STATEMENT 9: GOVERNMENT FINANCE STATISTICS STATEMENTS

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

The Australian, State and Territory Governments 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 statement 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 Statement 2.

In accordance with Uniform Presentation Framework requirements, this statement also contains an update of the Australian Government's Loan Council Allocation.

STATEMENT 9: GOVERNMENT FINANCE STATISTICS STATEMENTS

Financial tables presented in this statement 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 and total non-financial public sectors. A statement of other economic flows is also included for the Australian Government general government sector.

The Australian, State and Territory Governments 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 statement 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 Statement 2.

The only difference between the Australian Government general government sector statements in Statement 2 and this statement 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 of this document. However, the tables in this statement show GST as taxation revenue and payments to the States as grant expenses.

As a result of the different treatments of GST related transactions, the fiscal balance, net operating balance and net worth estimates in this statement 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.

Consistent with ABS practice, transactions between the Australian Government general government and public non-financial corporations sectors are included in the tables produced for these sectors, but are removed from the total non-financial public sector tables as they are transactions internal to that sector.

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1 Table 3 in Statement 8 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.

Statement 8 provides reconciliations between key GFS aggregates and their Australian Accounting Standard No. 31 counterparts.

GOVERNMENT FINANCE STATISTICS STATEMENTS

Table 1: Australian Government general government sector operating statement

	2003-04	2004-05	2005-06	2006-07	2007-08
	$m	$m	$m	$m	$m
GFS revenue					
Taxation revenue	208,257	217,770	227,747	240,095	252,852
Current grants and subsidies	0	0	0	0	0
Sales of goods and services	4,192	4,266	4,404	4,537	4,615
Interest income	1,244	1,082	1,049	1,682	2,556
Dividend income	4,171	2,570	2,879	2,756	2,144
Other	2,507	2,653	2,675	2,660	2,672
Total GFS revenue	**220,372**	**228,341**	**238,753**	**251,729**	**264,839**
GFS expenses					
Gross operating expenses					
Depreciation	1,593	1,933	2,130	2,195	2,254
Superannuation	1,946	2,213	2,162	2,101	2,160
Salaries and wages	11,989	12,011	12,408	12,705	12,833
Payment for supply of goods and services	40,014	43,330	44,282	46,302	48,941
Other operating expenses	2,312	2,443	2,419	2,418	2,412
Total gross operating expenses	*57,854*	*61,929*	*63,400*	*65,720*	*68,600*
Nominal superannuation interest expense	5,155	4,702	5,322	5,446	5,673
Other interest expenses	4,248	4,121	3,844	3,773	3,816
Other property expenses	0	0	0	0	0
Current transfers					
Grant expenses	67,874	71,543	74,482	77,522	81,165
Subsidy expenses	5,643	6,064	6,260	6,362	6,571
Personal benefit payments in cash	72,511	74,986	80,687	86,446	92,401
Other current transfers	0	0	0	0	0
Total current transfers	*146,028*	*152,593*	*161,429*	*170,330*	*180,137*
Capital transfers	3,171	3,501	3,320	3,575	3,657
Total GFS expenses	**216,456**	**226,846**	**237,316**	**248,843**	**261,884**
Net operating balance(a)	**3,916**	**1,496**	**1,438**	**2,887**	**2,955**
Net acquisition of non-financial assets					
Purchases of non-financial assets	2,618	2,856	2,705	2,549	2,363
less Sales of non-financial assets	879	727	642	484	484
less Depreciation	1,593	1,933	2,130	2,195	2,254
plus Change in inventories	106	-42	-69	21	4
plus Other movements in non-financial assets	-235	-6	182	-16	-58
Total net acquisition of non-financial assets	**18**	**148**	**45**	**-125**	**-429**
Net lending/fiscal balance(a)(b)	**3,899**	**1,348**	**1,392**	**3,011**	**3,384**

