ATTACHMENT B

BUDGET FINANCIAL STATEMENTS

The budget financial statements consist of an operating statement, balance sheet and cash flow statement for the Commonwealth general government sector. The budget financial statements are based on GFS standards with the exception of the divergences discussed in Attachment A.

Table 13: Commonwealth general government operating statement

	2002-03 $m	2003-04 $m	2004-05 $m	2005-06 $m
GFS revenue				
Taxation revenue	158,528	169,347	177,923	187,157
Current grants and subsidies	0	0	0	0
Sales of goods and services	4,030	4,173	4,292	4,392
Interest income	1,065	901	1,053	1,443
Dividend income	3,590	3,246	3,038	2,586
Other	2,410	2,419	2,484	2,523
Total GFS revenue	**169,623**	**180,085**	**188,791**	**198,101**
GFS expenses				
Gross operating expenses				
Depreciation	1,765	1,862	1,866	2,003
Superannuation	1,895	1,959	2,020	2,026
Salaries and wages	10,518	10,666	11,025	11,201
Payment for supply of goods and services	36,924	39,006	40,753	42,423
Other operating expenses	1,976	1,990	2,029	2,052
Total gross operating expenses	*53,079*	*55,483*	*57,692*	*59,705*
Nominal superannuation interest expense	5,025	5,055	5,078	5,201
Other interest expenses	4,799	4,138	3,665	3,024
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	33,705	34,755	35,944	37,554
Subsidy expenses	5,158	5,173	5,266	4,988
Personal benefit payments in cash	65,942	69,766	74,437	79,336
Other current transfers	0	0	0	0
Total current transfers	*104,805*	*109,694*	*115,647*	*121,878*
Capital transfers	2,959	2,807	3,078	2,872
Total GFS expenses	**170,666**	**177,177**	**185,160**	**192,681**
Net operating balance	**-1,043**	**2,909**	**3,630**	**5,420**
Net acquisition of non-financial assets				
Gross fixed capital formation	1,360	1,705	1,487	1,706
less Depreciation	1,765	1,862	1,866	2,003
plus Change in inventories	-42	-96	-101	-84
plus Other movements in non-financial assets	-48	-216	-66	5
Total net acquisition of non-financial assets	**-495**	**-468**	**-546**	**-377**
Net lending/fiscal balance	**-548**	**3,377**	**4,176**	**5,797**

Table 14: Commonwealth general government sector balance sheet

	2002-03 $m	2003-04 $m	2004-05 $m	2005-06 $m
GFS assets				
Financial assets				
Cash and deposits	821	234	485	262
Advances paid	19,344	19,911	21,176	21,684
Investments, loans and placements	9,379	9,516	9,582	9,615
Other non-equity assets	12,441	12,794	13,248	13,682
Equity	48,301	48,282	36,984	25,686
Total financial assets	*90,286*	*90,738*	*81,475*	*70,928*
Non-financial assets				
Land	4,320	4,187	4,067	4,083
Buildings	12,014	12,225	12,147	12,136
Plant, equipment and infrastructure	12,042	11,952	11,876	11,671
Inventories	3,757	3,662	3,561	3,476
Other non-financial assets	2,832	2,829	2,858	2,907
Total non-financial assets	*34,965*	*34,854*	*34,509*	*34,273*
Total GFS assets	**125,251**	**125,593**	**115,984**	**105,201**
GFS liabilities				
Deposits held	300	300	300	300
Advances received	0	0	0	0
Government securities	51,386	47,303	32,757	15,415
Loans	11,756	10,898	10,757	9,986
Other borrowing	219	194	180	176
Superannuation liability	83,710	85,708	87,377	89,047
Other employee entitlements and provisions	6,972	7,144	7,259	7,413
Other non-equity liabilities	16,756	16,937	16,820	17,237
Total GFS liabilities	**171,098**	**168,484**	**155,451**	**139,573**
Net worth(a)	**-45,847**	**-42,891**	**-39,467**	**-34,371**
Net debt(b)	34,116	29,033	12,752	-5,684

(a) Net worth is calculated as total assets minus total liabilities.
(b) 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 15: Commonwealth general government sector cash flow statement[(a)]

	2002-03 $m	2003-04 $m	2004-05 $m	2005-06 $m
Cash receipts from operating activities				
Taxes received	157,622	167,894	176,450	185,780
Receipts from sales of goods and services	4,141	4,238	4,357	4,471
Grants and subsidies received	0	0	0	0
Interest receipts	912	734	867	1,248
Dividends	3,590	3,246	3,038	2,586
GST input credits received by general government	2,308	2,367	2,358	2,360
Other receipts	2,280	2,272	2,350	2,403
Total receipts	**170,852**	**180,751**	**189,420**	**198,848**
Cash payments for operating activities				
Payments for goods and services	-39,259	-41,308	-43,009	-44,684
Grants and subsidies paid	-40,848	-41,697	-43,543	-44,333
Interest paid	-4,457	-4,253	-3,870	-4,875
Personal benefit payments	-65,796	-69,655	-75,081	-79,355
Salaries, wages and other entitlements	-14,963	-15,331	-16,123	-16,374
GST payments by general government to taxation authority	-118	-112	-114	-114
Other payments for operating activities	-1,988	-2,006	-2,022	-2,046
Total payments	**-167,428**	**-174,363**	**-183,762**	**-191,782**
Net cash flows from operating activities	**3,424**	**6,388**	**5,659**	**7,066**
Cash flows from investments in non-financial assets assets				
Sales of non-financial assets	1,425	888	642	278
Purchases of new and secondhand non-financial assets	-2,723	-2,376	-2,056	-1,981
Net cash flows from investments in non-financial assets	**-1,298**	**-1,488**	**-1,414**	**-1,703**
Net cash flows from investments in financial assets for policy purposes	**-404**	**-931**	**10,279**	**10,514**
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	9,586	-106	-200	-171
Net cash flows from investments in financial assets for liquidity purposes	**9,586**	**-106**	**-200**	**-171**
Cash flows from financing activities				
Advances received (net)	0	0	0	0
Borrowing (net)	-12,608	-4,186	-14,581	-17,347
Deposits received (net)	0	0	0	0
Other financing (net)	-85	-263	508	1,418
Net cash flows from financing activities	**-12,693**	**-4,449**	**-14,073**	**-15,929**
Net increase/decrease in cash held	**-1,385**	**-586**	**251**	**-223**
Net cash from operating activities and investments in non-financial assets	**2,126**	**4,900**	**4,245**	**5,363**
Finance leases and similar arrangements(b)	15	-1	-7	-7
Equals underlying cash balance	**2,141**	**4,899**	**4,238**	**5,356**
plus net cash flows from investments in financial assets for policy purposes	-404	-931	10,279	10,514
Equals headline cash balance	**1,737**	**3,968**	**14,516**	**15,869**

(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. The disposal of assets previously held under finance leases improves the surplus/deficit.