

PART 1: AUSTRALIAN GOVERNMENT BUDGET OUTCOME

OVERVIEW

In 2005-06, the Australian Government general government sector recorded an underlying cash surplus of \$15.8 billion, or 1.6 per cent of gross domestic product (GDP). The fiscal balance was in surplus by \$14.8 billion (1.5 per cent of GDP).

Table 1: Australian Government general government sector budget aggregates^(a)

	2004-05 Outcome	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
Revenue (\$b)	206.6	222.9	221.9
Per cent of GDP	23.1	23.3	23.1
Expenses (\$b)	195.7	206.0	206.1
Per cent of GDP	21.9	21.6	21.4
Net operating balance (\$b)	10.9	16.8	15.8
Net capital investment (\$b)	0.1	0.9	1.1
Fiscal balance (\$b)	10.8	16.0	14.8
Per cent of GDP	1.2	1.7	1.5
Underlying cash balance (\$b)(b)	13.6	14.8	15.8
Per cent of GDP	1.6	1.5	1.6
<i>Memorandum item:</i>			
Headline cash balance (\$b)	12.5	13.5	14.2

(a) All figures are based on Government Finance Statistics (GFS) standards, but with goods and services tax (GST) revenue collected on behalf of the States and Territories netted off revenue and expenses.

(b) Excludes Future Fund earnings.

Australian Government general government sector net worth improved by \$7.2 billion in 2005-06 to around -\$23.1 billion, largely reflecting the strong budget surplus. Net debt was eliminated in 2005-06, falling by \$17.7 billion over the financial year.

In cash terms the outcome was \$1.0 billion higher than estimated at the time of the 2006-07 Budget, with cash payments \$1.5 billion lower than expected, partially offset by cash receipts \$566 million lower than expected. The cash payments outcome was largely due to lower than expected payments for assistance to those affected by Cyclone Larry, lower than anticipated payments to childcare providers as a result of a change in the expected timing of payments during 2005-06 and a range of small underspends across other Government programmes. The cash receipts outcome was largely due to lower than expected company tax receipts.

REVENUE

Total accrual revenue in 2005-06 of \$221.9 billion was \$946 million below the estimate in the 2006-07 Budget, reflecting lower than expected company taxation revenue, partly offset by stronger than expected non-taxation revenue.

Company taxation revenue rose by a solid 13.6 per cent in 2005-06 but was \$1.5 billion (3 per cent) lower than forecast at the 2006-07 Budget. Strong growth in mining sector profits continues to underpin growth in company tax. But weaker than expected growth was observed in the wash-up payments of a number of small June balancing companies in the manufacturing, construction, retail and wholesale services sectors.

The variation in company taxation revenue was partly offset by higher than expected non-taxation revenue of \$307 million including:

- \$97 million for the Department of Health and Ageing mainly reflecting the earlier than anticipated payment of the competitive neutrality charge on medical indemnity insurers benefiting from the Government's incurred but not reported indemnity scheme;
- \$69 million for the Defence Housing Authority due in part to greater than anticipated revenue from property sales; and
- \$46 million for the Australian Office of Financial Management primarily due to higher than anticipated term deposit interest revenue.