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

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

Table 2: Australian Government general government sector balance sheet

	2003-04	2004-05	2005-06	2006-07	2007-08
	$m	$m	$m	$m	$m
GFS assets					
Financial assets					
Cash and deposits	1,607	1,553	1,492	1,315	982
Advances paid	19,027	20,408	21,440	22,824	24,587
Investments, loans and placements(a)	19,668	8,756	8,722	8,717	8,759
Other non-equity assets	19,448	20,204	21,520	23,524	25,618
Equity(b)	47,061	47,636	47,632	39,555	28,275
Total financial assets	106,812	98,556	100,807	95,935	88,221
Non-financial assets					
Land	4,576	4,410	4,410	4,491	4,536
Buildings (excluding heritage)	13,417	13,377	13,483	13,535	13,589
Plant, equipment and infrastructure(c)	7,951	8,227	8,348	8,236	7,932
Inventories	4,237	4,195	4,126	4,146	4,150
Heritage and cultural assets(c)	4,949	4,950	4,953	4,956	4,957
Other non-financial assets	1,714	1,842	1,812	1,726	1,623
Total non-financial assets	*36,844*	*37,000*	*37,131*	*37,090*	*36,788*
Total GFS assets	**143,656**	**135,556**	**137,938**	**133,025**	**125,009**
GFS liabilities					
Deposits held	325	325	325	325	325
Advances received	0	0	0	0	0
Government securities(a)	60,555	49,894	48,637	35,159	21,050
Loans	5,271	5,055	4,882	4,717	4,593
Other borrowing	175	138	100	89	54
Superannuation liability	87,869	89,007	92,157	95,226	98,545
Other employee entitlements and provisions	8,426	8,338	8,457	8,592	8,716
Other non-equity liabilities	23,031	23,670	23,912	24,583	25,825
Total GFS liabilities	**185,652**	**176,428**	**178,470**	**168,692**	**159,109**
Net worth(d)(e)	**-41,996**	**-40,872**	**-40,532**	**-35,666**	**-34,100**
Net financial worth(f)	-78,840	-77,872	-77,663	-72,756	-70,888
Net debt(g)	26,024	24,696	22,289	7,435	-8,306

(a) For 2004-05 and the forward years, transactions relating to debt management activities in *Assets — Investments, Loans and Placements* and *Liabilities — Government Securities* have been netted. This treatment has been applied because of the uncertainty associated with the actual split between government securities and financial assets acquired for debt management purposes.

(b) Equity includes the valuation of the Telstra shareholding, which is valued at the average of the daily share price over a 90-day period, except in the sale years where the valuation is based on the expected sale price.

(c) *Heritage and cultural assets* were previously included in *Plant, equipment and infrastructure*.

(d) The net worth estimates in this table differ from those presented elsewhere in the Budget reflecting the treatment of GST as an Australian Government tax.

(e) Net worth is calculated as total assets minus total liabilities.

(f) Net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets.

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

Table 3: Australian Government general government sector cash flow statement[(a)]

