APPENDIX B: GOVERNMENT FINANCE STATISTICS STATEMENTS

Financial tables presented in this Appendix are prepared in accordance with the Australian Bureau of Statistics (ABS) 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 ABS GFS. This Appendix 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 3.

The only difference between the Australian Government general government sector statements in Part 3 and this Appendix 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 Appendix 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 Appendix 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 underlying cash balance is not affected and provides identical results under both treatments of GST receipts.

Transactions between the Australian Government general government and public non-financial corporations sectors are included in the relevant tables, but are 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.

Appendix E 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.

GOVERNMENT FINANCE STATISTICS STATEMENTS

Table B1: Australian Government general government sector operating statement

	Estimates		Projections	
	2004-05	2005-06	2006-07	2007-08
	$m	$m	$m	$m
GFS revenue				
Taxation revenue	223,662	233,347	245,282	258,999
Current grants and subsidies	0	0	0	0
Sales of goods and services	4,404	4,491	4,638	4,722
Interest income	1,435	1,602	2,231	3,185
Dividend income	3,050	3,076	2,677	1,919
Other	2,932	2,903	2,832	2,806
Total GFS revenue	**235,483**	**245,417**	**257,660**	**271,631**
GFS expenses				
Gross operating expenses				
Depreciation	1,932	2,145	2,224	2,289
Superannuation	2,442	2,219	2,267	2,289
Salaries and wages	12,008	12,344	12,723	12,973
Payment for supply of goods and services	45,670	47,309	49,612	52,143
Other operating expenses	2,557	2,596	2,626	2,742
Total gross operating expenses	*64,609*	*66,613*	*69,451*	*72,436*
Nominal superannuation interest expense	4,763	5,107	5,429	5,714
Other interest expenses	4,136	3,824	3,729	3,702
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	72,293	76,480	78,606	82,273
Subsidy expenses	6,351	6,506	6,666	6,884
Personal benefit payments in cash	73,312	78,530	84,000	89,485
Other current transfers	0	0	0	0
Total current transfers	*151,957*	*161,517*	*169,272*	*178,641*
Capital transfers	3,653	3,725	3,754	3,770
Total GFS expenses	**229,118**	**240,786**	**251,635**	**264,263**
Net operating balance(a)	**6,364**	**4,631**	**6,025**	**7,368**
Net acquisition of non-financial assets				
Purchases of non-financial assets	3,155	2,994	2,663	2,550
less Sales of non-financial assets	670	653	484	484
less Depreciation	1,932	2,145	2,224	2,289
plus Change in inventories	174	63	214	131
plus Other movements in non-financial assets	-22	155	54	-34
Total net acquisition of non-financial assets	**705**	**415**	**223**	**-125**
Net lending/fiscal balance(a)(b)	**5,659**	**4,216**	**5,802**	**7,494**

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

Table B2: Australian Government general government sector balance sheet

	Estimates		Projections	
	2004-05	2005-06	2006-07	2007-08
	$m	$m	$m	$m
GFS assets				
Financial assets				
Cash and deposits	1,376	1,189	1,174	1,199
Advances paid	19,400	20,469	21,804	23,540
Investments, loans and placements(a)	9,375	9,187	9,054	8,935
Other non-equity assets	19,847	20,852	23,075	25,512
Equity(b)	48,068	48,060	40,007	28,728
Total financial assets	*98,067*	*99,757*	*95,113*	*87,913*
Non-financial assets				
Land	5,052	5,057	5,135	5,190
Buildings	14,175	14,289	14,361	14,514
Plant, equipment and infrastructure	8,482	8,836	8,824	8,706
Inventories	4,908	4,971	5,185	5,315
Heritage and cultural assets	6,455	6,468	6,483	6,494
Other non-financial assets	2,020	1,978	1,959	1,741
Total non-financial assets	*41,092*	*41,599*	*41,947*	*41,961*
Total GFS assets	**139,159**	**141,356**	**137,060**	**129,874**
GFS liabilities				
Deposits held	365	365	365	365
Advances received	0	0	0	0
Government securities(a)	43,313	38,705	22,818	5,697
Loans	5,945	5,779	5,613	5,466
Other borrowing	222	188	174	139
Superannuation liability	90,506	93,333	96,458	99,652
Other employee entitlements and provisions	8,524	8,660	8,795	8,914
Other non-equity liabilities	25,287	25,869	26,430	27,368
Total GFS liabilities	**174,163**	**172,899**	**160,653**	**147,600**
Net worth(c)(d)	**-35,003**	**-31,543**	**-23,593**	**-17,726**
Net financial worth(e)	-76,095	-73,143	-65,540	-59,687
Net debt(f)	19,693	14,192	-3,061	-22,007

