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.

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 part presents Australian Government data on an ABS GFS basis, as required by the *Accrual 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. The clear policy intent of the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* is that GST is collected by the Australian Taxation Office, as an agent for the States and Territories (the States), and appropriated to the States. Consequently, it is not shown as Australian Government revenue in other parts of 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 difference 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). The GFS cash surplus/deficit is not affected and provides identical results under both treatments of GST receipts.

Transactions between the Australian Government general government sector, public financial corporations sector and the public non-financial corporations sectors are included in the relevant tables, but removed from the total non-financial public sector tables as they are transactions internal to that sector.

Public access communication assets, computer software and other intangibles are recorded at historic cost, as market value information, or suitable proxies for market value, are not readily observable. This affects the public non-financial corporations sector balance sheet, but does not affect the general government sector balance sheet.

Table A2 of Appendix A provides reconciliations between key GFS aggregates and their Australian Accounting Standards counterparts.

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

Table 11: Australian Government general government sector operating statement

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
GFS revenue		
Taxation revenue	226,501	228,726
Current grants and subsidies	0	0
Sales of goods and services	4,828	4,880
Interest income	1,562	1,621
Dividend income	3,146	3,176
Other	2,929	3,289
Total GFS revenue	**238,966**	**241,691**
GFS expenses		
Gross operating expenses		
Depreciation	1,892	2,023
Superannuation	2,487	2,386
Salaries and wages	11,922	11,361
Payment for supply of goods and services	45,246	45,330
Other operating expenses	2,814	2,971
Total gross operating expenses	*64,362*	*64,071*
Nominal superannuation interest expense	4,882	5,005
Other interest expenses	4,131	4,154
Other property expenses	0	0
Current transfers		
Grant expenses	72,753	71,470
Subsidy expenses	6,470	7,221
Personal benefit payments in cash	74,478	74,115
Other current transfers	0	0
Total current transfers	*153,701*	*152,805*
Capital transfers	3,591	4,448
Total GFS expenses	**230,667**	**230,483**
Net operating balance(a)	**8,300**	**11,207**
Net acquisition of non-financial assets		
Purchases of non-financial assets	2,487	2,207
less Sales of non-financial assets	364	490
less Depreciation	1,892	2,023
plus Change in inventories	374	508
plus Other movements in non-financial assets	47	-55
Total net acquisition of non-financial assets	**652**	**147**
Net lending/fiscal balance(a)(b)	**7,648**	**11,061**

(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 12: Australian Government general government sector balance sheet

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
GFS assets		
Financial assets		
Cash and deposits	927	1,808
Advances paid	19,314	20,199
Investments, loans and placements	31,066	35,022
Other non-equity assets	19,472	18,758
Equity(a)	50,895	50,183
Total financial assets	*121,675*	*125,970*
Non-financial assets		
Land	4,863	6,140
Buildings	13,894	14,195
Plant, equipment and infrastructure	8,411	8,209
Inventories	5,299	4,524
Heritage and cultural assets	6,698	7,275
Other non-financial assets	2,085	2,032
Total non-financial assets	*41,250*	*42,374*
Total GFS assets	**162,925**	**168,344**
GFS liabilities		
Deposits held	365	403
Advances received	0	0
Government securities	61,452	62,331
Loans	5,595	5,648
Other borrowing	224	182
Superannuation liability	91,071	91,172
Other employee entitlements and provisions	7,605	8,178
Other non-equity liabilities	28,654	30,828
Total GFS liabilities	**194,966**	**198,741**
Net worth(b)(c)	**-32,040**	**-30,397**
Net financial worth(d)	-73,291	-72,771
Net debt(e)	16,328	11,534

(a) The 2004-05 equity and net worth outcomes include the Telstra shareholding valued at the closing share price on 30 June 2005.
(b) 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.
(c) Net worth is calculated as total assets minus total liabilities.
(d) Net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets.
(e) 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 13: Australian Government general government sector cash flow statement(a)

