PART 2: GOVERNMENT FINANCE STATISTICS STATEMENTS

Financial tables presented in this Part are prepared in accordance with the Australian Bureau of Statistics (ABS) accrual Government Finance Statistics (GFS) framework.

The tables include an operating statement, balance sheet and cash flow statement for the Australian Government general government, public non-financial corporations, total non-financial public, and public financial corporations sectors. A statement of other economic flows is also included for the Australian Government general government sector and primarily outlines how other economic flows (those economic flows not accounted for in the GFS operating statement, namely changes in assets and liabilities arising from price and volume changes) impact on the net worth of the Australian Government general government sector.

The Australian Government, States and Territories have an agreed framework — the Accrual Uniform Presentation Framework — for the presentation of government financial information on a basis consistent with the ABS GFS publication. This Part presents Australian Government data on an ABS GFS basis, as required by the Uniform Presentation Framework, except for the departures (other than in relation to the treatment of goods and services tax (GST)) detailed in Attachment A to Part 1.

The only difference between the Australian Government general government sector statements in Part 1 and this Part is the treatment of the GST. Under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations,* GST is collected by the Australian Taxation Office, as an agent for the States and Territories, and appropriated to the States and Territories. Consequently, it is not shown as Australian Government revenue in other Parts in this document. However, the tables in this Part show GST as taxation revenue and payments to the States as grant expenses.

As a result of the different treatments of GST related transactions, fiscal balance, net operating balance and net worth estimates in this Part differ from those reported elsewhere in this document. This accounting difference is an accrual issue only: it represents the effect of GST revenue accrued but not yet received and, therefore, not yet paid or payable to the States (as GST obligations to the States are on a cash basis).[1] The underlying cash balance is not affected and provides identical results under both treatments of GST receipts.

Transactions between the Australian Government public financial corporations sector and the general government and public non-financial corporations sectors are included

[1] Table A2 in Appendix A shows the difference in the net operating and fiscal balance estimates resulting from the two treatments. The change in expenses when moving between the two GFS presentations of the estimates is less than the change in revenue.

in the relevant tables. These transactions include income transfers (such as dividends paid to general government), net advances paid by general government to public corporations and taxes paid by public corporations.

Appendix A provides reconciliations between key GFS aggregates and their Australian Accounting Standard No. 31 counterparts.

Table 7: Australian Government general government sector operating statement

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
GFS revenue		
Taxation revenue	191,047	194,313
Current grants and subsidies	0	0
Sales of goods and services	4,002	3,805
Interest income	1,208	1,185
Dividend income	3,960	3,958
Other	2,813	3,009
Total GFS revenue	**203,030**	**206,271**
GFS expenses		
Gross operating expenses		
Depreciation	1,780	1,795
Superannuation	2,095	2,090
Salaries and wages	10,625	10,324
Payment for supply of goods and services	36,661	36,577
Other operating expenses	2,145	2,633
Total gross operating expenses	*53,305*	*53,420*
Nominal superannuation interest expense	5,350	5,409
Other interest expenses	4,843	4,890
Other property expenses	0	0
Current transfers		
Grant expenses	64,176	63,192
Subsidy expenses	5,147	5,217
Personal benefit payments in cash	65,252	64,670
Other current transfers	0	0
Total current transfers	*134,575*	*133,078*
Capital transfers	3,161	3,180
Total GFS expenses	**201,234**	**199,978**
Net operating balance(a)	**1,796**	**6,293**
Net acquisition of non-financial assets		
Purchases of non-financial assets	2,682	3,197
less Sales of non-financial assets	1,304	1,331
less Depreciation	1,780	1,795
plus Change in inventories	104	-443
plus Other movements in non-financial assets	63	153
Total net acquisition of non-financial assets	**-235**	**-219**
Net lending/fiscal balance(a)(b)	**2,031**	**6,512**

(a) The fiscal balance and net operating balance outcomes in this table differ from those presented elsewhere in the Final Budget Outcome reflecting the treatment of the GST as an Australian Government tax.

