

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 cash flows presented in this statement include GST (except in respect to GST flows internal to the general government sector) whereas the cash flows presented elsewhere in this document do not. 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

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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 12: Australian Government general government sector operating statement

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
GFS revenue		
Taxation revenue	245,945	245,716
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 GFS revenue	260,724	260,802
GFS 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	77,364	78,006
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>161,038</i>	<i>161,566</i>
Capital transfers	4,250	4,436
Total GFS expenses	243,328	243,691
Net operating balance(a)	17,397	17,111
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)(b)	16,516	16,059

(a) The fiscal balance and net operating balance 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 13: Australian Government general government sector balance sheet

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
GFS 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	22,470	29,636
Equity(a)	43,535	44,626
<i>Total financial assets</i>	<i>136,303</i>	<i>145,050</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 GFS assets	180,164	190,659
GFS 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	32,470	35,242
Total GFS liabilities	201,932	205,904
Net worth(b)(c)	-21,768	-15,245
Net financial worth(d)	-65,629	-60,854
Net debt(e)	-4,784	-6,125

(a) Equity includes the valuation of the Telstra shareholding, which is valued at the closing share price on 30 June 2006.

(b) The net worth outcome in this table differs from those presented elsewhere in the Final Budget Outcome reflecting the treatment of 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 14: 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(b)	241,499	241,215
Receipts from sales of goods and services(c)	5,010	4,855
Grants and subsidies received	0	0
Interest receipts	2,275	2,325
Dividends	4,341	4,360
GST input credits received by general government(c)	0	0
Other receipts	2,928	2,958
Total operating receipts	256,053	255,713
Cash payments for operating activities		
Payments for goods and services(c)	-48,712	-47,721
Grants and subsidies paid(d)	-88,635	-88,706
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(c)	0	0
Other payments for operating activities	-2,332	-2,775
Total operating payments	-238,438	-237,038
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 14: 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(e)	-12	-24
Equals surplus(+)/deficit(-)	14,888	15,843

(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 \$145 million lower in 2005-06 than GST cash receipts measured by the Australian Government on a State tax basis (as shown in Part 3, 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 15: 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	-30,397	-30,397
Opening net worth adjustments(a)	-129	6,651
Adjusted opening net worth	-30,526	-23,746
Change in net worth from operating transactions	17,397	17,111
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)	-1,731	-2,126
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	-8,639	-8,610
Closing net worth	-21,768	-15,245

(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 (including the valuation of GST when the underlying economic activity occurs).

(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.

Table 16: Australian Government public non-financial corporations sector operating statement

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
GFS revenue		
Current grants and subsidies	302	481
Sales of goods and services	27,469	27,441
Interest income	136	159
Other	62	61
Total GFS revenue	27,969	28,143
GFS expenses		
Gross operating expenses		
Depreciation	3,940	3,866
Salaries, wages and other entitlements	6,512	6,646
Other operating expenses	13,829	10,699
<i>Total gross operating expenses</i>	<i>24,282</i>	<i>21,211</i>
Interest expenses	430	875
Other property expenses	2,426	5,365
Current transfers		
Tax expenses	1,761	2,081
Other current transfers	0	0
<i>Total current transfers</i>	<i>1,761</i>	<i>2,081</i>
Capital transfers	0	0
Total GFS expenses	28,899	29,531
Net operating balance	-930	-1,387
Net acquisition of non-financial assets		
Purchases of non-financial assets	5,568	4,478
<i>less</i> Sales of non-financial assets	29	81
<i>less</i> Depreciation	3,940	3,866
<i>plus</i> Change in inventories	35	-10
<i>plus</i> Other movements in non-financial assets	535	535
Total net acquisition of non-financial assets	2,169	1,055
Net lending/fiscal balance(a)	-3,100	-2,442

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

Table 17: Australian Government public non-financial corporations sector balance sheet