	2003-04 $m	2004-05 $m	2005-06 $m	2006-07 $m	2007-08 $m
Cash receipts from operating activities					
Taxes received(b)	203,789	214,122	224,090	236,101	248,714
Receipts from sales of goods and services(c)	4,169	4,256	4,403	4,525	4,610
Grants and subsidies received	0	0	0	0	0
Interest receipts	1,132	1,014	838	1,357	2,197
Dividends	3,207	3,214	3,199	2,756	2,144
GST input credits received by general government(c)	0	0	0	0	0
Other receipts	2,417	2,455	2,459	2,432	2,426
Total receipts	**214,714**	**225,062**	**234,989**	**247,170**	**260,091**
Cash payments for operating activities					
Payments for goods and services(c)	-41,542	-44,576	-45,427	-47,539	-50,206
Grants and subsidies paid(d)	-75,033	-79,235	-82,650	-85,996	-89,816
Interest paid	-4,113	-3,888	-4,658	-3,917	-3,598
Personal benefit payments	-70,694	-75,246	-80,625	-86,007	-91,778
Salaries, wages and other entitlements	-16,768	-16,593	-16,602	-17,182	-17,367
GST payments by general government to taxation authority(c)	0	0	0	0	0
Other payments for operating activities	-499	-1,013	-1,194	-1,041	-1,004
Total payments	**-208,649**	**-220,550**	**-231,156**	**-241,683**	**-253,769**
Net cash flows from operating activities	**6,065**	**4,511**	**3,833**	**5,487**	**6,322**
Cash flows from investments in non-financial assets					
Sales of non-financial assets	1,112	804	647	489	487
Purchases of new and secondhand non-financial assets	-2,594	-2,917	-2,887	-2,509	-2,304
Net cash flows from investments in non-financial assets	**-1,482**	**-2,113**	**-2,240**	**-2,020**	**-1,817**
Net cash flows from investments in financial assets for policy purposes	**-599**	**-1,374**	**-1,560**	**9,395**	**9,230**
Cash flows from investments in financial assets for liquidity purposes					
Increase in investments	-70	-41	10	31	-21
Net cash flows from investments in financial assets for liquidity purposes	**-70**	**-41**	**10**	**31**	**-21**
Cash flows from financing activities					
Advances received (net)	0	0	0	0	0
Borrowing (net)	-1,697	315	-514	-13,548	-14,226
Deposits received (net)	-1	0	0	0	0
Other financing (net)	-2,948	-1,352	409	477	179
Net cash flows from financing activities	**-4,645**	**-1,037**	**-105**	**-13,071**	**-14,047**
Net increase/decrease in cash held	**-731**	**-54**	**-61**	**-177**	**-333**
Net cash from operating activities and investments in non-financial assets	**4,583**	**2,398**	**1,594**	**3,468**	**4,505**
Finance leases and similar arrangements(e)	3	-7	-7	-29	-4
Equals surplus(+)/deficit(-)	**4,586**	**2,391**	**1,587**	**3,438**	**4,501**

(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 are $5 million greater in 2003-04 than GST cash receipts measured by the Australian Government on a State tax basis (as shown in Statement 10, Note 16).
(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 decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

Table 4: Australian Government general government sector statement of other economic flows (reconciliation of net worth)

	2003-04	2004-05	2005-06	2006-07	2007-08
	$m	$m	$m	$m	$m
Opening net worth	**-49,524**	**-41,996**	**-40,872**	**-40,532**	**-35,666**
Opening net worth adjustments(a)	**-891**	**0**	**0**	**0**	**0**
Adjusted opening net worth	**-50,415**	**-41,996**	**-40,872**	**-40,532**	**-35,666**
Change in net worth from operating transactions	**3,916**	**1,496**	**1,438**	**2,887**	**2,955**
Change in net worth from other economic flows					
Revaluation of equity(b)	3,210	637	34	3,253	19
Net writedowns of assets (including bad and doubtful debts)(c)	-2,414	-1,582	-1,658	-1,787	-1,907
Assets recognised for the first time(c)	-1	1	3	3	1
Defence weapon platform adjustment(c)	0	0	0	0	0
Liabilities recognised for the first time	0	0	0	0	0
Actuarial revaluations	840	0	0	0	0
Net foreign exchange gains	306	0	0	0	0
Net swap interest received	339	160	168	173	159
Market valuation of debt	1,809	454	304	222	209
Other economic revaluations(c)(d)	412	-42	50	115	130
Total other economic flows	**4,502**	**-371**	**-1,098**	**1,979**	**-1,388**
Closing net worth	**-41,996**	**-40,872**	**-40,532**	**-35,666**	**-34,100**

(a) Includes the initial recognition of a provision for asbestos related claims. At the time of the *2002-03 Final Budget Outcome* a reliable actuarial measure was not available. Following an actuarial review a provision for asbestos-related claims was included in the audited *2002-03 Consolidated Financial Statements*. This liability has now been back dated to 2002-03.

(b) Revaluations of equity reflects changes in the market valuation of commercial entities, including a change in the value of the Telstra shareholding which is valued at the average of the daily share price over a 90-day period, except in the sale years where the valuation is based on the expected sale price. 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. The adjustment to remove defence weapons has now been reallocated to net writedown of assets, assets recognised for the first time and other economic revaluations.

(d) Largely reflects revaluation of assets and liabilities.

