financial corporations sectors deficits);
- net cash flows from investments in financial assets for policy purposes; and
- memorandum items. These transactions, though not formally borrowings, have many of the characteristics of borrowing.

LCA nominations are considered by the Loan Council, having regard to each jurisdiction's fiscal position and reasonable infrastructure requirements, as well as the macroeconomic implications of aggregate figure.

In March 2001 the Commonwealth nominated, and the Loan Council endorsed, an LCA surplus for 2001-02 of $12.6 billion. In the 2001-02 Budget the Commonwealth estimated a LCA surplus of $7.8 billion. Table A10 presents a revised estimate for the Commonwealth's 2001-02 LCA of a $3.8 billion surplus.

Table A10: Commonwealth Loan Council Allocation for 2001-02

	Budget Estimate $m	MYEFO Estimate $m
General government sector cash deficit(+)/surplus(-)	-1,520	-502
PNFC sector cash deficit(+)/surplus(-)	-3,710	-99
Non-financial public sector cash deficit(+)/surplus(-)	-5,231	-602
minus Net cash flows from investments in financial assets for policy purposes(a)	3,124	2,985
plus Memorandum items(b)	586	-190
Loan Council Allocation	-7,768	-3,777

(a) 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 a government's call on financial markets.

(b) For the Commonwealth, memorandum items comprise the change in net present value (NPV) of operating leases (with NPV greater than $5 million), university borrowings, overfunding of superannuation and an adjustment to exclude the net financing requirements of statutory marketing authorities and Telstra from the LCA.