(b) The term fiscal balance is not used by the ABS.

Table 8: Australian Government general government sector balance sheet

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
GFS assets		
Financial assets		
Cash and deposits	2,507	2,339
Advances paid	19,050	18,956
Investments, loans and placements	18,220	21,805
Other non-equity assets	14,398	17,033
Equity(a)	49,498	44,381
Total financial assets	*103,674*	*104,514*
Non-financial assets		
Land	4,416	4,799
Buildings (excluding heritage)	12,285	13,476
Plant, equipment and infrastructure(b)	12,471	7,555
Inventories	3,903	4,044
Heritage and cultural assets(b)	-	4,765
Other non-financial assets	3,006	1,579
Total non-financial assets	*36,082*	*36,218*
Total GFS assets	**139,755**	**140,731**
GFS liabilities		
Deposits held	300	325
Advances received	0	0
Government securities	61,939	62,894
Loans	9,737	9,304
Other borrowing	221	241
Superannuation liability	89,040	89,386
Other employee entitlements and provisions	7,449	7,867
Other non-equity liabilities	17,388	20,237
Total GFS liabilities	**186,074**	**190,255**
Net worth(a)(c)(d)	**-46,319**	**-49,524**
Net financial worth(e)	-82,400	-85,741
Net debt(f)	32,420	29,665

(a) The 2002-03 Equity and Net worth outcomes include the Telstra shareholding valued at the closing share price on 30 June 2003.
(b) A separate class of assets, Heritage and cultural assets, was established for 2002-03 in the Finance Minister's Orders for the Preparation of Financial Statements. Heritage and cultural assets were previously included in Plant, equipment and infrastructure.
(c) The net worth outcome in this table differs from those presented elsewhere in the Final Budget Outcome reflecting the treatment of the GST as an Australian Government tax.
(d) Net worth is calculated as total assets minus total liabilities.
(e) Net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets.
(f) Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowings, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table 9: Australian Government general government sector cash flow statement[(a)]

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
Cash receipts from operating activities		
Taxes received(b)	189,205	191,374
Receipts from sales of goods and services(c)	4,094	3,674
Grants/subsidies received	0	0
Interest receipts	964	982
Dividends	3,960	3,961
GST input credits received by general government(c)	0	0
Other receipts	2,652	2,903
Total receipts	**200,874**	**202,894**
Cash payments for operating activities		
Payments for goods and services(c)	-37,238	-37,280
Grants and subsidies paid(d)	-71,647	-71,056
Interest paid	-4,584	-4,623
Personal benefit payments	-65,248	-65,050
Salaries, wages and other entitlements	-14,739	-14,575
GST payments to taxation authority(c)	0	0
Other payments for operating activities	-2,084	-775
Total payments	**-195,540**	**-193,359**
Net cash flows from operating activities	**5,334**	**9,535**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	1,312	1,314
Purchases of new and secondhand non-financial assets	-2,731	-3,362
Net cash flows from investments in non-financial assets	**-1,420**	**-2,048**
Net cash flows from investments in financial assets for policy purposes	**-288**	**-229**
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	2,037	-1,743
Net cash flows from investments in financial assets for liquidity purposes	**2,037**	**-1,743**
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-5,945	-6,012
Deposits received (net)	0	25
Other financing (net)	559	580
Net cash flows from financing activities	**-5,386**	**-5,406**
Net increase/decrease in cash held	**277**	**108**
Net cash from operating activities and investments in non-financial assets	**3,914**	**7,487**
Finance leases and similar arrangements(e)	4	-1
Equals surplus(+)/deficit(-)	**3,918**	**7,486**

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) Includes GST cash receipts on an Australian Government tax basis, which is $14 million more than GST cash receipts measured on a State tax basis (as shown in Part 3, Note 15).
(c) GST flows are excluded from these categories.
(d) Includes GST cash payments on an Australian Government tax basis.
(e) The acquisition of assets under finance leases reduces the underlying cash balance. The disposal of assets previously held under finance leases improves the underlying cash balance.