Table 2: Australian Government general government sector revenue

	2005-06 Estimate at 2006-07 Budget \$m	Outcome 2005-06 \$m
<i>Income taxation</i>		
Individuals and other withholding taxes(a)		
Gross income tax withholding	103,830	103,811
Gross other individuals	26,410	25,859
less: Refunds	15,350	15,239
Total individuals and other withholding taxation	114,890	114,431
Fringe benefits tax	3,660	4,084
Superannuation funds		
Contributions and earnings	5,390	5,416
Superannuation surcharge	1,030	1,289
Total superannuation taxation	6,420	6,705
Company tax	50,480	48,987
Petroleum resource rent tax	1,970	1,991
Income taxation revenue	177,420	176,198
<i>Excise and customs</i>		
Excise duty		
Petrol	7,280	7,254
Diesel	6,240	6,242
Other fuel products	220	215
Crude oil	330	362
Beer	1,730	1,747
Potable spirits	810	811
Tobacco	5,290	5,296
Total excise duty revenue	21,900	21,927
Customs duty		
Textiles, clothing and footwear	830	832
Passenger motor vehicles	1,258	1,129
Excise-like goods	1,810	1,767
Other imports	1,603	1,620
less: Refunds and drawbacks	330	360
Total customs duty revenue	5,171	4,988
Excise and customs revenue	27,071	26,914
<i>Other taxation</i>		
Wine equalisation tax	660	657
Luxury car tax	320	331
Agricultural levies	607	610
Other taxes	2,007	2,122
Other taxation revenue	3,594	3,720
Taxation revenue	208,085	206,832
<i>Non-taxation</i>		
Sales of goods and services	4,898	4,604
Dividends	4,321	4,387
Interest received	2,386	2,437
Other non-taxation revenue	3,173	3,658
Non-taxation revenue	14,779	15,086
Total revenue	222,864	221,918

(a) Includes Medicare levy revenue of \$6,525 million in 2005-06.

EXPENSES

Total accrual expenses were \$206.1 billion in 2005-06. This is \$78 million higher than the estimate provided in the 2006-07 Budget. Expenses that were higher than estimated include:

- \$500 million for the grant to the Murray-Darling Basin Commission due to the determination by the Australian National Audit Office that the grant was required to be expensed in 2005-06 rather than over five years beginning in 2006-07;
- \$388 million due to the expensing of the acquisition of certain specialist military equipment in accordance with the Government Finance Statistics framework rather than the previous classification as an asset; and
- \$169 million for the Superannuation Co-contribution programme due mainly to the adoption of an improved methodology for estimating the impact on accrued expenses for people who have not yet lodged their claims.

These were partially offset by lower than anticipated expenses including:

- \$249 million due to estimates of assistance for those affected by Cyclone Larry exceeding actual take-up;
- \$216 million for the Family Tax Benefit largely due to lower than estimated entitlements, as a result of an increase in the estimate of the average income of recipients (which determines the size of the benefit);
- \$92 million for Youth Allowance largely due to the lower than expected uptake of the allowance by new apprentices and a decline in the number of students applying for assistance; and
- \$84 million for the Medical Indemnity programme as law reform and improved industry stability has, in the short term, reduced the level of industry demand for Government assistance.

Table 3 provides information on Government Finance Statistics (GFS) general government sector expenses by function.

Table 3: Australian Government general government sector expenses by function

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
General public services		
Legislative and executive affairs	737	768
Financial and fiscal affairs	4,048	3,958
Foreign affairs and economic aid	2,929	2,955
General research	2,324	2,346
General services	524	560
Government superannuation benefits	2,472	2,203
Defence	15,802	16,194
Public order and safety	2,804	2,558
Education	15,622	15,883
Health	37,620	37,549
Social security and welfare	86,372	86,219
Housing and community amenities	2,321	2,248
Recreation and culture	2,699	2,585
Fuel and energy	4,013	4,046
Agriculture, forestry and fishing	2,412	2,780
Mining, manufacturing and construction	1,847	1,905
Transport and communication	3,104	3,075
Other economic affairs		
Tourism and area promotion	212	209
Total labour and employment affairs	3,980	3,825
Other economic affairs nec	908	840
Other purposes		
Public debt interest	3,629	3,628
Nominal superannuation interest	5,583	5,582
General purpose inter-governmental transactions	3,655	3,936
Natural disaster relief	359	211
Contingency reserve(a)	42	36
Total expenses	206,018	206,096

(a) Asset sale related expenses are treated as a component of the contingency reserve.

NET CAPITAL INVESTMENT

Total net capital investment for 2005-06 was \$1.1 billion, which is \$171 million higher than estimated in the 2006-07 Budget. This primarily reflects additional expenditure on a number of major capital facility projects for the Defence portfolio including the redevelopment of the Williamstown and Holsworthy facilities. These were partially offset by a reduction in net purchases of other non-financial assets included in the

portfolios of Transport and Regional Services; Attorney-General's; Education, Science and Training; and Finance and Administration.

