

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, 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).¹ The cash flows presented in this statement include GST (except in respect to GST flows internal to the general government sector), whereas the cash flows presented elsewhere in this document do not. 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 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.

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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.

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 | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
| | \$m | \$m | \$m | \$m | \$m |
| GFS revenue | | | | | |
| Taxation revenue | 261,186 | 274,159 | 289,566 | 304,446 | 317,562 |
| Current grants and subsidies | 0 | 0 | 0 | 0 | 0 |
| Sales of goods and services | 5,008 | 5,220 | 5,362 | 5,541 | 5,950 |
| Interest income | 3,841 | 4,147 | 3,979 | 4,879 | 4,562 |
| Dividend income | 2,774 | 2,966 | 3,832 | 3,944 | 4,035 |
| Other | 3,449 | 3,357 | 3,487 | 3,615 | 5,504 |
| Total GFS revenue | 276,259 | 289,851 | 306,226 | 322,424 | 337,612 |
| GFS expenses | | | | | |
| Gross operating expenses | | | | | |
| Depreciation | 2,216 | 2,478 | 2,638 | 2,720 | 2,717 |
| Superannuation | 2,371 | 2,487 | 2,536 | 2,593 | 2,672 |
| Salaries and wages | 13,854 | 14,701 | 14,802 | 15,209 | 15,650 |
| Payment for supply of goods and services | 50,931 | 55,684 | 58,857 | 62,020 | 65,562 |
| Other operating expenses | 3,151 | 3,463 | 3,750 | 3,930 | 4,448 |
| <i>Total gross operating expenses</i> | <i>72,523</i> | <i>78,813</i> | <i>82,584</i> | <i>86,472</i> | <i>91,049</i> |
| Nominal superannuation interest expense | 5,730 | 6,192 | 6,294 | 6,517 | 6,706 |
| Other interest expenses | 3,957 | 3,836 | 3,754 | 3,722 | 3,588 |
| Other property expenses | 0 | 0 | 0 | 0 | 0 |
| Current transfers | | | | | |
| Grant expenses | 81,282 | 86,857 | 90,768 | 94,895 | 99,452 |
| Subsidy expenses | 6,890 | 7,337 | 7,498 | 7,691 | 7,945 |
| Personal benefit payments in cash | 85,036 | 87,448 | 93,323 | 99,410 | 105,498 |
| Other current transfers | 0 | 0 | 0 | 0 | 0 |
| <i>Total current transfers</i> | <i>173,208</i> | <i>181,642</i> | <i>191,589</i> | <i>201,995</i> | <i>212,895</i> |
| Capital transfers | 5,986 | 7,168 | 7,687 | 7,625 | 7,521 |
| Total GFS expenses | 261,405 | 277,650 | 291,909 | 306,332 | 321,759 |
| Net operating balance(a) | 14,854 | 12,200 | 14,317 | 16,092 | 15,853 |
| Net acquisition of non-financial assets | | | | | |
| Purchases of non-financial assets | 3,675 | 3,689 | 3,864 | 3,328 | 3,537 |
| <i>less</i> Sales of non-financial assets | <i>184</i> | <i>199</i> | <i>216</i> | <i>109</i> | <i>109</i> |
| <i>less</i> Depreciation | <i>2,216</i> | <i>2,478</i> | <i>2,638</i> | <i>2,720</i> | <i>2,717</i> |
| <i>plus</i> Change in inventories | <i>624</i> | <i>111</i> | <i>187</i> | <i>215</i> | <i>411</i> |
| <i>plus</i> Other movements in non-financial assets | <i>126</i> | <i>49</i> | <i>180</i> | <i>148</i> | <i>-182</i> |
| Total net acquisition of non-financial assets | 2,025 | 1,171 | 1,377 | 861 | 939 |
| Net lending/fiscal balance(a)(b) | 12,828 | 11,029 | 12,940 | 15,231 | 14,914 |

(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.