Table 10: Australian Government general government sector statement of other economic flows (reconciliation of net worth)

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
Opening net worth	**-46,480**	**-46,480**
Opening net worth adjustments(a)	**-2,454**	**-567**
Adjusted opening net worth	**-48,935**	**-47,048**
Change in net worth from operating transactions	**1,796**	**6,293**
Change in net worth from other economic flows		
Revaluation of equity(b)	5,373	-1,543
Net writedowns of assets (including bad and doubtful debts)	-2,104	-3,049
Assets recognised for the first time	821	1,173
Defence weapon platform adjustment(c)	393	-140
Liabilities recognised for the first time(d)	0	-1,900
Actuarial revaluations	-4,967	-5,654
Net foreign exchange gains	753	786
Net swap interest received	554	556
Market valuation of debt	101	-682
Other economic revaluations(e)	-103	1,686
Total other economic flows	**819**	**-8,769**
Closing net worth	**-46,319**	**-49,524**

(a) Opening net worth adjustments for the 2002-03 outcome reflect the adoption of the market valuation of debt and the removal of dividends payable from the measurement of the general government sector's equity holding in the public financial corporations sector. Following advice from the ABS, these changes have been back-dated to 1999-2000.

(b) Revaluations of equity for the 2002-03 outcome reflect changes in the market valuation of commercial entities, including a change in the value of the Telstra shareholding due to a change in the closing share price between 30 June 2002 and 30 June 2003. This line also reflects any equity revaluations at the point of disposal or sale.

(c) Defence weapons are treated as expenses rather than assets under the GFS framework, hence changes in value do not contribute to net worth and are not included in other economic flows. This component represents the removal of defence weapons included in net writedowns and other movements.

(d) Includes the initial recording of a liability for net unfunded university superannuation in accordance with a new Australian Accounting Standard. However, the Australian Government has no legal obligation to meet this liability. The Australian Government and States and Territories will assess future costs and possible simplified arrangements. Negotiations on these simplified arrangements with the States and Territories are continuing. The recording of this as a liability is also being adopted for GFS.

(e) Largely reflects revaluations of Land and Buildings.

Table 11: Supplementary table — Australian Government general government sector revenue (accrual basis)

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
Taxation revenue		
Income tax		
Individuals and other withholding(a)		
Gross income tax withholding(b)	84,590	84,640
Gross other individuals	17,300	18,314
less Refunds	11,540	11,651
Total individuals and other withholding	90,350	91,303
Companies	31,260	33,365
Superannuation funds		
Contributions and earnings	3,580	3,617
Superannuation surcharge	980	1,279
Total superannuation funds	4,560	4,896
Petroleum resource rent tax	1,720	1,715
Total income tax	**127,890**	**131,278**
Indirect tax		
Excise duty		
Petroleum and other fuel products and crude oil	13,250	13,337
Other excise	7,330	7,450
Total excise duty	20,580	20,787
Customs duty	5,630	5,573
Other indirect taxes(c)	900	896
Total indirect tax	**27,110**	**27,255**
GST	31,230	31,257
Fringe benefits tax(d)	3,220	2,832
Agricultural levies	547	586
Other taxes	1,050	1,104
Total tax revenue	**191,047**	**194,313**
Non-tax revenue	11,983	11,958
Total revenue	**203,030**	**206,271**

(a) Includes Medicare levy revenue of $5,000 million in 2002-03.
(b) Previously reported as Pay As You Go (Withholding) and other withholding. Other withholding, previously reported under company and other income tax, includes amounts withheld for failure to quote a Tax File Number or an Australian Business Number; interest, dividends and royalty payments to non-residents; and payments to aboriginal groups for the use of land for mineral exploration and mining.
(c) Includes the wine equalisation tax, luxury car tax and the final wholesale sales tax liability.
(d) Consistent with GFS reporting standards, excludes fringe benefits tax collected from Australian Government agencies ($323 million in 2002-03).