Table 4: Australian Government general government sector net capital investment by function

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
General public services	371	251
Defence	-211	198
Public order and safety	135	90
Education	2	11
Health	98	72
Social security and welfare	73	86
Housing and community amenities	72	98
Recreation and culture	76	68
Fuel and energy	1	1
Agriculture, forestry and fishing	19	19
Mining, manufacturing and construction	27	24
Transport and communications	57	-1
Other economic affairs	138	118
Other purposes	22	16
Total net capital investment	881	1,052

CASH FLOWS

The 2005-06 underlying cash surplus was \$15.8 billion, \$1.0 billion higher than estimated at the 2006-07 Budget. The higher than anticipated outcome was the result of lower cash payments of \$1.5 billion, partially offset by lower cash receipts of \$0.6 billion.

Total Australian Government general government sector receipts of \$221.8 billion were \$566 million lower than estimated at the 2006-07 Budget. The cash receipts outcome largely reflects lower than expected company tax receipts of \$840 million.

Table 5: Australian Government general government sector receipts

	2005-06 Estimate at 2006-07 Budget \$m	Outcome 2005-06 \$m
<i>Income taxation</i>		
Individuals and other withholding taxes(a)		
Gross income tax withholding	103,230	103,120
Gross other individuals	24,930	24,895
less: Refunds	15,350	15,244
Total individuals and other withholding taxation	112,810	112,770
Fringe benefits tax	3,830	4,049
Superannuation funds		
Contributions and earnings	5,350	5,416
Superannuation surcharge	920	951
Total superannuation taxation	6,270	6,368
Company tax	49,800	48,960
Petroleum resource rent tax	1,970	1,917
Income taxation receipts	174,680	174,063
<i>Excise and customs</i>		
Excise duty		
Petrol	7,280	7,224
Diesel	6,240	6,217
Other fuel products	220	214
Crude oil	330	337
Beer	1,730	1,740
Potable spirits	810	808
Tobacco	5,290	5,274
Total excise duty receipts	21,900	21,814
Customs duty		
Textiles, clothing and footwear	830	832
Passenger motor vehicles	650	665
Excise-like goods	1,810	1,767
Other imports	1,590	1,584
less: Refunds and drawbacks	330	360
Total customs duty receipts	4,550	4,488
Excise and customs receipts	26,450	26,302
<i>Other taxation</i>		
Wine equalisation tax	660	656
Luxury car tax	320	322
Agricultural levies	607	610
Other taxes	1,752	1,964
Other taxation receipts	3,339	3,553
Taxation receipts	204,469	203,918
<i>Non-taxation</i>		
Sales of goods and services	5,189	5,566
Dividends	4,341	4,360
Interest received	2,275	2,325
Other non-taxation receipts	6,125	5,665
Non-taxation receipts	17,930	17,916
Total receipts	222,400	221,834

(a) Includes Medicare levy receipts of \$6,525 million in 2005-06.

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Total Australian Government general government sector cash payments were \$206.0 billion in 2005-06, \$1.5 billion lower than estimated at the 2006-07 Budget.

The difference between the lower cash payments of \$1.5 billion and the \$249 million increase in accrual expenses and net capital investment primarily reflects the impact of increases in expenses discussed earlier in this part that do not affect cash payments, including:

- \$500 million for the grant to the Murray-Darling Basin Commission due to the determination by the Australian National Audit Office that the grant was required to be expensed in 2005-06 rather than over five years beginning in 2006-07;
- \$388 million due to the expensing of the acquisition of certain specialist military equipment in accordance with the Government Finance Statistics framework rather than the previous classification as an asset; and
- \$169 million for the Superannuation Co-contribution programme due mainly to the adoption of an improved methodology for estimating the impact on accrued expenses for people who have not yet lodged their claims.