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
Cash receipts from operating activities		
Taxes received(b)	221,796	222,417
Receipts from sales of goods and services(c)	4,814	4,585
Grants/subsidies received	0	0
Interest receipts	1,460	1,400
Dividends	3,808	3,838
GST input credits received by general government(c)	0	0
Other receipts	2,849	2,763
Total operating receipts	**234,727**	**235,002**
Cash payments for operating activities		
Payments for goods and services(c)	-45,570	-45,012
Grants and subsidies paid(d)	-80,750	-79,000
Interest paid	-3,856	-3,863
Personal benefit payments	-73,664	-73,206
Salaries, wages and other entitlements	-16,508	-15,990
GST payments to taxation authority(c)	0	0
Other payments for operating activities	-2,988	-2,638
Total operating payments	**-223,336**	**-219,709**
Net cash flows from operating activities	**11,391**	**15,293**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	416	546
Purchases of non-financial assets	-2,579	-2,210
Net cash flows from investments in non-financial assets	**-2,163**	**-1,664**
Net cash flows from investments in financial assets for policy purposes	**-1,317**	**-1,139**
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	-7,456	-11,024
Net cash flows from investments in financial assets for liquidity purposes	**-7,456**	**-11,024**
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	188	136
Deposits received (net)	0	39
Other financing (net)	-1,306	-1,422
Net cash flows from financing activities	**-1,118**	**-1,247**
Net increase/decrease in cash held	**-663**	**218**
Net cash from operating activities and investments in non-financial assets	**9,227**	**13,629**
Finance leases and similar arrangements(e)	-7	-13
Equals surplus(+)/deficit(-)	**9,221**	**13,616**

(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 $75 million higher in 2004-05 than GST cash receipts measured by the Australian Government on a State tax basis (as shown in Part 3, Note 18).
(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 14: Australian Government general government sector statement of other economic flows (reconciliation of net worth)

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
Opening net worth	**-36,165**	**-36,165**
Opening net worth adjustments(a)	-1,741	-1,792
Adjusted opening net worth	**-37,906**	**-37,957**
Change in net worth from operating transactions	**8,300**	**11,207**
Change in net worth from other economic flows		
Revaluation of equity(b)	1,301	698
Net writedowns of assets (including bad and doubtful debts)	-2,423	-5,573
Assets recognised for the first time	23	631
Liabilities recognised for the first time	0	0
Actuarial revaluations	-937	-1,108
Net foreign exchange gains	-384	-423
Net swap interest received	180	181
Market valuation of debt	-195	-708
Other economic revaluations(c)	2	2,653
Total other economic flows	**-2,433**	**-3,648**
Closing net worth	**-32,040**	**-30,397**

(a) Decrease in net worth arising from a change in recognition of family tax benefits and other expenses from a cash to an accrual basis.
(b) The 2004-05 equity and net worth outcomes include the change in the value of Telstra shareholding between the closing share price on 30 June 2004 and 30 June 2005.
(c) Largely reflects revaluation of assets and liabilities mainly by the Department of Defence.

Table 15: Supplementary table — Australian Government general government sector revenue (accrual basis)

