

## STATEMENT 9: GOVERNMENT FINANCE STATISTICS STATEMENTS

The financial tables presented in this statement are prepared in accordance with the Australian Bureau of Statistics (ABS) accrual Government Finance Statistics (GFS) framework.

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 statement 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 Appendix A to Statement 2.

In accordance with *Accrual Uniform Presentation Framework* requirements, this statement also contains an update of the Australian Government's Loan Council Allocation.

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## STATEMENT 9: GOVERNMENT FINANCE STATISTICS STATEMENTS

Financial tables presented in this statement 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 statement 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 Appendix A to Statement 2.

The only difference between the Australian Government general government sector statements in Statement 2 and this statement 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 of this document. However, the tables in this statement show GST as taxation revenue and payments to the states as grant expenses.

As a result of the different treatments of GST related transactions, the fiscal balance, net operating balance and net worth estimates in this statement 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).<sup>1</sup> The GFS cash surplus/deficit is not affected and provides identical results under both treatments of GST receipts.

The general government sector fiscal balance and net worth include an allowance, through the contingency reserve, for the anticipated impact of Australian Equivalents to International Financial Reporting Standards. The Australian Government general government sector fiscal balance increases by \$57 million in 2005-06 due to lower expenses with minor impacts in the forward years. Australian Government general

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1 Table 3 in Statement 8 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.

*Statement 9: Government Finance Statistics Statements*

government sector net worth reduces by around \$1.3 billion in 2005-06 and the forward years.

Transactions between the Australian Government general government and public non-financial corporations are included in the relevant tables, but removed from the total non-financial public sector tables as they are transactions internal to that sector.

Public access communication assets, computer software and other intangibles are recorded at historic costs, as market value information, or suitable proxies for market value, are not readily observable. This affects the public non-financial corporations sector balance sheet, but does not affect the general government sector balance sheet.

Statement 8 provides reconciliations between key GFS aggregates and their Australian Accounting Standards counterparts.

In accordance with *Accrual Uniform Presentation Framework* requirements, this statement also contains an update of the Australian Government's Loan Council Allocation.

## GOVERNMENT FINANCE STATISTICS STATEMENTS

**Table 1: Australian Government general government sector operating statement**

	Estimates		Projections		
	2004-05	2005-06	2006-07	2007-08	2008-09
	\$m	\$m	\$m	\$m	\$m
<b>GFS revenue</b>					
Taxation revenue	226,501	239,267	249,059	261,068	274,640
Current grants and subsidies	0	0	0	0	0
Sales of goods and services	4,828	4,965	5,194	5,330	5,363
Interest income	1,562	2,000	2,853	3,997	5,025
Dividend income	3,146	3,312	2,952	2,357	1,852
Other	2,929	2,967	2,884	2,924	2,966
<b>Total GFS revenue</b>	<b>238,966</b>	<b>252,511</b>	<b>262,942</b>	<b>275,675</b>	<b>289,846</b>
<b>GFS expenses</b>					
Gross operating expenses					
Depreciation	1,892	2,140	2,252	2,341	2,361
Superannuation	2,487	2,363	2,409	2,434	2,479
Salaries and wages	11,922	12,617	12,828	13,164	13,668
Payment for supply of goods and services	45,246	48,395	50,538	52,858	54,020
Other operating expenses	2,814	2,584	2,618	2,770	2,917
<i>Total gross operating expenses</i>	<i>64,362</i>	<i>68,100</i>	<i>70,645</i>	<i>73,567</i>	<i>75,444</i>
Nominal superannuation interest expense	4,882	5,713	5,594	5,821	5,947
Other interest expenses	4,131	3,851	3,774	3,761	3,574
Other property expenses	0	0	0	0	0
Current transfers					
Grant expenses	72,753	77,899	79,942	83,613	86,372
Subsidy expenses	6,470	6,560	6,697	6,936	7,466
Personal benefit payments in cash	74,478	77,545	83,258	88,742	97,033
Other current transfers	0	0	0	0	0
<i>Total current transfers</i>	<i>153,701</i>	<i>162,004</i>	<i>169,897</i>	<i>179,292</i>	<i>190,870</i>
Capital transfers	3,591	3,854	4,207	4,384	4,318
<b>Total GFS expenses</b>	<b>230,667</b>	<b>243,521</b>	<b>254,116</b>	<b>266,825</b>	<b>280,153</b>
<b>Net operating balance(a)</b>	<b>8,300</b>	<b>8,990</b>	<b>8,826</b>	<b>8,850</b>	<b>9,693</b>
<b>Net acquisition of non-financial assets</b>					
Purchases of non-financial assets	2,487	2,920	2,392	2,429	2,104
<i>less</i> Sales of non-financial assets	<i>364</i>	<i>285</i>	<i>174</i>	<i>250</i>	<i>188</i>
<i>less</i> Depreciation	<i>1,892</i>	<i>2,140</i>	<i>2,252</i>	<i>2,341</i>	<i>2,361</i>
<i>plus</i> Change in inventories	<i>374</i>	<i>340</i>	<i>473</i>	<i>273</i>	<i>270</i>
<i>plus</i> Other movements in non-financial assets	<i>47</i>	<i>185</i>	<i>178</i>	<i>-111</i>	<i>-89</i>
<b>Total net acquisition of non-financial assets</b>	<b>652</b>	<b>1,020</b>	<b>617</b>	<b>1</b>	<b>-264</b>
<b>Net lending/fiscal balance(a)(b)</b>	<b>7,648</b>	<b>7,970</b>	<b>8,208</b>	<b>8,848</b>	<b>9,957</b>