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Table 2: Australian Government general government sector balance sheet

| | Estimates | | Projections | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | 2006-07 \$m | 2007-08 \$m | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m |
| GFS assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 2,008 | 2,348 | 2,778 | 2,297 | 2,121 |
| Advances paid | 22,468 | 24,122 | 25,849 | 27,439 | 29,277 |
| Investments, loans and placements | 67,820 | 51,488 | 66,025 | 79,643 | 85,457 |
| Other non-equity assets | 36,754 | 30,437 | 30,403 | 31,251 | 32,443 |
| Equity(a) | 31,260 | 68,014 | 70,223 | 73,195 | 76,379 |
| <i>Total financial assets</i> | <i>160,310</i> | <i>176,409</i> | <i>195,278</i> | <i>213,825</i> | <i>225,677</i> |
| Non-financial assets | | | | | |
| Land | 6,181 | 6,276 | 6,365 | 6,355 | 6,402 |
| Buildings | 15,193 | 15,782 | 16,938 | 17,652 | 18,351 |
| Plant, equipment and infrastructure | 9,481 | 9,898 | 9,881 | 9,748 | 9,824 |
| Inventories | 5,532 | 5,643 | 5,830 | 6,045 | 6,456 |
| Heritage and cultural assets | 8,074 | 8,109 | 8,134 | 8,164 | 8,188 |
| Other non-financial assets | 3,382 | 3,358 | 3,406 | 3,518 | 3,335 |
| <i>Total non-financial assets</i> | <i>47,844</i> | <i>49,067</i> | <i>50,555</i> | <i>51,483</i> | <i>52,556</i> |
| Total GFS assets | 208,154 | 225,477 | 245,833 | 265,308 | 278,234 |
| GFS liabilities | | | | | |
| Deposits held | 300 | 300 | 300 | 300 | 300 |
| Advances received | 0 | 0 | 0 | 0 | 0 |
| Government securities | 57,275 | 59,269 | 59,355 | 58,723 | 50,715 |
| Loans | 5,846 | 5,940 | 5,774 | 5,653 | 5,834 |
| Other borrowing | 431 | 400 | 856 | 816 | 773 |
| Superannuation liability | 102,744 | 106,552 | 110,264 | 113,983 | 117,720 |
| Other employee entitlements and provisions | 8,215 | 8,465 | 8,815 | 9,185 | 9,606 |
| Other non-equity liabilities | 35,466 | 35,839 | 36,505 | 36,999 | 37,939 |
| Total GFS liabilities | 210,278 | 216,765 | 221,870 | 225,658 | 222,888 |
| Net worth(b)(c) | -2,124 | 8,711 | 23,963 | 39,650 | 55,346 |
| Net financial worth(d) | -49,968 | -40,356 | -26,592 | -11,833 | 2,790 |
| Net debt(e)(f) | -28,444 | -12,049 | -28,366 | -43,887 | -59,233 |

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

(b) 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.

(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 is a result of an assumption that the Future Fund will increasingly be invested in equities, which are not included in the calculation of net debt.

Table 3: Australian Government general government sector cash flow statement^(a)