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
Income taxation		
Individuals and other withholding(a)		
Gross income tax withholding	97,990	98,250
Gross other individuals	23,640	24,003
less: Refunds	13,700	13,734
Total individuals and other withholding	107,930	108,519
Companies	40,610	43,106
Superannuation funds		
Contributions and earnings	5,090	5,083
Superannuation surcharge	1,290	1,326
Total superannuation funds	6,380	6,410
Petroleum resource rent tax	1,460	1,465
Total income taxation revenue	**156,380**	**159,499**
Excise and customs		
Excise duty		
Petroleum and other fuel products	13,620	13,682
Crude oil	650	668
Alcohol products	2,460	2,394
Tobacco	5,280	5,237
Total excise duty	22,010	21,981
Customs duty		
Textiles, clothing and footwear	1,000	966
Passenger motor vehicles	1,450	1,397
Excise-like goods	1,680	1,697
Other imports	1,884	1,793
less: Refunds and drawbacks	300	306
Total customs duty	5,714	5,548
Total excise and customs revenue	**27,724**	**27,529**
Indirect taxation		
Wine equalisation tax	690	693
Luxury car tax	300	302
Other taxes	190	169
Total indirect taxation revenue	**1,180**	**1,164**
GST	**36,300**	**35,473**
Other taxation		
Fringe benefits tax(b)	3,050	3,089
Agricultural levies	572	584
Other taxes	1,296	1,389
Total other taxation revenue	**4,917**	**5,061**
Total taxation revenue	**226,501**	**228,726**
Non-taxation		
Sales of goods and services	4,828	4,880
Dividends	3,146	3,176
Interest received	1,562	1,621
Other	2,929	3,289
Total non-taxation revenue	**12,465**	**12,965**
Total revenue	**238,966**	**241,691**

(a) Includes Medicare levy revenue of $6,105 million in 2004-05.
(b) Consistent with GFS reporting standards, excludes fringe benefits tax collected from Australian Government agencies ($387 million in 2004-05).

Table 16: Supplementary table — Australian Government general government sector indirect tax (accrual basis)

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
Excise duty		
Petroleum and other fuel products		
Petrol(a)	7,370	7,371
Diesel	6,100	6,164
Other(b)	150	147
Total petroleum and other fuel products	13,620	13,682
Crude oil	650	668
Beer	1,680	1,653
Potable spirits	780	741
Tobacco	5,280	5,237
Total excise duty	**22,010**	**21,981**
Customs duty		
Textiles, clothing and footwear	1,000	966
Passenger motor vehicles	1,450	1,397
Excise-like goods(c)	1,680	1,697
Other imports	1,884	1,793
less: Refunds and drawbacks	300	306
Total customs duty	**5,714**	**5,548**
Total excise and customs duty	**27,724**	**27,529**

(a) Includes unleaded petrol and lead replacement petrol.
(b) Includes aviation gasoline, aviation turbine fuel, heating oil and kerosene.
(c) Excise-like component of Customs duty includes duties imposed on imported petroleum products, tobacco, beer and spirits, which are analogous to excise duty on these items.

Table 17: Australian Government public non-financial corporations sector operating statement

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
GFS revenue		
Current grants and subsidies	353	375
Sales of goods and services	26,221	26,402
Interest income	117	185
Other	1	3
Total GFS revenue	**26,693**	**26,965**
GFS expenses		
Gross operating expenses		
Depreciation	3,561	3,381
Salaries, wages and other entitlements	5,810	5,877
Other operating expenses	11,486	9,465
Total gross operating expenses	*20,857*	*18,723*
Interest expenses	322	787
Other property expenses	1,674	3,693
Current transfers		
Tax expenses	2,071	1,987
Other current transfers	0	0
Total current transfers	*2,071*	*1,988*
Capital transfers	0	0
Total GFS expenses	**24,924**	**25,191**
Net operating balance	**1,769**	**1,774**
Net acquisition of non-financial assets		
Purchases of non-financial assets	4,412	3,738
less Sales of non-financial assets	159	81
less Depreciation	3,561	3,381
plus Change in inventories	24	8
plus Other movements in non-financial assets	-420	17
Total net acquisition of non-financial assets	**295**	**302**
Net lending/fiscal balance(a)	**1,475**	**1,473**

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

Table 18: Australian Government public non-financial corporations sector balance sheet

