

PART 2: AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

The final budget outcome financial statements consist of an operating statement, including other economic flows, a balance sheet, and a cash flow statement for the Australian Government general government sector (GGS), the public non-financial corporations sector (PNFC), the total non-financial public sector (NFPS) and the public financial corporations sector (PFC). This statement also contains notes showing disaggregated information for the GGS.

The *Charter of Budget Honesty Act 1998* (the Charter) requires the final budget outcome be based on external reporting standards and for departures from these standards to be disclosed. Final budget outcomes in previous years contained three sets of financial statements prepared according to both Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) and Australian Accounting Standards (AAS). In October 2007, the Australian Accounting Standards Board released *Whole of Government and General Government Sector Financial Reporting* (AASB 1049), which provides for the harmonisation of ABS GFS and AAS in a single set of financial statements.

The Government has produced a single set of financial statements that comply with both ABS GFS and AAS, meeting the requirement of the Charter, with departures disclosed. The financial statements for the *Final Budget Outcome 2007-08* have been prepared on a basis consistent with the 2008-09 Budget. This enables comparison of the 2007-08 revised estimates published at the 2008-09 Budget and the outcome. The statements reflect the Government's new accounting policy that ABS GFS remains the basis of budget accounting policy, except where the Government applies AAS because it provides a better conceptual basis for presenting information of relevance to users of public sector financial reports. The 2007-08 Budget has not been restated on this basis.

The Australian, State and Territory governments have an agreed framework — the Accrual Uniform Presentation Framework (UPF) — for the presentation of government financial information on a basis broadly consistent with AASB 1049. The final budget outcome financial statements are consistent with the requirements of the UPF.

In accordance with the UPF requirements, this statement also contains an update of the Australian Government's Loan Council Allocation.

AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

Table 8: Australian Government general government sector operating statement

		2007-08 Estimate at 2008-09 Budget \$m	Month of June 2008(e) \$m	2007-08 Outcome \$m
	Note			
Revenue				
Taxation revenue	3	286,382	19,060	286,229
Sales of goods and services	4	5,369	261	5,263
Interest income	5	5,195	712	5,558
Dividend income	5	2,904	-15	2,848
Other	6	3,982	292	3,814
Total revenue		303,831	20,310	303,713
Expenses				
Gross operating expenses				
Wages and salaries(a)	7	14,958	980	14,402
Superannuation	7	2,765	396	2,763
Depreciation and amortisation	8	5,320	653	5,261
Payment for supply of goods and services	9	52,586	4,822	52,336
Other operating expenses(a)	7	3,895	714	4,284
<i>Total gross operating expenses</i>		<i>79,524</i>	<i>7,565</i>	<i>79,045</i>
Superannuation interest expense	7	6,210	506	6,011
Interest expenses	10	4,118	979	4,775
Current transfers				
Current grants	11	90,040	6,077	88,864
Subsidy expenses		7,222	886	7,519
Personal benefits	12	86,170	10,365	86,795
<i>Total current transfers</i>		<i>183,432</i>	<i>17,327</i>	<i>183,178</i>
Capital transfers	11			
Mutually agreed write-downs		1,793	243	1,939
Other capital grants		5,475	485	5,161
<i>Total capital transfers</i>		<i>7,267</i>	<i>728</i>	<i>7,100</i>
Total expenses		280,551	27,104	280,109
Net operating balance		23,280	-6,795	23,604
Other economic flows				
Revaluation of equity(b)		-1,850	-2,412	-1,448
Net write-downs of assets (including bad and doubtful debts)		-3,117	3,088	-2,250
Assets recognised for the first time		235	-261	181
Actuarial revaluations		-1,423	1,315	1,315
Net foreign exchange gains		202	740	785
Net swap interest received		-178	-27	-180
Market valuation of debt		-662	-177	-118
Other economic revaluations(c)		-740	4,201	2,615
Total other economic flows		-7,533	6,466	902
Comprehensive result - Total change in net worth	13	15,747	-329	24,506
Net operating balance		23,280	-6,795	23,604
less Net acquisition of non-financial assets				
Purchases of non-financial assets		7,214	1,717	7,428
less Sales of non-financial assets		253	81	258
less Depreciation		5,320	653	5,261
plus Change in inventories		807	172	762
plus Other movements in non-financial assets		388	-189	-78
Total net acquisition of non-financial assets		2,837	967	2,593
non-financial assets				
Fiscal balance (Net lending/borrowing)(d)		20,443	-7,762	21,011

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equals wages and salaries plus other operating expenses.

(b) Revaluations of equity reflects changes in the market valuation of investments. This line also reflects any equity revaluations at the point of disposal or sale.

(c) Largely reflects other revaluation of assets and liabilities.

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

(e) The month of June is derived by deducting May year-to-date published data from the annual outcome. Statistically, June movements in some series relate to earlier published months that are not reissued, this can result in negative movements.

Table 9: Australian Government general government sector balance sheet

		2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Assets	Note		
Financial assets			
Cash and deposits	20(a)	1,928	1,816
Advances paid	14	24,811	21,280
Investments, loans and placements(a)	15	82,251	87,067
Other receivables	14	29,838	31,694
Equity investments			
Investments in other public sector entities		19,323	22,936
Equity accounted investments		185	223
Investments - shares		25,601	22,713
Total financial assets		183,937	187,728
Non-financial assets	16		
Land		6,946	7,814
Buildings		17,014	17,755
Plant, equipment and infrastructure		42,098	42,122
Inventories		6,355	6,222
Intangibles		2,290	2,300
Investment property		148	192
Biological assets		5	26
Heritage and cultural assets		8,249	8,266
Assets held for sale		156	658
Other non-financial assets		3,405	3,574
Total non-financial assets		86,666	88,930
Total assets		270,603	276,658
Liabilities			
Interest bearing liabilities			
Deposits held		263	343
Government securities		59,195	58,400
Loans(a)	17	6,538	8,026
Other borrowing		356	476
Total interest bearing liabilities		66,352	67,244
Provisions and payables			
Superannuation liability	18	108,114	100,305
Other employee liabilities	18	8,545	8,712
Suppliers payable	19	3,259	3,629
Personal benefits payable	19	10,841	11,736
Subsidies payable	19	988	1,499
Grants payable	19	4,819	4,481
Other provisions and payables	19	6,857	7,888
Total provisions and payables		143,424	138,250
Total liabilities		209,776	205,493
Net worth(b)		60,827	71,165
<i>Net financial worth(c)</i>		<i>-25,838</i>	<i>-17,765</i>
<i>Net financial liabilities(d)</i>		<i>45,161</i>	<i>40,701</i>
<i>Net debt(e)(f)</i>		<i>-42,639</i>	<i>-42,918</i>

(a) The movement in loans largely reflects a reclassification since Budget of swap principle payable between investments, loans and placements and loans.

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

(c) Net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets.

(d) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.

(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.

(f) Net debt includes the impact of the Future Fund rebalancing its portfolio allocation by increasing its holding of equities, which are not included in the calculation of net debt.

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

	2007-08 Estimate at 2008-09 Budget \$m	Month of June 2008(d) \$m	2007-08 Outcome \$m
Cash receipts from operating activities			
Taxes received	278,536	22,562	278,376
Receipts from sales of goods and services	5,340	143	5,051
Interest receipts	5,102	241	4,769
Dividends and income tax equivalents	2,904	-48	2,622
Other receipts	3,486	626	3,879
Total operating receipts	295,368	23,525	294,697
Cash payments for operating activities			
Payments for employees	-20,140	-1,314	-19,337
Payments for goods and services	-52,691	-5,905	-52,685
Grants and subsidies paid	-101,480	-6,829	-99,959
Interest paid	-3,788	-157	-3,754
Personal benefit payments	-85,768	-7,997	-85,315
Other payments	-3,651	635	-3,481
Total operating payments	-267,519	-21,568	-264,531
Net cash flows from operating activities	27,849	1,957	30,166
Cash flows from investments in non-financial assets			
Sales of non-financial assets	254	41	220
Purchases of non-financial assets	-7,539	-1,039	-7,164
Net cash flows from investments in non-financial assets	-7,285	-998	-6,944
Net cash flows from investments in financial assets for policy purposes	4,848	-1,471	5,108
Cash flows from investments in financial assets for liquidity purposes			
Increase in investments	-26,332	914	-29,303
Net cash flows from investments in financial assets for liquidity purposes	-26,332	914	-29,303
Cash receipts from financing activities			
Borrowing (net)	1,807	875	1,786
Other financing	1,897	-273	1,886
Total cash receipts from financing activities	3,704	601	3,672
Cash payments for financing activities			
Other financing	-2,012	-56	-2,039
Total cash payments for financing activities	-2,012	-56	-2,039
Net cash flows from financing activities	1,693	546	1,633
Net increase/(decrease) in cash held	772	948	660

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

	2007-08 Estimate at 2008-09 Budget \$m	Month of June 2008(d) \$m	2007-08 Outcome \$m
Net cash flows from operating activities and investments in non-financial assets (Surplus+)/deficit(-)	20,564	959	23,222
Finance leases and similar arrangements(b)	-32	-49	-148
GFS cash surplus(+)/deficit(-)	20,532	910	23,073
less Future Fund earnings	3,717	-85	3,370
Equals underlying cash balance(c)	16,815	995	19,704
plus Net cash flows from investments in financial assets for policy purposes	4,848	-1,471	5,108
plus Future Fund earnings	3,717	-85	3,370
Equals headline cash balance	25,380	-561	28,181

(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.

