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 13: Australian Government general government sector operating statement

	Estimates		Projections	
	2005-06	2006-07	2007-08	2008-09
	$m	$m	$m	$m
Revenue				
Taxation revenue	203,777	212,906	223,259	234,062
Current grants and subsidies	0	0	0	0
Sales of goods and services	4,900	4,855	4,976	4,835
Interest income	2,319	3,858	5,077	5,712
Dividend income	4,318	2,464	1,575	1,668
Other	3,307	3,350	3,414	3,457
Total revenue	**218,622**	**227,434**	**238,301**	**249,735**
Expenses				
Gross operating expenses				
Depreciation	2,080	2,187	2,274	2,289
Superannuation	2,424	2,466	2,525	2,607
Salaries and wages	12,755	12,949	13,303	13,567
Payment for supply of goods and services	49,338	51,759	53,484	54,922
Other operating expenses	2,142	2,523	2,661	2,848
Total gross operating expenses	*68,739*	*71,885*	*74,247*	*76,232*
Nominal superannuation interest expense	5,793	5,708	5,684	5,970
Other interest expenses	3,910	3,807	3,787	3,588
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	40,028	41,234	42,771	43,511
Subsidy expenses	6,629	6,624	6,881	7,478
Personal benefit payments in cash	78,026	83,459	89,554	96,793
Other current transfers	0	0	0	0
Total current transfers	*124,684*	*131,317*	*139,206*	*147,782*
Capital transfers	3,912	4,143	4,339	4,271
Total expenses	**207,038**	**216,858**	**227,263**	**237,843**
Net operating balance	**11,584**	**10,575**	**11,038**	**11,892**
Net acquisition of non-financial assets				
Purchases of non-financial assets	3,074	2,582	2,232	2,252
less Sales of non-financial assets	275	172	180	168
less Depreciation	2,080	2,187	2,274	2,289
plus Change in inventories	402	492	189	359
plus Other movements in non-financial assets	66	147	121	-41
Total net acquisition of non-financial assets	**1,186**	**862**	**88**	**113**
Net lending/fiscal balance(a)	**10,398**	**9,714**	**10,950**	**11,779**

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

Table 14: Australian Government general government sector balance sheet

	Estimates		Projections	
	2005-06	2006-07	2007-08	2008-09
	$m	$m	$m	$m
Assets				
Financial assets				
Cash and deposits	1,228	1,231	1,203	1,191
Advances paid	21,459	23,155	25,301	27,669
Investments, loans and placements	44,414	81,034	93,661	104,559
Other non-equity assets	17,519	18,489	19,744	21,274
Equity(a)	44,930	18,319	18,238	18,203
Total financial assets	*129,549*	*142,228*	*158,146*	*172,897*
Non-financial assets				
Land	5,969	5,952	5,912	5,856
Buildings	13,439	13,682	13,623	13,818
Plant, equipment and infrastructure	9,039	9,214	9,043	8,830
Inventories	4,884	5,376	5,564	5,923
Heritage buildings and collections	7,743	7,776	7,803	7,829
Other non-financial assets	3,310	3,340	3,504	3,373
Total non-financial assets	*44,384*	*45,339*	*45,449*	*45,629*
Total assets	**173,933**	**187,567**	**203,596**	**218,526**
Liabilities				
Deposits held	405	405	405	405
Advances received	0	0	0	0
Government securities	59,822	59,618	61,439	61,102
Loans	5,296	5,320	5,342	5,044
Other borrowing	250	227	254	264
Superannuation liability	94,647	98,105	101,344	104,690
Other employee entitlements and provisions	8,016	8,183	8,330	8,560
Other non-equity liabilities	32,231	32,639	33,528	34,531
Total liabilities	**200,666**	**204,497**	**210,643**	**214,596**
Net worth(b)	**-26,733**	**-16,930**	**-7,048**	**3,930**
Net debt(c)	-1,327	-39,850	-52,724	-66,605

(a) In 2005-06 equity includes the valuation of the Telstra shareholding, which is valued at the average of the daily share price over a 90-day period.
(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 15: Australian Government general government sector cash flow statement(a)