| | Estimates | | Projections | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2006-07 \$m | 2007-08 \$m | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m |
| Cash receipts from operating activities | | | | | |
| Taxes received(b) | 255,989 | 268,701 | 283,769 | 298,525 | 311,694 |
| Receipts from sales of goods and services(c) | 5,044 | 5,247 | 5,402 | 5,555 | 5,965 |
| Grants and subsidies received | 0 | 0 | 0 | 0 | 0 |
| Interest receipts | 3,736 | 3,992 | 3,743 | 4,636 | 5,391 |
| Dividends | 3,120 | 2,926 | 3,837 | 3,949 | 4,085 |
| GST input credits received by general government(c) | 0 | 0 | 0 | 0 | 0 |
| Other receipts | 2,932 | 3,160 | 3,263 | 3,357 | 4,133 |
| Total operating receipts | 270,821 | 284,027 | 300,013 | 316,023 | 331,268 |
| Cash payments for operating activities | | | | | |
| Payments for goods and services(c) | -52,560 | -58,279 | -61,182 | -64,270 | -67,239 |
| Grants and subsidies paid(d) | -91,920 | -98,052 | -101,879 | -107,120 | -112,029 |
| Interest paid | -3,911 | -3,601 | -3,582 | -3,461 | -4,340 |
| Personal benefit payments | -81,929 | -84,687 | -90,786 | -97,076 | -103,443 |
| Salaries, wages and other entitlements | -18,558 | -19,628 | -19,998 | -20,640 | -22,041 |
| GST payments by general government to taxation authority(c) | 0 | 0 | 0 | 0 | 0 |
| Other payments for operating activities | -2,734 | -2,745 | -3,428 | -3,516 | -3,641 |
| Total operating payments | -251,611 | -266,992 | -280,855 | -296,083 | -312,733 |
| Net cash flows from operating activities | 19,210 | 17,035 | 19,159 | 19,940 | 18,536 |
| Cash flows from investments in non-financial assets | | | | | |
| Sales of non-financial assets | 184 | 250 | 222 | 114 | 104 |
| Purchases of non-financial assets | -3,599 | -3,654 | -3,373 | -3,323 | -3,198 |
| Net cash flows from investments in non-financial assets | -3,415 | -3,404 | -3,152 | -3,209 | -3,094 |
| Net cash flows from investments in financial assets for policy purposes | 7,649 | 4,652 | -18 | -1,923 | -2,150 |
| Cash flows from investments in financial assets for liquidity purposes | | | | | |
| Increase in investments | -22,476 | -19,918 | -15,425 | -14,274 | -6,372 |
| Net cash flows from investments in financial assets for liquidity purposes | -22,476 | -19,918 | -15,425 | -14,274 | -6,372 |
| Cash flows from financing activities | | | | | |
| Advances received (net) | 0 | 0 | 0 | 0 | 0 |
| Borrowing (net) | -1,312 | 2,336 | 154 | -705 | -6,987 |
| Deposits received (net) | -20 | 0 | 0 | 0 | 0 |
| Other financing (net) | 426 | -361 | -289 | -310 | -108 |
| Net cash flows from financing activities | -905 | 1,976 | -134 | -1,014 | -7,096 |
| Net increase/decrease in cash held | 63 | 340 | 430 | -481 | -176 |

Table 3: Australian Government general government sector cash flow statement^(a) (continued)

| | Estimates | | Projections | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
| | \$m | \$m | \$m | \$m | \$m |
| Net cash from operating activities and investments in non-financial assets | 15,795 | 13,631 | 16,007 | 16,731 | 15,442 |
| Finance leases and similar arrangements(e) | -34 | -4 | -502 | -6 | 0 |
| Equals surplus(+)/deficit(-) | 15,761 | 13,628 | 15,505 | 16,725 | 15,442 |

(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 \$6 million lower in 2007-08 than GST cash receipts measured on a State tax basis (as shown in Statement 10, 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 4: Australian Government general government sector statement of other economic flows (reconciliation of net worth)

| | Estimates | | Projections | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | 2006-07 \$m | 2007-08 \$m | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m |
| Opening net worth | -15,245 | -2,124 | 8,711 | 23,963 | 39,650 |
| Opening net worth adjustments(a) | 287 | 0 | 0 | 0 | 0 |
| Adjusted opening net worth | -14,958 | -2,124 | 8,711 | 23,963 | 39,650 |
| Change in net worth from operating transactions | 14,854 | 12,200 | 14,317 | 16,092 | 15,853 |
| Change in net worth from other economic flows | | | | | |
| Revaluation of equity(b) | 964 | 880 | 3,334 | 2,308 | 2,572 |
| Net writedowns of assets (including bad and doubtful debts) | -2,139 | -2,731 | -2,503 | -2,839 | -2,978 |
| Assets recognised for the first time | 161 | 7 | 14 | 26 | 19 |
| Liabilities recognised for the first time | 0 | 0 | 0 | 0 | 0 |
| Actuarial revaluations | -1,245 | 1 | 1 | 1 | 0 |
| Net foreign exchange gains | -52 | 0 | 0 | 0 | 0 |
| Net swap interest received | 8 | -76 | -70 | -60 | -62 |
| Market valuation of debt | 564 | 212 | 124 | 92 | 105 |
| Other economic revaluations(c) | -281 | 341 | 34 | 68 | 186 |
| Total other economic flows | -2,020 | -1,365 | 934 | -404 | -158 |
| Closing net worth | -2,124 | 8,711 | 23,963 | 39,650 | 55,346 |