(d) The month of June is derived by deducting May year-to-date published data from the annual outcome. Statistically, June movements in some series relate to earlier published months that are not reissued, this can result in negative movements.

Table 11: Australian Government public non-financial corporations sector operating statement

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Revenue		
Current grants and subsidies	79	78
Sales of goods and services	6,697	6,672
Interest income	94	101
Other	1	3
Total revenue	6,870	6,854
Expenses		
Gross operating expenses		
Depreciation	288	287
Wages and salaries(a)	2,882	2,782
Superannuation	65	104
Other operating expenses(a)	2,731	2,756
<i>Total gross operating expenses</i>	<i>5,965</i>	<i>5,929</i>
Interest expenses	47	46
Other property expenses	425	436
Current transfers		
Tax expenses	233	263
Other current transfers	0	13
<i>Total current transfers</i>	<i>233</i>	<i>276</i>
Total expenses	6,670	6,686
Net operating balance	200	168
Other economic flows	-319	376
Comprehensive result - total change in net worth	-119	545
Net operating balance	200	168
less Net acquisition of non-financial assets		
Purchases of non-financial assets	1,145	1,075
<i>less Sales of non-financial assets</i>	<i>35</i>	<i>40</i>
<i>less Depreciation</i>	<i>288</i>	<i>289</i>
<i>plus Change in inventories</i>	<i>-2</i>	<i>17</i>
<i>plus Other movements in non-financial assets</i>	<i>-143</i>	<i>-11</i>
Total net acquisition of non-financial assets	677	752
Fiscal balance (Net lending/borrowing)(b)	-477	-584

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equals wages and salaries plus other operating expenses.

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

Table 12: Australian Government public non-financial corporations sector balance sheet

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Assets		
Financial assets		
Cash and deposits	1,127	1,147
Investments, loans and placements	1,951	1,736
Other receivables	1,030	828
Equity investments	338	322
<i>Total financial assets</i>	<i>4,446</i>	<i>4,034</i>
Non-financial assets		
Land and fixed assets	4,176	5,465
Other non-financial assets(a)	164	0
<i>Total non-financial assets</i>	<i>4,340</i>	<i>5,465</i>
Total assets	8,786	9,499
Liabilities		
Interest bearing liabilities		
Borrowing	684	725
<i>Total interest bearing liabilities</i>	<i>684</i>	<i>725</i>
Provisions and payables		
Other employee entitlements	977	1,001
Other provisions(a)	471	603
Account payables	808	661
<i>Total provisions and payables</i>	<i>2,257</i>	<i>2,266</i>
Total liabilities	2,941	2,991
Shares and other contributed capital	5,845	6,508
Net worth(b)	5,845	6,508
<i>Net financial worth(c)</i>	<i>1,504</i>	<i>1,043</i>
<i>Net debt(d)</i>	<i>-2,393</i>	<i>-2,159</i>

(a) Excludes the impact of commercial taxation adjustments.

(b) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital.

(c) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets. Under ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital.

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

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Cash receipts from operating activities		
Receipts from sales of goods and services	7,300	7,258
GST input credit receipts	292	291
Interest receipt	94	95
Other receipts	73	74
Total operating receipts	7,760	7,718
Cash payments for operating activities		
Payment for goods and services	-3,271	-3,097
Interest paid	-47	-48
Payments to employees	-2,672	-2,859
GST payments to taxation authority	-498	-492
Other payments for operating activities	-245	-240
Total operating payments	-6,733	-6,736
Net cash flows from operating activities	1,026	982
Cash flows from investments in non-financial assets		
Sales of non-financial assets	35	40
Purchases of non-financial assets	-1,136	-1,057
Net cash flows from investments in non-financial assets	-1,101	-1,017
Net cash flows from investments in financial assets for policy purposes	0	0
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	-1	-17
Other investing cash received	352	346
Net cash flows from investments in financial assets for liquidity purposes	351	329
Cash receipts from financing activities		
Borrowing (net)	-1	36
Other financing	29	1
Total cash receipts from financing activities	28	36
Cash payments for financing activities		
Dividends paid	-429	-438
Total cash payments for financing activities	-429	-438
Net cash flows from financing activities	-401	-402
Net increase/(decrease) in cash held	-124	-108
Cash at the beginning of the year(b)	1,251	1,256
Cash at the end of the year	1,127	1,147
Net cash from operating activities and investments in non-financial assets	-75	-35
Dividends paid	-429	-438
Equals surplus(+)/deficit(-)	-504	-474
Finance leases and similar arrangements(c)	0	-1
GFS cash surplus(+)/deficit(-)	-504	-473

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.

(b) Previous year opening cash has changed since Budget.

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

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Revenue		
Taxation revenue	286,149	285,966
Sales of goods and services	11,415	11,366
Interest income	5,289	5,659
Dividend income	2,479	2,412
Other	3,982	3,795
Total revenue	309,314	309,199
Expenses		
Gross operating expenses		
Depreciation	5,608	5,548
Superannuation	2,830	2,844
Wages and salaries(a)	17,840	17,184
Payment for supply of goods and services	54,666	54,523
Other operating expenses(a)	3,895	4,284
<i>Total gross operating expenses</i>	<i>84,839</i>	<i>84,382</i>
Superannuation interest expense	6,210	6,011
Other interest expenses	4,165	4,820
Current transfers		
Grant expenses	90,040	88,864
Subsidy expenses	7,143	7,441
Personal benefit payments	86,170	86,795
Other current transfers	0	13
<i>Total current transfers</i>	<i>183,353</i>	<i>183,113</i>
Capital transfers	7,267	7,100
Total expenses	285,834	285,426
Net operating balance	23,480	23,772
Other economic flows	-7,852	1,279
Comprehensive result - Total change in net worth	15,628	25,051
Net operating balance	23,480	23,772
less Net acquisition of non-financial assets		
Purchases of non-financial assets	8,359	8,503
less Sales of non-financial assets	283	298
less Depreciation	5,608	5,550
plus Change in inventories	805	779
plus Other movements in non-financial assets	241	-88
Total net acquisition of non-financial assets	3,513	3,345
Fiscal balance (Net lending/borrowing)(b)	19,967	20,427

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equals wages and salaries plus other operating expenses.

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

Table 15: Australian Government total non-financial public sector balance sheet

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Assets		
Financial assets		
Cash and deposits	3,055	2,963
Advances paid	24,811	21,280
Investments, loans and placements	84,202	88,803
Other receivables	30,737	32,496
Equity investments	39,602	39,686
<i>Total financial assets</i>	<i>182,407</i>	<i>185,228</i>
Non-financial assets		
Land and fixed assets	84,838	87,645
Other non-financial assets	6,168	6,750
<i>Total non-financial assets</i>	<i>91,006</i>	<i>94,395</i>
Total assets	273,413	279,623
Liabilities		
Interest bearing liabilities		
Deposits held	263	343
Government securities	59,195	58,400
Loans	6,538	8,026
Other borrowing	1,040	1,200
<i>Total interest bearing liabilities</i>	<i>67,036</i>	<i>67,969</i>
Provisions and payables		
Unfunded superannuation liability	108,114	100,306
Other employee entitlements	9,522	9,713
Other provisions	7,329	8,491
Other	20,584	21,980
<i>Total provisions and payables</i>	<i>145,549</i>	<i>140,489</i>
Total liabilities	212,586	208,458
Shares and other contributed capital	5,845	6,508
Net worth(a)	60,827	71,165
<i>Net financial worth(b)</i>	<i>-30,179</i>	<i>-23,230</i>
<i>Net debt(c)</i>	<i>-45,032</i>	<i>-45,077</i>

(a) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital.

(b) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets. Under ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital.