(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) The net worth estimates in this table differ from those presented elsewhere in the MYEFO 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 borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Table B3: Australian Government general government sector cash flow statement[(a)]

	Estimates		Projections	
	2004-05	2005-06	2006-07	2007-08
	$m	$m	$m	$m
Cash receipts from operating activities				
Taxes received(b)	218,719	229,069	240,393	253,930
Receipts from sales of goods and services(c)	4,390	4,495	4,629	4,715
Grants and subsidies received	0	0	0	0
Interest receipts	1,355	1,386	1,972	2,886
Dividends	3,713	3,396	2,677	1,919
GST input credits received by general government(c)	0	0	0	0
Other receipts	3,000	2,877	2,798	2,770
Total operating receipts	**231,178**	**241,223**	**252,468**	**266,221**
Cash payments for operating activities				
Payments for goods and services(c)	-46,042	-47,524	-49,931	-52,375
Grants and subsidies paid(d)	-80,262	-84,928	-87,465	-91,371
Interest paid	-3,864	-4,609	-3,846	-3,502
Personal benefit payments	-73,455	-77,910	-83,519	-88,959
Salaries, wages and other entitlements	-16,327	-16,820	-17,289	-17,779
GST payments by general government to taxation authority(c)	0	0	0	0
Other payments for operating activities	-2,560	-2,472	-2,488	-2,618
Total operating payments	**-222,511**	**-234,265**	**-244,538**	**-256,604**
Net cash flows from operating activities	**8,667**	**6,958**	**7,931**	**9,617**
Cash flows from investments in non-financial assets assets				
Sales of non-financial assets	737	660	486	486
Purchases of new and secondhand non-financial assets	-3,192	-3,155	-2,696	-2,513
Net cash flows from investments in non-financial assets	**-2,454**	**-2,495**	**-2,211**	**-2,027**
Net cash flows from investments in financial assets for policy purposes	**-1,334**	**-1,475**	**9,476**	**9,326**
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-14	72	68	35
Net cash flows from investments in financial assets for liquidity purposes	**-14**	**72**	**68**	**35**
Cash flows from financing activities				
Advances received (net)	0	0	0	0
Borrowing (net)	-3,721	-3,628	-15,732	-17,067
Deposits received (net)	0	0	0	0
Other financing (net)	-1,357	380	453	141
Net cash flows from financing activities	**-5,078**	**-3,248**	**-15,279**	**-16,926**
Net increase/decrease in cash held	**-214**	**-187**	**-16**	**25**
Net cash from operating activities and investments in non-financial assets	**6,213**	**4,463**	**5,720**	**7,590**
Finance leases and similar arrangements(e)	-7	-4	-23	-5
Equals surplus(+)/deficit(-)	**6,206**	**4,459**	**5,697**	**7,584**

(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 $39 million greater than GST cash receipts measured on a State tax basis (as shown in appendix C, 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 B4: Australian Government general government sector statement of other economic flows (reconciliation of net worth)

	Estimates		Projections	
	2004-05	2005-06	2006-07	2007-08
	$m	$m	$m	$m
Opening net worth	**-36,165**	**-35,003**	**-31,543**	**-23,593**
Opening net worth adjustments	**0**	**0**	**0**	**0**
Adjusted opening net worth	**-36,165**	**-35,003**	**-31,543**	**-23,593**
Change in net worth from operating transactions	**6,364**	**4,631**	**6,025**	**7,368**
Change in net worth from other economic flows				
Revaluation of equity(a)	-1,468	36	3,274	19
Net writedowns of assets (including bad and doubtful debts)(b)	-1,771	-1,935	-2,044	-2,122
Assets recognised for the first time(b)	24	25	26	23
Defence weapon platform adjustment(b)	0	0	0	0
Liabilities recognised for the first time	0	0	0	0
Actuarial revaluations	-799	0	0	0
Net foreign exchange gains	-329	0	0	0
Net swap interest received	207	227	215	184
Market valuation of debt	-554	430	348	277
Other economic revaluations(b)(c)	-513	46	106	118
Total other economic flows	**-5,203**	**-1,171**	**1,925**	**-1,501**
Closing net worth	**-35,003**	**-31,543**	**-23,593**	**-17,726**

(a) 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 Australian Government's expected sale price. This line also reflects any equity revaluations at the point of disposal or sale.

