

STATEMENT 9: THE PUBLIC SECTOR

Contents

Part I: Introduction	9-3
Part II: Commonwealth Non-financial Public Sector Financial Statements.....	9-5
Commonwealth Non-financial Public Sector Fiscal Balance.....	9-5
Commonwealth Non-financial Public Sector Liabilities.....	9-7
Part III: Trends in Non-financial Public Sector Cash Balances.....	9-10
Non-financial Public Sector.....	9-10
General Government Sector	9-13
Public Trading Enterprises	9-16
Part IV: Non-financial Public Sector Liabilities	9-18
Trends in Non-financial Public Sector Net Debt	9-18
Net Interest and Dividend Flows	9-21
Appendix A: Size and Structure of the Non-Financial Public Sector	9-23
Appendix B: Total Non-financial Public Sector — Supplementary Cash Tables	9-24
Appendix C: Statistical Notes	9-29
Measures of the Cash Underlying Deficit.....	9-29
Cash Own Purpose Outlays.....	9-29
Government Finance Statistics	9-30
Appendix D: Alternative Commonwealth Budget Presentations	9-31
Part I: Commonwealth Accrual Government Finance Statistics.....	9-35
Part II: Commonwealth Cash Government Finance Statistics Tables	9-45
Part III: Commonwealth Budget Sector.....	9-47
Appendix E: Historical Commonwealth General Government Cash Deficit Data.....	9-48

STATEMENT 9: THE PUBLIC SECTOR

Part I: Introduction

Statement 9 examines trends in the finances of the Commonwealth and State/local levels of government, providing a broader context in which to consider developments in the Commonwealth's budget. Part II of this Statement looks specifically at the Commonwealth Government within an accruals framework, considering non-financial public sector fiscal balance and liabilities. The remainder of the Statement considers all levels of government: Part III examines trends in underlying deficits, outlays and revenue, while Part IV discusses movements in net debt.

This budget has seen the Commonwealth move to accrual based reporting. Consequently, the current and out-year Commonwealth cash data in this statement is now derived from accruals figures, rather than collated directly. Thus there is effectively a break in the series between outcome data up to and including 1997-98, and estimates and projections from 1998-99 onwards.

The Statement uses Australian Bureau of Statistics (ABS) Government Finance Statistics (GFS) classifications of the non-financial public sector, which provide a consistent basis for comparison. Data are presented both by level of government and institutional sector. The former refers to the distinction between the Commonwealth and the State/local levels while the latter distinguishes between the general government sector and the public trading enterprise (PTE) sector within each main level of government.

- The general government sector, through government departments and agencies, provides public services which are mainly non-market in nature, are mainly for the collective consumption of the community, or involve the transfer or redistribution of income. These services are financed mainly through taxes and other compulsory levies, although user charging and external funding have increased in recent years.
- The PTE sector comprises bodies which provide goods and services that are mainly market, non-regulatory and non-financial in nature, financed mainly through sales to the consumers of these goods and services. In general, PTEs are legally distinguishable from the governments which own them.
- Together the general government sector and the PTE sector comprise the non-financial public sector.

In order to provide a more complete coverage of the public sector, from 1998-99 the ABS has extended the scope of GFS to include public financial enterprises (PFEs). The PFE sector has been shrinking in recent years with the privatisation of government owned banks and insurance offices, but it still comprises entities such as State home and rural finance schemes, the Reserve Bank of Australia and State central borrowing authorities.

Pending a review of the *Uniform Presentation Framework*¹ reporting requirements, this sector is excluded from the analysis in Statement 9, which continues to report on a non-financial public sector basis.

Appendix A outlines the size and structure of the non-financial public sector, including the respective roles of the Commonwealth and State/local governments. Appendix B provides cash data on revenue, outlays, underlying deficits, net interest outlays and net debt. Appendix C provides notes on the data used and developments in GFS, and on classification issues. Appendix D presents budget data on a basis consistent with the *Uniform Presentation Framework* (although in an abridged format), and also on an accrual GFS basis, and for the budget sector. Appendix E provides historical data and forward estimates for Commonwealth General Government underlying outlays, revenue, underlying balances and net debt.

¹ The *Uniform Presentation Framework* is an agreement between the Commonwealth, States and Territories that all jurisdictions publish a common core of financial information in their budget papers.

Part II: Commonwealth Non-financial Public Sector Financial Statements

This part looks at current and projected accrual data for the Commonwealth non-financial public sector. The concepts contained in this part are consistent with those to be used by the Australian Bureau of Statistics in their *Government Finance Statistics* publication (Cat. No. 5512.0), planned for release in July of this year.

COMMONWEALTH NON-FINANCIAL PUBLIC SECTOR FISCAL BALANCE

The key difference between cash and accrual accounting is one of timing: cash indicators record the transaction when cash is exchanged, whereas accrual indicators record the outcome of the transaction when economic value is exchanged. As a consequence accrual measures take into account transactions such as accruing employee entitlements.

The major accrual measure used by the Commonwealth to assess how fiscal policy may affect the national economy is the fiscal balance. The fiscal balance can be conceptualised as revenue minus expenses, adjusted for net capital formation and revaluations. The measure is explained in more detail in Appendix D.

The fiscal balance is effectively a measure of government net lending, the gap between government savings and investment. It measures the government's net call on other sectors in the economy, and so corresponds to government's contribution to the current account deficit. More information on the fiscal balance can be found in Appendix A to Statement 1, and Appendix D to this Statement, and in the Treasury's information paper *Fiscal Policy Under Accrual Budgeting*.

Table 1 shows that the Commonwealth non-financial public sector fiscal balance moved into surplus in 1997-98. A further improvement, to a surplus of 0.7 per cent of GDP, is expected in 1999-2000, driven by falls in non-financial public sector expenses.

For the Commonwealth general government sector, expenses are expected to be broadly unchanged as a per cent of GDP, in 1999-2000. However increased taxation revenue results in an improvement in the general government fiscal surplus from 0.5 per cent of GDP in 1998-99, to 0.9 per cent in 1999-2000. Further improvements over the outyears, to a 1.5 per cent fiscal surplus in 2002-03 are expected to be driven by falls in expenses rather than increased revenue. Revenue is forecast to fall as a percent of GDP, largely as a result of the Commonwealth's proposed tax reform measures.

The Commonwealth PTE fiscal balance is expected to deteriorate slightly in 1999-2000, in a year in which falls in both revenue and expenses are anticipated.

Table 1: Commonwealth Non-financial Public Sector Expenses, Revenue and Fiscal Balance by Institutional Sector as a Percentage of GDP(a)

	General Government				Public Trading Enterprises				Non-financial Public Sector			
	Revenue	Expenses	Net Capital Formation	Fiscal Balance	Revenue	Expenses	Net Capital Formation	Fiscal Balance	Revenue	Expenses	Net Capital Formation	Fiscal Balance
1996-97	26.9	27.6	0.1	-0.8	5.2	4.9	0.2	-0.1	na	na	na	-0.9
1997-98	26.2	27.4	0.1	-0.3	5.2	4.8	0.2	0.4	na	na	na	0.1
1998-99(e)	25.8	25.1	0.2	0.5	4.3	4.1	0.3	0.0	29.5	28.5	0.5	0.5
1999-00(e)	26.2	25.1	0.2	0.9	3.9	3.9	0.2	-0.1	29.4	28.2	0.5	0.7
2000-01(p)	22.9	21.6	0.2	1.1	na	na	na	na	na	na	na	na
2001-02(p)	22.0	21.1	0.2	0.7	na	na	na	na	na	na	na	na
2002-03(p)	22.0	20.4	0.2	1.5	na	na	na	na	na	na	na	na

(a) Accrual data for 1997-98 are taken from the annual Consolidated Financial Statements (CFS). From 1998-99 the accounting treatment of certain revenue items, in particular taxation revenue and some dividends, has changed. See Statement 4 for further information.

(e) estimates

(p) projections

COMMONWEALTH NON-FINANCIAL PUBLIC SECTOR LIABILITIES

This part examines current and projected levels of Commonwealth net debt and net assets. A jurisdiction's levels of net debt and net assets are important indicators of its financial position. High levels of net debt impose a call on future revenue flows to service that debt, and meeting those payments can limit government flexibility to adjust outlays.

Net Debt

The accrual and cash concepts of net debt are equivalent. Net debt comprises the stock of selected gross financial liabilities less financial assets, and broadly reflects the cumulative effect of underlying deficits. The Commonwealth has allocated a high priority to debt reduction in recent years, in order to reduce the share of current outlays allocated to debt servicing, and hence to increase policy flexibility.

In accrual terms, changes in net debt will not correspond exactly to the fiscal balance due to equity proceeds and to revaluations of financial assets and liabilities.

Table 2 shows recent and projected levels of Commonwealth non-financial public sector net debt. Non-financial sector net debt is expected to fall from 13.5 per cent of GDP at the end of 1998-99 to 9.6 per cent at the end of 1999-2000. This is part of a continuing reduction in Commonwealth net debt consistent with the government's programme of fiscal consolidation.

The majority of net debt reduction has occurred within the general government sector. This trend is set to continue, with negative net debt of 0.3 per cent of GDP predicted for 2002-03.

PTE net debt is also trending downwards, but from a much lower base.

Net Assets

Although net debt is an important fiscal indicator, it is limited in that it omits holdings of certain financial assets and liabilities, most notably accrued employee superannuation liabilities. It also fails to include all of a jurisdiction's non-financial assets such as land, fixed assets etc, which may be sold and used to repay debt. A much broader measure, net assets (or net worth) is calculated as total assets — both financial and non-financial — minus total liabilities. The net assets measure provides a more exhaustive picture of a jurisdiction's overall financial position.

Because net assets incorporates changes in the value of physical assets, it more fully reflects the economic impact of the sale of assets than does net debt. Net assets also shows asset acquisition over time, giving an indication of the extent to which borrowings are used to finance asset purchases, rather than just recurrent expenditure.

The change in net assets is equal to the change in net non-financial assets plus the change in net financial assets. This is equivalent to net capital formation, plus the fiscal balance, plus revaluations of financial and non-financial assets.