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
GFS assets		
Financial assets		
Cash and deposits	1,913	1,755
Advances paid	0	0
Investments, loans and placements	234	1,758
Other non-equity assets	5,288	4,611
Equity	304	298
Total financial assets	*7,738*	*8,421*
Non-financial assets		
Land and fixed assets	26,442	25,950
Other non-financial assets(a)	2,171	3,511
Total non-financial assets	*28,613*	*29,461*
Total GFS assets	**36,351**	**37,882**
GFS liabilities		
Deposits held	0	0
Advances received	0	0
Borrowing	12,692	13,237
Unfunded superannuation liability and other employee entitlements	2,018	2,110
Provisions (other than depreciation and bad and doubtful debts)(a)	3,002	3,879
Other non-equity liabilities	1,678	1,516
Total GFS liabilities	**19,390**	**20,743**
Shares and other contributed capital	**67,553**	**66,523**
Net worth(b)	**-50,592**	**-49,384**
Net financial worth(c)	-79,205	-78,845
Net debt(d)	10,546	9,725

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

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
Cash receipts from operating activities		
Receipts from sales of goods and services	26,048	28,942
Grants and subsidies received	50	216
GST input credit receipts	61	165
Other receipts	230	180
Total receipts	**26,390**	**29,502**
Cash payments for operating activities		
Payment for goods and services	-8,691	-10,270
Interest paid	-155	-725
Salaries, wages and other entitlements	-5,838	-5,840
GST payments to taxation authority	-1,263	-1,543
Other payments for operating activities(b)	-3,230	-2,265
Total payments	**-19,178**	**-20,643**
Net cash flows from operating activities	**7,212**	**8,859**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	177	119
Purchases of non-financial assets	-4,416	-3,747
Net cash flows from investments in non-financial assets	**-4,239**	**-3,628**
Net cash flows from investments in financial assets for policy purposes	**0**	**-13**
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	223	-390
Net cash flows from investments in financial assets for liquidity purposes	**223**	**-390**
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-129	547
Deposits received (net)	0	0
Distributions paid (net)(b)	-1,685	-3,680
Other financing (net)	-1,358	-572
Net cash flows from financing activities	**-3,172**	**-3,706**
Net increase/decrease in cash held	**25**	**1,123**
Net cash from operations and investments in non-financial assets	**2,973**	**5,231**
Finance leases and similar arrangements(c)	0	0
Distributions paid(b)	-1,685	-3,680
Equals surplus(+)/deficit(-)	**1,288**	**1,550**

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) Estimates for other payments for operating activities include the cash flow to the general government sector from public financial corporations while for outcomes distributions paid includes all dividends paid to the general government sector.
(c) 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 20: Australian Government total non-financial public sector operating statement

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
GFS revenue		
Taxation revenue	224,431	226,497
Current grants and subsidies	0	0
Sales of goods and services	30,513	30,480
Interest income	1,679	1,805
Dividend income	1,143	737
Other	2,930	3,252
Total GFS revenue	**260,695**	**262,771**
GFS expenses		
Gross operating expenses		
Depreciation	5,453	5,404
Superannuation	2,540	2,469
Salaries and wages	17,732	17,238
Payment for supply of goods and services	53,878	53,286
Other operating expenses	3,076	3,314
Total gross operating expenses	*82,679*	*81,711*
Nominal superannuation interest expense	4,882	5,005
Other interest expenses	4,454	4,941
Other property expenses	1,674	1,254
Current transfers		
Grant expenses	72,753	71,470
Subsidy expenses	6,117	6,846
Personal benefit payments in cash	74,478	74,115
Other current transfers	0	0
Total current transfers	*153,348*	*152,431*
Capital transfers	3,591	4,448
Total GFS expenses	**250,627**	**249,790**
Net operating balance(a)	**10,069**	**12,982**
Net acquisition of non-financial assets		
Purchases of non-financial assets	6,899	5,945
less Sales of non-financial assets	523	571
less Depreciation	5,453	5,404
plus Change in inventories	397	516
plus Other movements in non-financial assets	-373	-37
Total net acquisition of non-financial assets	**946**	**448**
Net lending/fiscal balance(a)	**9,123**	**12,533**