Table 12: Supplementary table — Australian Government general government sector indirect tax (accrual basis)

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
Excise duty		
Petroleum and other fuel products		
Petrol(a)	7,230	7,296
Diesel	5,420	5,493
Other(b)	150	130
Total petroleum and other fuel products	12,800	12,920
Crude oil	450	417
Other excise		
Beer	1,640	1,680
Potable spirits	550	558
Tobacco products	5,140	5,212
Total other excise	7,330	7,450
Total excise duty	**20,580**	**20,787**
Customs duty(c)	5,630	5,573
Other indirect taxes		
Wine equalisation tax(d)	670	673
Luxury car tax	250	261
Wholesale sales tax(e)	-20	-39
Total other indirect taxes	**900**	**896**
Total	**27,110**	**27,255**

(a) Includes unleaded petrol and lead replacement petrol.
(b) Includes aviation gasoline, aviation turbine fuel, fuel oil, heating oil and kerosene.
(c) Customs duty includes duties imposed on imported petroleum products, tobacco, beer and spirits, which are analogous to excise duty on these items.
(d) Estimates of WET revenue include the offsetting revenue effects of the WET rebate for cellar door and other sales.
(e) WST was abolished on 1 July 2000; however, final liabilities, net of refunds, continue to be recognised.

Table 13: Australian Government public non-financial corporations sector operating statement

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
GFS revenue		
Current grants and subsidies	384	352
Sales of goods and services	24,098	23,641
Interest income	85	127
Other	67	53
Total GFS revenue	**24,633**	**24,172**
GFS expenses		
Gross operating expenses		
Depreciation	3,336	3,057
Salaries, wages and other entitlements	4,996	4,658
Other operating expenses	11,144	8,772
Total gross operating expenses	*19,476*	*16,487*
Interest expenses	962	884
Other property expenses	1,669	3,682
Current transfers		
Tax expenses	1,633	1,698
Other current transfers	0	0
Total current transfers	*1,633*	*1,698*
Capital transfers	0	0
Total GFS expenses	**23,741**	**22,750**
Net operating balance	**893**	**1,422**
Net acquisition of non-financial assets		
Purchases of non-financial assets	3,998	3,356
less Sales of non-financial assets	809	862
less Depreciation	3,336	3,057
plus Change in inventories	12	38
plus Other movements in non-financial assets	-5	-28
Total net acquisition of non-financial assets	**-141**	**-553**
Net lending/fiscal balance(a)	**1,034**	**1,975**

(a) The term fiscal balance is not used by the ABS.

Table 14: Australian Government public non-financial corporations sector balance sheet

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
GFS assets		
Financial assets		
Cash and deposits	987	1,205
Advances paid	0	0
Investments, loans and placements	763	1,743
Other non-equity assets	5,071	4,796
Equity	132	170
Total financial assets	*6,954*	*7,914*
Non-financial assets		
Land and fixed assets	21,251	22,850
Other non-financial assets	6,739	4,802
Total non-financial assets	*27,991*	*27,651*
Total GFS assets	**34,944**	**35,565**
GFS liabilities		
Deposits held	0	0
Advances received	0	0
Borrowing	11,071	12,583
Provisions (other than depreciation and doubtful bad debts)	8,439	8,024
Other non-equity liabilities	1,435	1,485
Total GFS liabilities	**20,946**	**22,092**
Shares and other contributed capital	**69,165**	**58,206**
Net worth(a)	**-55,166**	**-44,733**
Net financial worth(b)	-83,157	-72,385
Net debt(c)	9,321	9,635

(a) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The negative net worth recorded for this sector reflects a higher valuation of listed Australian Government corporations by the sharemarket than the value of net assets recorded by these corporations.

(b) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. That is, it excludes non-financial assets.