Table 2 shows recent and projected levels of Commonwealth non-financial public sector net assets. There is a break in the series between 1997-98 and 1998-99, reflecting changes to the accounting treatment of certain revenue items, in particular taxation revenue and some dividends. These revisions had the effect of decreasing measured net assets.

The Commonwealth's non-financial public sector is in a negative net asset position, with financial liabilities exceeding the value of financial and non-financial assets. However this position is expected to improve by 2.9 percentage points in 1999-2000, leaving the non-financial public sector with negative net assets worth 8.9 per cent of GDP.

The Commonwealth general government sector is also in a negative net asset position. However, the ongoing reduction of general government financial liabilities is reducing the gap between liabilities and assets. General government negative net assets of 13.6 per cent of GDP in 1998-99 are expected to fall to 10.3 per cent in 1999-2000, with further decreases expected in the outyears.

A significant proportion of the Commonwealth's non-financial assets are held within the PTE sector. However, PTE privatisations have eroded both non-financial and financial assets held by the Commonwealth in recent years. In 1999-2000, PTE sector net assets are expected to fall by half a percentage point to 2.8 per cent of GDP.

**Table 2: Commonwealth Non-Financial Public Sector Net Debt and Net Assets as a Percentage of GDP
(as at end of financial year)**

	General Government		Public Trading Enterprises		Non-financial Public Sector	
	Net Debt	Net Assets	Net Debt	Net Assets	Net Debt	Net Assets
1996-97	18.1	-14.0	1.6	3.4	19.7	-10.6
1997-98	14.7	-12.1	1.5	3.2	16.2	-8.9
1998-99(a)(e)	12.1	-13.6	1.4	3.3	13.5	-11.8
1999-00(e)	8.2	-10.3	1.4	2.8	9.6	-8.9
2000-01(p)	7.4	-8.7	na	na	na	na
2001-02(p)	3.9	-5.5	na	na	na	na
2002-03(p)	-0.3	-1.6	na	na	na	na

(a) There is a break in the series between 1997-98 and 1998-99 reflecting a change in the accounting treatment of certain dividend payments. This change resulted in a decrease in measured net assets.

(e) estimates

(p) projections

Part III: Trends in Non-financial Public Sector Cash Balances

This Statement examines trends in underlying rather than headline cash deficits. The underlying measure excludes net advances — the transfer or exchange of financial assets, which have no impact on government net lending or net assets. For the Commonwealth general government sector, net advances mainly comprise the proceeds of equity asset sales and State debt repayments to the Commonwealth.

The underlying cash deficit used in this statement up until 1998-99 differs from the ABS deficit measure by not excluding increases in provisions. This is to maintain consistency with the ABS national accounts, in which the classification standard for provisions changed in response to the introduction of the *System of National Accounts, 1993* (SNA 93). The difference is further explained in the statistical notes at Appendix C to this Statement.

The underlying cash deficit may not translate directly into changes in net debt. This is mainly because the proceeds of equity asset sales are classified under net advances, and excluded from the underlying cash deficit. However, such proceeds result in lower borrowing requirements (or repayment of previous borrowings) and therefore lower net debt.

The historical data used in the remainder of Statement 9 have been drawn from the most recent ABS *Government Financial Estimates* and *Public Financial Assets and Liabilities* (FALs) publications. Preliminary 1998-99 data and projections for the States were compiled by the Commonwealth Treasury, drawing on general government sector information provided by the States for their Mid Year Reports, updated where possible for recent State budgets. Projections for the Commonwealth incorporate the parameter assumptions which underlie the Commonwealth Budget forward estimates.

NON-FINANCIAL PUBLIC SECTOR

The Commonwealth government exerts the major influence on non-financial public sector balances in Australia, largely through its substantial general government sector. The PTE sector has a smaller effect on the total and tends to be more important at the State/local level, where most PTEs are concentrated.

Chart 1 shows movements in the non-financial public sector deficit as a share of GDP, and the relative contributions of the general government and PTE sectors. In recent decades the non-financial public sector has recorded consistent deficits, apart from a small surplus in 1988-89. The deficit peaked at 4.7 per cent of GDP in 1992-93 before declining to 0.3 per cent in 1996-97. This succession of deficits added significantly to the government's net lending requirements, and hence to Australia's current account deficit.

However, Chart 1 shows that the non-financial public sector moved into a surplus position in 1997-98, with further surpluses projected in the period to 2002-03.² This improvement largely reflects the fiscal consolidation measures adopted by the Commonwealth.

Chart 1: Non-Financial Public Sector Underlying Cash Deficit by Sector

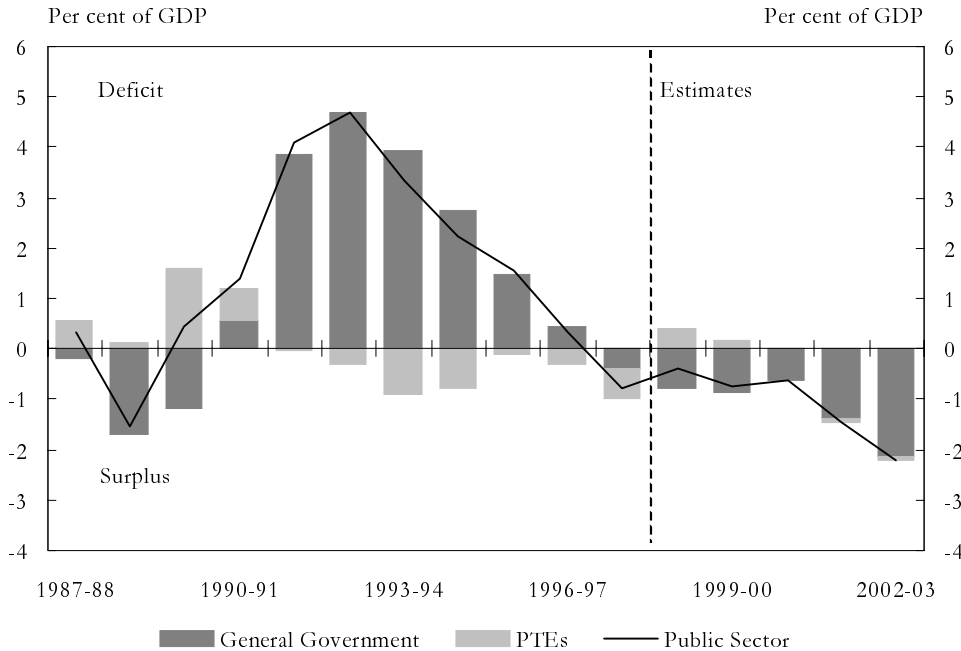


Chart 1 also shows the declining contribution of the PTE sector to the non-financial public sector deficit, in line with the increasing privatisation of government businesses since the late 1980s. The PTE sector is expected to contribute only modestly to non-financial public sector balances over the projection period.

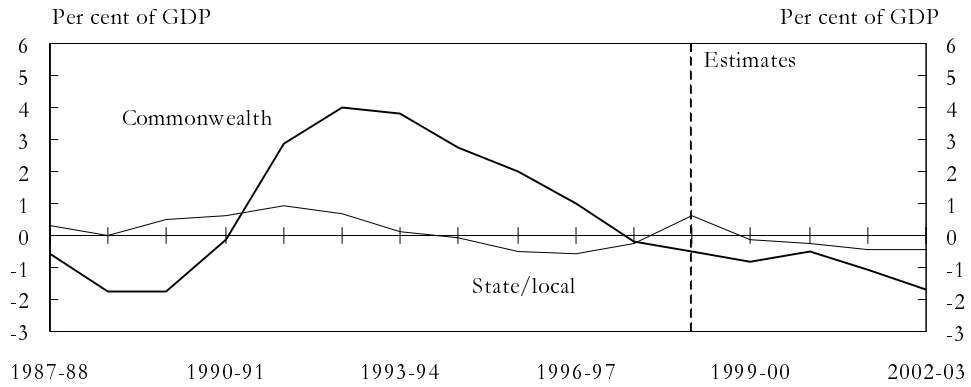
Chart 2 disaggregates the deficits presented in Chart 1 by level of government. It shows the large contribution of past Commonwealth general government cash deficits to the non-financial public sector cash deficit. It also illustrates the recent improvements in the Commonwealth general government sector balance as a result of the Government's fiscal consolidation programme.

The consolidated PTE sector is close to balance, and the State general government sector is projected to remain in small surplus over the outyears. Thus the Commonwealth general government surplus is the driver behind the expected consolidated public sector surplus of 0.8 per cent of GDP in 1999-2000, increasing to 2.2 per cent of GDP in 2002-03.

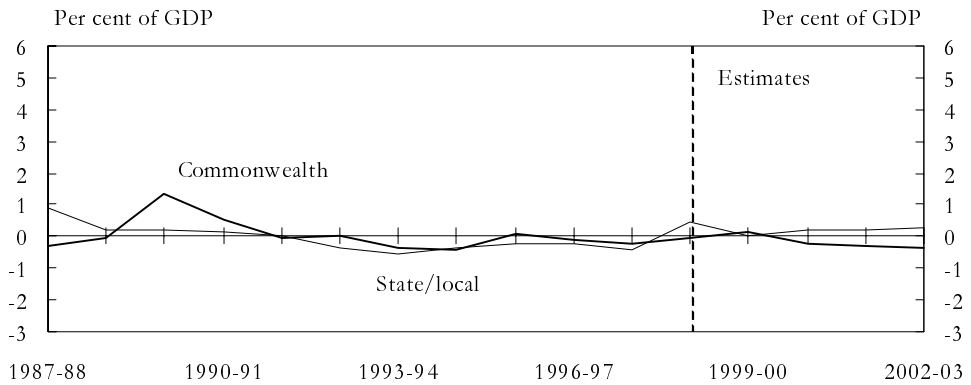
² These projections incorporate the parameter assumptions which underlie the Commonwealth Budget forward estimates and information provided by the States in their Mid Year Reports and recent budgets.