(a) Change in net worth arising from a change in 2005-06 outcomes.

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

(c) Largely reflects revaluation of assets and liabilities.

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

| | Estimates | |
|--|----------------|----------------|
| | 2006-07 \$m | 2007-08 \$m |
| GFS revenue | | |
| Current grants and subsidies | 113 | 0 |
| Sales of goods and services | 15,263 | 6,853 |
| Interest income | 115 | 75 |
| Other | 32 | 2 |
| Total GFS revenue | 15,523 | 6,930 |
| GFS expenses | | |
| Gross operating expenses | | |
| Depreciation | 1,732 | 295 |
| Salaries, wages and other entitlements | 4,252 | 2,995 |
| Other operating expenses | 6,568 | 2,863 |
| <i>Total gross operating expenses(a)</i> | <i>12,552</i> | <i>6,154</i> |
| Interest expenses | 252 | 44 |
| Other property expenses(a) | 2,143 | 408 |
| Current transfers | | |
| Tax expenses | 1,171 | 252 |
| Other current transfers | 0 | 0 |
| <i>Total current transfers</i> | <i>1,171</i> | <i>252</i> |
| Capital transfers | 0 | 0 |
| Total GFS expenses | 16,119 | 6,857 |
| Net operating balance | -596 | 72 |
| Net acquisition of non-financial assets | | |
| Purchases of non-financial assets | 2,890 | 1,341 |
| <i>less</i> Sales of non-financial assets | <i>40</i> | <i>42</i> |
| <i>less</i> Depreciation | <i>1,732</i> | <i>295</i> |
| <i>plus</i> Change in inventories | <i>-214</i> | <i>-2</i> |
| <i>equals</i> Total net capital formation | <i>905</i> | <i>1,001</i> |
| <i>plus</i> Other movements in non-financial assets | <i>-212</i> | <i>0</i> |
| Total net acquisition of non-financial assets | 693 | 1,002 |
| Net lending/fiscal balance(b) | -1,289 | -929 |

(a) Dividends paid to government have been reclassified from operating expenses to other property expenses.

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

Note: The significant reduction in transactions in 2007-08 is due to the sale of the Government's majority shareholding in Telstra.

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

| | Estimates | |
|--|----------------|----------------|
| | 2006-07 \$m | 2007-08 \$m |
| GFS assets | | |
| Financial assets | | |
| Cash and deposits | 1,057 | 679 |
| Advances paid | 1 | 1 |
| Investments, loans and placements | 1,426 | 1,383 |
| Other non-equity assets | 1,393 | 1,017 |
| Equity | 454 | 597 |
| <i>Total financial assets</i> | <i>4,331</i> | <i>3,677</i> |
| Non-financial assets | | |
| Land and fixed assets | 3,337 | 4,338 |
| Other non-financial assets(a) | 119 | 159 |
| <i>Total non-financial assets</i> | <i>3,456</i> | <i>4,498</i> |
| Total GFS assets | 7,786 | 8,175 |
| GFS liabilities | | |
| Deposits held | 0 | 0 |
| Advances received | 0 | 0 |
| Borrowing | 682 | 708 |
| Unfunded superannuation liability and other employee entitlements | 1,011 | 1,019 |
| Provisions (other than depreciation and bad and doubtful debts)(a) | 435 | 596 |
| Other non-equity liabilities | 651 | 691 |
| Total GFS liabilities | 2,780 | 3,014 |
| Shares and other contributed capital | 5,007 | 5,161 |
| Net worth(b) | 0 | 0 |
| Net financial worth(c) | -3,456 | -4,498 |
| Net debt(d) | -1,802 | -1,356 |