(a) The fiscal balance and net operating balance estimates in this table differ from those presented elsewhere in the Budget reflecting the treatment of the GST as an Australian Government tax.

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

**Table 2: Australian Government general government sector balance sheet**

	Estimates		Projections		
	2004-05	2005-06	2006-07	2007-08	2008-09
	\$m	\$m	\$m	\$m	\$m
<b>GFS assets</b>					
Financial assets					
Cash and deposits	927	288	459	210	143
Advances paid	19,314	20,536	22,001	23,921	26,059
Investments, loans and placements(a)	31,066	38,096	56,389	77,150	96,186
Other non-equity assets	19,472	20,450	22,517	24,896	27,565
Equity(b)	50,895	51,137	40,166	28,854	17,570
<i>Total financial assets</i>	121,675	130,507	141,532	155,031	167,523
Non-financial assets					
Land	4,863	5,161	5,119	5,027	4,973
Buildings	13,894	14,008	14,263	14,428	14,536
Plant, equipment and infrastructure	8,411	8,578	8,716	8,546	8,256
Inventories	5,299	5,570	5,989	6,228	6,463
Heritage and cultural assets	6,698	6,739	6,766	6,787	6,808
Other non-financial assets	2,085	2,341	2,207	2,006	1,762
<i>Total non-financial assets</i>	41,250	42,397	43,060	43,022	42,798
<b>Total GFS assets</b>	<b>162,925</b>	<b>172,904</b>	<b>184,593</b>	<b>198,053</b>	<b>210,320</b>
<b>GFS liabilities</b>					
Deposits held	365	365	365	365	365
Advances received	0	0	0	0	0
Government securities(a)	61,452	59,284	59,106	60,932	60,633
Loans	5,595	5,164	5,190	5,212	4,912
Other borrowing	224	189	158	124	90
Superannuation liability	91,071	95,578	98,801	101,997	105,168
Other employee entitlements and provisions	7,605	7,812	7,918	8,080	8,266
Other non-equity liabilities	28,654	29,937	30,675	31,731	32,893
<b>Total GFS liabilities</b>	<b>194,966</b>	<b>198,327</b>	<b>202,213</b>	<b>208,440</b>	<b>212,327</b>
<b>Net worth(c)(d)</b>	<b>-32,040</b>	<b>-25,423</b>	<b>-17,620</b>	<b>-10,387</b>	<b>-2,006</b>
Net financial worth(e)	-73,291	-67,820	-60,680	-53,409	-44,804
Net debt(f)	16,328	6,080	-14,031	-34,649	-56,389

(a) For 2005-06 and the forward years, the netting of assets — investments, loans and placements and liabilities — government securities has been removed so that both lines are now reported on a gross basis.