Chart 2: Underlying Cash Deficit by Sector and Level of Government

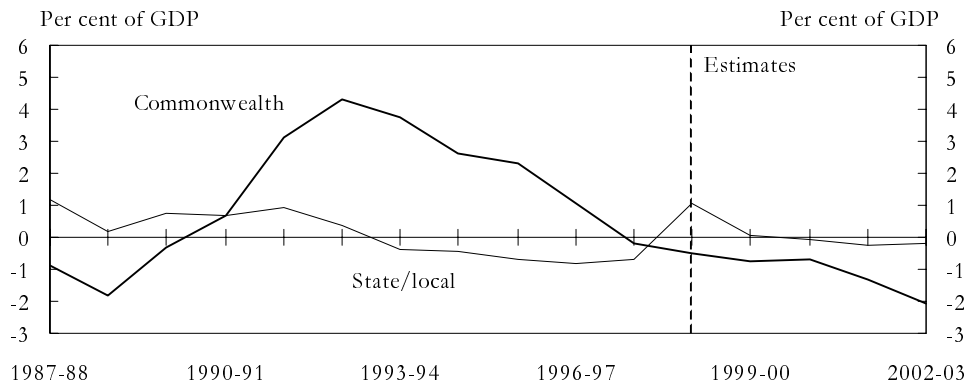
A: General Government



B: Public Trading Enterprises



C: Non-financial Public Sector



GENERAL GOVERNMENT SECTOR

The general government sector is the appropriate primary focus for an assessment of the impact of the public sector on the national economy. It accounts for around 90 per cent of total public sector revenues and outlays and is the sector through which the national government may seek to affect the level of private sector activity. The increased commercial orientation of the PTE sector means that it operates more like the private sector. Its contribution to total public sector balances in the current decade has been minor.

Chart 3 shows trends in general government cash underlying outlays and revenue at the Commonwealth and State/local levels. Underlying outlays are consistent with the underlying cash deficit, in that they exclude net advances paid. Panel A shows the countercyclical relationship between the Commonwealth's outlays and cash revenues. Generally, during economic downturns, such as in the early 1990s, outlays on transfer payments rise and taxation revenues fall, with the reverse happening during periods of strong economic growth. However, the Commonwealth deficits recorded in the first half of the 1990s also reflect structural factors. Outlays were maintained at a high level of GDP during the cyclical upturn, while the low inflation environment depressed the growth in revenue receipts.

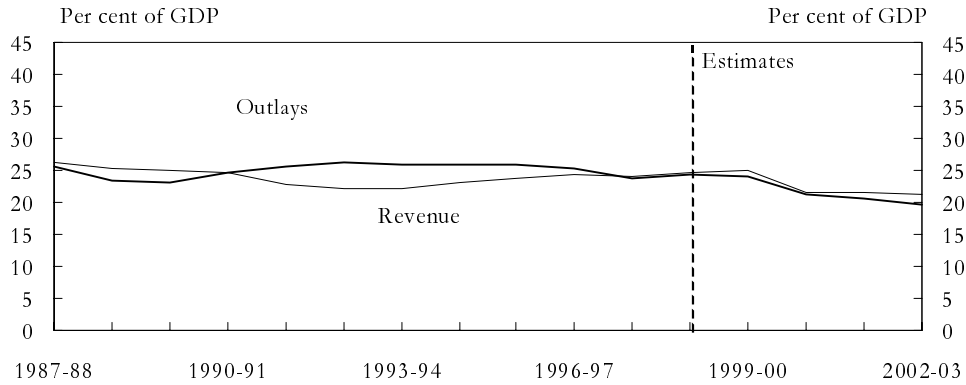
As shown in Panel A of Chart 2, the Commonwealth general government sector is expected to move from a cash deficit of 1.0 per cent of GDP in 1996-97 to a cash surplus of 0.8 per cent of GDP in 1999-2000, increasing to 1.7 per cent in 2002-03. Panel A of Chart 3 shows that this improvement is being achieved through a reduction in outlays as a share of GDP, from 25.4 per cent in 1996-97 to a projected 19.7 per cent in 2002-03 — the lowest level since the early 1970s. Cash revenue is also expected to fall during this period, from 24.4 per cent in 1996-97 to a projected 21.4 per cent in 2002-03. These falls are largely as a result of the Commonwealth's planned tax reforms.

The recent process of fiscal consolidation has been achieved mainly through outlays restraint. This reflects the Government's view that expenditure control holds the key to achieving sustainable improvements in the fiscal position, and that scope has existed for rationalising programmes and making government more efficient. The IMF and OECD have found that fiscal consolidation is more likely to be durable and encourage sustained economic growth if it is achieved through outlays restraint rather than through tax increases, which tend to be syphoned off into higher spending.

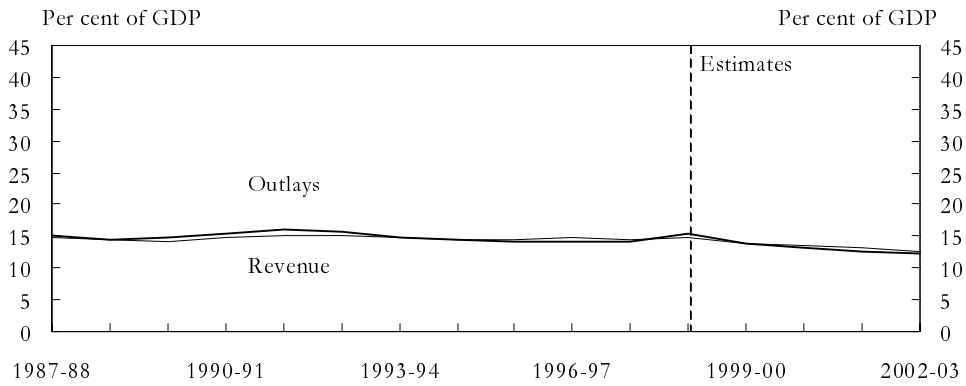
State/local revenue and outlays are less sensitive to the economic cycle than Commonwealth finances. Panel A of Chart 2 shows the sustained improvement in the State/local general government balances achieved over the period 1991-92 to 1996-97, from a deficit of 1.0 per cent of GDP to a cash surplus of 0.6 per cent of GDP. As shown in Panel B of Chart 3, this improvement has largely reflected outlays restraint, helped by lower debt servicing charges, with State/local revenue broadly stable as a share of GDP.

Chart 3: General Government Cash Underlying Outlays and Revenue by Level of Government

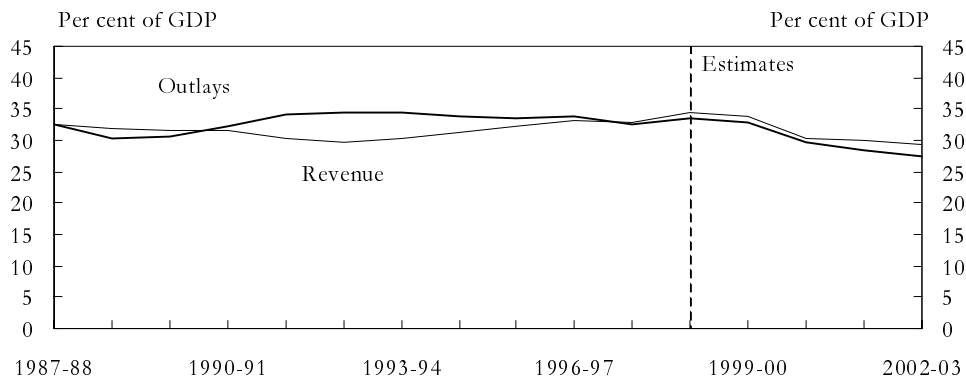
A: Commonwealth



B: State/local



C: Consolidated General Government



However, in 1998-99 the State/local general government sector cash balance is expected to reverse its recent series of small surpluses and move to a deficit of 0.6 per cent of GDP. This sharp turnaround in 1998-99 is due to NSW and Victoria allocating an additional \$3 billion and \$2.5 billion respectively to meeting their unfunded superannuation liabilities. The increased superannuation contribution pushes up the States' levels of current expenditure, and thus their budget deficits for the year, by a corresponding amount. Without these one-off superannuation payments, the State/local general government cash balance for 1998-99 would have been a surplus of around 0.4 per cent of GDP.

Small State/local general government cash surpluses are expected to prevail over the projection period. As shown in Panel B of Chart 3, outlays are projected to decline as a share of GDP. This is mainly due to restraint in current outlays resulting from improvements in public sector efficiency and interest savings associated with declining net debt. Both grants from the Commonwealth and cash own source revenue are also projected to decline as a share of GDP over the outlook period, the latter partly reflecting policies in several States which explicitly seek to restrain tax levels.

All States and Territories have in place medium-term fiscal strategies aimed at improving their fiscal positions over the medium term. These are discussed further in *Budget Paper No. 3 — Federal Financial Relations*. While there remain significant fiscal and economic disparities between the States, any movement towards increased State/local general government cash surpluses will supplement the positive effect of fiscal consolidation at the Commonwealth level, contributing to a lower current account deficit.

Panels A and C of Chart 3 show the influence of outlays restraint at the Commonwealth level on total general government cash outlays and balances. Consolidated general government outlays are projected to fall by more than six percentage points from the 1992-93 level of 34.4 per cent to 28.1 per cent of GDP in 2002-03, which is lower than most other OECD countries.