(c) 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 16: Australian Government total non-financial public sector cash flow statement^(a)

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Cash receipts from operating activities		
Taxes received	278,303	278,114
Receipts from sales of goods and services	11,586	11,152
Grants and subsidies received	0	78
Interest receipts	5,195	4,863
Dividends	2,494	2,206
Other receipts	3,541	3,830
Total operating receipts	301,119	300,243
Cash payments for operating activities		
Payments for goods and services	-55,114	-54,823
Grants and subsidies paid	-101,480	-99,959
Interest paid	-3,835	-3,801
Personal benefit payments	-85,768	-85,315
Payments to employees	-22,812	-22,174
Other payments for operating activities	-3,663	-3,460
Total operating payments	-272,673	-269,532
Net cash flows from operating activities	28,446	30,711
Cash flows from investments in non-financial assets		
Sales of non-financial assets	289	260
Purchases of non-financial assets	-8,675	-8,221
Net cash flows from investments in non-financial assets	-8,386	-7,961
Net cash flows from investments in financial assets for policy purposes	4,848	5,108
Net cash flows from investments in financial assets for liquidity purposes	-25,981	-28,974
Cash receipts from financing activities		
Borrowing (net)	1,807	1,822
Total cash receipts from financing activities	1,807	1,822
Cash payments for financing activities		
Other financing	-86	-152
Total cash payments for financing activities	-86	-152
Net cash flows from financing activities	1,721	1,669
Net increase/(decrease) in cash held	648	553
Cash at the beginning of the year	2,406	2,411
Cash at the end of the year	3,055	2,963
Net cash from operating activities and investments in non-financial assets	20,060	22,748
Equals surplus(+)/deficit(-)	20,060	22,748
Finance leases and similar arrangements(b)	-32	-149
GFS cash surplus(+)/deficit(-)	20,028	22,600

(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 17: Australian Government public financial corporations sector operating statement

	2007-08 Outcome \$m
Revenue	
Current grants and subsidies	142
Sales of goods and services	3,585
Interest income	5,469
Other	99
Total revenue	9,295
Expenses	
Gross operating expenses	
Depreciation	46
Wages and salaries(a)	420
Superannuation	10
Other operating expenses(a)	3,119
<i>Total gross operating expenses</i>	<i>3,595</i>
Interest expenses	3,038
Other property expenses	1,105
Current transfers	
Tax expenses	5
<i>Total current transfers</i>	<i>5</i>
Total expenses	7,743
Net operating balance	1,552
Other economic flows	-431
Comprehensive result - Total change in net worth	1,121
Net operating balance	1,552
less Net acquisition of non-financial assets	
Purchases of non-financial assets	41
<i>less Sales of non-financial assets</i>	<i>1</i>
<i>less Depreciation</i>	<i>46</i>
<i>plus Change in inventories</i>	<i>2</i>
<i>plus Other movements in non-financial assets</i>	<i>1</i>
Total net acquisition of non-financial assets	-2
Fiscal balance (Net lending/borrowing)(b)	1,554

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equals wages and salaries plus other operating expenses.

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

Table 18: Australian Government public financial corporations sector balance sheet

	2007-08 Outcome \$m
Assets	
Financial assets	
Cash and deposits	1,961
Investments, loans and placements	103,570
Other receivables	323
Equity investments	435
<i>Total financial assets</i>	<i>106,288</i>
Non-financial assets	
Land and other fixed assets	584
Other non-financial assets(a)	57
<i>Total non-financial assets</i>	<i>641</i>
Total assets	106,929
Liabilities	
Interest bearing liabilities	
Deposits held	80,761
Borrowing	11,320
<i>Total interest bearing liabilities</i>	<i>92,080</i>
Provisions and payables	
Other employee entitlements	732
Other provisions(a)	1,179
Payables	192
<i>Total provisions and payables</i>	<i>2,103</i>
Total liabilities	94,183
Shares and other contributed capital	12,746
Net worth(b)	12,746
<i>Net financial worth(c)</i>	<i>12,105</i>
<i>Net debt(d)</i>	<i>-13,451</i>

(a) Excludes the impact of commercial taxation adjustments.

(b) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital.

(c) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets. Under ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital.

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

	2007-08 Outcome \$m
Cash receipts from operating activities	
Receipts from sales of goods and services	3,463
Grants and subsidies received	142
GST input credit receipts	34
Interest receipts	5,294
Other receipts	-42
Total operating receipts	8,890
Cash payments for operating activities	
Payment for goods and services	-3,070
Interest paid	-2,641
Payments to employees	-357
GST payments to taxation authority	-9
Other payments for operating activities	25
Total operating payments	-6,051
Net cash flows from operating activities	2,839
Cash flows from investments in non-financial assets	
Sales of non-financial assets	1
Purchases of non-financial assets	-41
Net cash flows from investments in non-financial assets	-40
Net cash flows from investments in financial assets for policy purposes	-2,113
Net cash flows from investments in financial assets for liquidity purposes	-2,306
Net cash flows from financing activities	
Borrowing (net)	2,246
Dividends paid	-1,106
Other financing (net)	901
Net cash flows from financing activities	2,042
Net increase/(decrease) in cash held	421
Cash at the beginning of the year	2,228
Cash at the end of the year	2,650
Net cash from operating activities and investments in non-financial assets	2,799
Dividends paid	-1,106
Equals surplus(+)/deficit(-)	1,693
Finance leases and similar arrangements(b)	0
GFS cash surplus(+)/deficit(-)	1,693

(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 20: Australian Government general government sector purchase of non-financial assets by function

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
General public services	424	816
Defence(a)	4,595	4,690
Public order and safety	325	346
Education	19	20
Health	120	120
Social security and welfare	526	466
Housing and community amenities	173	194
Recreation and culture	392	249
Fuel and energy	11	4
Agriculture, forestry and fishing	68	76
Mining, manufacturing and construction	59	37
Transport and communications	74	62
Other economic affairs	428	346
Other purposes	0	4
Total Government purchases of non-financial assets	7,214	7,428

(a) Purchases of specialist military equipment are now treated as net capital investment rather than as expenses.

NOTES TO THE GENERAL GOVERNMENT SECTOR FINANCIAL STATEMENTS

Note 1: External reporting standards and accounting policies

The *Charter of Budget Honesty Act 1998* (the Charter) 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, 2005* (cat. no. 5514.0), which in turn is based on the International Monetary Fund (IMF) accrual GFS framework; and
- Australian Accounting Standards (AAS), being AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049) and other applicable Australian Equivalents to International Financial Reporting Standards (AEIFRS).

As required by the Charter, the financial statements have been prepared on an accrual basis that complies with both ABS GFS and AAS except for departures disclosed at Note 2.

A more detailed description of the AAS and ABS GFS frameworks, in addition to definitions of key terms used in these frameworks, can be found in Attachment A. Table 22 in Attachment A explains the major differences between the two frameworks. Detailed accounting policies, as required by AAS, are disclosed in the annual consolidated financial statements.

Budget reporting focuses on the general government sector (GGS). The GGS provides public services that are mainly non-market in nature and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies, user charging and external funding. This sector comprises all government departments, offices and some other bodies. In preparing financial statements for the GGS, all material transactions and balances between entities within the GGS have been eliminated. A list of entities within the GGS, as well as entities within and a description of the public non-financial corporations (PNFC) sector and public financial corporations (PFC) sectors, are disclosed in Table 21 in Attachment A. The statements for the GGS are derived from audit-cleared financial statements for the material agencies, with the exception of the Department of Defence and the Department of Education, Employment and Workplace Relations.

The Government's key fiscal aggregates are based on ABS GFS concepts and definitions, including the ABS GFS cash surplus/deficit and the derivation of the

underlying cash balance and net financial worth. AASB 1049 requires the disclosure of other ABS GFS fiscal aggregates, including net operating balance, net lending/borrowing (fiscal balance), and net worth. In addition to the ABS GFS aggregates, the Uniform Presentation Framework (UPF) requires net debt and net financial liabilities.

Note 2: Departures from external reporting standards

The Charter requires that departures from applicable external reporting standards be identified. The final budget outcome financial statements depart from the external reporting standards as follows.

General government sector

Departures from ABS GFS

ABS GFS requires that provisions for bad and doubtful debts be excluded from the balance sheet. This treatment has not been adopted in the financial statements or in any reconciliation notes because excluding such provisions would overstate the value of Australian Government assets in the balance sheet. The financial statements currently adopt the AAS treatment for provisions for bad and doubtful debts.

ABS GFS treats coins on issue as a liability and no revenue is recognised. The ABS GFS treatment of circulating coins as a liability has not been adopted in the financial statements or in any reconciliation notes. Instead, the financial statements adopt the AAS treatment for circulating coins. Under this treatment seigniorage revenue is recognised upon the issue of coins and no liability is recorded.

Under ABS GFS, prepayments are classified as financial assets. In accordance with AAS, prepayments have been classified as non-financial assets in the financial statements. This is a classification difference that impacts on net financial worth.

