

BUDGET FINANCIAL STATEMENTS

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

Table 15: Australian Government general government sector operating statement

	Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Revenue				
Taxation revenue	235,871	246,766	260,071	267,266
Current grants and subsidies	0	0	0	0
Sales of goods and services	5,191	5,322	5,452	5,567
Interest income	4,663	4,467	5,601	6,537
Dividend income	2,707	4,017	4,003	4,384
Other	3,451	3,471	3,613	3,755
Total revenue	251,885	264,042	278,739	287,509
Expenses				
Gross operating expenses				
Depreciation	2,483	2,650	2,761	2,765
Superannuation	2,675	2,724	2,805	2,945
Salaries and wages	15,093	15,001	15,426	15,826
Payment for supply of goods and services	58,056	61,725	64,888	66,834
Other operating expenses	3,314	3,537	3,678	3,882
<i>Total gross operating expenses</i>	<i>81,620</i>	<i>85,638</i>	<i>89,558</i>	<i>92,253</i>
Nominal superannuation interest expense	6,276	6,319	6,470	6,723
Other interest expenses	3,992	3,911	3,886	3,737
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	44,889	47,866	49,400	50,543
Subsidy expenses	7,314	7,542	7,826	8,137
Personal benefit payments in cash	84,487	89,783	94,954	100,930
Other current transfers	0	0	0	0
<i>Total current transfers</i>	<i>136,690</i>	<i>145,191</i>	<i>152,180</i>	<i>159,611</i>
Capital transfers	6,831	7,578	7,267	7,110
Total expenses	235,410	248,638	259,361	269,433
Net operating balance	16,474	15,405	19,378	18,076
Net acquisition of non-financial assets				
Purchases of non-financial assets	3,715	4,329	3,670	3,449
<i>less</i> Sales of non-financial assets	<i>256</i>	<i>252</i>	<i>250</i>	<i>92</i>
<i>less</i> Depreciation	<i>2,483</i>	<i>2,650</i>	<i>2,761</i>	<i>2,765</i>
<i>plus</i> Change in inventories	<i>238</i>	<i>221</i>	<i>188</i>	<i>212</i>
<i>plus</i> Other movements in non-financial assets	<i>378</i>	<i>116</i>	<i>115</i>	<i>148</i>
Total net acquisition of non-financial assets	1,592	1,763	963	951
Net lending/fiscal balance(a)	14,882	13,642	18,415	17,125

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

Table 16: Australian Government general government sector balance sheet

	Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Assets				
Financial assets				
Cash and deposits	1,043	1,135	1,018	1,420
Advances paid	25,013	26,132	27,062	28,197
Investments, loans and placements	57,039	74,542	91,902	100,089
Other non-equity assets	20,541	19,824	20,065	20,768
Equity(a)	72,191	74,229	77,567	81,154
Total financial assets	175,828	195,861	217,614	231,627
Non-financial assets				
Land	6,940	6,972	6,900	7,016
Buildings	16,981	18,258	19,122	20,062
Plant, equipment and infrastructure	10,931	11,084	11,049	10,784
Inventories	3,486	3,610	3,788	3,971
Heritage and cultural assets	8,245	8,258	8,280	8,294
Other non-financial assets	3,090	3,206	3,251	3,307
Total non-financial assets	49,673	51,387	52,389	53,433
Total assets	225,501	247,249	270,003	285,061
Liabilities				
Deposits held	263	263	263	263
Advances received	0	0	0	0
Government securities	59,288	59,469	58,917	50,947
Loans	7,085	6,801	6,556	6,610
Other borrowing	365	824	784	741
Superannuation liability	106,879	110,654	114,379	118,158
Other employee entitlements and provisions	8,479	8,829	9,204	9,645
Other non-equity liabilities	25,926	26,268	26,406	26,947
Total liabilities	208,284	213,108	216,508	213,311
Net worth(b)	17,217	34,141	53,494	71,750
Net debt(c)(d)	-16,094	-34,452	-53,463	-71,145

(a) Equity includes share holdings of the Future Fund.