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

Table 21: Australian Government total non-financial public sector balance sheet

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
GFS assets		
Financial assets		
Cash and deposits	2,840	3,563
Advances paid	19,314	20,199
Investments, loans and placements	31,300	36,780
Other non-equity assets	24,745	23,327
Equity	14,663	14,301
Total financial assets	*92,863*	*98,170*
Non-financial assets		
Land and fixed assets	65,607	66,293
Other non-financial assets	4,256	5,542
Total non-financial assets	*69,863*	*71,835*
Total GFS assets	**162,726**	**170,005**
GFS liabilities		
Deposits held	365	403
Advances received	0	0
Government securities	61,452	62,331
Loans	5,595	5,648
Other borrowing	12,916	13,419
Unfunded superannuation liability and other employee entitlements	100,694	101,460
Other provisions	6,868	8,192
Other non-equity liabilities	26,451	27,990
Total GFS liabilities	**214,341**	**219,443**
Shares and other contributed capital	**31,017**	**30,344**
Net worth(a)	**-82,633**	**-79,782**
Net financial worth(b)	-152,496	-151,617
Net debt(c)	26,874	21,259

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

Table 22: Australian Government total non-financial public sector cash flow statement[(a)]

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
Cash receipts from operating activities		
Taxes received	218,469	220,350
Receipts from sales of goods and services(b)	30,846	30,785
Grants and subsidies received	0	0
Interest receipts	1,578	1,565
Dividends	1,805	1,399
GST input credit receipts(b)	0	0
Other receipts	2,961	2,747
Total receipts	**255,659**	**256,845**
Cash payments for operating activities		
Payments for goods and services(b)	-54,192	-53,918
Grants and subsidies paid	-80,700	-78,784
Interest paid	-4,011	-4,588
Personal benefit payments	-73,664	-73,127
Salaries, wages and other entitlements	-22,345	-21,800
GST payments to taxation authority(b)	0	0
Other payments for operating activities	-2,144	-2,915
Total payments	**-237,056**	**-235,132**
Net cash flows from operating activities	**18,603**	**21,713**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	593	665
Purchases of non-financial assets	-6,996	-5,957
Net cash flows from investments in non-financial assets	**-6,402**	**-5,292**
Net cash flows from investments in financial assets for policy purposes	**-1,317**	**-1,152**
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	-7,233	-11,414
Net cash flows from investments in financial assets for liquidity purposes	**-7,233**	**-11,414**
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	59	683
Deposits received (net)	0	39
Distributions paid (net)(c)	-1,685	-1,241
Other financing (net)	-2,664	-1,995
Net cash flows from financing activities	**-4,290**	**-2,514**
Net increase/decrease in cash held	**-638**	**1,341**
Net cash from operating activities and investments in non-financial assets	**12,201**	**16,420**
Finance leases and similar arrangements(d)	-7	-13
Distributions paid	-1,685	-1,241
Equals surplus(+)/deficit(-)	**10,509**	**15,167**

(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 23: Australian Government public financial corporations sector operating statement

	2004-05 Outcome $m
GFS revenue	
Current grants and subsidies	149
Sales of goods and services	2,787
Interest income	2,663
Other	32
Total GFS revenue	**5,632**
GFS expenses	
Gross operating expenses	
Depreciation	31
Salaries, wages and other entitlements	2,847
Other operating expenses	0
Total gross operating expenses	*2,878*
Interest expenses	1,397
Other property expenses	707
Current transfers	
Tax expenses	0
Other current transfers	0
Total current transfers	*-1*
Capital transfers	0
Total GFS expenses	**4,981**
Net operating balance	**650**
Net acquisition of non-financial assets	
Purchases of non-financial assets	57
less Sales of non-financial assets	1
less Depreciation	31
plus Change in inventories	-8
plus Other movements in non-financial assets	-10
Total net acquisition of non-financial assets	**7**
Net lending/fiscal balance(a)	**643**

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

Table 24: Australian Government public financial corporations sector balance sheet

