

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 4.

The only difference between the Australian Government general government sector statements in Part 4 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 cash flows presented in this statement include GST (except in respect to GST flows internal to the general government sector). 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

1 Table E3 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.

Appendix B: Government Finance Statistics statements

from the total non-financial public sector tables as they are transactions internal to that sector.

Computer software and other intangibles are recorded at historic costs, as an active market is not observable for such assets. 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	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
GFS revenue				
Taxation revenue	279,401	293,416	309,061	318,886
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 GFS revenue	295,415	310,692	327,729	339,129
GFS 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	87,139	93,136	97,070	100,673
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>178,940</i>	<i>190,461</i>	<i>199,850</i>	<i>209,741</i>
Capital transfers	7,031	7,793	7,497	7,350
Total GFS expenses	277,860	294,123	307,261	319,803
Net operating balance(a)	17,554	16,570	20,468	19,326
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)(b)	15,962	14,807	19,505	18,375

(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	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
GFS 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	30,625	30,567	31,363	32,756
Equity(a)	72,191	74,229	77,567	81,154
Total financial assets	185,911	206,605	228,912	243,616
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 GFS assets	235,584	257,992	281,301	297,049
GFS 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	26,381	26,724	26,862	27,403
Total GFS liabilities	208,739	213,563	216,964	213,767
Net worth(b)(c)	26,845	44,429	64,337	83,283
Net financial worth(d)	-22,828	-6,959	11,948	29,849
Net debt(e)(f)	-16,094	-34,452	-53,463	-71,145

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

(b) The net worth estimates in this table differ from those presented elsewhere in the MYEFO reflecting the treatment of GST as an Australian Government tax.

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

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

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

(f) 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 B3: 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(b)	274,115	287,539	303,088	312,667
Receipts from sales of goods and services(c)	5,188	5,338	5,448	5,560
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(c)	0	0	0	0
Other receipts	3,150	3,356	3,509	3,654
Total operating receipts	289,628	304,436	321,337	332,554
Cash payments for operating activities				
Payments for goods and services(c)	-57,977	-61,506	-64,660	-66,736
Grants and subsidies paid(d)	-98,849	-104,678	-109,687	-113,683
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(c)	0	0	0	0
Other payments for operating activities	-3,272	-3,517	-3,577	-3,682
Total operating payments	-267,771	-283,032	-297,080	-310,864
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 B3: 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(e)	-4	-502	-6	0
Equals surplus(+)/deficit(-)	18,216	17,463	20,938	18,406

(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 \$47 million higher in 2007-08 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	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Opening net worth	2,689	26,845	44,429	64,337
Opening net worth adjustments(a)	8,291	0	0	0
Adjusted opening net worth	10,980	26,845	44,429	64,337
Change in net worth from operating transactions	17,554	16,570	20,468	19,326
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)	-2,229	-2,338	-2,595	-2,704
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	-1,689	1,014	-559	-381
Closing net worth	26,845	44,429	64,337	83,283

(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.

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

	Estimates
	2007-08
	\$m
GFS revenue	
Current grants and subsidies	50
Sales of goods and services	6,840
Interest income	79
Other	2
Total GFS revenue	6,970
GFS expenses	
Gross operating expenses	
Depreciation	292
Salaries, wages and other entitlements	2,946
Other operating expenses	2,858
<i>Total gross operating expenses</i>	<i>6,096</i>
Interest expenses	48
Other property expenses	352
Current transfers	
Tax expenses	316
Other current transfers	0
<i>Total current transfers</i>	<i>316</i>
Capital transfers	0
Total GFS expenses	6,812
Net operating balance	158
Net acquisition of non-financial assets	
Purchases of non-financial assets	1,241
<i>less</i> Sales of non-financial assets	<i>58</i>
<i>less</i> Depreciation	<i>292</i>
<i>plus</i> Change in inventories	<i>19</i>
<i>plus</i> Other movements in non-financial assets	<i>-139</i>
Total net acquisition of non-financial assets	771
Net lending/fiscal balance(a)	-612

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

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

	Estimates
	2007-08
	\$m
GFS assets	
Financial assets	
Cash and deposits	1,155
Advances paid	0
Investments, loans and placements	1,945
Other non-equity assets	855
Equity	439
<i>Total financial assets</i>	4,394
Non-financial assets	
Land and fixed assets	4,215
Other non-financial assets(a)	171
<i>Total non-financial assets</i>	4,386
Total GFS assets	8,780
GFS liabilities	
Deposits held	0
Advances received	0
Borrowing	744
Unfunded superannuation liability and other employee entitlements	1,015
Provisions (other than depreciation and bad and doubtful debts)(a)	610
Other non-equity liabilities	710
Total GFS liabilities	3,079
Shares and other contributed capital	5,700
Net worth(b)	0
Net financial worth(c)	-4,386
Net debt(d)	-2,355

(a) Includes the elimination of commercial taxation adjustments.

(b) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. A zero net worth is recorded as shares and contributed capital for the non-financial corporations controlled by the Government are valued at net assets (a proxy for market value for unlisted companies).