	Estimates		Projections	
	2005-06	2006-07	2007-08	2008-09
	$m	$m	$m	$m
Cash receipts from operating activities				
Taxes received	200,544	209,357	219,698	230,350
Receipts from sales of goods and services	5,144	5,032	5,153	5,019
Grants and subsidies received	0	0	0	0
Interest receipts	2,170	3,522	4,851	5,462
Dividends	4,318	2,763	1,595	1,668
GST input credits received by general government	2,955	3,022	3,098	3,105
Other receipts	3,077	3,153	3,207	3,243
Total operating receipts	**218,208**	**226,850**	**237,601**	**248,847**
Cash payments for operating activities				
Payments for goods and services	-52,664	-55,360	-56,819	-58,449
Grants and subsidies paid	-48,954	-50,691	-52,540	-53,267
Interest paid	-4,627	-3,844	-3,563	-3,472
Personal benefit payments	-77,347	-82,711	-88,869	-96,519
Salaries, wages and other entitlements	-17,677	-17,618	-18,221	-18,755
GST payments by general government to taxation authority	-122	-115	-115	-116
Other payments for operating activities	-2,317	-2,363	-2,525	-2,718
Total operating payments	**-203,707**	**-212,702**	**-222,652**	**-233,296**
Net cash flows from operating activities	**14,501**	**14,147**	**14,948**	**15,552**
Cash flows from investments in non-financial assets				
Sales of non-financial assets	301	172	180	168
Purchases of new and secondhand non-financial assets	-3,114	-2,645	-2,349	-2,201
Net cash flows from investments in non-financial assets	**-2,813**	**-2,473**	**-2,169**	**-2,033**
Net cash flows from investments in financial assets for policy purposes	**-1,419**	**24,649**	**-2,307**	**-2,310**
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-9,677	-36,651	-12,616	-10,930
Net cash flows from investments in financial assets for liquidity purposes	**-9,677**	**-36,651**	**-12,616**	**-10,930**
Cash flows from financing activities				
Advances received (net)	0	0	0	0
Borrowing (net)	-1,574	155	2,136	-345
Deposits received (net)	0	0	0	0
Other financing (net)	410	175	-21	55
Net cash flows from financing activities	**-1,164**	**331**	**2,115**	**-290**
Net increase/decrease in cash held	**-572**	**3**	**-28**	**-11**

Table 15: Australian Government general government sector cash flow statement[a] (continued)

	Estimates		Projections	
	2005-06	2006-07	2007-08	2008-09
	$m	$m	$m	$m
Net cash from operating activities and investments in non-financial assets	**11,688**	**11,674**	**12,779**	**13,519**
Finance leases and similar arrangements(b)	-23	-83	-3	-11
GFS cash surplus(+)/deficit(-)	**11,664**	**11,591**	**12,776**	**13,508**
less Future Fund earnings	212	1,889	2,642	2,783
Equals underlying cash balance(c)	**11,452**	**9,702**	**10,134**	**10,725**
plus net cash flows from investments in financial assets for policy purposes	-1,419	24,649	-2,307	-2,310
plus Future Fund earnings	212	1,889	2,642	2,783
Equals headline cash balance	**10,245**	**36,240**	**10,469**	**11,198**

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

	Estimates		Projections	
	2005-06	2006-07	2007-08	2008-09
	$m	$m	$m	$m
Opening net worth	**-31,979**	**-26,733**	**-16,930**	**-7,048**
Opening net worth adjustments(a)	**-778**	**0**	**0**	**0**
Adjusted opening net worth	**-32,758**	**-26,733**	**-16,930**	**-7,048**
Change in net worth from operating transactions	**11,584**	**10,575**	**11,038**	**11,892**
Change in net worth from other economic flows				
Revaluation of equity(b)	-5,206	92	26	25
Net writedowns of assets (including bad and doubtful debts)	-1,295	-1,456	-1,587	-1,252
Assets recognised for the first time	7	27	23	23
Liabilities recognised for the first time	0	0	0	0
Actuarial revaluations	0	0	0	0
Net foreign exchange gains	86	0	0	0
Net swap interest received	139	140	115	99
Market valuation of debt	585	342	266	171
Other economic revaluations(c)	126	82	1	20
Total other economic flows	**-5,559**	**-773**	**-1,157**	**-913**
Closing net worth	**-26,733**	**-16,930**	**-7,048**	**3,930**

(a) Adjustments in opening net worth arise from a change in 2004-05 outcomes for the Australian Taxation Office and the Department of Defence and the impact of moving to new international accounting standards.
(b) Revaluations of equity reflects changes in the market valuation of commercial entities, including for 2005-06 a change in the value of the Telstra shareholding which is valued at the average daily share price over a 90-day period. This line also reflects any equity revaluations at the point of disposal or sale.
(c) Largely reflects revaluations of assets and liabilities.