Table 6: Summary of Australian Government general government sector cash flows^(a)

	2005-06 Estimate at 2006-07 Budget \$b	2005-06 Outcome \$b
Cash receipts		
Operating cash receipts	222.2	221.7
Capital cash receipts(b)	0.2	0.2
Total cash receipts	222.4	221.8
Cash payments		
Operating cash payments	204.6	203.0
Capital cash payments(c)	2.9	3.0
Total cash payments	207.5	206.0
Finance leases and similar arrangements(d)	0.0	0.0
GFS cash surplus(+)/deficit(-)	14.9	15.8
Per cent of GDP	1.6	1.6
<i>less</i> Future Fund earnings	0.1	0.1
Underlying cash balance(e)	14.8	15.8
Per cent of GDP	1.5	1.6
<i>Memorandum items:</i>		
Net cash flows from investments in financial assets for policy purposes(f)	-1.4	-1.6
<i>plus</i> Future Fund earnings	0.1	0.1
Headline cash balance	13.5	14.2

(a) Cash flows are derived from the accrual GFS framework excluding GST.

(b) Equivalent to cash receipts from the sale of non-financial assets in the GFS cash flow statement.

(c) Equivalent to cash payments for purchases of new and second-hand non-financial assets in the GFS cash flow statement.

(d) The acquisition of assets under finance leases decreases the underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash balance.

(e) Excludes Future Fund earnings.

(f) Under the cash budgeting framework, these cash flows were referred to as net advances.

NET DEBT AND NET WORTH

The Australian Government eliminated net debt in 2006. Over 2005-06, the level of Australian Government net debt continued to fall from a peak of 18.5 per cent of GDP in 1995-96 to -0.6 per cent of GDP as at 30 June 2006. Since 1996-97, net debt has fallen by around \$102 billion. The fall in net debt was \$1.3 billion greater than estimated in the 2006-07 Budget, largely reflecting the higher than anticipated underlying cash surplus outcome.

Net interest payments in 2005-06 were \$270 million lower than anticipated at the 2006-07 Budget. Having peaked at \$8.4 billion in 1996-97, net interest payments declined to \$2.3 billion in 2005-06, representing annual savings in interest payments of \$6.2 billion.

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Australian Government general government sector net worth improved from -\$30.3 billion in 2004-05 to -\$23.1 billion at the end of 2005-06. The \$7.2 billion improvement largely reflects a strong net operating surplus of \$15.8 billion and a fall in the market valuation of debt due to movements in interest rates (\$1.0 billion). These improvements are partially offset by:

- a decrease in the value of the Government's shareholding in Telstra due to a fall in the share price over the year to 30 June 2006;
- actuarial revaluations of \$3.6 billion relating mainly to the unfunded superannuation liability; and
- a net write-down of assets of \$2.2 billion, largely due to provisioning for bad and doubtful debts by the Australian Taxation Office.

Table 7: Australian Government general government sector net worth, net debt and net interest payments

	2005-06 Estimate at 2006-07 Budget \$b	2005-06 Outcome \$b
Financial assets	133.6	136.7
Non-financial assets	43.9	45.6
Total assets	177.5	182.3
Total liabilities	201.5	205.4
Net worth	-24.0	-23.1
Net debt(a)	-4.8	-6.1
Per cent of GDP	-0.5	-0.6
Net interest payments(b)	2.5	2.3
Per cent of GDP	0.3	0.2

(a) 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.

(b) Australian Government cash interest payments less cash interest receipts.

Attachment A

REPORTING STANDARDS

The *Charter of Budget Honesty Act 1998* requires that the final budget outcome be based on external reporting standards and that departures from applicable external reporting standards be identified.

The major external standards used for final budget outcome reporting purposes are:

- the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) publication, *Australian System of Government Finance Statistics: Concepts, Sources and Methods* Cat. No. 5514.0, which in turn is based on the International Monetary Fund (IMF) accrual GFS framework; and
- Australian Accounting Standards (AAS), being the Australian Equivalents to International Financial Reporting Standards (AEIFRS) and AAS 31 *Financial Reporting by Governments*.

Final Budget Outcome tables, with the exception of tables in Part 2, do not include goods and services tax (GST) collections and associated payments to the States and Territories (the States). Under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, all GST receipts are appropriated to the States and thus are not available for expenditure by the Australian Government. Because the Australian Taxation Office collects GST as an agent for the states, GST receipts are not shown as Australian Government revenue. Estimates of GST receipts are provided in Table A2 of Appendix A.