(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, government securities, loans and other 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

| | Estimates | |
|---|----------------|----------------|
| | 2006-07 \$m | 2007-08 \$m |
| Cash receipts from operating activities | | |
| Receipts from sales of goods and services | 16,936 | 7,769 |
| Grants and subsidies received | 63 | 0 |
| GST input credit receipts | 0 | 0 |
| Other receipts | 112 | 113 |
| Total operating receipts | 17,110 | 7,882 |
| Cash payments for operating activities | | |
| Payment for goods and services | -7,657 | -3,520 |
| Interest paid | -141 | -43 |
| Salaries, wages and other entitlements | -4,209 | -2,812 |
| GST payments to taxation authority | -600 | -325 |
| Other payments for operating activities | -1,215 | -240 |
| Total operating payments(b) | -13,822 | -6,941 |
| Net cash flows from operating activities | 3,288 | 941 |
| Cash flows from investments in non-financial assets | | |
| Sales of non-financial assets | 44 | 42 |
| Purchases of non-financial assets | -2,678 | -1,338 |
| Net cash flows from investments in non-financial assets | -2,634 | -1,297 |
| 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 | -234 | 200 |
| Net cash flows from investments in financial assets for liquidity purposes | -234 | 200 |
| Cash flows from financing activities | | |
| Advances received (net) | 0 | 0 |
| Borrowing (net) | 51 | 31 |
| Deposits received (net) | 0 | 0 |
| Distributions paid (net)(b) | -2,170 | -400 |
| Other financing (net) | 992 | 120 |
| Net cash flows from financing activities | -1,127 | -249 |
| Net increase/decrease in cash held | -708 | -405 |
| Net cash from operating activities and investments in non-financial assets | 654 | -355 |
| Finance leases and similar arrangements(c) | 0 | 0 |
| Distributions paid(b) | -2,170 | -400 |
| Equals surplus(+)/deficit(-) | -1,517 | -756 |

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

(b) Dividends paid to government have been reclassified from operating payments to distributions paid.

(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.

Note: The significant reduction in transactions in 2007-08 is due to the sale of the Government's majority shareholding in Telstra.

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

| | Estimates | |
|--|----------------|----------------|
| | 2006-07 \$m | 2007-08 \$m |
| GFS revenue | | |
| Taxation revenue | 259,965 | 273,907 |
| Current grants and subsidies | 0 | 0 |
| Sales of goods and services | 19,592 | 11,208 |
| Interest income | 3,956 | 4,222 |
| Dividend income | 1,470 | 2,558 |
| Other | 3,481 | 3,359 |
| Total GFS revenue | 288,464 | 295,255 |
| GFS expenses | | |
| Gross operating expenses | | |
| Depreciation | 3,948 | 2,773 |
| Superannuation | 2,471 | 2,589 |
| Salaries and wages | 18,106 | 17,696 |
| Payment for supply of goods and services | 56,610 | 57,580 |
| Other operating expenses | 3,211 | 3,463 |
| <i>Total gross operating expenses</i> | <i>84,346</i> | <i>84,102</i> |
| Nominal superannuation interest expense | 5,730 | 6,192 |
| Other interest expenses | 4,209 | 3,879 |
| Other property expenses | 839 | 0 |
| Current transfers | | |
| Grant expenses | 81,282 | 86,857 |
| Subsidy expenses | 6,777 | 7,337 |
| Personal benefit payments in cash | 85,036 | 87,448 |
| Other current transfers | 0 | 0 |
| <i>Total current transfers</i> | <i>173,095</i> | <i>181,642</i> |
| Capital transfers | 5,986 | 7,168 |
| Total GFS expenses | 274,206 | 282,982 |
| Net operating balance(a) | 14,258 | 12,273 |
| Net acquisition of non-financial assets | | |
| Purchases of non-financial assets | 6,566 | 5,029 |
| <i>less</i> Sales of non-financial assets | <i>224</i> | <i>240</i> |
| <i>less</i> Depreciation | <i>3,948</i> | <i>2,773</i> |
| <i>plus</i> Change in inventories | <i>411</i> | <i>109</i> |
| <i>plus</i> Other movements in non-financial assets | <i>-87</i> | <i>49</i> |
| Total net acquisition of non-financial assets | 2,718 | 2,173 |
| Net lending/fiscal balance(a)(b) | 11,540 | 10,100 |

