APPENDIX B: GOVERNMENT FINANCE STATISTICS STATEMENTS

Financial tables presented in this Appendix 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 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 the ABS GFS publication. 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 in 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).[1] 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 and 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.

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1 Table E2 in Appendix E shows the difference in the net operating and fiscal balance estimates resulting from the two treatments. The change in expenses when moving between the two GFS presentations of the estimates is less than the change in revenue.

Public access communication assets, computer software and other intangibles are recorded at historic costs, 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 Appendix 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	
	2005-06	2006-07	2007-08	2008-09
	$m	$m	$m	$m
GFS revenue				
Taxation revenue	241,697	253,146	265,669	278,692
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 GFS revenue	**256,542**	**267,674**	**280,711**	**294,365**
GFS 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	77,028	80,434	84,091	86,991
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	*161,684*	*170,517*	*180,526*	*191,262*
Capital transfers	4,037	4,278	4,479	4,421
Total GFS expenses	**244,163**	**256,193**	**268,723**	**281,473**
Net operating balance(a)	**12,379**	**11,480**	**11,988**	**12,892**
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)(b)	**11,193**	**10,619**	**11,900**	**12,779**

(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	
	2005-06	2006-07	2007-08	2008-09
	$m	$m	$m	$m
GFS 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	20,477	22,042	23,921	26,106
Equity(a)	44,930	18,319	18,238	18,203
Total financial assets	*132,506*	*145,780*	*162,323*	*177,729*
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 and cultural assets	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 GFS assets	**176,890**	**191,119**	**207,773**	**223,358**
GFS 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	32,635	33,043	33,933	34,935
Total GFS liabilities	**201,070**	**204,901**	**211,047**	**215,000**
Net worth(b)(c)	**-24,180**	**-13,782**	**-3,275**	**8,358**
Net financial worth(d)	-68,564	-59,120	-48,724	-37,271
Net debt(e)	-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) 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.
(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 B3: 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(b)	237,475	248,556	261,018	273,833
Receipts from sales of goods and services(c)	4,957	4,841	4,955	4,817
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(c)	0	0	0	0
Other receipts	3,077	3,153	3,207	3,243
Total operating receipts	**251,996**	**262,835**	**275,626**	**289,023**
Cash payments for operating activities				
Payments for goods and services(c)	-49,573	-52,260	-53,639	-55,260
Grants and subsidies paid(d)	-85,954	-89,891	-93,860	-96,747
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(c)	0	0	0	0
Other payments for operating activities	-2,317	-2,363	-2,525	-2,718
Total operating payments	**-237,495**	**-248,688**	**-260,678**	**-273,472**
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**
Net cash from operating activities and investments in non-financial assets	**11,688**	**11,674**	**12,779**	**13,519**
Finance leases and similar arrangements(e)	-23	-83	-3	-11
Equals surplus(+)/deficit(-)	**11,664**	**11,591**	**12,776**	**13,508**

(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 $69 million lower 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	
	2005-06	2006-07	2007-08	2008-09
	$m	$m	$m	$m
Opening net worth	**-30,397**	**-24,180**	**-13,782**	**-3,275**
Opening net worth adjustments(a)	**-778**	**0**	**0**	**0**
Adjusted opening net worth	**-31,175**	**-24,180**	**-13,782**	**-3,275**
Change in net worth from operating transactions	**12,379**	**11,480**	**11,988**	**12,892**
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)	-1,119	-1,766	-1,912	-1,597
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	**-5,383**	**-1,082**	**-1,481**	**-1,258**
Closing net worth	**-24,180**	**-13,782**	**-3,275**	**8,358**

(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.

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

	Estimates
	2005-06
	$m
GFS revenue	
Current grants and subsidies	345
Sales of goods and services	27,012
Interest income	123
Other	1
Total GFS revenue	**27,481**
GFS expenses	
Gross operating expenses	
Depreciation	3,625
Salaries, wages and other entitlements	6,542
Other operating expenses	12,741
Total gross operating expenses	*22,908*
Interest expenses	418
Other property expenses	2,455
Current transfers	
Tax expenses	1,801
Other current transfers	0
Total current transfers	*1,801*
Capital transfers	0
Total GFS expenses	**27,582**
Net operating balance	**-101**
Net acquisition of non-financial assets	
Purchases of non-financial assets	4,751
less Sales of non-financial asets	14
less Depreciation	3,625
plus Change in inventories	31
plus Other movements in non-financial assets	217
Total net acquisition of non-financial assets	**1,360**
Net lending/fiscal balance(a)	**-1,461**

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

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

	Estimates
	2005-06
	$m
GFS assets	
Financial assets	
Cash and deposits	1,983
Advances paid	0
Investments, loans and placements	588
Other non-equity assets	4,713
Equity	551
Total financial assets	*7,835*
Non-financial assets	
Land and fixed assets	28,045
Other non-financial assets(a)	3,641
Total non-financial assets	*31,686*
Total GFS assets	**39,522**
GFS liabilities	
Deposits held	0
Advances received	0
Borrowing	15,438
Unfunded superannuation liability and other employee entitlements	2,279
Provisions (other than depreciation and bad and doubtful debts)(a)	3,144
Other non-equity liabilities	1,709
Total GFS liabilities	**22,569**
Shares and other contributed capital	**55,687**
Net worth(b)	**-38,734**
Net financial worth(c)	-70,421
Net debt(d)	12,867