Table 5: Australian Government public non-financial corporations operating statement

	2003-04 $m	2004-05 $m
GFS revenue		
Current grants and subsidies	241	177
Sales of goods and services	24,547	25,489
Interest income	77	79
Other	28	13
Total GFS revenue	**24,893**	**25,757**
GFS expenses		
Gross operating expenses		
Depreciation	3,525	3,477
Salaries, wages and other entitlements	5,131	5,258
Other operating expenses	10,952	10,509
Total gross operating expenses	*19,608*	*19,244*
Interest expenses	590	508
Other property expenses	1,912	1,512
Current transfers		
Tax expenses	1,677	2,075
Other current transfers	0	0
Total current transfers	*1,677*	*2,075*
Capital transfers	0	0
Total GFS expenses	**23,787**	**23,338**
Net operating balance	**1,106**	**2,419**
Net acquisition of non-financial assets		
Purchases of non-financial assets	3,303	3,361
less Sales of non-financial assets	363	48
less Depreciation	3,525	3,477
plus Change in inventories	-47	35
plus Other movements in non-financial assets	-12	14
Total net acquisition of non-financial assets	**-645**	**-116**
Net lending/fiscal balance(a)	**1,752**	**2,535**

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

Table 6: Australian Government public non-financial corporations balance sheet

	2003-04	2004-05
	$m	$m
GFS assets		
Financial assets		
Cash and deposits	1,649	1,821
Advances paid	0	0
Investments, loans and placements	680	678
Other non-equity assets	4,947	5,174
Equity	350	350
Total financial assets	*7,625*	*8,023*
Non-financial assets		
Land and fixed assets	26,563	26,234
Other non-financial assets(a)	699	699
Total non-financial assets	*27,262*	*26,933*
Total GFS assets	**34,887**	**34,957**
GFS liabilities		
Deposits held	0	0
Advances received	0	0
Borrowing	11,216	9,616
Unfunded superannuation liability and other employee entitlements	1,868	1,892
Provisions (other than depreciation and bad and doubtful debts)(a)	3,012	2,956
Other non-equity liabilities	1,111	1,018
Total GFS liabilities	**17,206**	**15,482**
Shares and other contributed capital	**62,168**	**62,613**
Net worth(b)	**-44,487**	**-43,138**
Net financial worth(c)	-71,749	-70,072
Net debt(d)	8,887	7,117

(a) Includes the elimination of commercial taxation adjustments for future income tax benefits and deferred income tax.
(b) 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.
(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 and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table 7: Australian Government public non-financial corporations cash flow statement[(a)]

	2003-04 $m	2004-05 $m
Cash receipts from operating activities		
Receipts from sales of goods and services	24,540	25,440
Grants and subsidies received	241	177
GST input credit receipts	15	17
Other receipts	160	49
Total receipts	**24,956**	**25,683**
Cash payments for operating activities		
Payment for goods and services	-6,882	-7,230
Interest paid	-468	-419
Salaries, wages and other entitlements	-5,248	-5,269
GST payments to taxation authority	-1,338	-1,308
Other payments for operating activities(b)	-4,957	-4,421
Total payments	**-18,893**	**-18,647**
Net cash flows from operating activities	**6,063**	**7,037**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	397	48
Purchases of new and secondhand non-financial assets	-3,348	-3,361
Net cash flows from investments in non-financial assets	**-2,952**	**-3,313**
Net cash flows from investments in financial assets for policy purposes	**0**	**0**
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	-131	-3
Net cash flows from investments in financial assets for liquidity purposes	**-131**	**-3**
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-905	-1,543
Deposits received (net)	0	0
Distributions paid (net)(c)	-1,912	-1,512
Other financing (net)	234	-522
Net cash flows from financing activities	**-2,583**	**-3,578**
Net increase/decrease in cash held	**398**	**143**
Net cash from operating activities and investments in non-financial assets	**3,111**	**3,724**
Finance leases and similar arrangements(d)	0	0
Distributions paid(c)	-1,912	-1,512
Equals surplus(+)/deficit(-)	**1,199**	**2,212**

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) Other payments for operating activities includes distributions paid to the general government sector from public non-financial corporations.
(c) Distributions paid comprise public non-financial corporations dividends to non-general government shareholders.
(d) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