ABS GFS currently requires Special Drawing Rights (SDRs) liabilities to be recorded as a contingent liability. However, the ABS has reviewed this treatment and will be adopting the treatment of recording SDRs as a liability from 2009. The treatment of SDRs as a contingent liability has not been adopted in the financial statements or any reconciliation notes. The financial statements currently record SDRs as a liability. This is consistent with AAS, and also represents an early adoption of the ABS' proposed revisions to GFS from 2009 in line with revised international standards (refer ABS cat. no. 5310.0.55.001 *Information Paper: Introduction of revised international standards in ABS economic statistics in 2009*).

Currently, ABS GFS requires defence weapons platforms to be expensed. The financial statements currently record defence weapons platforms as a capital investment. This is consistent with AAS, and also represents an early adoption of the ABS' proposed revisions to GFS from 2009 in line with revised international standards

(refer ABS cat. no. 5310.0.55.001 *Information Paper: Introduction of revised international standards in ABS economic statistics in 2009*).

Under ABS GFS, concessional loans are recognised at their nominal value, that is, they are not discounted to fair (market) value as there is not considered to be a secondary market. The ABS GFS treatment of loans has not been adopted for the final budget outcome financial statements. Consistent with AAS, loans issued at below market interest rates or long repayment periods are recorded at fair value (by discounting them by market interest rates). The difference between the nominal value and the fair value of the loan is recorded as an expense. Over the life of the loan the interest earned is recognised at market rates. This represents a change in accounting policy since the 2008-09 Budget.

Departures from AASB 1049

AASB 1049 is mandatory for reporting periods beginning on or after 1 July 2008. The final budget outcome financial statements have been presented on a basis consistent with the 2008-09 Budget. The following departures were made in the 2008-09 Budget and are required to be disclosed under the Charter.

AAS requires the advances paid to the International Development Association (IDA) and Asian Development Fund (ADF) to be recognised at fair value. Under ABS GFS these advances are recorded at nominal value. The ABS GFS treatment is adopted in the financial statements.

AASB 1049 requires the disclosure of the operating result and its derivation on the face of the operating statement. However, as this aggregate is not used by the Australian Government (and is not required by the UPF), it has been disclosed in Note 13 rather than on the face of the operating statement.

AASB 1049 requires disaggregated information, by ABS GFS function, for expenses and total assets to be disclosed where they are reliably attributable. The Government is currently reviewing the practicalities and usefulness of attributing total assets to function. The ABS GFS does not require such information. In accordance with ABS GFS, disaggregated information for expenses and net acquisition of non-financial assets is disclosed in Part 1. In accordance with the UPF, purchases of non-financial assets by function are also disclosed.

AASB 1049 requires AAS measurement of items to be disclosed on the face of the financial statements with reconciliation to the ABS GFS measurement of items, where different, in notes to the financial statements. Reconciliation notes have not been included as they effectively create two measures of the same aggregate.

AASB 1049 requires major variances between original budget estimates and outcomes to be explained. The original budget estimates have not been restated in accordance with the new accounting framework. Explanations of variances for the 2007-08 year from the 2007-08 Budget to the Mid-Year Economic and Fiscal Outlook (MYEFO) are

disclosed in Part 4 of the *Mid-Year Economic and Fiscal Outlook 2007-08*. Explanations of variances for the 2007-08 year from MYEFO to revised budget are disclosed in Statement 3 of 2008-09 Budget Paper No. 1, *Budget Strategy and Outlook*. Explanations of variances from the 2008-09 Budget to the *Final Budget Outcome 2007-08* are disclosed in Part 1.

All decisions taken between the original budget and MYEFO are disclosed in Appendix A of the *Mid-Year Economic and Fiscal Outlook 2007-08*. Decisions taken from MYEFO to the 2008-09 Budget are disclosed in 2008-09 Budget Paper No. 2, *Budget Measures*. In addition, 2008-09 Budget Paper No. 1, *Budget Strategy and Outlook* contains detailed discussion on the estimates of revenue (Statement 5), expenses (Statement 6) and assets and liabilities (Statement 7).

AASB 1049 also requires the Final Budget Outcome (FBO) and consolidated financial statements (CFS) to be released at the same time. The Charter requires the FBO to be released before the end of three months after the end of the financial year, whereas the CFS is not released until it is audit-cleared, generally around November each year.

Changes in accounting policy

The 2008-09 Budget highlighted that the Australian Government was reviewing the differing treatment of concessional loans to determine the conceptually superior treatment. Under ABS GFS concessional loans are recognised at their nominal value. This treatment has been adopted in past documents. AAS requires concessional loans to be recognised at their fair value. The review concluded that AAS provides a better conceptual treatment and has been adopted for the final budget outcome financial statements. This change does not impact on the underlying cash balance.

Public non-financial corporations (PNFC), public financial corporations (PFC) and total non-financial public sectors (NFPS)

AASB 1049 defines net worth for the PNFC, PFC and NFPS sectors as total assets less total liabilities; however ABS GFS defines net worth as total assets less total liabilities less shares and contributed capital (which is equal to zero for the PNFC and PFC sectors). The net financial worth of these sectors will also be different under AASB 1049 to ABS GFS, where it equals financial assets less total liabilities less shares and contributed capital. The AASB 1049 treatment has been adopted in the PNFC, PFC and NFPS sector financial statements.

The financial statements for the PNFC, PFC and NFPS sectors comply with the UPF but do not include all the line item disclosures required by AASB 1049. Disaggregated outcome notes for the PFC and PNFC sectors will be disclosed in the consolidated financial statements.

Note 3: Taxation revenue by type

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Income taxation		
Individuals and other withholding taxes(a)		
Gross income tax withholding	114,610	114,700
Gross other individuals	30,130	31,036
less Refunds	19,640	19,601
Total individuals and other withholding taxation	125,100	126,135
Fringe benefits tax	3,900	3,796
Superannuation funds	11,710	11,988
Company tax	66,480	64,790
Petroleum resource rent tax	1,840	1,871
Total income taxation revenue	209,030	208,579
Indirect taxation		
Sales taxes		
Goods and services tax	44,370	44,381
Wine equalisation tax	670	661
Luxury car tax	440	464
Other	-20	-19
Total sales taxes	45,460	45,486
Excise duty		
Petrol	6,700	6,959
Diesel	6,700	6,674
Other fuel products	1,060	1,105
Crude oil and condensate	470	346
Beer	1,880	1,862
Potable spirits	200	205
Other excisable beverages(b)	850	744
Tobacco	5,530	5,631
Total excise duty revenue	23,390	23,526
Customs duty		
Textiles, clothing and footwear	950	960
Passenger motor vehicles	1,360	1,400
Excise-like goods	2,410	2,451
Other imports	1,500	1,497
less Refunds and drawbacks	230	237
Total customs duty revenue	5,990	6,070
Other indirect taxation		
Agricultural levies	577	611
Other taxes	1,935	1,957
Total other indirect taxation revenue	2,512	2,567
Mirror taxes	377	385
less Transfers to States in relation to mirror tax revenue	377	385
Mirror tax revenue	0	0
Total indirect taxation revenue	77,352	77,650
Total taxation revenue	286,382	286,229

(a) Includes Medicare levy revenue of \$8,094 million.

(b) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol.

Note 3(a): Taxation revenue by source

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Taxes on income, profits and capital gains		
Income and capital gains levied on individuals	129,040	130,003
Income and capital gains levied on enterprises	79,990	78,577
Total taxes on income, profits and capital gains	209,030	208,579
Taxes on employers' payroll and labour force	372	0
Taxes on property	15	15
Taxes on the provision of goods and services		
Sales/goods and services tax	45,460	45,486
Excises and levies	24,142	24,307
Taxes on international trade	5,990	6,070
Total taxes on the provision of goods and services	75,592	75,863
Taxes on use of goods and performance of activities	1,373	1,772
Total taxation revenue	286,382	286,229

Note 4: Sales of goods and services revenue

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Sales of goods	1,316	1,058
Rendering of services	2,453	2,456
Operating lease rental	13	94
Other fees from regulatory services	1,587	1,656
Total sales of goods and services revenue	5,369	5,263

Note 5: Interest and dividend revenue

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Interest from other governments		
State and Territory debt	16	17
Housing agreements	188	166
Total interest from other governments	204	184
Interest from other sources		
Advances	28	31
Deposits	95	111
Bills receivable	6	208
Bank deposits	286	355
Indexation of HELP receivable and other student loans	374	53
Other	4,203	4,616
Total interest from other sources	4,991	5,374
Total interest	5,195	5,558
Dividends		
Dividends from other public sector entities	1,404	1,556
Other dividends	1,499	1,292
Total dividends	2,904	2,848
Total interest and dividend income	8,099	8,406

Note 6: Other sources of non-taxation revenue

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Industry contributions	108	224
Royalties	1,312	1,433
Seigniorage	106	92
Other	2,455	2,065
Total other sources of non-taxation revenue	3,982	3,814