(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
	2005-06
	$m
Cash receipts from operating activities	
Receipts from sales of goods and services	29,181
Grants and subsidies received	221
GST input credit receipts	68
Other receipts	151
Total receipts	**29,621**
Cash payments for operating activities	
Payment for goods and services	-9,651
Interest paid	-418
Salaries, wages and other entitlements	-6,447
GST payments to taxation authority	-1,301
Other payments for operating activities(b)	-5,292
Total payments	**-23,109**
Net cash flows from operating activities	**6,512**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	39
Purchases of new and secondhand non-financial assets	-4,756
Net cash flows from investments in non-financial assets	**-4,717**
Net cash flows from investments in financial assets for policy purposes	**0**
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	76
Net cash flows from investments in financial assets for liquidity purposes	**76**
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	64
Deposits received (net)	0
Distributions paid (net)(c)	-2,473
Other financing (net)	-592
Net cash flows from financing activities	**-3,001**
Net increase/decrease in cash held	**-1,131**
Net cash from operating activities and investments in non-financial assets	**1,795**
Finance leases and similar arrangements(d)	0
Distributions paid(c)	-2,473
Equals surplus(+)/deficit(-)	**-678**

(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
	2005-06
	$m
GFS revenue	
Taxation revenue	239,773
Current grants and subsidies	0
Sales of goods and services	31,300
Interest income	2,442
Dividend income	1,514
Other	3,308
Total GFS revenue	**278,337**
GFS expenses	
Gross operating expenses	
Depreciation	5,705
Superannuation	2,575
Salaries and wages	19,149
Payment for supply of goods and services	58,286
Other operating expenses	2,392
Total gross operating expenses	*88,106*
Nominal superannuation interest expense	5,793
Other interest expenses	4,328
Other property expenses	2,455
Current transfers	
Grant expenses	77,028
Subsidy expenses	6,284
Personal benefit payments in cash	78,026
Other current transfers	0
Total current transfers	*161,339*
Capital transfers	4,037
Total GFS expenses	**266,059**
Net operating balance(a)	**12,278**
Net acquisition of non-financial assets	
Purchases of non-financial assets	7,824
less Sales of non-financial assets	289
less Depreciation	5,705
plus Change in inventories	433
plus Other movements in non-financial assets	283
Total net acquisition of non-financial assets	**2,546**
Net lending/fiscal balance(a)(b)	**9,731**

(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
	2005-06
	$m
GFS assets	
Financial assets	
Cash and deposits	3,211
Advances paid	21,459
Investments, loans and placements	45,001
Other non-equity assets	25,118
Equity	14,561
Total financial assets	*109,350*
Non-financial assets	
Land and fixed assets	69,119
Other non-financial assets	6,952
Total non-financial assets	*76,071*
Total GFS assets	**185,420**
GFS liabilities	
Deposits held	405
Advances received	0
Government securities	59,822
Loans	5,296
Other borrowing	15,688
Unfunded superannuation liability and other employee entitlements	104,941
Other provisions	8,767
Other non-equity liabilities	28,648
Total GFS liabilities	**223,567**
Shares and other contributed capital	**24,767**
Net worth(a)	**-62,914**
Net financial worth(b)	-138,985
Net debt(c)	11,540

(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
	2005-06
	$m
Cash receipts from operating activities	
Taxes received	235,673
Receipts from sales of goods and services(b)	32,220
Grants and subsidies received	0
Interest receipts	2,297
Dividends	1,546
GST input credit receipts(b)	0
Other receipts	3,069
Total receipts	**274,805**
Cash payments for operating activities	
Payments for goods and services(b)	-58,540
Grants and subsidies paid	-85,733
Interest paid	-5,045
Personal benefit payments	-77,347
Salaries, wages and other entitlements	-24,123
GST payments to taxation authority(b)	0
Other payments for operating activities	-3,005
Total payments	**-253,793**
Net cash flows from operating activities	**21,013**
Cash flows from investments in non-financial assets	
Sales of non-financial assets	340
Purchases of new and secondhand non-financial assets	-7,871
Net cash flows from investments in non-financial assets	**-7,530**
Net cash flows from investments in financial assets for policy purposes	**-1,419**
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	-9,601
Net cash flows from investments in financial assets for liquidity purposes	**-9,601**
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	-1,510
Deposits received (net)	0
Distributions paid (net)(c)	-2,473
Other financing (net)	-182
Net cash flows from financing activities	**-4,165**
Net increase/decrease in cash held	**-1,702**
Net cash from operating activities and investments in non-financial assets	**13,483**
Finance leases and similar arrangements(d)	-23
Distributions paid(c)	-2,473
Equals surplus(+)/deficit(-)	**10,986**

(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.

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 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 2005, the Australian Government nominated, and the Australian Loan Council endorsed, a Loan Council Allocation surplus of $5,972 million. In the 2005-06 Budget, the Australian Government estimated a Loan Council Allocation surplus of $8,432 million.

Table B11 presents a revised estimate for the Australian Government's 2005-06 Loan Council Allocation of a $9,783 million surplus.

Table B11: Australian Government Loan Council Allocation for 2005-06

	2005-06 Budget Estimate $m	2005-06 MYEFO Estimate $m
General government sector cash deficit(+)/surplus(-)	-9,383	-11,664
PNFC sector cash deficit(+)/surplus(-)	-433	678
Non-financial public sector cash deficit(+)/surplus(-)	-9,815	-10,986
less Net cash flows from investments in financial assets for policy purposes(a)	-1,518	-1,419
plus Memorandum items(b)	-135	-215
Loan Council Allocation	**-8,432**	**-9,783**

(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 net present value (NPV) of operating leases (with NPV greater than $5 million), and over-funding of superannuation.