(b) Equity includes the valuation of the Telstra shareholding, which is valued at the average of the daily share price over a 90-day period, except in the sale years where the valuation is based on the expected sale price.

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

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

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

(f) 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 3: Australian Government general government sector cash flow statement<sup>(a)</sup>**

	Estimates		Projections		
	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Cash receipts from operating activities</b>					
Taxes received(b)	221,796	235,149	244,174	256,102	269,378
Receipts from sales of goods and services(c)	4,814	4,971	5,186	5,322	5,355
Grants and subsidies received	0	0	0	0	0
Interest receipts	1,460	1,828	2,649	3,783	4,789
Dividends	3,808	3,632	2,952	2,357	1,852
GST input credits received by general government(c)	0	0	0	0	0
Other receipts	2,849	2,926	2,875	2,851	2,938
<b>Total operating receipts</b>	<b>234,727</b>	<b>248,506</b>	<b>257,836</b>	<b>270,414</b>	<b>284,313</b>
<b>Cash payments for operating activities</b>					
Payments for goods and services(c)	-45,570	-48,518	-50,850	-53,025	-54,211
Grants and subsidies paid(d)	-80,750	-86,535	-89,485	-93,487	-96,233
Interest paid	-3,856	-4,587	-3,808	-3,534	-3,450
Personal benefit payments	-73,664	-76,487	-82,415	-88,071	-96,604
Salaries, wages and other entitlements	-16,508	-17,102	-17,371	-18,002	-18,693
GST payments by general government to taxation authority(c)	0	0	0	0	0
Other payments for operating activities	-2,988	-3,079	-2,635	-2,730	-2,958
<b>Total operating payments</b>	<b>-223,336</b>	<b>-236,308</b>	<b>-246,562</b>	<b>-258,849</b>	<b>-272,148</b>
<b>Net cash flows from operating activities</b>	<b>11,391</b>	<b>12,198</b>	<b>11,273</b>	<b>11,565</b>	<b>12,165</b>
<b>Cash flows from investments in non-financial assets</b>					
Sales of non-financial assets	416	291	175	250	188
Purchases of non-financial assets	-2,579	-3,102	-2,549	-2,313	-2,011
<b>Net cash flows from investments in non-financial assets</b>	<b>-2,163</b>	<b>-2,812</b>	<b>-2,374</b>	<b>-2,063</b>	<b>-1,823</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-1,317</b>	<b>-1,518</b>	<b>9,286</b>	<b>9,054</b>	<b>9,022</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>					
Increase in investments	-7,456	-7,217	-18,306	-20,751	-19,023
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-7,456</b>	<b>-7,217</b>	<b>-18,306</b>	<b>-20,751</b>	<b>-19,023</b>
<b>Cash flows from financing activities</b>					
Advances received (net)	0	0	0	0	0
Borrowing (net)	188	-1,579	-30	1,928	-481
Deposits received (net)	0	0	0	0	0
Other financing (net)	-1,306	288	322	18	72
<b>Net cash flows from financing activities</b>	<b>-1,118</b>	<b>-1,291</b>	<b>291</b>	<b>1,946</b>	<b>-408</b>
<b>Net increase/decrease in cash held</b>	<b>-663</b>	<b>-639</b>	<b>171</b>	<b>-249</b>	<b>-67</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>9,227</b>	<b>9,387</b>	<b>8,899</b>	<b>9,502</b>	<b>10,342</b>
Finance leases and similar arrangements(e)	-7	-4	-23	-5	-4
<b>Equals surplus(+)/deficit(-)</b>	<b>9,221</b>	<b>9,383</b>	<b>8,876</b>	<b>9,497</b>	<b>10,338</b>

- (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 \$41 million greater in 2004-05 than GST cash receipts measured on a state tax basis (as shown in Statement 10, Note 18).  
(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 4: Australian Government general government sector statement of other economic flows (reconciliation of net worth)**