(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
	2007-08
	\$m
Cash receipts from operating activities	
Receipts from sales of goods and services	7,220
Grants and subsidies received	0
GST input credit receipts	290
Other receipts	167
Total operating receipts	7,678
Cash payments for operating activities	
Payment for goods and services	-3,120
Interest paid	-45
Salaries, wages and other entitlements	-2,793
GST payments to taxation authority	-522
Other payments for operating activities	-244
Total operating payments	-6,723
Net cash flows from operating activities	954
Cash flows from investments in non-financial assets	
Sales of non-financial assets	58
Purchases of non-financial assets	-1,093
Net cash flows from investments in non-financial assets	-1,035
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	345
Net cash flows from investments in financial assets for liquidity purposes	345
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	91
Deposits received (net)	0
Distributions paid (net)	-428
Other financing (net)	103
Net cash flows from financing activities	-234
Net increase/decrease in cash held	30
Net cash from operating activities and investments in non-financial assets	-81
Finance leases and similar arrangements(b)	0
Distributions paid	-428
Equals surplus(+)/deficit(-)	-509

(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 B8: Australian Government total non-financial public sector operating statement

	Estimates
	2007-08
	\$m
GFS revenue	
Taxation revenue	279,086
Current grants and subsidies	0
Sales of goods and services	11,352
Interest income	4,742
Dividend income	2,355
Other	3,453
Total GFS revenue	300,988
GFS expenses	
Gross operating expenses	
Depreciation	2,775
Superannuation	2,778
Salaries and wages	18,039
Payment for supply of goods and services	60,132
Other operating expenses	3,314
<i>Total gross operating expenses</i>	<i>87,038</i>
Nominal superannuation interest expense	6,276
Other interest expenses	4,040
Other property expenses	0
Current transfers	
Grant expenses	87,139
Subsidy expenses	7,264
Personal benefit payments in cash	84,487
Other current transfers	0
<i>Total current transfers</i>	<i>178,890</i>
Capital transfers	7,031
Total GFS expenses	283,276
Net operating balance	17,712
Net acquisition of non-financial assets	
Purchases of non-financial assets	4,956
<i>less</i> Sales of non-financial assets	<i>314</i>
<i>less</i> Depreciation	<i>2,775</i>
<i>plus</i> Change in inventories	<i>257</i>
<i>plus</i> Other movements in non-financial assets	<i>239</i>
Total net acquisition of non-financial assets	2,363
Net lending/fiscal balance(a)	15,350

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

Table B9: Australian Government total non-financial public sector balance sheet

	Estimates
	2007-08
	\$m
GFS assets	
Financial assets	
Cash and deposits	2,198
Advances paid	25,013
Investments, loans and placements	58,984
Other non-equity assets	31,379
Equity	66,930
<i>Total financial assets</i>	<i>184,504</i>
Non-financial assets	
Land and fixed assets	50,798
Other non-financial assets	3,261
<i>Total non-financial assets</i>	<i>54,059</i>
Total GFS assets	238,563
GFS liabilities	
Deposits held	263
Advances received	0
Government securities	59,288
Loans	7,085
Other borrowing	1,109
Unfunded superannuation liability and other employee entitlements	116,372
Other provisions	7,435
Other non-equity liabilities	20,167
Total GFS liabilities	211,718
Shares and other contributed capital	0
Net worth(a)	26,845
Net financial worth(b)	-27,214
Net debt(c)	-18,450

(a) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital.

(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
	2007-08
	\$m
Cash receipts from operating activities	
Taxes received	273,800
Receipts from sales of goods and services(b)	11,819
Grants and subsidies received	0
Interest receipts	4,555
Dividends	2,302
GST input credit receipts(b)	0
Other receipts	3,207
Total operating receipts	295,682
Cash payments for operating activities	
Payments for goods and services(b)	-60,739
Grants and subsidies paid	-98,849
Interest paid	-3,691
Personal benefit payments	-83,983
Salaries, wages and other entitlements	-22,838
GST payments to taxation authority(b)	0
Other payments for operating activities	-3,200
Total operating payments	-273,299
Net cash flows from operating activities	22,383
Cash flows from investments in non-financial assets	
Sales of non-financial assets	359
Purchases of non-financial assets	-5,031
Net cash flows from investments in non-financial assets	-4,672
Net cash flows from investments in financial assets for policy purposes	4,550
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	-24,539
Net cash flows from investments in financial assets for liquidity purposes	-24,539
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	2,632
Deposits received (net)	0
Distributions paid (net)	0
Other financing (net)	-437
Net cash flows from financing activities	2,195
Net increase/decrease in cash held	-83
Net cash from operating activities and investments in non-financial assets	17,711
Finance leases and similar arrangements(c)	-4
Distributions paid	0
Equals surplus(+)/deficit(-)	17,707

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

(b) GST flows are excluded from these categories.

(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.

AUSTRALIAN LOAN COUNCIL ALLOCATION

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

- the estimated non-financial public sector GFS cash deficit/surplus (made up from the general government and public non-financial corporations sector balances);
- net cash flows from investments in financial assets for policy purposes; and
- memorandum items, which involve transactions that are not formally borrowings but nevertheless have many of the characteristics of borrowings.

Loan Council Allocation nominations are considered by the Loan Council, having regard to each jurisdiction's fiscal position and infrastructure requirements, as well as the macroeconomic implications of the aggregate figure.

In March 2007, the Australian Government nominated, and the Loan Council endorsed, a Loan Council Allocation surplus of \$17,163 million. In the 2007-08 Budget, the Australian Government estimated a Loan Council Allocation surplus of \$17,905 million.

Table B11 presents a revised estimate for the Australian Government's 2007-08 Loan Council Allocation of a \$22,483 million surplus.

Table B11: Australian Government Loan Council Allocation for 2007-08

	2007-08 Budget Estimate \$m	2007-08 MYEFO Estimate \$m
General government sector cash deficit(+)/surplus(-)	-13,628	-18,216
PNFC sector cash deficit(+)/surplus(-)	756	509
Non-financial public sector cash deficit(+)/surplus(-)	-12,872	-17,707
<i>less</i> Net cash flows from investments		
in financial assets for policy purposes(a)	4,652	4,550
<i>plus</i> Memorandum items(b)	-382	-226
Loan Council Allocation	-17,905	-22,483

(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.