(b) 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 is now allocated to net write-down of assets, assets recognised for the first time and other economic revaluations.

(c) Largely reflects revaluations of assets and liabilities.

Table B5: Australian Government public non-financial corporations operating statement

	Estimates
	2004-05
	$m
GFS revenue	
Current grants and subsidies	351
Sales of goods and services	25,756
Interest income	111
Other	16
Total GFS revenue	**26,235**
GFS expenses	
Gross operating expenses	
Depreciation	3,590
Salaries, wages and other entitlements	5,822
Other operating expenses	11,009
Total gross operating expenses	*20,420*
Interest expenses	465
Other property expenses	1,572
Current transfers	
Tax expenses	1,919
Other current transfers	0
Total current transfers	*1,919*
Capital transfers	0
Total GFS expenses	**24,376**
Net operating balance	**1,859**
Net acquisition of non-financial assets	
Purchases of non-financial assets	4,648
less Sales of non-financial asets	78
less Depreciation	3,590
plus Change in inventories	2
plus Other movements in non-financial assets	-398
Total net acquisition of non-financial assets	**584**
Net lending/fiscal balance(a)	**1,274**

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

Table B6: Australian Government public non-financial corporations balance sheet

	Estimates
	2004-05
	$m
GFS assets	
Financial assets	
Cash and deposits	1,880
Advances paid	0
Investments, loans and placements	989
Other non-equity assets	5,349
Equity	307
Total financial assets	*8,525*
Non-financial assets	
Land and fixed assets	25,670
Other non-financial assets(a)	2,224
Total non-financial assets	*27,894*
Total GFS assets	**36,419**
GFS liabilities	
Deposits held	0
Advances received	0
Borrowing	13,332
Unfunded superannuation liability and other employee entitlements	1,950
Provisions (other than depreciation and bad and doubtful debts)(a)	3,076
Other non-equity liabilities	1,397
Total GFS liabilities	**19,755**
Shares and other contributed capital	**62,123**
Net worth(b)	**-45,459**
Net financial worth(c)	-73,353
Net debt(d)	10,463

(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 B7: Australian Government public non-financial corporations cash flow statement[a]

	Estimates 2004-05 $m
Cash receipts from operating activities	
Receipts from sales of goods and services	27,621
Grants and subsidies received	187
GST input credit receipts	15
Other receipts	287
Total receipts	**28,109**
Cash payments for operating activities	
Payment for goods and services	-9,154
Interest paid	-299
Salaries, wages and other entitlements	-5,704
GST payments to taxation authority	-1,253
Other payments for operating activities(b)	-4,142
Total payments	**-20,553**
Net cash flows from operating activities	**7,556**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	113
Purchases of new and secondhand non-financial assets	-4,651
Net cash flows from investments in non-financial assets	**-4,539**
Net cash flows from investments in financial assets for policy purposes	**129**
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	223
Net cash flows from investments in financial assets for liquidity purposes	**223**
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	-121
Deposits received (net)	0
Distributions paid (net)(c)	-1,585
Other financing (net)	-1,287
Net cash flows from financing activities	**-2,994**
Net increase/decrease in cash held	**376**
Net cash from operating activities and investments in non-financial assets	**3,018**
Finance leases and similar arrangements(d)	0
Distributions paid(c)	-1,585
Equals surplus(+)/deficit(-)	**1,432**

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) Other payments for operating activities includes the cash flow to the general government sector from public non-financial corporation distributions paid.
(c) Distributions paid comprise public non-financial corporation 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 B8: Australian Government total non-financial public sector operating statement