Note 7: Employee and superannuation expenses

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Wages and salaries expenses	14,958	14,402
Other operating expenses		
Leave and other entitlements	1,617	2,191
Separations and redundancies	64	140
Workers compensation premiums and claims	353	321
Other	1,862	1,631
Total other operating expenses	3,895	4,284
Superannuation expenses		
Superannuation	2,765	2,763
Superannuation interest cost	6,210	6,011
Total superannuation expenses	8,975	8,773
Total employee and superannuation expense	27,829	27,459

Note 8: Depreciation and amortisation expenses

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Depreciation		
Specialist military equipment	3,203	2,685
Buildings	646	914
Other infrastructure, plant and equipment	939	1,092
Heritage and cultural assets	43	43
Total depreciation	4,832	4,734
Total amortisation	488	526
Total depreciation and amortisation expense	5,320	5,261

Note 9: Payment for supply of goods and services

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Supply of goods and services	17,906	16,992
Operating lease rental expenses	1,961	2,533
Personal benefits - indirect	26,622	27,046
Health care payments	4,694	4,680
Other	1,402	1,085
Total payment for supply of goods and services	52,586	52,336

Note 10: Interest expense

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Interest on debt		
Government securities	3,537	3,542
Loans	34	15
Other	106	516
Total interest on debt	3,676	4,072
Other financing costs	441	702
Total interest expense	4,118	4,775

Note 11: Current and capital grants expense

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Current grants expense		
State and Territory governments	69,798	69,533
Local governments	43	0
Private sector	2,333	2,066
Overseas	2,592	2,562
Non-profit organisations	1,913	4,538
Multi-jurisdictional sector	7,538	6,955
Other	5,823	3,211
Total current grants expense	90,040	88,864
Capital grants expense		
Mutually agreed write-downs	1,793	1,939
Other capital grants		
State and Territory governments	4,651	4,401
Local governments	505	554
Multi-jurisdictional sector	76	76
Other	243	129
Total capital grants expense	7,267	7,100
Total grants expense	97,308	95,965

Note 12: Personal benefits payments

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Social welfare - assistance to the aged	26,608	26,510
Assistance to veterans and dependants	6,155	6,119
Assistance to people with disabilities	12,883	12,947
Assistance to families with children	26,385	26,590
Assistance to the unemployed	4,272	4,371
Student assistance	474	459
Common youth allowance	2,097	2,024
Other welfare programs	1,586	2,043
Financial and fiscal affairs	286	352
Higher education	124	119
Vocational and industry training	111	1
Other	5,189	5,258
Total personal benefit payments	86,170	86,795

Note 13: Operating result and comprehensive result (total change in net worth)

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Opening net worth	-6,068	-6,068
Opening net worth adjustments(a)	51,149	52,727
Adjusted opening net worth	45,080	46,659
Net operating balance	23,280	23,604
Other economic flows – Included in operating result		
Net foreign exchange gains	202	785
Net gains from sale of assets	25	67
Other gains	-2,733	1,264
Swap interest	1,627	1,627
Net write-down and impairment of assets and fair value losses	-4,440	-7,280
Net losses from sale of assets	-10	39
Swap interest expense	-1,805	-1,807
Total other economic flows	-7,135	-5,304
Operating result(b)	16,146	18,300
Other economic flows - other movements in equity(c)	-398	6,206
Comprehensive result	15,747	24,506

(a) Change in net worth mainly arising from the recognition of GST as a Australian Government tax and a change in accounting policy for defence weapons, superannuation, concessional loans and education grants.

(b) Operating result under AEIFRS accounting standards.

(c) Other economic flows not included in the AEIFRS accounting standards operating result.

Note 14: Advances paid and receivables

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Advances paid		
Loans to State and Territory governments	3,790	3,249
Higher Education Loan Program	12,880	10,566
Student Financial Supplement Scheme	800	895
Other	7,640	6,880
less Provision for doubtful debts	299	310
Total advances paid	24,811	21,280
Other receivables		
Goods and services receivable	777	839
Recoveries of benefit payments	2,591	2,602
Taxes receivable	16,625	17,965
Other	12,163	12,438
less Provision for doubtful debts	2,318	2,149
Total other receivables	29,838	31,694

Note 15: Investments, loans and placements

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Investments - deposits(a)	76,337	36,260
IMF quota	5,547	5,480
Other(a)	367	45,327
Total investments, loans and placements	82,251	87,067

(a) Reflects the reclassification of Future Fund investments from deposits to other investments.

Note 16: Total non-financial assets

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Land and buildings		
Land	6,946	7,814
Buildings	17,014	17,755
Total land and buildings	23,960	25,569
Plant, equipment and infrastructure		
Specialist military equipment	32,025	32,439
Other	10,073	9,683
Total plant, equipment and infrastructure	42,098	42,122
Intangibles		
Computer software	2,182	2,198
Other	108	102
Total intangibles	2,290	2,300
Total heritage and cultural assets	8,249	8,266
Total investment properties	148	192
Total biological assets	5	26
Inventories		
Inventories held for sale	770	794
Inventories not held for sale	5,585	5,428
Total inventories	6,355	6,222
Total assets held for sale	156	658
Other non-financial assets		
Prepayments	3,050	3,380
Other	355	194
Total other non-financial assets	3,405	3,574
Total non-financial assets	86,666	88,930

Note 17: Loans

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Promissory notes	3,492	3,891
Special drawing rights	807	797
Other	2,240	3,338
Total loans	6,538	8,026

Note 18: Employee and superannuation liabilities

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Total superannuation liability(a)	108,114	100,305
Other employee liabilities		
Leave and other entitlements	4,689	5,184
Accrued salaries and wages	267	356
Workers compensation claims	1,538	1,554
Separations and redundancies	38	80
Other	2,012	1,537
Total other employee liabilities	8,545	8,712
Total employee and superannuation liabilities	116,659	109,017

(a) Reduction reflects the difference in the estimated and actual discount rate at 30 June.

Note 19: Provisions and payables

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Suppliers payable		
Trade creditors	2,880	3,078
Operating lease rental payable	68	122
Other creditors	310	429
Total suppliers payable	3,259	3,629
Total personal benefits payable	10,841	11,736
Total subsidies payable	988	1,499
Grants payable		
State and Territory governments	105	193
Non-profit organisations	50	20
Private sector	227	461
Overseas	508	320
Local governments	4	76
Other	3,925	3,412
Total grants payable	4,819	4,481
Other provisions and payables		
Provisions for tax refunds	1,446	2,238
Other	5,411	5,650
Total other provisions and payables	6,857	7,888

Note 20: Reconciliation of cash

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Operating balance (revenues less expenses)	23,280	23,604
<i>less</i> Revenues not providing cash		
Other	1,101	1,936
Total revenues not providing cash	1,101	1,936
<i>plus</i> Expenses not requiring cash		
Increase/(decrease) in employee entitlements	4,105	4,133
Depreciation/amortisation expense	5,320	5,261
Mutually agreed write-downs	0	1,938
Other	538	1,442
Total expenses not requiring cash	9,963	12,774
<i>plus</i> Cash provided by working capital items		
Decrease in other non-financial assets	1,094	841
Increase in benefits, subsidies and grants payable	1,142	2,233
Increase in suppliers' liabilities	94	282
Increase in other provisions and payables	204	905
Total cash provided by working capital items	2,535	4,261
<i>less</i> Cash used by working capital items		
Increase in inventories	284	532
Increase in receivables	5,547	6,467
Increase in other financial assets	597	1,537
Increase in other non-financial assets	15	0
Decrease in benefits, subsidies and grants payable	385	0
Total cash used by working capital items	6,827	8,536
<i>equals</i> Net cash from/(to) operating activities	27,849	30,166
<i>plus</i> Net cash from/(to) investing activities	-28,769	-31,139
Net cash from operating activities and investment	-920	-973
<i>plus</i> Net cash from/(to) financing activities	1,693	1,633
equals Net increase/(decrease) in cash	772	660
Cash at the beginning of the year	1,156	1,156
Net increase/(decrease) in cash	772	660
Cash at the end of the year	1,928	1,816

Note 20(a): Consolidated Revenue Fund

	2007-08 Estimate at 2008-09 Budget \$m	2007-08 Outcome \$m
Total general government sector cash	1,928	1,816
less CAC Agency cash balances	1,030	931
plus Special public monies	132	133
Balance of Consolidated Revenue Fund at 30 June	1,030	1,018

The cash balances reflected in the balance sheet for the Australian Government GGS (Table 9) include the reported cash balances controlled and administered by Australian Government agencies subject to the *Financial Management and Accountability Act 1997* and the reported cash balances controlled and administered by entities, subject to the *Commonwealth Authorities and Companies Act 1997* (CAC Act), that implement public policy through the provision of primarily non-market services.