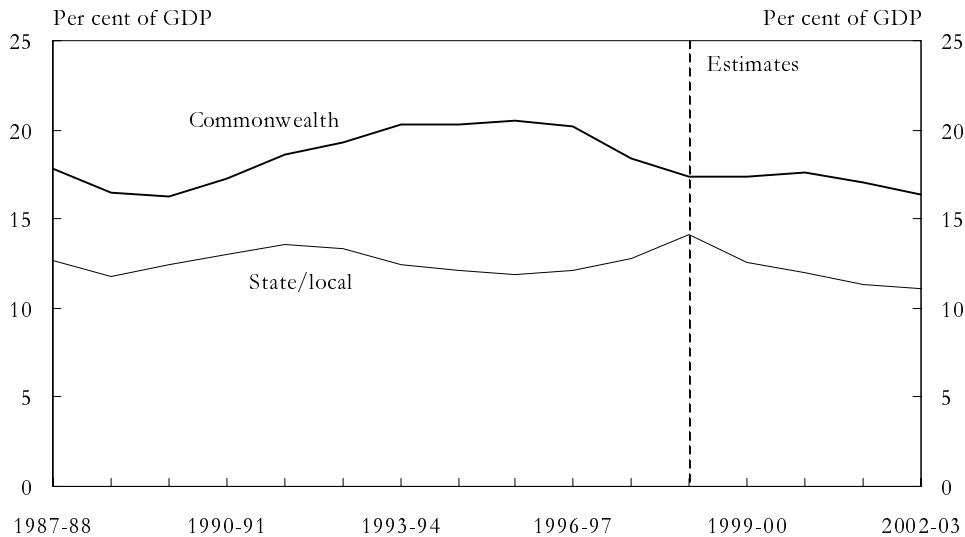
Cash Own Purpose Outlays

Trends in general government cash own purpose outlays are illustrated in Chart 4. Commonwealth own purpose outlays are defined here as cash underlying outlays, adjusted mainly to exclude Commonwealth payments to the States other than specific purpose payments made 'through' the States. This differs from the equivalent ABS measure which excludes all payments to the States, including payments 'through' the States. (The methodology is explained in more detail in Appendix C.) While not without its limitations, the adjusted measure provides a better basis for comparison of relative outlays restraint by the Commonwealth and State/local levels of government.

As shown in Chart 4, Commonwealth general government cash own purpose outlays increased as a proportion of GDP in the six year period to 1995-96, in contrast to a declining trend for the State/local level from 1991-92.

The projections for the Commonwealth show falling own purpose outlays as a share of GDP over the period to 2002-03 as a result of the Government's fiscal consolidation measures. A decline is also expected for the State/local level, after the abnormally high figure caused by NSW and Victoria increasing their superannuation funding in 1998-99.

Chart 4: General Government Cash Own Purpose Underlying Outlays by Level of Government



PUBLIC TRADING ENTERPRISES

The PTE sector is an important provider of economic infrastructure and contributes significant revenue to general government, mainly in the form of dividends (as discussed in Part IV). Where the general government sector is dominated by the Commonwealth, State/local government activity is more significant within the PTE sector. This reflects State responsibility for infrastructure and service provision in areas such as electricity, gas and water and public transport.

During the 1980s, the PTE sector engaged in high levels of capital accumulation (particularly the publicly-owned power providers), with associated growth in debt levels and interest costs. This added significantly to public sector deficits over this period. However, since the late 1980s, with the introduction of corporatisation and privatisation policies, the PTE sector has recorded a series of small cash surpluses. There has been greater emphasis on PTE operating efficiency, profitability and market orientation, often as a precursor to privatisation, and governments have re-evaluated the appropriateness of continued public ownership of many business enterprises.

PTE privatisations over the last decade have occurred in two main sectors — electricity and gas (eg Victoria's electricity assets), and transport and communications (eg Qantas and the one-third sale of Telstra). Proceeds of asset sales have been used largely to reduce, or

contain the growth of government net debt, resulting in ongoing savings in public debt interest.

The 1995 Competition Principles Agreement between the Commonwealth and the States provides a framework for ongoing change within the PTE sector. The Agreement introduced a generalised regime for access to essential infrastructure facilities, set out principles which apply to the reform of public sector monopolies, and initiated competitive neutrality principles that ensure that government businesses do not enjoy competitive advantages over private sector competitors as a result of their public ownership.

As shown in Chart 1, the PTE sector has maintained a cash surplus position through much of the 1990s. However, 1998-99 sees the PTE sector moving to an underlying cash deficit of 0.4 per cent of GDP. This is a result of substantial privatisation in the Victorian PTE sector 1998-99, with proceeds going back to the general government sector to retire debt and reduce the state's unfunded superannuation liability. Projections indicate that the sector will move back to small surpluses over the remainder of the outlook period, in line with economic growth and continued reform within remaining businesses.

Part IV: Non-financial Public Sector Liabilities

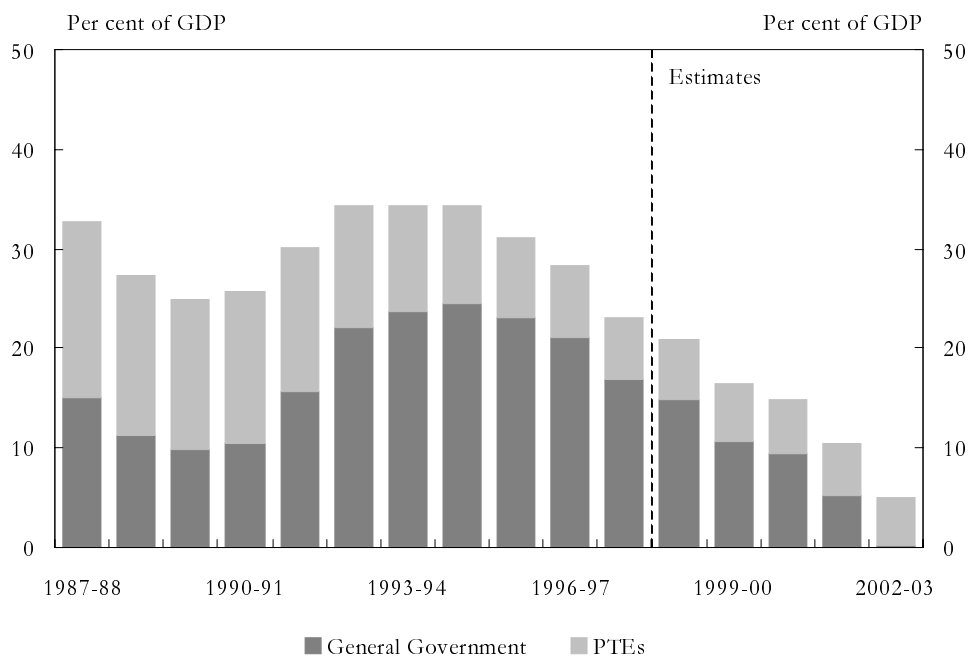
This part examines trends in non-financial public sector net debt and in net interest and dividend flows. As discussed in Part II, the level of net debt and debt servicing costs are important indicators of a jurisdiction's financial position. Governments in Australia have accorded a high priority to debt reduction in order to reduce the debt servicing burden, and enhance policy flexibility.

TRENDS IN NON-FINANCIAL PUBLIC SECTOR NET DEBT

Net debt comprises the stock of selected gross financial liabilities less financial assets, and broadly reflects the cumulative effect of underlying cash balances. However, the change in net debt does not correspond exactly to the cash underlying deficit as the proceeds of equity transactions (such as equity asset sales), which reduce the borrowing task, are classified as net advances and as such are not included in the cash underlying balance. Also, changes in net debt may reflect other factors such as revaluations of financial assets and liabilities.

Chart 5 shows non-financial public sector net debt as a percentage of GDP, and the contribution of the general government and PTE sectors, since the late 1980s.

**Chart 5: Non-financial Public Sector Net Debt by Sector
(as at end of financial year)**



Charts 1 and 5 together indicate the broad relationship between underlying deficits and net debt levels.

Chart 5 shows the increase in general government net debt as a share of GDP following the last recession. This increase reflected the financing of Commonwealth cash budget deficits that continued into the cyclical upturn. Also evident from Chart 5 is the decline in PTE sector net debt as a share of GDP since the late 1980s, reflecting lower levels of capital expenditure, improved efficiency and privatisations. This decline moderated the increase in total public sector net debt as a share of GDP in the first half of the 1990s.

The subsequent improvement in total net debt mainly reflects lower net borrowing requirements for the Commonwealth and the application of privatisation proceeds to debt retirement at both the Commonwealth and State/local levels.

General government net debt as a share of GDP is expected to decline further over the projection period, due mainly to Commonwealth fiscal consolidation. PTE sector net debt as a share of GDP is projected to decline slowly, in line with the expected pattern of small PTE sector cash surpluses.

Total public sector net debt is projected to be only 5.0 per cent of GDP in 2002-03, compared with the most recent peak of 34.4 per cent in 1992-93. The application of any future privatisation proceeds to debt reduction would result in even lower debt levels.

Chart 6 shows trends in net debt by sector and level of government. The usefulness of comparisons is diminished by the fact that between levels of government the distribution of debt across institutional sectors differs widely. Most Commonwealth net debt is owned by the general government sector whereas more than half of State/local net debt is owned by the PTE sector.

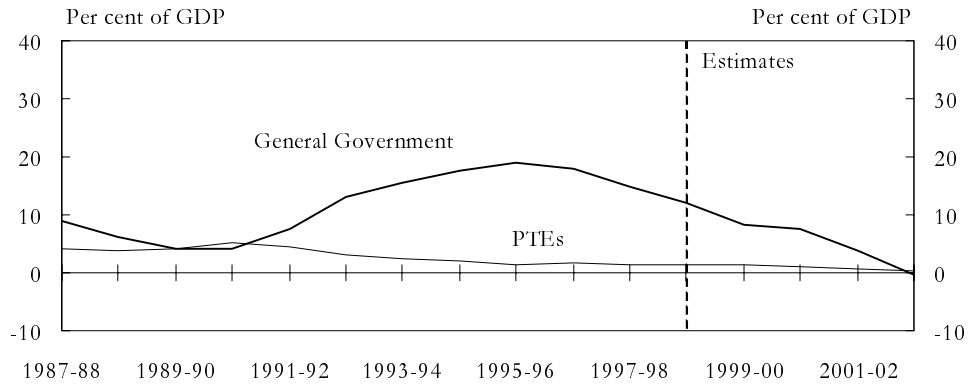
As shown in Panel A of Chart 6 Commonwealth general government net debt as a share of GDP grew from low levels in the late 1980s to a peak of 18.8 per cent in 1995-96, with strong growth in the first half of the 1990s.

In contrast, State/local general government net debt grew only modestly in the early 1990s, and has since declined from a peak of 9.6 per cent in 1992-93 to around 2.7 per cent in 1997-98, as shown in Panel B. This improvement within the State/local general government sector reflects both the impact of asset sales, and fiscal consolidation during the second half of the 1990s.