	Estimates		Projections		
	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m
<b>Opening net worth</b>	<b>-36,165</b>	<b>-32,040</b>	<b>-25,423</b>	<b>-17,620</b>	<b>-10,387</b>
<b>Opening net worth adjustments(a)</b>	<b>-1,741</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjusted opening net worth</b>	<b>-37,906</b>	<b>-32,040</b>	<b>-25,423</b>	<b>-17,620</b>	<b>-10,387</b>
<b>Change in net worth from operating transactions</b>	8,300	8,990	8,826	8,850	9,693
<b>Change in net worth from other economic flows</b>					
Revaluation of equity(b)	1,301	261	322	-19	4
Net writedowns of assets (including bad and doubtful debts)	-2,423	-1,737	-1,955	-2,018	-1,646
Assets recognised for the first time	23	94	80	58	58
Liabilities recognised for the first time	0	0	0	0	0
Actuarial revaluations	-937	0	0	0	0
Net foreign exchange gains	-384	0	0	0	0
Net swap interest received	180	102	96	77	70
Market valuation of debt	-195	371	303	257	148
Other economic revaluations(c)	2	-1,463	131	29	53
<b>Total other economic flows</b>	<b>-2,433</b>	<b>-2,373</b>	<b>-1,022</b>	<b>-1,616</b>	<b>-1,313</b>
<b>Closing net worth</b>	<b>-32,040</b>	<b>-25,423</b>	<b>-17,620</b>	<b>-10,387</b>	<b>-2,006</b>

(a) Decrease in net worth arising from a change in recognition of family tax benefits and other expenses from a cash to an accrual basis.

(b) Revaluations of equity reflects changes in the market valuation of commercial entities, including a change in the value of the Telstra shareholding which is valued at the average of the daily share price over a 90-day period, except in the sale years where the valuation is based on the expected sale price. This line also reflects any equity revaluations at the point of disposal or sale.

(c) Largely reflects revaluation of assets and liabilities and Australian Equivalents to International Financial Reporting Standards adjustments.

**Table 5: Australian Government public non-financial corporations operating statement**

	Estimates	
	2004-05 \$m	2005-06 \$m
<b>GFS revenue</b>		
Current grants and subsidies	353	358
Sales of goods and services	26,221	27,307
Interest income	117	112
Other	1	1
<b>Total GFS revenue</b>	<b>26,693</b>	<b>27,778</b>
<b>GFS expenses</b>		
Gross operating expenses		
Depreciation	3,561	3,919
Salaries, wages and other entitlements	5,810	5,957
Other operating expenses	11,486	12,394
<i>Total gross operating expenses</i>	<i>20,857</i>	<i>22,270</i>
Interest expenses	322	466
Other property expenses	1,674	2,095
Current transfers		
Tax expenses	2,071	2,055
Other current transfers	0	0
<i>Total current transfers</i>	<i>2,071</i>	<i>2,055</i>
Capital transfers	0	0
<b>Total GFS expenses</b>	<b>24,924</b>	<b>26,886</b>
<b>Net operating balance</b>	<b>1,769</b>	<b>892</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	4,412	4,604
<i>less</i> Sales of non-financial assets	<i>159</i>	<i>51</i>
<i>less</i> Depreciation	<i>3,561</i>	<i>3,919</i>
<i>plus</i> Change in inventories	<i>24</i>	<i>43</i>
<i>plus</i> Other movements in non-financial assets	<i>-420</i>	<i>1</i>
<b>Total net acquisition of non-financial assets</b>	<b>295</b>	<b>679</b>
<b>Net lending/fiscal balance(a)</b>	<b>1,475</b>	<b>213</b>