Revenues or monies raised by the Executive Government automatically form part of the Consolidated Revenue Fund by force of section 81 of the Australian Constitution. For practical purposes, total Australian Government GGS cash, less cash controlled and administered by CAC Act entities, plus special public monies represents the Consolidated Revenue Fund referred to in section 81 of the Australian Constitution. On this basis, the balance of the Consolidated Revenue Fund is shown above.

Attachment A

FINANCIAL REPORTING STANDARDS AND BUDGET CONCEPTS

The *Charter of Budget Honesty Act 1998* (the Charter) requires the final budget outcome (FBO) to be based on external reporting standards. FBOs in previous years contained three sets of financial statements prepared according to both the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) framework and Australian Accounting Standards (AAS). The Australian Accounting Standards Board (AASB) released *Whole of Government and General Government Sector Financial Reporting* (AASB 1049) aiming to harmonise ABS GFS and AAS in a single set of financial statements.

The Government has produced a single set of financial statements that comply with both ABS GFS and AAS, meeting the requirement of the Charter, with departures disclosed. The financial statements for the *Final Budget Outcome 2007-08* have been prepared on a basis consistent with the 2008-09 Budget. This enables comparison of the 2007-08 revised estimates published at the 2008-09 Budget and the outcome. The statements reflect the Government's new accounting policy that ABS GFS remains the basis of budget accounting policy, except where the Government applies AAS because it provides a better conceptual basis for presenting information of relevance to users of public sector financial reports. The 2007-08 Budget has not been restated on this basis.

AASB 1049 and the Accrual Uniform Presentation Framework (UPF) also provide a basis for reporting of public non-financial corporations (PNFC) and public financial corporations (PFC) sectors and the total non-financial public sector (NFPS).

General Government Sector Financial Reporting (AASB 1049)

The final budget outcome primarily focuses on the financial performance and position of the GGS. The ABS defines the GGS as providing public services which are mainly non-market in nature, mainly for the collective consumption of the community, involving the transfer or redistribution of income and financed mainly through taxes and other compulsory levies. Pursuant to AAS, the GGS has recently been recognised as a reporting entity.

AASB 1049 history and conceptual framework

The AASB released AASB 1049 for application from the 2008-09 financial year. AASB 1049 attempts to 'harmonise' ABS GFS and AAS.

The reporting framework for AASB 1049 requires the preparation of accrual-based general purpose financial reports, showing government assets, liabilities, revenue, expenses and cash flows. GGS reporting under AASB 1049 aims to provide users with information about the stewardship of each government in relation to its GGS and accountability for the resources entrusted to it; information about the financial

position, performance and cash flows of each government's GGS; and information that facilitates assessments of the macroeconomic impact. While AASB 1049 provides a basis for whole-of-government and GGS outcome reporting (including the PNFC and PFC sectors), budget reporting and budget outcome reporting focuses on the GGS.

There are three main general purpose statements that must be prepared in accordance with ABS GFS and AASB 1049. These are:

- an operating statement, including other economic flows, which shows net operating balance and net lending/borrowing (fiscal balance);
 - to allow the presentation of a single set of financial statements in accordance with AASB 1049 the ABS GFS statement of other flows has been incorporated into the operating statement;
- a balance sheet, which also shows net worth, net financial worth and net financial liabilities; and
- a cash flow statement, which includes the calculation of the underlying cash balance.

In addition to these general purpose statements, notes to the financial statements are required. These notes include a summary of accounting policies, disaggregated information and other disclosures required by AAS. A full set of notes and other disclosures required by AAS are included in the annual consolidated financial statements.

All financial data presented in the financial statements are recorded as either stocks (assets and liabilities) or flows (classified as either transactions or other economic flows). Transactions result from a mutually agreed interaction between economic entities. Despite their compulsory nature, taxes are transactions deemed to occur by mutual agreement between the government and the taxpayer. Transactions that increase or decrease net worth (assets less liabilities) are reported as revenues and expenses respectively in the operating statement.¹

A change to the value or volume of an asset or liability that does not result from a transaction is an other economic flow. This can include changes in values from market prices, most actuarial valuations, exchange rates and changes in volumes from discoveries, depletion and destruction. All other economic flows are reported in the operating statement.

1 Not all transactions impact on net worth. For example, transactions in financial assets and liabilities do not impact on net worth as they represent the swapping of assets and liabilities on the balance sheet.

Consistent with the ABS GFS framework, and in general AAS, the financial statements record flows in the period in which they occur. As a result, prior period outcomes may be revised for classification changes relating to information that could reasonably have been expected to be known in the past, is material in at least one of the affected periods and can be reliably assigned to the relevant period(s).

Operating statement

The operating statement presents details of transactions in revenues, expenses, the net acquisition of non-financial assets (net capital investment) and other economic flows for an accounting period.

Revenues arise from transactions that increase net worth and expenses arise from transactions that decrease net worth. Revenues less expenses gives the net operating balance. The net operating balance is similar to the National Accounts concept of government saving plus capital transfers.

The net acquisition of non-financial assets (net capital investment) measures the change in the Australian Government's stock of non-financial assets owing to transactions. As such, it measures the net effect of purchases, sales and consumption (for example, depreciation of fixed assets and use of inventory) of non-financial assets during an accounting period.

Net acquisition of non-financial assets equals gross fixed capital formation, less depreciation, plus changes (investment) in inventories, plus other transactions in non-financial assets.

Other economic flows are presented in the operating statement and outline changes in net worth that are driven by economic flows other than revenues and expenses. Revenues, expenses and other economic flows sum to the total change in net worth during a period. The majority of other economic flows for the Australian Government GGS arise from price movements in its assets and liabilities.

Fiscal balance

The fiscal balance (or net lending/borrowing) is the net operating balance less net capital investment. Thus, the fiscal balance includes the impact of net expenditure (effectively purchases less sales) on non-financial assets rather than consumption (depreciation) of non-financial assets.²

The fiscal balance measures the Australian Government's investment-saving balance. It measures in accrual terms the gap between government savings plus net capital transfers, and investment in non-financial assets. As such, it approximates the

² The net operating balance includes consumption of non-financial assets because depreciation is an expense. Depreciation also forms part of net capital investment, which (in the calculation of fiscal balance) offsets the inclusion of depreciation in the net operating balance.

contribution of the Australian Government GGS to the balance on the current account in the balance of payments.

Balance sheet

The balance sheet shows stocks of assets, liabilities and net worth. In accordance with the UPF, net debt, net financial worth and net financial liabilities are also reported in the balance sheet.

Net worth

The net worth of the GGS, PNFC and PFC sectors are defined as assets less liabilities. This differs from the ABS GFS definition for the PNFC and PFC sectors where net worth is defined as assets less liabilities less shares and other contributed capital. Net worth is an economic measure of wealth, reflecting the Australian Government's contribution to the wealth of Australia.

Net financial worth

Net financial worth measures a government's net holdings of financial assets. It is calculated from the balance sheet as financial assets minus liabilities. This differs from the ABS GFS definition of net financial worth for the PNFC and PFC sectors, defined as financial assets less liabilities less shares less other contributed capital. Net financial worth is a broader measure than net debt, in that it incorporates provisions made (such as superannuation) as well as holdings of equity. Net financial worth includes all classes of financial assets and all liabilities, only some of which are included in net debt. As non-financial assets are excluded from net financial worth, this is a narrower measure than net worth. However, it avoids the concerns inherent with the net worth measure relating to the valuation of non-financial assets and their availability to offset liabilities.

Net financial liabilities

Net financial liabilities comprises total liabilities less financial assets but excludes equity investments in the other sectors of the jurisdiction. Net financial liabilities is a more accurate indicator than net debt of a jurisdiction's fiscal position as it includes substantial non-debt liabilities such as accrued superannuation and long service leave entitlements. Excluding the net worth of other sectors of governments results in a purer measure of financial worth than net financial worth as, in general, the net worth of other sectors of government, in particular the PNFC sector, is backed up by physical assets.

Net debt

Net debt is the sum of selected financial liabilities (deposits held; advances received; government securities, loans, and other borrowings) less the sum of selected financial

assets (cash and deposits; advances paid; and investments, loans and placements).³ Net debt does not include superannuation related liabilities. Net debt is a common measure of the strength of a government's financial position. High levels of net debt impose a call on future revenue flows to service that debt.

Cash flow statement

The cash flow statement identifies how cash is generated and applied in a single accounting period. The cash flow statement reflects a cash basis of recording (rather than an accrual basis) where information is derived indirectly from underlying accrual transactions and movements in balances. This, in effect, means that transactions are captured when cash is received or when cash payments are made. Cash transactions are specifically identified because cash management is considered an integral function of accrual budgeting.

Underlying cash balance

The underlying cash balance plus Future Fund earnings (ABS GFS cash surplus/deficit) is the cash counterpart of the fiscal balance, reflecting the Australian Government's cash investment-saving balance. This measure is conceptually equivalent under the current accrual framework and the previous cash framework. For the GGS, the underlying cash balance is calculated as shown below.