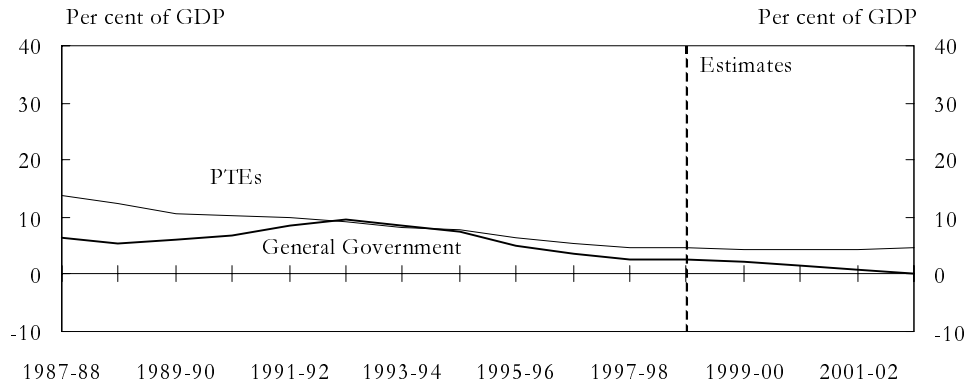
The projections for the Commonwealth in Panel A of Chart 6 include the expected impact of measures announced in this Budget. These projections show that Commonwealth general government sector net debt is projected to decline from a peak of 18.8 per cent of GDP in 1995-96 to around 7.4 per cent in 2000-01, consistent with the Government's announced aim of halving the net debt to GDP ratio over this period. The Commonwealth general government is projecting a small negative net debt figure for 2002-03.

**Chart 6: Non-Financial Public Sector Net Debt
by Level of Government and Sector
(Outstanding Stock as at End of Financial Year)**

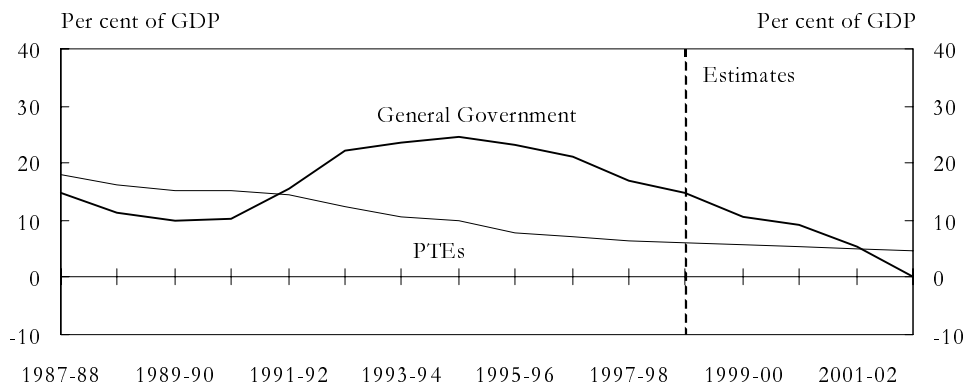
A: Commonwealth



B: State/local



C: Consolidated Non-financial Public Sector

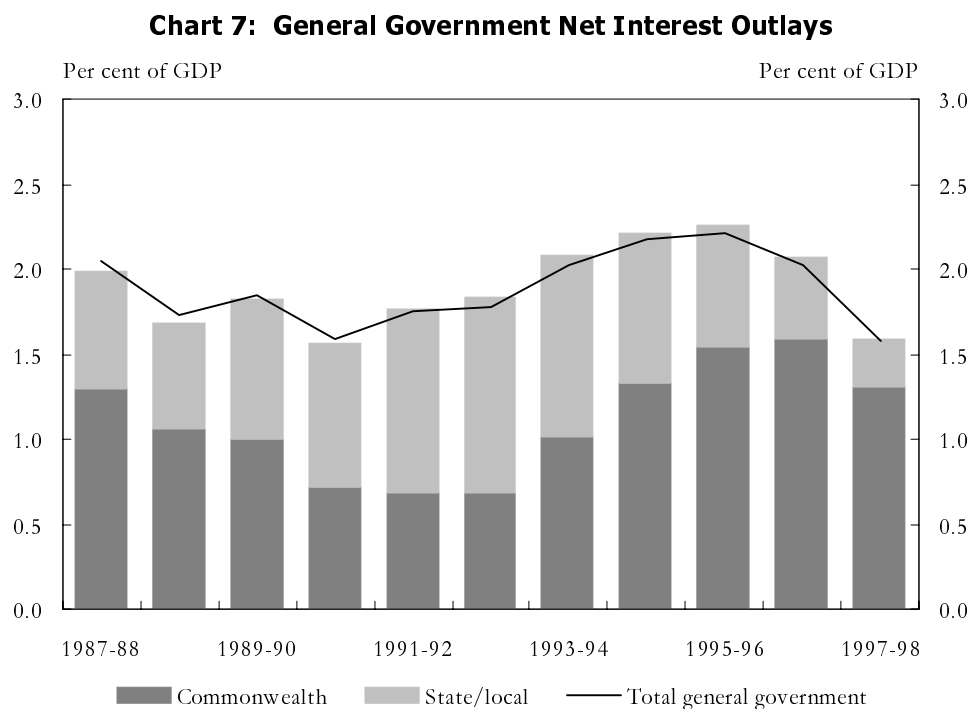


State/local general government net debt as a share of GDP should continue to fall in line with the debt reduction programmes being pursued by the States as part of their medium term fiscal strategies. State/local general government net debt is expected to be close to zero by the end of the projection period. However, some individual States continue to face substantial net debt burdens (see *Budget Paper No. 3 — Federal Financial Relations* for more information).

NET INTEREST AND DIVIDEND FLOWS

Net interest outlays are defined as interest payments on gross debt less interest received on loans and advances, and are affected by the volume of net debt on issue and interest rates.

Chart 7 shows the trend in general government net interest payments by level of government.



As shown in Chart 7, total general government net interest outlays peaked in 1995-96 at around 2.2 per cent of GDP. Levels of this magnitude were previously reached in the mid 1980s when both net debt and interest rates were high. High net interest outlays during the mid-90s climate of relatively lower interest rates, and lower levels of State/local general government net debt, reflected ongoing Commonwealth budget cash deficits during the expansionary phase of the economic cycle.

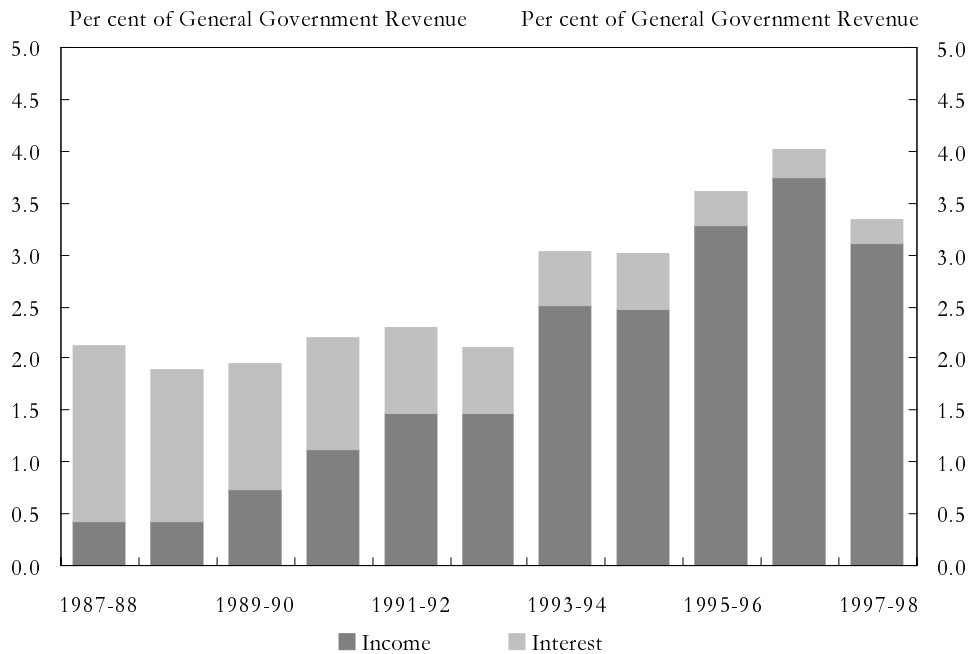
The contribution of the PTE sector to public sector net interest outlays has decreased significantly over the last decade and a half, as reduced capital outlays, improved PTE performance and privatisations have reduced PTE sector net debt as a share of GDP.

The PTE sector provides the general government sector (particularly at the State/local level) with significant revenue in the form of dividends and interest payments. Dividends correspond to general government equity holdings while interest payments reflect the stock of general government loans to the PTE sector.

Chart 8 shows the effect of PTE restructuring on these revenue sources. As PTEs have become more commercial in focus, and less directly controlled by government, they have refinanced general government advances in the market and adopted capital structures and dividend policies more comparable with those applying in the private sector.

Notwithstanding the impact of privatisations, in recent years the PTE sector has paid increasing dividends to its general government owners due to improved profitability and the adoption of commercial dividend policies. The amount of income transferred to general government by PTEs has increased from 0.4 per cent of general government revenue in 1987-88 to 3.1 per cent in 1997-98. This has more than offset a decline in interest paid.

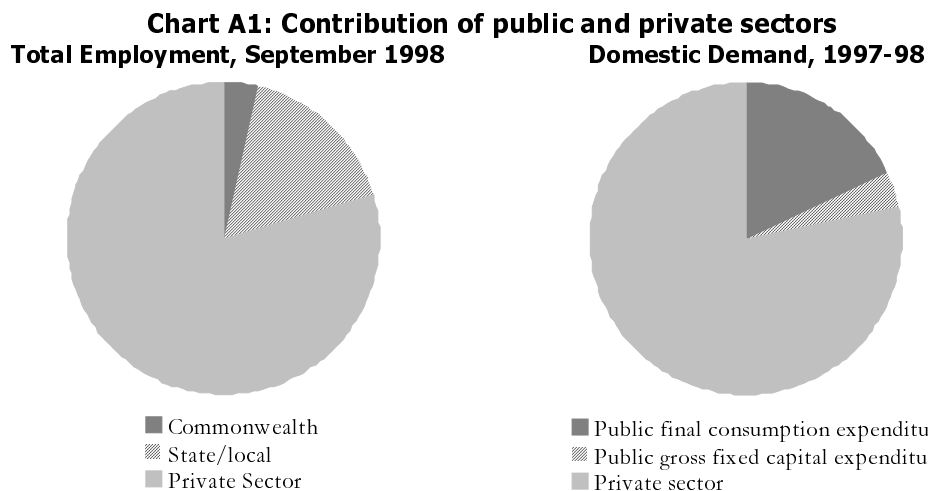
Chart 8: Income and Interest Transferred from PTEs to General Government Sector



Appendix A: Size and Structure of the Non-Financial Public Sector

This Appendix provides an overview of the size and structure of the Australian non-financial public sector to assist in interpreting the trends discussed in Parts II and III of the Statement.