Table 8: Australian Government total non-financial public sector operating statement

	2003-04 $m	2004-05 $m
GFS revenue		
Taxation revenue	206,580	215,695
Current grants and subsidies	0	0
Sales of goods and services	28,186	29,223
Interest income	1,321	1,161
Dividend income	1,979	1,012
Other	2,536	2,666
Total GFS revenue	**240,602**	**249,757**
GFS expenses		
Gross operating expenses		
Depreciation	5,118	5,410
Superannuation	1,962	2,228
Salaries and wages	17,120	17,269
Payment for supply of goods and services	47,942	51,472
Other operating expenses	2,575	2,704
Total gross operating expenses	*74,717*	*79,083*
Nominal superannuation interest expense	5,155	4,702
Other interest expenses	4,838	4,628
Other property expenses	1,912	1,512
Current transfers		
Grant expenses	67,874	71,543
Subsidy expenses	5,401	5,887
Personal benefit payments in cash	72,511	74,986
Other current transfers	0	0
Total current transfers	*145,787*	*152,416*
Capital transfers	3,171	3,501
Total GFS expenses	**235,579**	**245,842**
Net operating balance(a)	**5,023**	**3,915**
Net acquisition of non-financial assets		
Purchases of non-financial assets	5,920	6,175
less Sales of non-financial assets	1,241	734
less Depreciation	5,118	5,410
plus Change in inventories	59	-7
plus Other movements in non-financial assets	-247	8
Total net acquisition of non-financial assets	**-627**	**32**
Net lending/fiscal balance(a)(b)	**5,650**	**3,883**

(a) The fiscal balance and net operating balance estimates in this table differ from those presented elsewhere in the Budget reflecting the treatment of the GST as an Australian Government tax.
(b) The term fiscal balance is not used by the ABS.

Table 9: Australian Government total non-financial public sector balance sheet

	2003-04 $m	2004-05 $m
GFS assets		
Financial assets		
Cash and deposits	3,256	3,374
Advances paid	19,027	20,408
Investments, loans and placements	20,347	9,434
Other non-equity assets	24,388	25,370
Equity	14,472	14,601
Total financial assets	*81,490*	*73,188*
Non-financial assets		
Land and fixed assets	63,163	62,919
Other non-financial assets	943	1,014
Total non-financial assets	*64,106*	*63,933*
Total GFS assets	**145,596**	**137,121**
GFS liabilities		
Deposits held	325	325
Advances received	0	0
Government securities	60,555	49,894
Loans	5,271	5,055
Other borrowing	11,390	9,754
Unfunded superannuation liability and other employee entitlements	98,163	99,237
Other provisions	6,102	6,035
Other non-equity liabilities	21,044	21,601
Total GFS liabilities	**202,851**	**191,903**
Shares and other contributed capital	**29,228**	**29,228**
Net worth(a)(b)	**-86,483**	**-84,010**
Net financial worth(b)(c)	-150,590	-147,943
Net debt(d)	34,911	31,813

(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 partly reflects a higher valuation of listed Australian Government corporations by the sharemarket than the value of net assets recorded by these corporations.

(b) Net worth and net financial worth for the non-financial public sector now equal the sum of the general government and public non-financial corporations sectors. This is due to the elimination of commercial taxation adjustments for future income tax benefits and deferred income tax now being made within the public non-financial corporations sector.

(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 borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table 10: Australian Government total non-financial public sector cash flow statement[(a)]