Net cash flows from operating activities
<i>plus</i>
Net cash flows from investments in non-financial assets
<i>less</i>
Net acquisitions of assets acquired under finance leases and similar arrangements ⁴
<i>equals</i>
ABS GFS cash surplus/deficit
<i>less</i>
Future Fund earnings
<i>equals</i>
Underlying cash balance

The Government is reporting the underlying cash balance net of Future Fund earnings from 2005-06 onwards because the earnings will be reinvested to meet future superannuation payments and are therefore not available for current spending.

3 Financial assets are defined as cash, an equity instrument of another entity, a contractual right to receive cash or financial asset, and a contract that will or may be settled in the entity's own equity instruments.

4 The underlying cash balance treats the acquisition and disposal of non-financial assets in the same manner regardless of whether they occur by purchase/sale or finance lease — acquisitions reduce the underlying cash balance and disposals increase the underlying cash balance. However, finance leases do not generate cash flows at the time of acquisition or disposal equivalent to the value of the asset. As such, net acquisitions of assets under finance leases are not shown in the body of the cash flow statement but are reported as a supplementary item for the calculation of the underlying cash balance.

However, Future Fund earnings are included in the fiscal balance because superannuation expenses relating to future cash payments are recorded in the fiscal balance estimates.

Expected Future Fund earnings are separately identified in the Australian Government GGS cash flow statement in Table 10 of this statement and the historic tables in Appendix B.

Headline cash balance

The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes and Future Fund earnings to the underlying cash balance.

Cash flows from investments in financial assets for policy purposes include equity transactions and net advances.⁵ Equity transactions include equity injections into controlled businesses and privatisations of government businesses. Net advances include net loans to the States, net loans to students under the Higher Education Loan Program (HELP), and contributions to international organisations that increase the Australian Government's financial assets.

Sectoral classifications

To assist in analysing the public sector, data are presented by institutional sector as shown in Figure 1. ABS GFS defines the GGS and the PNFC and PFC sectors. In accordance with the ABS GFS, AASB 1049 has also adopted this sectoral reporting.

5 Cash flows from investments in financial assets for policy purposes were called net advances under the cash budgeting framework.

Figure 1: Institutional structure of the public sector

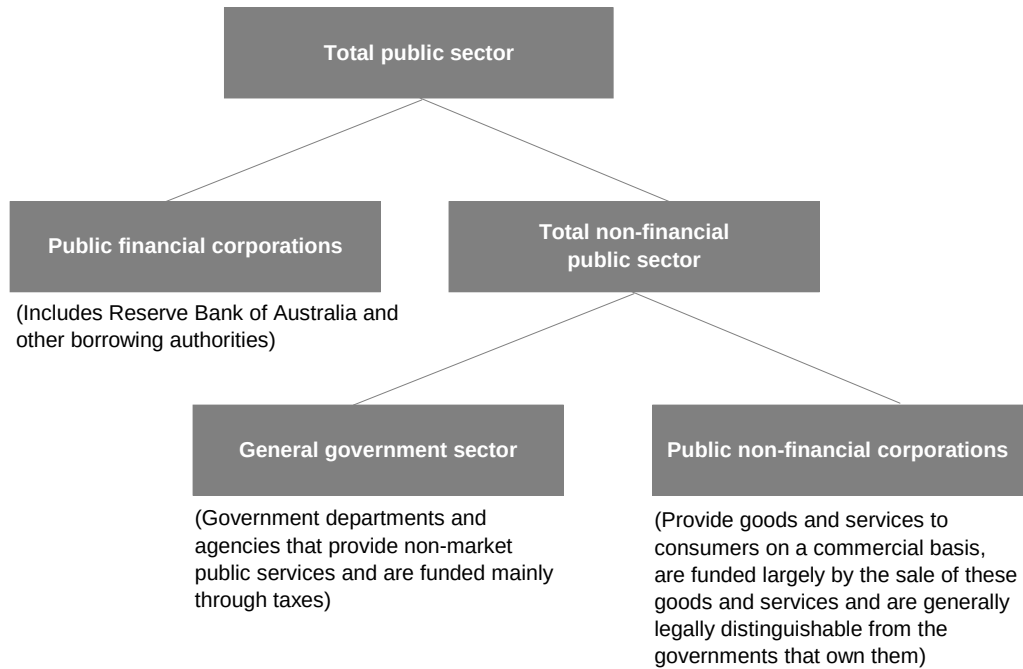


Table 21: Entities within the sectoral classifications

General government sector entities
Agriculture, Fisheries and Forestry Portfolio Australian Fisheries Management Authority, Australian Pesticides and Veterinary Medicines Authority, Australian Wine and Brandy Corporation, Biosecurity Australia, Cotton Research and Development Corporation, Dairy Adjustment Authority, Department of Agriculture, Fisheries and Forestry, Wheat Exports Australia, Forest and Wood Products Australia Ltd, Fisheries Research and Development Corporation, Grains Research and Development Corporation, Grape and Wine Research and Development Corporation, Land and Water Australia, Rural Industries Research and Development Corporation, Sugar Research and Development Corporation.
Attorney-General's Portfolio Administrative Appeals Tribunal, Attorney-General's Department, Australian Commission for Law Enforcement Integrity, Australian Crime Commission, Australian Customs Service, Australian Federal Police, Australian Institute of Criminology, Australian Law Reform Commission, Australian Security Intelligence Organisation, Australian Transaction Reports and Analysis Centre (AUSTRAC), Criminology Research Council, Crimtrac, Family Court of Australia, Federal Court of Australia, Federal Magistrates Court of Australia, High Court of Australia, Human Rights and Equal Opportunity Commission, Insolvency and Trustee Service Australia, National Capital Authority, National Native Title Tribunal, Office of Parliamentary Counsel, Office of the Commonwealth Director of Public Prosecutions
Broadband, Communications and the Digital Economy Portfolio Australian Broadcasting Corporation, Australian Communications and Media Authority, Department of Broadband, Communications and Digital Economy, Special Broadcasting Service Corporation
Defence Portfolio Army and Air Force Canteen Service, Australian Military Forces Relief Trust Fund, Australian Strategic Policy Institute Ltd, Australian War Memorial, Defence Housing Australia, Defence Materiel Organisation, Department of Defence, Department of Veterans Affairs, Royal Australian Air Force Veterans' Residences Trust Fund, Royal Australian Air Force Welfare Trust Fund, Royal Australian Navy Central Canteens Board, Royal Australian Navy Relief Trust Fund
Education, Employment and Workplace Relations Portfolio Australian Fair Pay Commission Secretariat, Australian Industrial Registry, Comcare, Department of Education, Employment and Workplace Relations, Office of the Australian Building and Construction Commissioner, Office of the Workplace Ombudsman, Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority), Teaching Australia – Australian Institute for Teaching and School Leadership Ltd, The Carrick Institute for Learning and Teaching In Higher Education Ltd, Workplace Authority

Table 21: Entities within the sectoral classifications (continued)

General government sector entities (continued)
Environment, Water, Heritage and the Arts Portfolio Australia Business Arts Foundation Ltd, Australia Council, Australian Film Commission, Australian Film, Television and Radio School, Australian National Maritime Museum, Bundanon Trust, Bureau of Meteorology, Department of Environment, Water, Heritage and the Arts, Film Australia Ltd, Great Barrier Reef Marine Park Authority, National Gallery of Australia, National Library of Australia, National Museum of Australia, National Water Commission, Sydney Harbour Federation Trust, The Director of National Parks
Family, Housing, Community Services and Indigenous Affairs Portfolio Aboriginal Hostels Ltd, Anindilyakwa Land Council, Central Land Council, Department of Family, Housing, Community Services and Indigenous Affairs, Equal Opportunity for Women in the Workplace Agency, Indigenous Business Australia, Indigenous Land Corporation, Northern Land Council, Tiwi Land Council, Torres Strait Regional Authority, Wreck Bay Aboriginal Community Council
Finance and Deregulation Portfolio Australian Electoral Commission, Australian Reward Investment Alliance, Comsuper, Department of Finance and Deregulation, Future Fund Management Agency, Telstra Sale Company Ltd
Foreign Affairs and Trade Portfolio AusAid, Australian Centre for International Agricultural Research, Australian Secret Intelligence Service, Australian Trade Commission, Department of Foreign Affairs and Trade, Export Finance and Insurance Corporation National Interest Account^(a)
Health and Ageing Portfolio Aged Care Standards and Accreditation Agency Ltd, Australian Institute of Health and Welfare, Australian Radiation Protection and Nuclear Safety Agency, Australian Sports Anti-Doping Authority, Australian Sports Commission, Cancer Australia, Department of Health and Ageing, Food Standards Australia New Zealand, General Practice Education and Training Ltd, National Blood Authority, National Health and Medical Research Council, Private Health Insurance Administration Council, Private Health Insurance Ombudsman, Professional Services Review Scheme
Human Services Portfolio Centrelink (Commonwealth Service Delivery Agency), Department of Human Services, Medicare Australia
Immigration and Citizenship Portfolio Department of Immigration and Citizenship, Migration Review Tribunal and Refugee Review Tribunal