	Estimates 2004-05 $m
GFS revenue	
Taxation revenue	221,677
Current grants and subsidies	0
Sales of goods and services	29,651
Interest income	1,547
Dividend income	1,114
Other	2,948
Total GFS revenue	**256,937**
GFS expenses	
Gross operating expenses	
Depreciation	5,522
Superannuation	2,511
Salaries and wages	17,761
Payment for supply of goods and services	53,973
Other operating expenses	2,818
Total gross operating expenses	*82,585*
Nominal superannuation interest expense	4,763
Other interest expenses	4,601
Other property expenses	1,572
Current transfers	
Grant expenses	72,293
Subsidy expenses	5,935
Personal benefit payments in cash	73,312
Other current transfers	0
Total current transfers	*151,541*
Capital transfers	3,653
Total GFS expenses	**248,714**
Net operating balance(a)	**8,223**
Net acquisition of non-financial assets	
Purchases of non-financial assets	7,804
less Sales of non-financial assets	748
less Depreciation	5,522
plus Change in inventories	176
plus Other movements in non-financial assets	-420
Total net acquisition of non-financial assets	**1,290**
Net lending/fiscal balance(a)(b)	**6,934**

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

Table B9: Australian Government total non-financial public sector balance sheet

	Estimates
	2004-05
	$m
GFS assets	
Financial assets	
Cash and deposits	3,256
Advances paid	19,400
Investments, loans and placements	10,236
Other non-equity assets	25,180
Equity	14,700
Total financial assets	*72,772*
Non-financial assets	
Land and fixed assets	64,741
Other non-financial assets	4,245
Total non-financial assets	*68,986*
Total GFS assets	**141,758**
GFS liabilities	
Deposits held	365
Advances received	0
Government securities	43,313
Loans	5,816
Other borrowing	13,554
Unfunded superannuation liability and other employee entitlements	100,980
Other provisions	6,826
Other non-equity liabilities	22,919
Total GFS liabilities	**193,773**
Shares and other contributed capital	**28,448**
Net worth(a)	**-80,462**
Net financial worth(b)	-149,449
Net debt(c)	30,156

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

Table B10: Australian Government total non-financial public sector cash flow statement[(a)]

	Estimates 2004-05 $m
Cash receipts from operating activities	
Taxes received	216,515
Receipts from sales of goods and services(b)	30,030
Grants and subsidies received	0
Interest receipts	1,468
Dividends	1,793
GST input credit receipts(b)	0
Other receipts	3,159
Total receipts	**252,965**
Cash payments for operating activities	
Payments for goods and services(b)	-54,236
Grants and subsidies paid	-80,010
Interest paid	-4,163
Personal benefit payments	-73,455
Salaries, wages and other entitlements	-22,030
GST payments to taxation authority(b)	0
Other payments for operating activities	-2,846
Total payments	**-236,741**
Net cash flows from operating activities	**16,223**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	850
Purchases of new and secondhand non-financial assets	-7,843
Net cash flows from investments in non-financial assets	**-6,993**
Net cash flows from investments in financial assets for policy purposes	**-1,205**
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	224
Net cash flows from investments in financial assets for liquidity purposes	**224**
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	-3,843
Deposits received (net)	0
Distributions paid (net)(c)	-1,585
Other financing (net)	-2,659
Net cash flows from financing activities	**-8,087**
Net increase/decrease in cash held	**162**
Net cash from operating activities and investments in non-financial assets	**9,230**
Finance leases and similar arrangements(d)	-7
Distributions paid(c)	-1,585
Equals surplus(+)/deficit(-)	**7,638**

(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 corporation 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.

LOAN COUNCIL ALLOCATION

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

- the estimated non-financial public sector cash deficit/surplus (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.

In March 2004, the Australian Government nominated, and the Loan Council endorsed a Loan Council Allocation surplus of $3.7 billion. In the 2004-05 Budget, the Australian Government estimated a Loan Council Allocation surplus of $2.3 billion.

Table B11 presents a revised estimate for the Australian Government's 2004-05 Loan Council Allocation surplus of $6.4 billion.

Table B11: Australian Government Loan Council Allocation for 2004-05

	2004-05 Budget Estimate $m	2004-05 MYEFO Estimate $m
General government sector cash deficit(+)/surplus(-)	-2,391	-6,206
PNFC sector cash deficit(+)/surplus(-)	-2,212	-1,432
Non-financial public sector cash deficit(+)/surplus(-)	-4,603	-7,638
less Net cash flows from investments in financial assets for policy purposes(a)	-1,374	-1,205
plus Memorandum items(b)	951	61
Loan Council Allocation	**-2,277**	**-6,372**

(a) Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit/surplus. However, the cash inflow 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), overfunding of superannuation and an adjustment to exclude the net financing requirement.