	2003-04 $m	2004-05 $m
Cash receipts from operating activities		
Taxes received	202,111	212,047
Receipts from sales of goods and services(b)	26,197	27,267
Grants and subsidies received	0	0
Interest receipts	1,132	1,014
Dividends	1,246	1,668
GST input credit receipts(b)	0	0
Other receipts	2,608	2,505
Total receipts	**233,295**	**244,501**
Cash payments for operating activities		
Payments for goods and services(b)	-47,266	-50,667
Grants and subsidies paid	-74,791	-79,058
Interest paid	-4,580	-4,306
Personal benefit payments	-70,694	-75,246
Salaries, wages and other entitlements	-22,016	-21,862
GST payments to taxation authority(b)	0	0
Other payments for operating activities	-1,818	-1,814
Total payments	**-221,167**	**-232,953**
Net cash flows from operating activities	**12,128**	**11,548**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	1,509	852
Purchases of new and secondhand non-financial assets	-5,943	-6,279
Net cash flows from investments in non-financial assets	**-4,434**	**-5,426**
Net cash flows from investments in financial assets for policy purposes	**-599**	**-1,374**
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	-201	-44
Net cash flows from investments in financial assets for liquidity purposes	**-201**	**-44**
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-2,601	-1,228
Deposits received (net)	-1	0
Distributions paid (net)(c)	-1,912	-1,512
Other financing (net)	-2,714	-1,875
Net cash flows from financing activities	**-7,228**	**-4,615**
Net increase/decrease in cash held	**-333**	**89**
Net cash from operating activities and investments in non-financial assets	**7,694**	**6,122**
Finance leases and similar arrangements(d)	3	-7
Distributions paid(c)	-1,912	-1,512
Equals surplus(+)/deficit(-)	**5,785**	**4,603**

(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 public non-financial corporations dividends to non-general government shareholders.
(d) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

Table 11: Australian Government general government sector taxation revenue by source

	2003-04	2004-05
	$m	$m
Taxes on income, profits and capital gains		
Income and capital gains levied on individuals	98,690	104,080
Income and capital gains levied on enterprises	43,020	46,020
Income taxes levied on non-residents	0	0
Total taxes on income, profits and capital gains	**141,710**	**150,100**
Taxes on employers' payroll and labour force	3,491	3,516
Taxes on property	13	14
Taxes on the provision of goods and services		
Sales/goods and services tax	35,165	36,180
Excises and levies	21,602	21,906
Taxes on international trade	5,585	5,335
Other	0	0
Total taxes on the provision of goods and services	**62,353**	**63,421**
Taxes on use of goods and performance of activities	690	718
Total GFS taxation revenue	**208,257**	**217,770**

Table 12: Australian Government purchases of non-financial assets by function

	Estimates		Projections		
	2003-04	2004-05	2005-06	2006-07	2007-08
	$m	$m	$m	$m	$m
General public services	495	694	463	553	533
Defence	484	609	888	828	812
Public order and safety	274	275	196	-13	147
Education	19	16	16	16	15
Health	95	105	87	72	74
Social security and welfare	175	226	111	184	135
Housing and community amenities	455	452	530	474	448
Recreation and culture	269	185	359	67	218
Fuel and energy	4	3	5	-1	2
Agriculture, forestry and fishing	16	10	14	0	17
Mining, manufacturing and construction	45	15	46	6	21
Transport and communications	67	52	53	468	38
Other economic affairs	182	213	230	155	173
Other purposes	38	3	-291	-261	-271
General government purchases of non-financial assets	**2,618**	**2,856**	**2,705**	**2,549**	**2,363**

APPENDIX A: LOAN COUNCIL ALLOCATION

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

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

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 13, the Australian Government's 2004-05 Loan Council Allocation Budget update is a $2,277 million surplus. This compares with the Australian Government's nominated, and Loan Council endorsed, Loan Council Allocation surplus of $3,749 million.

The Australian Government has no plans in 2004-05 for any public infrastructure projects with private sector involvement that require disclosure under present arrangements.

Table 13: Australian Government Loan Council Allocation Budget update for 2004-05

	2004-05 Nomination $m	2004-05 Budget Estimate $m
General government sector cash deficit(+)/surplus(-)	-3,829	-2,391
Public non-financial corporations sector cash deficit(+)/surplus(-)	-1,412	-2,212
Non-financial public sector cash deficit(+)/surplus(-)	-5,241	-4,603
less Net cash flows from investments in financial assets for policy purposes(a)	-968	-1,374
plus Memorandum items(b)	524	951
Loan Council Allocation	**-3,749**	**-2,277**

(a) Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit/surplus. 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, over-funding of superannuation and an adjustment to exclude the net financing requirements of statutory marketing authorities and Telstra from the Loan Council Allocation.