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



**Table 6: Australian Government public non-financial corporations balance sheet**

	Estimates	
	2004-05	2005-06
	\$m	\$m
<b>GFS assets</b>		
Financial assets		
Cash and deposits	1,913	1,668
Advances paid	0	0
Investments, loans and placements	234	194
Other non-equity assets	5,288	5,403
Equity	304	545
<i>Total financial assets</i>	<i>7,738</i>	<i>7,810</i>
Non-financial assets		
Land and fixed assets	26,442	26,714
Other non-financial assets(a)	2,171	2,496
<i>Total non-financial assets</i>	<i>28,613</i>	<i>29,210</i>
<b>Total GFS assets</b>	<b>36,351</b>	<b>37,020</b>
<b>GFS liabilities</b>		
Deposits held	0	0
Advances received	0	0
Borrowing	12,692	12,645
Unfunded superannuation liability and other employee entitlements	2,018	2,206
Provisions (other than depreciation and bad and doubtful debts)(a)	3,002	3,012
Other non-equity liabilities	1,678	1,768
<b>Total GFS liabilities</b>	<b>19,390</b>	<b>19,631</b>
<b>Shares and other contributed capital</b>	<b>67,553</b>	<b>67,790</b>
<b>Net worth(b)</b>	<b>-50,592</b>	<b>-50,401</b>
Net financial worth(c)	-79,205	-79,611
Net debt(d)	10,546	10,783

(a) Includes the elimination of commercial taxation adjustments for future income tax benefits and deferred income tax.

(b) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The negative net worth recorded for this sector reflects a higher valuation of listed Australian Government corporations by the sharemarket than the value of net assets recorded by these corporations.

(c) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. That is, it excludes non-financial assets.

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

**Table 7: Australian Government public non-financial corporations cash flow statement<sup>(a)</sup>**

	Estimates	
	2004-05 \$m	2005-06 \$m
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	26,048	27,308
Grants and subsidies received	50	120
GST input credit receipts	61	61
Other receipts	230	204
<b>Total operating receipts</b>	<b>26,390</b>	<b>27,694</b>
<b>Cash payments for operating activities</b>		
Payment for goods and services	-8,691	-9,363
Interest paid	-155	-299
Salaries, wages and other entitlements	-5,838	-5,879
GST payments to taxation authority	-1,263	-1,265
Other payments for operating activities(b)	-3,230	-3,817
<b>Total operating payments</b>	<b>-19,178</b>	<b>-20,623</b>
<b>Net cash flows from operating activities</b>	<b>7,212</b>	<b>7,070</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	177	58
Purchases of non-financial assets	-4,416	-4,610
<b>Net cash flows from investments in non-financial assets</b>	<b>-4,239</b>	<b>-4,552</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>0</b>	<b>0</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>		
Increase in investments	223	-202
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>223</b>	<b>-202</b>
<b>Cash flows from financing activities</b>		
Advances received (net)	0	0
Borrowing (net)	-129	56
Deposits received (net)	0	0
Distributions paid (net)(c)	-1,685	-2,085
Other financing (net)	-1,358	-532
<b>Net cash flows from financing activities</b>	<b>-3,172</b>	<b>-2,561</b>
<b>Net increase/decrease in cash held</b>	<b>25</b>	<b>-245</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>2,973</b>	<b>2,518</b>
Finance leases and similar arrangements(d)	0	0
Distributions paid(c)	-1,685	-2,085
<b>Equals surplus(+)/deficit(-)</b>	<b>1,288</b>	<b>433</b>

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

(b) Other payments for operating activities includes the cash flow to the general government sector from public non-financial corporations distributions paid.

(c) Distributions paid comprise public non-financial corporations dividends to non-general government shareholders.