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
GFS assets		
Financial assets		
Cash and deposits	2,243	2,040
Advances paid	0	0
Investments, loans and placements	12	3,058
Other non-equity assets	5,033	5,102
Equity	466	324
<i>Total financial assets</i>	<i>7,755</i>	<i>10,524</i>
Non-financial assets		
Land and fixed assets	27,951	26,578
Other non-financial assets(a)	3,746	2,347
<i>Total non-financial assets</i>	<i>31,696</i>	<i>28,925</i>
Total GFS assets	39,451	39,449
GFS liabilities		
Deposits held	0	0
Advances received	0	0
Borrowing	16,130	13,775
Unfunded superannuation liability and other employee entitlements	2,119	2,258
Provisions (other than depreciation and bad and doubtful debts)(a)	3,675	5,131
Other non-equity liabilities	1,210	1,676
Total GFS liabilities	23,134	22,839
Shares and other contributed capital	51,984	50,317
Net worth(b)	-35,667	-33,708
Net financial worth(c)	-67,363	-62,633
Net debt(d)	13,875	8,678

(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 18: Australian Government public non-financial corporations sector cash flow statement^(a)

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
Cash receipts from operating activities		
Receipts from sales of goods and services	29,662	30,164
Grants and subsidies received	207	338
GST input credit receipts	61	225
Other receipts	128	42
Total operating receipts	30,058	30,769
Cash payments for operating activities		
Payment for goods and services	-10,176	-10,777
Interest paid	-428	-504
Salaries, wages and other entitlements	-6,579	-6,849
GST payments to taxation authority	-1,295	-1,572
Other payments for operating activities(b)	-5,372	-2,329
Total operating payments	-23,851	-22,030
Net cash flows from operating activities	6,207	8,739
Cash flows from investments in non-financial assets		
Sales of non-financial assets	58	106
Purchases of non-financial assets	-5,573	-4,505
Net cash flows from investments in non-financial assets	-5,516	-4,399
Net cash flows from investments in financial assets		
for policy purposes	0	-17
Cash flows from investments in financial assets		
for liquidity purposes		
Increase in investments	74	-47
Net cash flows from investments in financial assets		
for liquidity purposes	74	-47
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-1	931
Deposits received (net)	0	0
Distributions paid (net)	-2,443	-5,339
Other financing (net)	853	-484
Net cash flows from financing activities	-1,592	-4,893
Net increase/decrease in cash held	-827	-617
Net cash from operating activities and investments in non-financial assets	691	4,340
Finance leases and similar arrangements(c)	0	0
Distributions paid	-2,443	-5,339
Equals surplus(+)/deficit(-)	-1,753	-999

(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 19: Australian Government total non-financial public sector operating statement

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
GFS revenue		
Taxation revenue	244,089	243,356
Current grants and subsidies	0	0
Sales of goods and services	31,743	31,267
Interest income	2,523	2,596
Dividend income	1,397	1,414
Other	3,235	3,528
Total GFS revenue	282,987	282,161
GFS expenses		
Gross operating expenses		
Depreciation	5,981	6,056
Superannuation	2,589	2,369
Salaries and wages	19,140	18,876
Payment for supply of goods and services	58,943	57,271
Other operating expenses	2,359	3,449
<i>Total gross operating expenses</i>	<i>89,011</i>	<i>88,021</i>
Nominal superannuation interest expense	5,583	5,582
Other interest expenses	4,514	4,922
Other property expenses	2,426	2,392
Current transfers		
Grant expenses	77,364	78,006
Subsidy expenses	6,041	5,969
Personal benefit payments in cash	77,332	77,111
Other current transfers	0	0
<i>Total current transfers</i>	<i>160,736</i>	<i>161,085</i>
Capital transfers	4,250	4,436
Total GFS expenses	266,521	266,437
Net operating balance(a)	16,466	15,724
Net acquisition of non-financial assets		
Purchases of non-financial assets	8,428	7,563
<i>less</i> Sales of non-financial assets	232	261
<i>less</i> Depreciation	5,981	6,056
<i>plus</i> Change in inventories	183	295
<i>plus</i> Other movements in non-financial assets	652	566
Total net acquisition of non-financial assets	3,050	2,107
Net lending/fiscal balance(a)(b)	13,416	13,617