As shown in Chart A1, the public sector directly accounts for around 21 per cent of civilian employment and 22 per cent of final domestic demand³. The State/local level accounts for about 82 per cent of total public sector civilian employment, reflecting its major responsibilities for service delivery — for example in the areas of education and health — and for infrastructure.



There are significant differences in the roles and responsibilities of the two main levels of government. Major Commonwealth outlays include transfer payments in relation to social security, welfare, health and defence expenditure. The Commonwealth also has an important role in funding education and health services provided by the States and the private sector. Major State/local outlays are in the areas of education, health, transport, and public order and safety.

In 1997-98, the Commonwealth raised 73 per cent of total general government revenue. However, Commonwealth own purpose outlays only directly accounted for 57 per cent of total general government outlays. A significant share of Commonwealth revenue is passed on to the State/local level in the form of grants, which account for 39 per cent of State/local general government revenue. Further information on inter-governmental transfers is provided in *Budget Paper No. 3 — Federal Financial Relations*.

³ Transfer payments by the Commonwealth — for example, income support — are not included in public final demand.

Appendix B: Total Non-financial Public Sector — Supplementary Cash Tables

Table B1: Consolidated Non-financial Public Sector Underlying Outlays, Revenue and Underlying Deficit by Institutional Sector as a Percentage of GDP

	General Government			Public Trading Enterprises			Public Sector		
	Outlays(a)	Revenue	Underlying Deficit(a)	Outlays(a)	Revenue	Underlying Deficit(a)	Outlays (a)(b)	Revenue(b)	Underlying Deficit(a)
1987-88	32.5	32.7	-0.2	5.9	4.0	0.6	37.3	35.6	0.3
1988-89	30.3	32.0	-1.7	5.4	3.8	0.1	34.7	34.9	-1.5
1989-90	30.5	31.7	-1.2	6.8	3.7	1.6	36.1	34.3	0.4
1990-91	32.3	31.7	0.6	5.9	3.8	0.7	36.9	34.3	1.4
1991-92	34.2	30.3	3.9	5.5	3.6	0.0	38.2	32.5	4.1
1992-93	34.4	29.7	4.7	5.0	3.6	-0.3	38.1	32.0	4.7
1993-94	34.3	30.4	3.9	4.3	3.7	-0.9	37.1	32.5	3.3
1994-95	33.9	31.2	2.7	4.5	3.4	-0.8	36.9	33.1	2.2
1995-96	33.6	32.2	1.5	4.5	3.0	-0.1	36.4	33.5	1.6
1996-97	33.7	33.3	0.4	4.1	3.1	-0.3	35.8	34.3	0.3
1997-98	32.5	32.8	-0.4	3.6	2.9	-0.6	34.5	34.2	-0.8
1998-99(e)	na	na	-0.8	na	na	0.4	na	na	-0.4
1999-00(e)	na	na	-0.9	na	na	0.2	na	na	-0.8
2000-01(e)	na	na	-0.7	na	na	0.0	na	na	-0.7
2001-02(e)	na	na	-1.4	na	na	-0.1	na	na	-1.5
2002-03(e)	na	na	-2.1	na	na	-0.1	na	na	-2.2

(a) The deficit in this table is the underlying deficit outlined in Appendix C. The outlays and underlying deficit measures abstract from net advances.

(b) Components do not sum to totals due to consolidation of transfers between sectors.

(e) Treasury estimates based on available information.

Table B2: Consolidated Non-financial Public Sector Underlying Outlays, Revenue and Underlying Deficit by Level of Government as a Percentage of GDP

	Commonwealth			State/local					Consolidated Public Sector		
	Outlays(a)	Revenue	Underlying Deficit(a)	Outlays(a)	Own Source Revenue	Grants Received	Total Revenue	Underlying Deficit(a)	Outlays (a)(b)	Revenue(b)	Underlying Deficit(a)
1987-88	26.9	27.2	-0.9	18.8	9.1	7.7	16.9	1.2	37.3	35.6	0.3
1988-89	24.9	26.1	-1.8	17.4	9.4	6.9	16.3	0.2	34.7	34.9	-1.5
1989-90	25.8	25.7	-0.3	17.7	9.2	6.9	16.1	0.7	36.1	34.3	0.4
1990-91	26.6	25.6	0.7	18.0	9.3	7.2	16.5	0.7	36.9	34.3	1.4
1991-92	27.2	23.4	3.1	18.7	9.6	7.3	16.8	1.0	38.2	32.5	4.1
1992-93	27.6	22.8	4.3	18.0	9.5	7.2	16.7	0.3	38.1	32.0	4.7
1993-94	27.0	22.9	3.7	16.7	9.9	6.4	16.3	-0.4	37.1	32.5	3.3
1994-95	27.0	23.8	2.6	16.3	9.5	6.2	15.7	-0.4	36.9	33.1	2.2
1995-96	26.8	24.2	2.3	15.8	9.4	6.1	15.5	-0.7	36.4	33.5	1.6
1996-97	26.2	24.7	1.1	15.6	9.7	6.0	15.6	-0.8	35.8	34.3	0.3
1997-98	24.8	24.7	-0.2	15.3	9.6	5.6	15.2	-0.7	34.5	34.2	-0.8
1998-99(e)	24.7	25.2	-0.5	na	na	na	na	1.1	na	na	-0.4
1999-00(e)	na	na	-0.7	na	na	na	na	0.0	na	na	-0.8
2000-01(e)	na	na	-0.7	na	na	na	na	-0.1	na	na	-0.7
2001-02(e)	na	na	-1.3	na	na	na	na	-0.2	na	na	-1.5
2002-03(e)	na	na	-2.0	na	na	na	na	-0.2	na	na	-2.2

(a) The deficit in this table is the underlying deficit outlined in Appendix C. The outlays and underlying deficit measures abstract from net advances.

(b) Components do not sum to totals due to consolidation of transfers between sectors.

(c) Treasury estimates based on available information.

**Table B3: General Government Underlying Own Purpose Outlays
by Level of Government**

	Commonwealth		State/local	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1987-88	55142	17.8	39103	12.6
1988-89	57646	16.4	41385	11.8
1989-90	62496	16.3	47894	12.5
1990-91	68360	17.3	51383	13.0
1991-92	75640	18.6	55260	13.6
1992-93	82557	19.3	56894	13.3
1993-94	90974	20.2	56120	12.5
1994-95	96535	20.3	57524	12.1
1995-96	104324	20.5	60564	11.9
1996-97	107463	20.2	64205	12.1
1997-98	103711	18.4	72435	12.8
1998-99(e)	128228	21.7	na	14.2
1999-00(e)	na	21.4	na	12.6
2000-01(e)	na	21.7	na	12.0
2001-02(e)	na	21.1	na	11.3
2002-03(e)	na	20.2	na	11.1

(e) Treasury estimates based on available information.

Table B4: General Government Net Interest Outlays by Level of Government

	Commonwealth		State/local	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1972-73	-266	-0.6	440	0.9
1973-74	-306	-0.5	440	0.8
1974-75	-267	-0.4	462	0.7
1975-76	-389	-0.5	516	0.7
1976-77	-161	-0.2	536	0.6
1977-78	-106	-0.1	560	0.6
1978-79	126	0.1	609	0.5
1979-80	290	0.2	634	0.5
1980-81	444	0.3	802	0.6
1981-82	475	0.3	786	0.5
1982-83	654	0.4	1035	0.6
1983-84	1327	0.7	1349	0.7
1984-85	2462	1.1	1404	0.6
1985-86	3626	1.5	1159	0.5
1986-87	4387	1.6	1492	0.5
1987-88	4019	1.3	2128	0.7
1988-89	3722	1.1	2161	0.6
1989-90	3848	1.0	3154	0.8
1990-91	2834	0.7	3365	0.8
1991-92	2739	0.7	4398	1.1
1992-93	2912	0.7	4900	1.1
1993-94	4549	1.0	4771	1.1
1994-95	6310	1.3	4181	0.9
1995-96	7812	1.5	3634	0.7
1996-97	8449	1.6	2516	0.5
1997-98	7381	1.3	1567	0.3

Table B5: Non-financial Public Sector Net Debt

	General Government						PTE Sector		Public Sector	
	Commonwealth		State/local		Consolidated(a)		\$m	Per cent of GDP	\$m	Per cent of GDP
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP				
1987-88	27359	8.8	20318	6.6	46410	15.0	55293	17.8	101703	32.8
1988-89	21982	6.3	18434	5.3	39232	11.2	56363	16.1	95595	27.3
1989-90	16121	4.2	23614	6.2	37989	9.9	57794	15.1	95783	25.0
1990-91	16936	4.3	27110	6.8	41380	10.4	60745	15.3	102125	25.8
1991-92	31132	7.7	34639	8.5	63525	15.6	59011	14.5	122536	30.2
1992-93	55218	12.9	40849	9.6	94048	22.0	52878	12.4	146926	34.4
1993-94	70223	15.6	38894	8.7	106439	23.7	48021	10.7	154460	34.4
1994-95	83492	17.6	35482	7.5	116412	24.5	46482	9.8	162894	34.3
1995-96	95831	18.8	24746	4.9	117720	23.1	40135	7.9	157855	31.0
1996-97	96281	18.1	19141	3.6	112620	21.2	37748	7.1	150368	28.3
1997-98	82935	14.7	15108	2.7	94858	16.8	35371	6.3	130229	23.1
1998-99(e)	71632	12.1	na	2.5	na	15.0	na	5.9	na	20.9
1999-00(e)	51116	8.2	na	2.1	na	10.7	na	5.8	na	16.5
2000-01(e)	48936	7.4	na	1.6	na	9.4	na	5.5	na	14.9
2001-02(e)	27418	3.9	na	1.0	na	5.3	na	5.2	na	10.4
2002-03(e)	-1895	-0.3	na	0.2	na	0.2	na	4.8	na	5.0

(a) Includes universities.