(d) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

**Table 8: Australian Government total non-financial public sector operating statement**

	Estimates	
	2004-05 \$m	2005-06 \$m
<b>GFS revenue</b>		
Taxation revenue	224,431	237,212
Current grants and subsidies	0	0
Sales of goods and services	30,513	31,667
Interest income	1,679	2,112
Dividend income	1,143	819
Other	2,930	2,968
<b>Total GFS revenue</b>	<b>260,695</b>	<b>274,778</b>
<b>GFS expenses</b>		
Gross operating expenses		
Depreciation	5,453	6,059
Superannuation	2,540	2,454
Salaries and wages	17,732	18,574
Payment for supply of goods and services	53,878	57,331
Other operating expenses	3,076	2,854
<i>Total gross operating expenses</i>	<i>82,679</i>	<i>87,272</i>
Nominal superannuation interest expense	4,882	5,713
Other interest expenses	4,454	4,317
Other property expenses	1,674	2,095
Current transfers		
Grant expenses	72,753	77,899
Subsidy expenses	6,117	6,201
Personal benefit payments in cash	74,478	77,545
Other current transfers	0	0
<i>Total current transfers</i>	<i>153,348</i>	<i>161,646</i>
Capital transfers	3,591	3,854
<b>Total GFS expenses</b>	<b>250,627</b>	<b>264,896</b>
<b>Net operating balance(a)</b>	<b>10,069</b>	<b>9,882</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	6,899	7,524
less Sales of non-financial assets	523	336
less Depreciation	5,453	6,059
plus Change in inventories	397	384
plus Other movements in non-financial assets	-373	186
<b>Total net acquisition of non-financial assets</b>	<b>946</b>	<b>1,699</b>
<b>Net lending/fiscal balance(a)(b)</b>	<b>9,123</b>	<b>8,183</b>

(a) The fiscal balance and net operating balance estimates in this table differ from those presented elsewhere in the Budget reflecting the treatment of the GST as an Australian Government tax.

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

**Table 9: Australian Government total non-financial public sector balance sheet**

	Estimates	
	2004-05	2005-06
	\$m	\$m
<b>GFS assets</b>		
Financial assets		
Cash and deposits	2,840	1,956
Advances paid	19,314	20,536
Investments, loans and placements	31,300	38,290
Other non-equity assets	24,745	25,837
Equity	14,663	14,909
<i>Total financial assets</i>	<i>92,863</i>	<i>101,529</i>
Non-financial assets		
Land and fixed assets	65,607	66,769
Other non-financial assets	4,256	4,837
<i>Total non-financial assets</i>	<i>69,863</i>	<i>71,607</i>
<b>Total GFS assets</b>	<b>162,726</b>	<b>173,136</b>
<b>GFS liabilities</b>		
Deposits held	365	365
Advances received	0	0
Government securities	61,452	59,284
Loans	5,595	5,164
Other borrowing	12,916	12,834
Unfunded superannuation liability and other employee entitlements	100,694	105,595
Other provisions	6,868	7,019
Other non-equity liabilities	26,451	27,682
<b>Total GFS liabilities</b>	<b>214,341</b>	<b>217,943</b>
<b>Shares and other contributed capital</b>	<b>31,017</b>	<b>31,017</b>
<b>Net worth(a)</b>	<b>-82,633</b>	<b>-75,824</b>
Net financial worth(b)	-152,496	-147,431
Net debt(c)	26,874	16,863

- (a) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The negative net worth recorded for this sector partly reflects a higher valuation of listed Australian Government corporations by the sharemarket than the value of net assets recorded by these corporations.
- (b) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. That is, it excludes non-financial assets.
- (c) Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

**Table 10: Australian Government total non-financial public sector cash flow statement<sup>(a)</sup>**

	Estimates	
	2004-05	2005-06
	\$m	\$m
<b>Cash receipts from operating activities</b>		
Taxes received	218,469	231,838
Receipts from sales of goods and services(b)	30,846	32,262
Grants and subsidies received	0	0
Interest receipts	1,578	1,940
Dividends	1,805	1,139
GST input credit receipts(b)	0	0
Other receipts	2,961	3,019
<b>Total operating receipts</b>	<b>255,659</b>	<b>270,197</b>
<b>Cash payments for operating activities</b>		
Payments for goods and services(b)	-54,192	-57,812
Grants and subsidies paid	-80,700	-86,414
Interest paid	-4,011	-4,886
Personal benefit payments	-73,664	-76,487
Salaries, wages and other entitlements	-22,345	-22,980
GST payments to taxation authority(b)	0	0
Other payments for operating activities	-2,144	-2,348
<b>Total operating payments</b>	<b>-237,056</b>	<b>-250,929</b>
<b>Net cash flows from operating activities</b>	<b>18,603</b>	<b>19,269</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	593	349
Purchases of non-financial assets	-6,996	-7,712
<b>Net cash flows from investments in non-financial assets</b>	<b>-6,402</b>	<b>-7,364</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-1,317</b>	<b>-1,518</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>		
Increase in investments	-7,233	-7,419
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-7,233</b>	<b>-7,419</b>
<b>Cash flows from financing activities</b>		
Advances received (net)	0	0
Borrowing (net)	59	-1,523
Deposits received (net)	0	0
Distributions paid (net)(c)	-1,685	-2,085
Other financing (net)	-2,664	-244
<b>Net cash flows from financing activities</b>	<b>-4,290</b>	<b>-3,852</b>
<b>Net increase/decrease in cash held</b>	<b>-638</b>	<b>-884</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>12,201</b>	<b>11,905</b>
Finance leases and similar arrangements(d)	-7	-4
Distributions paid(c)	-1,685	-2,085
<b>Equals surplus(+)/deficit(-)</b>	<b>10,509</b>	<b>9,815</b>