(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 15: Australian Government public non-financial corporations sector cash flow statement[(a)]

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
Cash receipts from operating activities		
Receipts from sales of goods and services	26,266	25,879
Grants and subsidies received	384	352
GST input credit receipts	13	141
Other receipts	184	151
Total receipts	**26,848**	**26,524**
Cash payments for operating activities		
Payment for goods and services	-9,174	-9,463
Interest paid	-946	-882
Salaries, wages and other entitlements	-5,465	-5,439
GST payments to taxation authority	-1,539	-1,446
Other payments for operating activities	-4,201	-1,836
Total payments	**-21,325**	**-19,067**
Net cash flows from operating activities	**5,523**	**7,456**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	809	862
Purchases of new and secondhand non-financial assets	-3,998	-3,356
Net cash flows from investments in non-financial assets	**-3,189**	**-2,494**
Cash flows from investments in financial assets for policy purposes		
Net advances paid	0	-33
Net equity acquisitions, disposals and privatisations	0	3
Net cash flows from investments in financial assets for policy purposes	**0**	**-30**
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	6	-53
Net cash flows from investments in financial assets for liquidity purposes	**6**	**-53**
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-1,737	-1,173
Deposits received (net)	0	0
Distributions paid (net)	-1,669	-3,682
Other financing (net)	723	260
Net cash flows from financing activities	**-2,683**	**-4,595**
Net increase/decrease in cash held	**-343**	**284**
Net cash from operations and investments in non-financial assets	**2,334**	**4,962**
Finance leases and similar arrangements(b)	0	0
Distributions paid	-1,669	-3,682
Equals surplus(+)/deficit(-)	**665**	**1,280**

(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 underlying cash balance. The disposal of assets previously held under finance leases improves the underlying cash balance.

Table 16: Australian Government total non-financial public sector operating statement

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
GFS revenue		
Taxation revenue	189,415	192,529
Current grants and subsidies	0	0
Sales of goods and services	27,616	26,872
Interest income	1,293	1,260
Dividend income	1,939	1,953
Other	2,880	3,036
Total GFS revenue	**223,142**	**225,649**
GFS expenses		
Gross operating expenses		
Depreciation	5,117	4,852
Superannuation	2,111	2,147
Salaries and wages	15,621	14,952
Payment for supply of goods and services	44,818	44,058
Other operating expenses	2,610	3,253
Total gross operating expenses	*70,276*	*69,263*
Nominal superannuation interest expense	5,350	5,409
Other interest expenses	5,805	5,722
Other property expenses	1,669	1,675
Current transfers		
Grant expenses	64,176	63,192
Subsidy expenses	4,763	4,865
Personal benefit payments in cash	65,252	64,670
Other current transfers	0	0
Total current transfers	*134,191*	*132,726*
Capital transfers	3,161	3,180
Total GFS expenses	**220,453**	**217,975**
Net operating balance(a)	**2,689**	**7,674**
Net acquisition of non-financial assets		
Purchases of non-financial assets	6,680	6,553
less Sales of non-financial assets	2,113	2,193
less Depreciation	5,117	4,852
plus Change in inventories	116	-405
plus Other movements in non-financial assets	58	125
Total net acquisition of increase in net non-financial assets	**-376**	**-772**
Net lending/fiscal balance(a)(b)(c)	**3,065**	**8,445**

(a) The fiscal balance and net operating balance outcomes differ from those presented elsewhere in the Final Budget Outcome reflecting the treatment of the GST as an Australian Government tax.
(b) The term fiscal balance is not used by the ABS.
(c) The fiscal balance for the non-financial public sector does not equal the sum of the general government and public non-financial corporations sectors due to the elimination of commercial taxation adjustments for future income tax benefits and deferred income tax.

Table 17: Australian Government total non-financial public sector balance sheet

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
GFS assets		
Financial assets		
Cash and deposits	3,495	3,544
Advances paid	19,050	18,956
Investments, loans and placements	18,983	23,548
Other non-equity assets	19,427	21,768
Equity	14,173	14,594
Total financial assets	*75,127*	*82,411*
Non-financial assets		
Land and fixed assets	54,326	57,829
Other non-financial assets	9,746	5,726
Total non-financial assets	*64,072*	*63,555*
Total GFS assets	**139,199**	**145,965**
GFS liabilities		
Deposits held	300	325
Advances received	0	0
Government securities	61,939	62,894
Loans	9,737	21,867
Other borrowing	11,293	261
Superannuation liability	89,040	89,386
Other employee entitlements and provisions	15,889	15,891
Other non-equity liabilities	18,780	18,926
Total GFS liabilities	**206,977**	**209,551**
Shares and other contributed capital	**33,707**	**28,250**
Net worth(a)(b)	**-101,485**	**-91,836**
Net financial worth(b)(c)	-165,557	-155,390
Net debt(d)	41,740	39,300