Table 21: Entities within the sectoral classifications (continued)

General government sector entities (continued)
Infrastructure, Transport, Regional Development and Local Government Portfolio Australian Maritime Safety Authority, Civil Aviation Safety Authority, Department of Infrastructure, Transport, Regional Development and Local Government, Maritime Industry Finance Company
Innovation, Industry, Science and Research Portfolio Australia Institute of Aboriginal and Torres Strait Islander Studies, Australian Institute of Marine Science, Australia Nuclear Science and Technology Organisation, Australia Research Council, Commonwealth Scientific and Industrial Research Organisation, Department of Innovation, Industry, Science and Research, IP Australia, IIF Bioventures Pty Ltd, IIF (CM) Investments Pty Ltd, IIF Foundation Pty Ltd, IIF Investments Pty Ltd, IIF Neo Pty Ltd
Prime Minister and Cabinet Portfolio Australian Institute of Family Studies, Australian National Audit Office, Australian Public Service Commission, Department of the Prime Minister and Cabinet, National Archives of Australia, National Australia Day Council (Company Ltd By Guarantee), Office of the Commonwealth Ombudsman, Office of National Assessments, Office of the Inspector-General of Intelligence and Security, Office of the Official Secretary to the Governor General, Office of the Privacy Commissioner, Department of Climate Change, Office of Renewable Energy Regulator
Resources, Energy and Tourism Portfolio Department of Resources, Energy and Tourism, Geoscience Australia, National Offshore Petroleum Safety Authority, Tourism Australia
Treasury Portfolio Auditing and Assurance Standards Board, Australian Accounting Standards Board, Australian Bureau of Statistics, Australian Competition and Consumer Commission, Australian Office of Financial Management, Australian Prudential Regulation Authority, Australian Securities and Investments Commission, Australian Taxation Office, Commonwealth Grants Commission, Corporations and Markets Advisory Committee, Department of the Treasury, Inspector General of Taxation, National Competition Council, Productivity Commission, Royal Australian Mint
Parliamentary Departments Department of Parliamentary Services, Department of the House of Representatives, Department of the Senate

Table 21: Entities within the sectoral classifications (continued)

Public financial corporations
<i>Environment, Water, Heritage and the Arts Portfolio</i>
Film Finance Corporation Australia Ltd
<i>Education, Employment and Workplace Relations Portfolio</i>
Coal Mining Industry (Long Service Leave Funding) Corporation
<i>Finance and Deregulation Portfolio</i>
Australian Industry Development Corporation, Medibank Private Ltd
<i>Foreign Affairs and Trade Portfolio</i>
Export Finance and Insurance Corporation
<i>Treasury Portfolio</i>
Australia Re-insurance Pool Corporation, Reserve Bank of Australia
Public non-financial corporations
<i>Attorney-General's Portfolio</i>
Australian Government Solicitor
<i>Broadband, Communications and the Digital Economy Portfolio</i>
Australian Postal Corporation
<i>Finance and Deregulation Portfolio</i>
Australian River Co. Ltd, Australian Submarine Corporation Pty Ltd, Australian Technology Group Ltd
<i>Human Services Portfolio</i>
Australian Hearing Services, Health Services Australia Ltd
<i>Infrastructure, Transport, Regional Development and Local Government Portfolio</i>
Airservices Australia, Australian Rail Track Corporation Ltd

(a) This entity was reclassified from the PFC sector to the GGS at the *Mid-Year Economic and Fiscal Outlook 2007-08*.

Differences between ABS GFS and AAS framework (AASB 1049)

AASB 1049 has adopted the AAS conceptual framework and principles for the recognition of assets, liabilities, revenues, expenses and their presentation,

measurement and disclosure. In addition, AASB 1049 has broadly adopted the ABS GFS conceptual framework for presenting government financial statements. In particular, AASB 1049 requires the GGS to prepare a separate set of financial statements, over-riding AASB 127 *Consolidated and Separate Financial Statements*. AASB 1049 also follows ABS GFS by requiring changes in net worth to be split into either transaction or 'other economic flow' and for this to be presented in a single operating statement. AASB 1049 is therefore broadly consistent with international statistical standards (SNA93) and the International Monetary Fund's (IMF) *Government Finance Statistics Manual 2001*.⁶

Some of the major differences between AASB 1049 and the ABS GFS treatments of transactions are outlined in Table 22. Further information on the differences between the two systems is provided in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* (cat. no. 5514.0).

6 Additional information on the Australian accrual GFS framework is available in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* (cat. no. 5514.0).

Table 22: Major differences between AAS and ABS GFS

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Acquisition of defence weapons platforms	Treated as capital expenditure. Defence weapons platforms appear as an asset on the balance sheet. Depreciation expense on assets is recorded in the operating statement.	Treated as an expense at the time of acquisition. Defence weapons platforms do not appear as an asset on the balance sheet and no depreciation is recorded in the operating statement. ABS is updating its treatment from 2009 and will align with AAS.	AAS, early adoption of ABS GFS
Circulating coins — seigniorage	The profit between the cost and sale of circulating coin (seigniorage) is treated as revenue.	Circulating coin is treated as a liability, and the cost of producing the coins is treated as an expense.	AAS
Special Drawing Rights (SDRs)	SDRs currency issued by the International Monetary Fund (IMF) is treated as a liability.	SDR currency issued by the IMF is treated as a contingent liability. ABS is updating its treatment and will align with AAS.	AAS, early adoption of ABS GFS
Provisions for bad and doubtful debts	Treated as part of operating expenses and included in the balance sheet as an offset to assets.	Creating provisions is not considered an economic event and therefore not considered to be an expense or reflected in the balance sheet.	AAS
Advances to IDA/ADF	Recorded at fair value in the balance sheet.	Recorded at nominal value in balance sheet.	ABS GFS
Concessional loans	Discounts concessional loans by a market rate of a similar instrument.	Does not discount concessional loans as no secondary market is considered to exist.	AAS
Fiscal aggregates differences			
Finance leases	Does not deduct finance leases in the derivation of the cash surplus/deficit.	Deducts finance leases in the derivation of the cash surplus/deficit.	Both are disclosed
Net worth of PNFC and PFC sectors	Calculated as assets less liabilities.	Calculated as assets less liabilities less shares and other contributed capital.	AAS
Classification difference			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	AAS

Attachment B

AUSTRALIAN LOAN COUNCIL ALLOCATION

Under Loan Council arrangements, every year the Australian Government and each State and Territory government nominate a Loan Council Allocation (LCA). A jurisdiction's Loan Council Allocation incorporates:

- the estimated non-financial public sector GFS cash surplus/deficit (made up from the balances of the general government and public non-financial corporations sectors);
- 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.

LCA 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 23, the Australian Government's 2007-08 LCA final budget outcome is a \$27,123 million surplus. This compares with the Australian Government's 2007-08 LCA Budget estimate of a \$17,905 million surplus.

A tolerance limit of 2 per cent of non-financial public sector receipts applies between the LCA Budget estimate and the outcome. Tolerance limits recognise that LCAs are nominated at an early stage of the Budget process and may change as a result of policy and parameter changes. The Australian Government's 2007-08 LCA outcome exceeds the 2 per cent tolerance limit. This change is due to higher than expected surpluses in the General Government sector, influenced by higher than expected revenues and lower than expected expenses.

Table 23: Australian Government Loan Council Allocation

	2007-08 Budget Estimate \$m	2007-08 Outcome \$m
GG sector cash surplus(-)/deficit(+)	-13,632	-23,222
PNFC sector cash surplus(-)/deficit(+)	756	474
NFPS cash surplus(-)/deficit(+)(a)	-12,876	-22,748
Acquisitions under finance leases and similar arrangements	-4	-149
<i>equals</i> ABS GFS cash surplus(-)/deficit(+)	-12,872	-22,600
<i>minus</i> Net cash flows from investments in financial assets for policy purposes(b)	4,652	5,108
<i>plus</i> Memorandum items(c)	-382	585
Loan Council Allocation	-17,905	-27,123

- (a) May not directly equate to the sum of the GG sector and the PNFC sector cash surplus/deficit due to intersectoral transfers which are netted out.
- (b) Net cash flows from investments in financial assets for policy purposes are displayed with the same sign as which they are reported in cash flow statements. 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.
- (c) For the Commonwealth's Loan Council Allocation outcome, memorandum items include the change in net present value (NPV) of operating leases (with NPV greater than \$5 million) and the over-funding of superannuation.