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

(b) GST flows are excluded from these categories.

(c) Distributions paid comprise public non-financial corporations dividends to non-general government shareholders.

(d) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

**Table 11: Australian Government general government sector taxation revenue by source**

	Estimates	
	2004-05	2005-06
	\$m	\$m
Taxes on income, profits and capital gains		
Income and capital gains levied on individuals	109,220	112,820
Income and capital gains levied on enterprises	47,160	54,460
Income taxes levied on non-residents	0	0
<b>Total taxes on income, profits and capital gains</b>	<b>156,380</b>	<b>167,280</b>
Taxes on employers' payroll and labour force	3,297	3,580
Taxes on property	14	14
Taxes on the provision of goods and services		
Sales/goods and services tax	37,480	39,230
Excises and levies	22,814	23,284
Taxes on international trade	5,714	5,071
Other	0	0
<b>Total taxes on the provision of goods and services</b>	<b>66,008</b>	<b>67,585</b>
Taxes on use of goods and performance of activities	803	808
<b>Total GFS taxation revenue</b>	<b>226,501</b>	<b>239,267</b>

**Table 12: Australian Government purchases of non-financial assets by function**

	Estimates		Projections		
	2004-05	2005-06	2006-07	2007-08	2008-09
	\$m	\$m	\$m	\$m	\$m
General public services	831	1,029	680	875	567
Defence	615	1,202	589	654	1,000
Public order and safety	224	190	169	150	166
Education	16	12	12	15	12
Health	103	99	88	83	83
Social security and welfare	219	285	254	215	171
Housing and community amenities	8	36	50	44	41
Recreation and culture	263	4	260	217	212
Fuel and energy	3	4	4	3	4
Agriculture, forestry and fishing	27	32	25	33	33
Mining, manufacturing and construction	30	37	38	35	29
Transport and communications	-65	-206	38	36	36
Other economic affairs	210	184	198	174	182
Other purposes	5	14	-12	-107	-431
<b>General government purchases of non-financial assets</b>	<b>2,487</b>	<b>2,920</b>	<b>2,392</b>	<b>2,429</b>	<b>2,104</b>

## APPENDIX A: AUSTRALIAN LOAN COUNCIL ALLOCATION

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

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

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

As set out in Table 13, the Australian Government's 2005-06 Loan Council Allocation Budget update is a \$8,432 million surplus. This compares with the Australian Government's nominated, and Loan Council endorsed, Loan Council Allocation surplus of \$5,972 million.

**Table 13: Australian Government's Loan Council Allocation Budget update for 2005-06**

	2005-06 Nomination \$m	2005-06 Budget Estimate \$m
General government sector cash deficit(+)/surplus(-)	-4,459	-9,383
Public non-financial corporations sector cash deficit(+)/surplus(-)	-1,914	-433
Non-financial public sector cash deficit(+)/surplus(-)	-6,374	-9,815
<i>less</i> Net cash flows from investments		
in financial assets for policy purposes(a)	-1,441	-1,518
<i>plus</i> Memorandum items(b)	-1,039	-135
<b>Loan Council Allocation</b>	<b>-5,972</b>	<b>-8,432</b>

(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 include the change in net present value (NPV) of operating leases (with NPV greater than \$5 million) and over-funding of superannuation.