(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 | |
|---|----------------|----------------|
| | 2006-07 \$m | 2007-08 \$m |
| GFS assets | | |
| Financial assets | | |
| Cash and deposits | 3,064 | 3,027 |
| Advances paid | 22,469 | 24,123 |
| Investments, loans and placements | 69,247 | 52,872 |
| Other non-equity assets | 38,047 | 31,328 |
| Equity | 26,707 | 63,450 |
| <i>Total financial assets</i> | <i>159,534</i> | <i>174,800</i> |
| Non-financial assets | | |
| Land and fixed assets | 47,798 | 50,047 |
| Other non-financial assets | 3,501 | 3,517 |
| <i>Total non-financial assets</i> | <i>51,299</i> | <i>53,565</i> |
| Total GFS assets | 210,833 | 228,364 |
| GFS liabilities | | |
| Deposits held | 300 | 300 |
| Advances received | 0 | 0 |
| Government securities | 57,275 | 59,269 |
| Loans | 5,846 | 5,940 |
| Other borrowing | 1,113 | 1,108 |
| Unfunded superannuation liability and other employee entitlements | 111,971 | 116,036 |
| Other provisions | 7,676 | 7,594 |
| Other non-equity liabilities | 28,776 | 29,407 |
| Total GFS liabilities | 212,957 | 219,654 |
| Shares and other contributed capital | 0 | 0 |
| Net worth(a) | -2,124 | 8,712 |
| Net financial worth(b) | -53,423 | -44,854 |
| Net debt(c) | -30,245 | -13,405 |

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

| | Estimates | |
|---|-----------------|-----------------|
| | 2006-07 \$m | 2007-08 \$m |
| Cash receipts from operating activities | | |
| Taxes received | 254,817 | 268,451 |
| Receipts from sales of goods and services(b) | 20,841 | 12,445 |
| Grants and subsidies received | 0 | 0 |
| Interest receipts | 3,727 | 4,061 |
| Dividends | 1,846 | 2,564 |
| GST input credit receipts(b) | 0 | 0 |
| Other receipts | 3,023 | 3,167 |
| Total operating receipts | 284,254 | 290,688 |
| Cash payments for operating activities | | |
| Payments for goods and services(b) | -59,679 | -61,556 |
| Grants and subsidies paid | -91,856 | -98,052 |
| Interest paid | -4,052 | -3,645 |
| Personal benefit payments | -81,929 | -84,687 |
| Salaries, wages and other entitlements | -22,767 | -22,440 |
| GST payments to taxation authority(b) | 0 | 0 |
| Other payments for operating activities | -2,778 | -2,733 |
| Total operating payments | -263,061 | -273,112 |
| Net cash flows from operating activities | 21,194 | 17,576 |
| Cash flows from investments in non-financial assets | | |
| Sales of non-financial assets | 228 | 292 |
| Purchases of non-financial assets | -6,278 | -4,992 |
| Net cash flows from investments in non-financial assets | -6,049 | -4,700 |
| Net cash flows from investments in financial assets for policy purposes | 7,649 | 4,652 |
| Cash flows from investments in financial assets for liquidity purposes | | |
| Increase in investments | -22,711 | -19,718 |
| Net cash flows from investments in financial assets for liquidity purposes | -22,711 | -19,718 |
| Cash flows from financing activities | | |
| Advances received (net) | 0 | 0 |
| Borrowing (net) | -1,261 | 2,367 |
| Deposits received (net) | -20 | 0 |
| Distributions paid (net) | -866 | 0 |
| Other financing (net) | 1,419 | -241 |
| Net cash flows from financing activities | -728 | 2,126 |
| Net increase/decrease in cash held | -645 | -64 |
| Net cash from operating activities and investments in non-financial assets | 15,144 | 12,876 |
| Finance leases and similar arrangements(c) | -34 | -4 |
| Distributions paid(d) | -866 | 0 |
| Equals surplus(+)/deficit(-) | 14,244 | 12,872 |

(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.