ABS GFS requires that provisions for bad and doubtful debts be excluded from the balance sheet. This treatment has not been adopted because excluding such provisions would overstate the value of Australian Government assets in the balance sheet (and would, therefore, be inconsistent with the market valuation principle).

The AAS financial statements currently record IMF Special Drawing Rights (SDRs) as a liability. This is consistent with AAS. The GFS statements also record SDRs as a liability. However, in accordance with the IMF's GFS manual, IMF SDRs are not treated as a liability in ABS GFS although the IMF treats them this way in some of its other documentation. As the statistical standard underpinning the GFS manual (the System of National Accounts 1993) is currently being updated and includes a proposal to treat SDRs as a liability, the current approach will remain in place at least until this update is finalised.

The GFS financial statements also currently adopt the AAS treatment for circulating coins. Under this treatment revenue is recognised upon the issue of coins and no liability is recorded, as there is no legal obligation requiring coins on issue to be

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repurchased by the Australian Government. However, in ABS GFS, coins on issue are treated as a liability and no revenue is recognised. The treatment of coins on issue is listed for clarification as part of the update of the statistical standard referred to above and the current treatment will remain in place at least until the update is finalised.

Similarly, the GFS financial statements currently record education grants on the same basis as in the AAS statements. Under this treatment the Australian Government's obligation to the States is recognised upon the annual Ministerial determination, usually occurring at the beginning of each funding year. However, in accordance with the latest guidance issued by the ABS, ABS GFS now recognises the obligation later in each year as monies are transferred to each State and Territory.

Additional information on the reporting standards and budget concepts is provided in Appendix A.

Attachment B

BUDGET FINANCIAL STATEMENTS

The budget financial statements consist of an operating statement, balance sheet, cash flow statement and statement of other economic flows (reconciliation of net worth) for the Australian Government general government sector. The budget financial statements are based on GFS standards with the exception of the divergences discussed in Attachment A.

Table 8: Australian Government general government sector operating statement

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
Revenue		
Taxation revenue	208,085	206,832
Current grants and subsidies	0	0
Sales of goods and services	4,898	4,604
Interest income	2,386	2,437
Dividend income	4,321	4,387
Other	3,173	3,658
Total revenue	222,864	221,918
Expenses		
Gross operating expenses		
Depreciation	2,041	2,190
Superannuation	2,472	2,203
Salaries and wages	12,627	12,230
Payment for supply of goods and services	49,126	48,283
Other operating expenses	2,106	3,155
<i>Total gross operating expenses</i>	<i>68,372</i>	<i>68,060</i>
Nominal superannuation interest expense	5,583	5,582
Other interest expenses	4,084	4,047
Other property expenses	0	0
Current transfers		
Grant expenses	40,264	40,564
Subsidy expenses	6,343	6,450
Personal benefit payments in cash	77,332	77,111
Other current transfers	0	0
<i>Total current transfers</i>	<i>123,938</i>	<i>124,124</i>
Capital transfers	4,040	4,283
Total expenses	206,018	206,096
Net operating balance	16,847	15,822
Net acquisition of non-financial assets		
Purchases of non-financial assets	2,860	3,086
<i>less</i> Sales of non-financial assets	203	179
<i>less</i> Depreciation	2,041	2,190
<i>plus</i> Change in inventories	148	305
<i>plus</i> Other movements in non-financial assets	117	31
Total net acquisition of non-financial assets	881	1,052
Net lending/fiscal balance(a)	15,966	14,770