(e) Treasury estimates based on available information.

Appendix C: Statistical Notes

The ABS is in the process of changing the GFS to an accrual framework, with the first accrual GFS data likely to be available in mid-1999. However, as consistent accruals data are not yet available for all jurisdictions, data in Part III of this statement (Trends in Non-financial Public Sector Cash Balances) are on a cash basis.

MEASURES OF THE CASH UNDERLYING DEFICIT

The underlying cash deficit measure used throughout this Statement is defined as cash outlays minus cash revenue, adjusted for net advances. The latter comprise transactions in financial assets undertaken for policy purposes — ie net policy lending (new policy loans and advances less repayments) and net equity transactions (injections/purchases of equity less equity sales).

Prior to 1998-99, to maintain consistency with the net lending concept in the national accounts, the measure of the general government sector cash underlying deficit used in this Statement is not adjusted for increases in provisions. Subsequent to 1998-99, in line with the *System of National Accounts, 1993* (SNA93), the cash underlying deficit is defined as underlying outlays minus revenue, minus net increase in provisions. For other sectors increases in provisions have consistently been removed in line with the ABS standard. This change mainly affects the data for the Commonwealth general government, which makes significant provisions for Superannuation payments to the PTE sector.

Up until 1997-98 the ABS defined the deficit in headline terms (outlays less revenue less increase in provisions). Since that time the ABS deficit has been defined in underlying terms as outlays (excluding net advances) less revenue less increase in provisions. This is achieved by reclassifying net advances from capital outlays to financing transactions. Although an ABS headline deficit is no longer published, it can be readily derived from published data.

CASH OWN PURPOSE OUTLAYS

The adjusted measure of Commonwealth general government cash own purpose outlays used in this Statement comprises cash underlying outlays adjusted mainly to exclude Commonwealth payments to the States other than specific purpose payments made 'through' the States. This differs from the ABS measure which excludes all payments to the States.

Specifically, the ABS measure excludes all payments to other levels of government and PTEs and PFEs, such as general revenue assistance, specific purpose payments and advances and subsidies, together with interest payments on borrowings undertaken on their behalf. The adjusted measure adds back in to Commonwealth outlays specific purpose payments 'through' the States (other than those for local government purposes)

as these payments are generally not for State-like purposes. A corresponding adjustment is made to the State/local series. The adjusted measure also removes State fiscal contributions from the data on grants to the States.

The adjusted measures for both the Commonwealth and the State/local levels abstract from all net advances. They are thus consistent with measures of the underlying deficit in, for example, removing the impact of equity asset sales which would otherwise be included as offsets to outlays.

GOVERNMENT FINANCE STATISTICS

Data used in this Statement recognises the recent changes made by the ABS to bring its GFS reporting into line with SNA93.

From 1998-99 the State central borrowing authorities (CBAs) have been reclassified from the general government sector to the public financial enterprise (PFE) sector. This change recognises that, while CBAs continue to carry out financial intermediation activities on behalf of the general government sector, their role is now broader and more commercial in nature. In line with the new ABS classification, CBAs are excluded from general government deficits and net debt presented in this Statement.

The reclassification of CBAs is being implemented as part of an extension of the scope of GFS to include PFEs in order to provide a more complete coverage of the public sector. This will ensure that CBAs remain within GFS. It will also make GFS consistent in scope with the new accounting standard for the whole of government accounts (AAS31). However the analysis of the public sector in this Statement excludes PFEs, in line with current *Uniform Presentation Framework* reporting requirements.

The 1998-99 *Government Financial Estimates* publication (Cat. No. 5501.0) also saw the reclassification of regulatory fees and other fines out of the broader taxes, fees and fines category used in previous years. Regulatory fees were reclassified as user charges, thereby reducing taxes and general government final consumption expenditure. Fines were placed into other current revenue, effectively reducing taxes and increasing other revenue.

Appendix D: Alternative Commonwealth Budget Presentations

Commonwealth Classification Concepts and Issues

Commonwealth Budget financial statements have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards.

Consistent with commercial practice, the Budget financial statements are unaudited. However, the Government has released audited Consolidated Financial Statements on an accruals basis for the years 1996-97 and 1997-98 and unaudited Financial Statements for 1994-95 and 1995-96. Audited Financial Statements for 1998-99 will be released later in the year.

The Commonwealth, States and Territories have an agreed framework — the *Uniform Presentation Framework* (UPF) — for the consistent presentation of government financial information on a GFS basis. The existing UPF presentation is on a cash GFS accounting basis. However, the UPF will be reviewed this year as most jurisdictions move to an accrual environment and to ensure consistency with the accrual GFS framework being introduced by the ABS from mid 1999. The data provided in Part I of this appendix are consistent with the new accrual GFS framework. A table of broad level aggregate data on a cash GFS basis for the Commonwealth general government sector is also included in Part II of this appendix.

Consistency with External Reporting Standards

The *Charter of Budget Honesty Act 1998* requires that the budget be based on external reporting standards and that departures from applicable external reporting standards be identified.

The major external standards used in this budget are Australian Accounting Standards and the new accrual GFS framework being introduced by the ABS this year to meet emerging new domestic and international accounting standards for the public sector.

In addition, non-accounting standard classifications have been used in different sections of the budget. 'Outcomes' is a Commonwealth classification framework that indicates the results, impacts or consequences of agency's activities. Functional classifications used in some tables are based on standards maintained by the ABS, but have been extended in some cases to provide greater detail.

Accrual Government Finance Statistics Framework

From 1999 onwards the ABS is changing its recording of government finance statistics (GFS) from a cash accounting to an accrual accounting basis.

This new GFS framework reflects the principles contained in the international standards set out in the United Nations' *A System of National Accounts, 1993* (SNA93). The first presentation by the ABS of public finance statistics on an accrual accounting basis is expected to be in their issue of *Government Finance Statistics, Australia* (Cat. No. 5512.0) for 1997-98, which is planned for release in July 1999.

Accrual recording of GFS will cover some financial items of significant size which are not included in cash-based statistics because they do not have an associated cash flow. These include increases in a government's unfunded superannuation liability and provisions for the depreciation of its capital assets. The inclusion of these types of transactions will enable a more complete analysis of a government's financial situation.

The accrual GFS will include tables on both a stock and flow basis. The operating statement looks at flows of accrual revenue and expenses, and also looks at changes in financial and non-financial assets. The cash flow statement considers a jurisdiction's cash receipts and payments, as well as other cash flows from investments. The cash deficit presented in this statement is the same as the cash underlying deficit generated under the cash GFS. The balance sheet looks at stocks of financial and non-financial assets and liabilities.

The accrual GFS will have a number of new summary measures: increase in net assets, the net operating result, and fiscal balance (net lending).

Increase in net assets, or increase in net worth, is defined as the increase in a jurisdiction's net assets position, including any change in non-financial assets. Increase in net assets may either be read off the Operating Statement, as net increase in non-financial assets plus net increase in financial assets and liabilities, or derived from the Balance Sheet, as end-of-year net assets minus beginning-of-year net assets.

The net operating result is defined as the increase in net assets less revaluations of financial assets and non-financial assets and liabilities. Conceptually, the net operating result may also be viewed as the excess of revenue over expenses, measured on an accruals basis.

The fiscal balance is defined as the net operating result less net capital formation plus other movements in non-financial assets. The fiscal balance is effectively a measure of government net lending, the gap between government savings and investment. It measures the government's net call on other sectors in the economy, and so corresponds to the government's direct contribution to the current account deficit.

Comparison between GFS and accounting standards

There is a general consistency of treatment between GFS and accounting standards. GFS and AAS31 definitions of the scope of the public sector agree in almost all cases. AAS31 also recommends that for presentational purposes, the public sector be segmented into the subsectors required for GFS purposes on the basis of GFS standards.

Transactions are generally treated in a similar manner by GFS and accounting standards. Some of the major differences in the way that GFS treat transactions are included in Table D1.

Table D1: Differences between AAS31 and GFS Accrual Accounting Standards

Issue	AAS31 Treatment	GFS Treatment
Provisions for bad and doubtful debts.	Treated as part of operating expenses.	Treated as internal 'book keeping' entries and removed from operating expenses.
Profit/loss on sale of assets.	Treated as part of operating revenues/expenses, possibly as abnormal gains/losses.	Treated as revaluations and therefore removed from operating revenues/expenses.
Abnormal items	Most abnormal items will be recorded below the operating result, although some (eg changes to the outstanding superannuation liability due to revised assumptions) would be recorded above the line.	Abnormal items are considered on an individual basis to ascertain whether it is an economic transaction and in which period the transaction applies. If it is treated as an economic transaction, it impacts on GFS operating result.
Benefits to households in goods and services (social transfers in kind) component of personal benefits payments.	All personal benefits payments are treated as transfers in operating expenses.	This component of personal benefits payments is treated as part of other expenses in the operating statement.
Regulatory Fees	Included in taxation revenue as 'Fines and regulatory fees'.	Treated as user charges and included in the 'Sales of Goods and Services' component of non-taxation revenue.
Fines	Included in taxation revenue as 'Fines and regulatory fees'.	Treated as transfer income as part of non-taxation revenue.
Finance Leases	Treat finance leases as if an asset were purchased from borrowings ie the lease payment is split into an interest component (which is shown as an operating expense) and a principal component. The asset and the liability are recorded on the balance sheet. However, this convention does not apply to the cash flow statement, which does not record the acquisition of the asset or the liability.	As per the accounting standard, except that the GFS cash flow statement includes the acquisition of the asset and the liability.

Statement 1 provides a reconciliation between this year's Commonwealth general government GFS and AAS31 operating results.