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

(b) Net worth and net financial worth for the non-financial public sector do not equal the sum of the general government and public non-financial corporations sectors due to the elimination of commercial taxation adjustments for future income tax benefits and deferred income tax.

(c) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. That is, it excludes non-financial assets.

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

Table 18: Australian Government total non-financial public sector cash flow statement[(a)]

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
Cash receipts from operating activities		
Taxes received	187,572	189,590
Receipts from sales of goods and services(b)	27,635	27,073
Grants and subsidies received	0	0
Interest receipts	964	1,066
Dividends	1,939	1,955
GST input credit receipts(b)	0	0
Other receipts	2,836	2,892
Total receipts	**220,946**	**222,576**
Cash payments for operating activities		
Payments for goods and services(b)	-45,213	-45,554
Grants and subsidies paid	-71,263	-70,704
Interest paid	-5,530	-5,454
Personal benefit payments	-65,248	-65,050
Salaries, wages and other entitlements	-20,204	-19,959
GST payments to taxation authority(b)	0	0
Other payments for operating activities	-2,632	-871
Total payments	**-210,090**	**-207,593**
Net cash flows from operating activities	**10,856**	**14,984**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	2,121	2,176
Purchases of new and secondhand non-financial assets	-6,729	**-6,718**
Net cash flows from investments in non-financial assets	**-4,609**	**-4,542**
Net cash flows from investments in financial assets for policy purposes	**-288**	**-259**
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	2,044	-1,796
Net cash flows from investments in financial assets for liquidity purposes	2,044	**-1,796**
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-7,683	-7,184
Deposits received (net)	0	25
Distributions paid (net)(c)	-1,669	-1,675
Other financing (net)	1,282	840
Net cash flows from financing activities	**-8,070**	**-7,994**
Net increase/decrease in cash held	**-66**	**393**
Net cash from operating activities and investments in non-financial assets	**6,248**	**10,442**
Finance leases and similar arrangements(d)	4	-1
Distributions paid	-1,669	-1,675
Equals surplus(+)/deficit(-)	**4,583**	**8,766**

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) GST flows are excluded from these categories.
(c) Distributions paid comprise non-financial public sector dividends to external shareholders.
(d) The acquisition of assets under finance leases reduces the underlying cash balance. The disposal of assets previously held under finance leases improves the underlying cash balance.

Table 19: Australian Government public financial corporations sector operating statement

	2002-03 Outcome $m
GFS revenue	
Current grants and subsidies	126
Sales of goods and services	2,317
Interest income	2,520
Other	4
Total GFS revenue	**4,967**
GFS expenses	
Gross operating expenses	
Depreciation	21
Other operating expenses	2,544
Total gross operating expenses	*2,564*
Interest expenses	1,060
Other property expenses	1,899
Current transfers	
Tax expenses	0
Other current transfers	0
Total current transfers	*0*
Capital transfers	0
Total GFS expenses	**5,523**
Net operating balance	**-556**
Net acquisition of non-financial assets	
Purchases of non-financial assets	33
less Sales of non-financial assets	6
less Depreciation	21
plus Change in inventories	5
plus Other movements in non-financial assets	0
Total net acquisition of non-financial assets	**12**
Net lending/fiscal balance(a)	**-568**

(a) The term fiscal balance is not used by the ABS.