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

(c) Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

(d) Includes the impact of the sale of the Government's holding in Telstra. The net debt estimate in 2007-08 assumes that the Future Fund will increasingly be invested in equities, which are not included in the calculation of net debt.

Table 17: Australian Government general government sector cash flow statement^(a)

	Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Cash receipts from operating activities				
Taxes received	231,818	242,263	255,418	262,538
Receipts from sales of goods and services	5,445	5,593	5,701	5,813
Grants and subsidies received	0	0	0	0
Interest receipts	4,482	4,185	5,310	6,240
Dividends	2,692	4,017	3,983	4,434
GST input credits received by general government	3,951	3,921	3,888	3,881
Other receipts	3,150	3,356	3,509	3,654
Total operating receipts	251,540	263,336	277,808	286,558
Cash payments for operating activities				
Payments for goods and services	-62,065	-65,603	-68,729	-70,798
Grants and subsidies paid	-56,599	-59,408	-62,017	-63,553
Interest paid	-3,646	-3,594	-3,472	-4,472
Personal benefit payments	-83,983	-89,519	-94,799	-100,632
Salaries, wages and other entitlements	-20,044	-20,218	-20,884	-21,659
GST payments by general government to taxation authority	-74	-73	-73	-73
Other payments for operating activities	-3,272	-3,517	-3,577	-3,682
Total operating payments	-229,683	-241,932	-253,551	-264,868
Net cash flows from operating activities	21,857	21,404	24,257	21,690
Cash flows from investments in non-financial assets				
Sales of non-financial assets	301	258	254	88
Purchases of non-financial assets	-3,938	-3,698	-3,568	-3,371
Net cash flows from investments in non-financial assets	-3,637	-3,440	-3,313	-3,283
Net cash flows from investments in financial assets for policy purposes	4,550	891	-1,806	-2,008
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-24,884	-18,415	-18,010	-8,773
Net cash flows from investments in financial assets for liquidity purposes	-24,884	-18,415	-18,010	-8,773
Cash flows from financing activities				
Advances received (net)	0	0	0	0
Borrowing (net)	2,542	167	-699	-6,995
Deposits received (net)	0	0	0	0
Other financing (net)	-540	-516	-546	-229
Net cash flows from financing activities	2,002	-349	-1,245	-7,224
Net increase/decrease in cash held	-112	92	-117	402

Table 17: Australian Government general government sector cash flow statement^(a) (continued)

	Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Net cash from operating activities and investments in non-financial assets	18,220	17,964	20,944	18,407
Finance leases and similar arrangements(b)	-4	-502	-6	0
GFS cash surplus(+)/deficit(-)	18,216	17,463	20,938	18,406
less Future Fund earnings	3,382	3,066	3,210	3,317
Equals underlying cash balance(c)	14,834	14,396	17,729	15,089
plus net cash flows from investments in financial assets for policy purposes	4,550	891	-1,806	-2,008
plus Future Fund earnings	3,382	3,066	3,210	3,317
Equals headline cash balance	22,766	18,354	19,132	16,399

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

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

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

Table 18: Australian Government general government sector statement of other economic flows (reconciliation of net worth)

	Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Opening net worth	-6,068	17,217	34,141	53,494
Opening net worth adjustments(a)	8,291	0	0	0
Adjusted opening net worth	2,223	17,217	34,141	53,494
Change in net worth from operating transactions	16,474	15,405	19,378	18,076
Change in net worth from other economic flows				
Revaluation of equity(b)	608	3,866	2,627	2,917
Net writedowns of assets (including bad and doubtful debts)	-2,020	-1,833	-2,060	-2,144
Assets recognised for the first time	7	4	19	12
Liabilities recognised for the first time	0	0	0	0
Actuarial revaluations	0	0	0	0
Net foreign exchange gains	0	0	0	0
Net swap interest received	-113	-127	-109	-99
Market valuation of debt	-381	152	117	125
Other economic revaluations(c)	419	-543	-619	-632
Total other economic flows	-1,480	1,519	-24	179
Closing net worth	17,217	34,141	53,494	71,750

(a) Adjustment to net worth arising mainly from a change in accounting policy for education grants.

(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 revaluation of assets and liabilities.