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

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

| | Estimates | |
|---|----------------|----------------|
| | 2006-07 \$m | 2007-08 \$m |
| Taxes on income, profits and capital gains | | |
| Income and capital gains levied on individuals | 121,510 | 123,760 |
| Income and capital gains levied on enterprises | 67,020 | 74,770 |
| Income taxes levied on non-residents | 0 | 0 |
| Total taxes on income, profits and capital gains | 188,530 | 198,530 |
| Taxes on employers' payroll and labour force | 344 | 310 |
| Taxes on property | 15 | 15 |
| Taxes on the provision of goods and services | | |
| Sales/goods and services tax | 41,900 | 44,330 |
| Excises and levies | 23,510 | 23,712 |
| Taxes on international trade | 5,600 | 5,960 |
| Other | 0 | 0 |
| Total taxes on the provision of goods and services | 71,010 | 74,002 |
| Taxes on use of goods and performance of activities | 1,287 | 1,303 |
| Total GFS taxation revenue | 261,186 | 274,159 |

Table 12: Australian Government general government sector purchases of non-financial assets by function

| | Estimates | | Projections | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2006-07 \$m | 2007-08 \$m | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m |
| General public services | 929 | 688 | 550 | 566 | 826 |
| Defence | 884 | 953 | 1,707 | 1,431 | 1,241 |
| Public order and safety | 245 | 383 | 337 | 147 | 355 |
| Education | 18 | 23 | 20 | 21 | 16 |
| Health | 111 | 136 | 94 | 81 | 60 |
| Social security and welfare | 489 | 523 | 306 | 325 | 175 |
| Housing and community amenities | 79 | 79 | 38 | 17 | 9 |
| Recreation and culture | 314 | 392 | 351 | 285 | 249 |
| Fuel and energy | 6 | 8 | 6 | 5 | 0 |
| Agriculture, forestry and fishing | 42 | 61 | 23 | 21 | 11 |
| Mining, manufacturing and construction | 64 | 58 | 40 | 37 | 36 |
| Transport and communications | 38 | 55 | 39 | 30 | 30 |
| Other economic affairs | 439 | 315 | 277 | 242 | 180 |
| Other purposes | 17 | 15 | 76 | 121 | 348 |
| General government purchases of non-financial assets | 3,675 | 3,689 | 3,864 | 3,328 | 3,537 |

APPENDIX A: 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 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 reasonable infrastructure requirements, as well as the macroeconomic implications of the aggregate figure.

As set out in Table 13, the Australian Government's 2007-08 Loan Council Allocation budget update is a \$17,905 million surplus. This compares with its Loan Council Allocation nomination of a \$17,163 million surplus endorsed by Loan Council on 30 March 2007.

Table 13: Australian Government's Loan Council Allocation budget update for 2007-08

| | 2007-08 Nomination \$m | 2007-08 Budget Estimate \$m |
|---|------------------------------|-----------------------------------|
| General government sector cash deficit(+)/surplus(-) | -12,736 | -13,628 |
| Public non-financial corporations sector cash deficit(+)/surplus(-) | 882 | 756 |
| Non-financial public sector cash deficit(+)/surplus(-) | -11,854 | -12,872 |
| <i>less</i> Net cash flows from investments | | |
| in financial assets for policy purposes(a) | 4,878 | 4,652 |
| <i>plus</i> Memorandum items(b) | -431 | -382 |
| Loan Council Allocation | -17,163 | -17,905 |

(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.