Table 20: Australian Government public financial corporations sector balance sheet

	2002-03 Outcome $m
GFS assets	
Financial assets	
Cash and deposits	1,724
Advances paid	0
Investments, loans and placements	69,812
Other non-equity assets	443
Equity	433
Total financial assets	*72,412*
Non-financial assets	
Land and fixed assets	322
Other non-financial assets	34
Total non-financial assets	*356*
Total GFS assets	**72,768**
GFS liabilities	
Deposits held	46,908
Advances received	0
Borrowing	12,392
Provisions (other than depreciation and bad and doubtful debts)	1,109
Other non-equity liabilities	81
Total GFS liabilities	**60,491**
Shares and other contributed capital	**12,277**
Net worth(a)	**0**
Net financial worth(b)	-356
Net debt(c)	-12,235

(a) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital.
(b) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. That is, it excludes non-financial assets.
(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 21: Australian Government public financial corporations sector cash flow statement[(a)]

	2002-03 Outcome $m
Cash receipts from operating activities	
Receipts from sales of goods and services	2,338
Grants and subsidies received	125
GST input credit receipts	0
Other receipts	2,329
Total receipts	**4,792**
Cash payments for operating activities	
Payment for goods and services	-2,234
Interest paid	-932
Salaries, wages and other entitlements	-238
GST payments to taxation authority	0
Other payments for operating activities	-32
Total payments	**-3,437**
Net cash flows from operating activities	**1,354**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	6
Purchases of new and secondhand non-financial assets	-33
Net cash flows from investments in non-financial assets	**-28**
Cash flows from investments in financial assets for policy purposes	
Net advances paid	-206
Net equity acquisitions, disposals and privatisations	0
Net cash flows from investments in financial assets for policy purposes	**-206**
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	-117
Net cash flows from investments in financial assets for liquidity purposes	**-117**
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	-333
Deposits received (net)	-1
Distributions paid (net)	-1,899
Other financing (net)	1,055
Net cash flows from financing activities	**-1,177**
Net increase/decrease in cash held	**-174**
Net cash from operations and investments in non-financial assets	**1,327**
Finance leases and similar arrangements(b)	0
Distributions paid	-1,899
Equals surplus(+)/deficit(-)	**-572**

(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 underlying cash balance. The disposal of assets previously held under finance leases improves the underlying cash balance.

Table 22: Australian Government general government sector purchases of non-financial assets by function

	2002-03 Estimate at 2003-04 Budget $m	2002-03 Outcome $m
General public services	691	588
Defence	581	1,368
Public order and safety	195	230
Education	15	10
Health	85	78
Social security and welfare	199	182
Housing and community amenities	346	373
Recreation and culture	222	57
Fuel and energy	2	1
Agriculture, forestry and fishing	15	36
Mining and mineral resources (other than fuels); manufacturing and construction	25	28
Transport and communications	124	49
Other economic affairs	179	196
Other purposes	3	2
General government purchases of non-financial assets	**2,682**	**3,197**

LOAN COUNCIL ALLOCATION

Under the Loan Council arrangements, every year the Australian Government and each State and Territory Government nominate Loan Council Allocations. A jurisdiction's Loan Council Allocation incorporates:

- the non-financial public sector underlying cash balance (made up from the general government and public non-financial corporations sector balances);
- net cash flows from investment in financial assets for policy purposes; and
- memorandum items, which involves transactions that are not formally borrowings but nevertheless have many of the characteristics of borrowing.

Loan Council Allocation 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 the aggregate figure.

As set out in Table 23, the Australian Government's 2002-03 Loan Council Allocation outcome is a $6,828 million surplus. This compares with the Australian Government's 2002-03 Budget estimate of a $6,034 million surplus.

Table 23: Australian Government Loan Council Allocation

	2002-03 Budget Estimate $m	2002-03 Outcome $m
General government sector cash deficit(+)/surplus(-)	-2,094	-7,486
PNFC sector cash deficit(+)/surplus(-)	-1,968	-1,280
Non-financial public sector cash deficit(+)/surplus(-)	-4,063	-8,766
minus Net cash flows from investments in financial assets for policy purposes(a)	2,465	-259
plus Memorandum items(b)	494	1,679
Loan Council Allocation	**-6,034**	**-6,828**

(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 Australian Government, 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 Loan Council Allocation.