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

Table 9: Australian Government general government sector balance sheet

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
Assets		
Financial assets		
Cash and deposits	1,785	2,190
Advances paid	21,471	21,269
Investments, loans and placements	47,042	47,328
Other non-equity assets	19,758	21,275
Equity(a)	43,535	44,626
<i>Total financial assets</i>	<i>133,591</i>	<i>136,689</i>
Non-financial assets		
Land	6,089	6,095
Buildings	13,469	15,077
Plant, equipment and infrastructure	8,595	9,064
Inventories	4,625	5,046
Heritage and cultural assets	7,723	7,675
Other non-financial assets	3,361	2,652
<i>Total non-financial assets</i>	<i>43,861</i>	<i>45,609</i>
Total assets	177,452	182,298
Liabilities		
Deposits held	405	318
Advances received	0	0
Government securities	59,547	58,894
Loans	5,264	5,212
Other borrowing	297	238
Superannuation liability	95,947	97,876
Other employee entitlements and provisions	8,001	8,123
Other non-equity liabilities	32,016	34,759
Total liabilities	201,478	205,420
Net worth(b)	-24,026	-23,122
Net debt(c)	-4,784	-6,125

(a) The 2005-06 equity and net worth outcomes include the Telstra shareholding valued at the closing share price on 30 June 2006.

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

(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 10: Australian Government general government sector cash flow statement^(a)

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
Cash receipts from operating activities		
Taxes received	204,469	203,918
Receipts from sales of goods and services	5,189	5,566
Grants and subsidies received	0	0
Interest receipts	2,275	2,325
Dividends	4,341	4,360
GST input credits received by general government	2,973	2,528
Other receipts	2,928	2,958
Total operating receipts	222,176	221,655
Cash payments for operating activities		
Payments for goods and services	-51,849	-51,049
Grants and subsidies paid	-51,535	-51,264
Interest paid	-4,810	-4,590
Personal benefit payments	-76,343	-76,291
Salaries, wages and other entitlements	-17,606	-16,956
GST payments by general government to taxation authority	-86	-55
Other payments for operating activities	-2,332	-2,775
Total operating payments	-204,561	-202,980
Net cash flows from operating activities	17,614	18,675
Cash flows from investments in non-financial assets		
Sales of non-financial assets	224	179
Purchases of non-financial assets	-2,939	-2,987
Net cash flows from investments in non-financial assets	-2,715	-2,808
Net cash flows from investments in financial assets for policy purposes	-1,390	-1,647
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	-12,346	-12,686
Net cash flows from investments in financial assets for liquidity purposes	-12,346	-12,686
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-1,754	-1,314
Deposits received (net)	0	-85
Other financing (net)	577	296
Net cash flows from financing activities	-1,177	-1,103
Net increase/decrease in cash held	-15	432

Table 10: Australian Government general government sector cash flow statement^(a) (continued)

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
Net cash from operating activities and investments in non-financial assets	14,899	15,867
Finance leases and similar arrangements(b)	-12	-24
GFS cash surplus(+)/deficit(-)	14,888	15,843
less Future Fund earnings	83	51
Equals underlying cash balance(c)	14,805	15,792
plus net cash flows from investments in financial assets for policy purposes	-1,390	-1,647
plus Future Fund earnings	83	51
Equals headline cash balance	13,497	14,196

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

(c) The term underlying cash balance is not used by the ABS.

Table 11: Australian Government general government sector statement of other economic flows (reconciliation of net worth)

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
Opening net worth	-31,979	-31,979
Opening net worth adjustments(a)	-129	1,701
Adjusted opening net worth	-32,108	-30,279
Change in net worth from operating transactions	16,847	15,822
Change in net worth from other economic flows		
Revaluation of equity(b)	-6,561	-5,357
Net writedowns of assets (including bad and doubtful debts)	-1,858	-2,183
Assets recognised for the first time	8	7
Liabilities recognised for the first time	0	0
Actuarial revaluations	-1,716	-3,619
Net foreign exchange gains	85	139
Net swap interest received	138	136
Market valuation of debt	696	950
Other economic revaluations(c)	443	1,261
Total other economic flows	-8,765	-8,667
Closing net worth	-24,026	-23,122

(a) Adjustment to net worth arising from a change in 2004-05 outcomes mainly due to the move to new Australian Accounting Standards and changes in accounting policy.

(b) Includes a change in the valuation of the Telstra shareholding between the closing share price on 30 June 2005 and 30 June 2006.

(c) Largely reflects revaluation of assets and liabilities.