(a) The fiscal balance and net operating balance 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 20: Australian Government total non-financial public sector balance sheet

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
GFS assets		
Financial assets		
Cash and deposits	4,028	4,230
Advances paid	21,471	21,269
Investments, loans and placements	47,131	50,386
Other non-equity assets	27,265	34,640
Equity	15,003	16,701
Total financial assets	114,898	127,226
Non-financial assets		
Land and fixed assets	68,451	69,535
Other non-financial assets	7,107	4,999
Total non-financial assets	75,558	74,534
Total GFS assets	190,455	201,761
GFS liabilities		
Deposits held	405	318
Advances received	0	0
Government securities	59,547	58,894
Loans	5,341	5,212
Other borrowing	16,428	14,013
Unfunded superannuation liability and other employee entitlements	106,068	108,257
Other provisions	8,448	11,552
Other non-equity liabilities	28,668	30,398
Total GFS liabilities	224,904	228,645
Shares and other contributed capital	22,986	22,068
Net worth(a)	-57,434	-48,953
Net financial worth(b)	-132,992	-123,487
Net debt(c)	9,090	2,553

(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 21: Australian Government total non-financial public sector cash flow statement^(a)

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
Cash receipts from operating activities		
Taxes received	239,750	239,074
Receipts from sales of goods and services(b)	32,753	32,137
Grants and subsidies received	0	0
Interest receipts	2,408	2,347
Dividends	1,449	1,409
GST input credit receipts(b)	0	0
Other receipts	2,891	2,949
Total operating receipts	279,251	277,917
Cash payments for operating activities		
Payments for goods and services(b)	-58,217	-57,020
Grants and subsidies paid	-88,428	-88,383
Interest paid	-5,238	-5,093
Personal benefit payments	-76,343	-76,174
Salaries, wages and other entitlements	-24,184	-23,799
GST payments to taxation authority(b)	0	0
Other payments for operating activities	-3,019	-3,008
Total operating payments	-255,430	-253,477
Net cash flows from operating activities	23,821	24,441
Cash flows from investments in non-financial assets		
Sales of non-financial assets	282	286
Purchases of non-financial assets	-8,512	-7,492
Net cash flows from investments in non-financial assets	-8,231	-7,206
Net cash flows from investments in financial assets for policy purposes	-1,390	-1,664
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	-12,272	-12,733
Net cash flows from investments in financial assets for liquidity purposes	-12,272	-12,733
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-1,755	-383
Deposits received (net)	0	-85
Distributions paid (net)(c)	-2,443	-2,366
Other financing (net)	1,430	-188
Net cash flows from financing activities	-2,769	-3,022
Net increase/decrease in cash held	-841	-185
Net cash from operating activities and investments in non-financial assets	15,590	17,234
Finance leases and similar arrangements(d)	-12	-24
Distributions paid(c)	-2,443	-2,366
Equals surplus(+)/deficit(-)	13,135	14,845

(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 22: Australian Government public financial corporations sector operating statement

	2005-06 Outcome \$m
GFS revenue	
Current grants and subsidies	149
Sales of goods and services	3,020
Interest income	3,836
Other	49
Total GFS revenue	7,053
GFS expenses	
Gross operating expenses	
Depreciation	36
Salaries, wages and other entitlements	3,129
Other operating expenses	0
<i>Total gross operating expenses</i>	<i>3,166</i>
Interest expenses	2,317
Other property expenses	1,378
Current transfers	
Tax expenses	0
Other current transfers	0
<i>Total current transfers</i>	<i>-1</i>
Capital transfers	0
Total GFS expenses	6,861
Net operating balance	192
Net acquisition of non-financial assets	
Purchases of non-financial assets	62
<i>less</i> Sales of non-financial assets	<i>0</i>
<i>less</i> Depreciation	<i>36</i>
<i>plus</i> Change in inventories	<i>4</i>
<i>plus</i> Other movements in non-financial assets	<i>-8</i>
Total net acquisition of non-financial assets	21
Net lending/fiscal balance(a)	171