	2004-05 Outcome $m
GFS assets	
Financial assets	
Cash and deposits	2,005
Advances paid	0
Investments, loans and placements	86,773
Other non-equity assets	398
Equity	545
Total financial assets	*89,722*
Non-financial assets	
Land and fixed assets	409
Other non-financial assets(a)	5
Total non-financial assets	*414*
Total GFS assets	**90,136**
GFS liabilities	
Deposits held	64,718
Advances received	0
Borrowing	11,713
Unfunded superannuation liability and other employee entitlements	577
Provisions (other than depreciation and bad and doubtful debts)(a)	1,061
Other non-equity liabilities	82
Total GFS liabilities	**78,150**
Shares and other contributed capital	**11,986**
Net worth(b)	**0**
Net financial worth(c)	-414
Net debt(d)	-12,347

(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.
(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 25: Australian Government public financial corporations sector cash flow statement[(a)]

	2004-05 Outcome $m
Cash receipts from operating activities	
Receipts from sales of goods and services	2,816
Grants and subsidies received	149
GST input credit receipts	27
Other receipts	2,686
Total receipts	**5,678**
Cash payments for operating activities	
Payment for goods and services	-2,484
Interest paid	-1,395
Salaries, wages and other entitlements	-260
GST payments to taxation authority	-9
Other payments for operating activities	-1
Total payments	**-4,149**
Net cash flows from operating activities	**1,530**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	1
Purchases of non-financial assets	-68
Net cash flows from investments in non-financial assets	**-66**
Net cash flows from investments in financial assets for policy purposes	**-169**
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	-13,252
Net cash flows from investments in financial assets for liquidity purposes	**-13,252**
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	-158
Deposits received (net)	10,995
Distributions paid (net)	-1,353
Other financing (net)	2,623
Net cash flows from financing activities	**12,106**
Net increase/decrease in cash held	**148**
Net cash from operating activities and investments in non-financial assets	**1,463**
Finance leases and similar arrangements(b)	0
Distributions paid	-1,353
Equals surplus(+)/deficit(-)	**110**

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) 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 26: Australian Government general government sector purchases of non-financial assets by function

	2004-05 Estimate at 2005-06 Budget $m	2004-05 Outcome $m
General public services	831	602
Defence	615	685
Public order and safety	224	141
Education	16	16
Health	103	105
Social security and welfare	219	144
Housing and community amenities	8	42
Recreation and culture	263	185
Fuel and energy	3	2
Agriculture, forestry and fishing	27	23
Mining, manufacturing and construction	30	23
Transport and communications	-65	52
Other economic affairs	210	181
Other purposes	5	6
General government purchases of non-financial assets	**2,487**	**2,207**

Attachment A

AUSTRALIAN LOAN COUNCIL ALLOCATION

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

- the estimated non-financial public sector GFS cash surplus/deficit (made up from the general government and public non-financial corporations (PNFC) 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.

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

As set out in Table 27, the Australian Government's 2004-05 LCA final budget outcome is a $12,924 million surplus. This compares with the Australian Government's LCA 2004-05 Budget estimate of a $2,277 million surplus. The LCA outcome exceeds the upper bound of the LCA Budget estimate by more than the 2 per cent tolerance limit. A tolerance limit of 2 per cent of non-financial public sector receipts applies between the LCA Budget estimate and the outcome. Tolerance limits recognise that LCAs are nominated at an early stage of the Budget process and may change as a result of policy and parameter changes.

Table 27: Australian Government Loan Council Allocation

	2004-05 Budget Estimate $m	2004-05 Outcome $m
General government sector cash deficit(+)/surplus(-)	-2,391	-13,616
PNFC sector cash deficit(+)/surplus(-)	-2,212	-1,550
Non-financial public sector cash deficit(+)/surplus(-)	-4,603	-15,167
minus Net cash flows from investments		
in financial assets for policy purposes(a)	-1,374	-1,152
plus Memorandum items(b)	951	1,091
Loan Council Allocation	-2,277	-12,924

(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 the net present value (NPV) of operating leases (with NPV greater than $5 million), over-funding of superannuation and an adjustment to exclude the net financing requirements of Telstra from the Loan Council Allocation.