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

Table 23: Australian Government public financial corporations sector balance sheet

	2005-06 Outcome \$m
GFS assets	
Financial assets	
Cash and deposits	1,579
Advances paid	0
Investments, loans and placements	108,502
Other non-equity assets	251
Equity	324
<i>Total financial assets</i>	<i>110,656</i>
Non-financial assets	
Land and fixed assets	431
Other non-financial assets(a)	1
<i>Total non-financial assets</i>	<i>432</i>
Total GFS assets	111,088
GFS liabilities	
Deposits held	81,127
Advances received	0
Borrowing	14,349
Unfunded superannuation liability and other employee entitlements	624
Provisions (other than depreciation and bad and doubtful debts)(a)	1,098
Other non-equity liabilities	62
Total GFS liabilities	97,261
Shares and other contributed capital	13,826
Net worth(b)	0
Net financial worth(c)	-432
Net debt(d)	-14,605

(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 24: Australian Government public financial corporations sector cash flow statement^(a)

	2005-06 Outcome \$m
Cash receipts from operating activities	
Receipts from sales of goods and services	2,995
Grants and subsidies received	149
GST input credit receipts	31
Other receipts	3,188
Total receipts	6,363
Cash payments for operating activities	
Payment for goods and services	-2,591
Interest paid	-2,049
Salaries, wages and other entitlements	-300
GST payments to taxation authority	-9
Other payments for operating activities	-21
Total payments	-4,970
Net cash flows from operating activities	1,393
Cash flows from investments in non-financial assets	
Sales of non-financial assets	0
Purchases of non-financial assets	-70
Net cash flows from investments in non-financial assets	-69
Net cash flows from investments in financial assets for policy purposes	-406
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	-17,048
Net cash flows from investments in financial assets for liquidity purposes	-17,048
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	-286
Deposits received (net)	13,968
Distributions paid (net)	-1,400
Other financing (net)	2,739
Net cash flows from financing activities	15,020
Net increase/decrease in cash held	-1,110
Net cash from operating activities and investments in non-financial assets	1,324
Finance leases and similar arrangements(b)	0
Distributions paid	-1,400
Equals surplus(+)/deficit(-)	-77

(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 25: Australian Government general government sector purchases of non-financial assets by function

	2005-06 Estimate at 2006-07 Budget \$m	2005-06 Outcome \$m
General public services	794	767
Defence	608	958
Public order and safety	239	183
Education	14	22
Health	110	110
Social security and welfare	223	245
Housing and community amenities	95	94
Recreation and culture	279	275
Fuel and energy	5	5
Agriculture, forestry and fishing	39	39
Mining, manufacturing and construction	48	43
Transport and communications	104	53
Other economic affairs	284	269
Other purposes	19	23
General government purchases of non-financial assets	2,860	3,085

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. 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 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 infrastructure requirements, as well as the macroeconomic implications of the aggregate figure.

As set out in Table 26, the Australian Government's 2005-06 Loan Council Allocation final budget outcome is a \$13,425 million surplus. This compares with the Australian Government's Loan Council Allocation 2005-06 Budget estimate of a \$8,432 million surplus.

Table 26: Australian Government Loan Council Allocation

	2005-06 Budget Estimate \$m	2005-06 Outcome \$m
General government sector cash deficit(+)/surplus(-)	-9,383	-15,843
Public non-financial corporations sector cash deficit(+)/surplus(-)	-433	999
Non-financial public sector cash deficit(+)/surplus(-)	-9,815	-14,845
<i>minus</i> Net cash flows from investments		
in financial assets for policy purposes(a)	-1,518	-1,664
<i>plus</i> Memorandum items(b)	-135	-244
Loan Council Allocation	-8,432	-13,425

(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.