Sectoral Classifications

In accordance with AAS31, Commonwealth budget and other financial documentation now classify agencies according to their institutional sector. Institutional sector is a concept used in GFS and national accounts statistics. The three sectors constituting the Commonwealth public sector are:

- General Government;
- Public Trading Enterprises; and
- Public Financial Enterprises.

Agencies belonging to the Commonwealth general government sector fall within the scope of the budget financial statements. Data is also produced in this Statement, for the Commonwealth PTE and consolidated non-financial sectors, on a GFS consistent basis in this appendix.

The primary function of the general government sector is to provide public services that are mainly non-market in nature, are mainly for the collective consumption of the community, involve the transfer or redistribution of income, and are financed mainly through taxes and other compulsory levies. Examples of agencies that belong to the Commonwealth general government sector are: Commonwealth departments, such as Department of Finance and Administration, Department of Family and Community Services, and Department of Veterans' Affairs; and authorities, such as the ABC and CSIRO.

PTEs are government controlled enterprises which have a primary function of providing goods and services which are mainly market, non-regulatory and non-financial in nature, financed mainly through sales to the consumers of these goods and services. Examples are Telstra and Australia Post.

PFEs are enterprises which are government controlled and which perform central bank functions, accept demand, time or savings deposits or have the authority to incur liabilities and acquire financial assets in the market on their own account. Examples are the Reserve Bank of Australia and Medibank Private Ltd.

Classification of agencies in budget documentation is consistent with ABS classification of agencies. Where an agency's operations change materially (eg as a result of corporatisation), its sector classification is reviewed in conjunction with the ABS. This process has led to a small number of agencies being reclassified to a different sector in budget documentation.

The term government business enterprise (GBE) is not a GFS concept but is used by the Commonwealth to describe a group of companies and authorities, located mainly in the PTE and PFE sectors, which trade goods and/or services in the market with a prime objective of earning a commercial return. Government trading enterprises is a term used

in the Council of Australian Governments context and refers to the commercial activities of the Commonwealth, States and Territories.

Transactions between Commonwealth general government sector agencies — such as payments of fringe benefits tax, customs duty and interdepartmental charges — are eliminated when preparing the Commonwealth's consolidated financial statements. Only transactions into and out of the Commonwealth general government impact on the consolidated financial statements.

PART I: COMMONWEALTH ACCRUAL GOVERNMENT FINANCE STATISTICS

This section presents Commonwealth financial data on an accrual GFS basis. Statistical tables are presented below, showing an operating result, cash flow statement and balance sheet for the Commonwealth general government, PTE and consolidated non-financial public sectors. The tables were produced by the Department of Finance and Administration in consultation with the ABS.

Consistent with ABS practice, transactions between the Commonwealth general government and PTE sectors are included in the tables produced for these sectors, but are removed from the consolidated non-financial sector tables as they are transactions internal to that sector.

Transactions between the Commonwealth non-financial and PFE sectors are included in all tables. These transactions include income transfers such as dividends paid to general government, net advances paid by general government to PFEs and taxes paid by PFEs.

Table D2: General Government Operating Statement (\$m)

	1998-99	1999-00	2000-01	2001-02	2002-03
General Government					
Operating Result					
Revenue					
Taxation revenue	139378	146248	137718	140941	149168
Sales of goods and services	3667	3701	3805	3812	3799
Interest income	2250	2779	2620	2849	4301
Other	7576	10001	6258	6064	5704
<i>Total revenue</i>	<i>152871</i>	<i>162728</i>	<i>150401</i>	<i>153666</i>	<i>162972</i>
Expenses					
Gross operating expenses					
Depreciation	2308	2477	2776	2956	3169
Superannuation	2788	2801	2821	2827	2823
Other operating expenses	38150	41678	40921	41867	42562
Total gross operating expenses	43246	46956	46518	47650	48554
Superannuation interest expense	2407	2428	2397	2326	2484
Other interest expenses	8935	8474	7319	6791	6478
Current transfers	0	0	0	0	0
Grant expenses(a)	43013	44602	26607	28724	27760
Subsidy expenses	3508	3824	4215	4540	4734
Other current transfers	46851	49098	54576	56820	60208
Total current transfers	93372	97524	85399	90084	92702
Capital transfers	363	365	367	218	221
<i>Total expenses</i>	<i>148323</i>	<i>155748</i>	<i>142001</i>	<i>147069</i>	<i>150439</i>
Net operating result	4548	6981	8401	6597	12533
Application of Net Operating Result					
Increase in net non-financial assets					
Gross fixed capital formation	3878	4179	4113	4356	4414
<i>less</i> Depreciation	2308	2477	2776	2956	3169
<i>plus</i> Change in inventories	-250	-156	-107	7	-62
<i>equals</i> Total net capital formation	1320	1546	1230	1407	1183
<i>plus</i> Other movements in non-financial assets	123	9	-25	1	-3
<i>plus</i> Revaluations of non-financial assets	-855	-186	-305	-536	-176
<i>Total increase in net non-financial assets</i>	<i>588</i>	<i>1368</i>	<i>900</i>	<i>873</i>	<i>1004</i>
Increase in net financial assets and liabilities					
Advances paid (net)	-5511	-17828	923	-17658	-16698
<i>less</i> Borrowing (net)	-6288	-23330	-1666	-24174	-29249
<i>less</i> Advances received (net)	0	0	0	0	0
<i>plus</i> Other movements in financial assets and liabilities	2327	-76	4606	-1327	-1198
<i>equals</i> Net lending / fiscal balance	3105	5426	7195	5189	11353
<i>plus</i> Revaluations of financial assets and liabilities	-15701	9969	-1350	12711	14437
<i>Total increase in net financial assets and liabilities</i>	<i>-12596</i>	<i>15396</i>	<i>5845</i>	<i>17899</i>	<i>25790</i>
Total increase in net assets (b)	-12007	16764	6745	18772	26794
<i>less</i> Effect of revaluations	-16555	9783	-1655	12175	14261
Net operating result	4548	6981	8401	6597	12533

(a) Consistent with AAS31, there is no distinction between grants for current and capital purposes.

(b) Total increase in net assets equals the total increase in net non-financial assets, plus the total increase in net financial assets and liabilities.

Table D3: Public Trading Enterprises Operating Statement (\$m)

	1998-99	1999-00
	Public Trading Enterprises	
	Operating Result	
Revenue		
Grants and subsidies	176	169
Sales of goods and services	25326	24067
Interest income	113	129
Other	42	29
<i>Total revenue</i>	<i>25657</i>	<i>24395</i>
Expenses		
Gross operating expenses		
Depreciation	3092	3267
Other operating expenses	16016	15408
Total gross operating expenses	19108	18675
Interest expenses	897	819
Other property expenses	2047	2344
Current transfers		
Tax expenses	1964	2145
Other current transfers	0	0
Total current transfers	1964	2145
Capital transfers	0	0
<i>Total expenses</i>	<i>24015</i>	<i>23984</i>
Net operating result	1642	411
	Application of Net Operating Result	
Increase in net non-financial assets		
Gross fixed capital formation	4821	4545
<i>less</i> Depreciation	3092	3267
<i>plus</i> Change in inventories	114	6
<i>equals</i> Total net capital formation	1843	1284
<i>plus</i> Other movements in non-financial assets	0	0
<i>plus</i> Revaluations of non-financial assets(a)	-419	-3164
<i>Total increase in net non-financial assets</i>	<i>1424</i>	<i>-1880</i>
Increase in net financial assets and liabilities		
Advances paid (net)	0	0
<i>less</i> Borrowing (net)	17	354
<i>less</i> Advances received (net)	823	37
<i>plus</i> Other movements in financial assets and liabilities	639	-482
<i>equals</i> Total net lending /fiscal balance	-201	-873
<i>plus</i> Revaluations of financial assets and liabilities	377	470
<i>Total increase in net financial assets and liabilities</i>	<i>176</i>	<i>-403</i>
Total increase in net assets (b)	1600	-2283
<i>less</i> Effects of revaluations	-41	-2694
Net operating result	1642	411

(a) The large movements in 1999-00 reflects the asset changes associated with several entities being privatised or sold and therefore moving out of the PTE sector.

(b) Total increase in net assets equals the total increase in net non-financial assets, plus the total increase in net financial assets and liabilities.

Table D4: Non-Financial Public Sector Operating Statement (\$m)

	1998-99	1999-00
Non-financial Public Sector		
Operating Result		
Revenue		
Taxation revenue	137414	144103
Current grants and subsidies	0	0
Sales of goods and services	28993	27768
Interest income	2267	2885
Other	6170	7269
<i>Total revenue</i>	<i>174844</i>	<i>182025</i>
Expenses		
Gross operating expenses	62354	64331
Superannuation interest expenses	2407	2428
Other interest expenses	9736	9271
Other property expenses	599	883
Current transfers		
Grant expenses	43013	44602
Subsidy expenses	3332	3655
Other current transfers	46851	49098
<i>Total current transfers</i>	<i>93196</i>	<i>97355</i>
Capital transfers	363	365
<i>Total expenses</i>	<i>168655</i>	<i>174634</i>
Net operating result	6190	7391
Application of Net Operating Result		
Increase in net non-financial assets		
Gross fixed capital formation	8699	8724
<i>less</i> Depreciation	5400	5744
<i>plus</i> Change in inventories	-136	-150
<i>equals</i> Total net capital formation	3163	2830
<i>plus</i> Other movements in non-financial assets	123	8
<i>plus</i> Revaluations of non-financial assets	-1273	-3351
<i>Total increase in net non-financial assets</i>	<i>2013</i>	<i>-512</i>
Increase in financial assets		
Advances paid (net)	-4688	-17791
<i>less</i> Borrowing (net)	-6270	-22976
<i>less</i> Advances received (net)	0	0
<i>plus</i> Other movements in financial assets and liabilities	1321	-631
<i>equals</i> Total net lending / fiscal balance	2903	4553
<i>plus</i> Revaluations of financial assets and liabilities	-15323	10757
<i>Total increase in net financial assets</i>	<i>-12420</i>	<i>15310</i>
Total increase in net assets(a)	-10407	14799
<i>less</i> Effects of revaluations	-16597	7407
Net operating result	6190	7391

(a) Total increase in net assets equals the total increase in net non-financial assets, plus the total increase in net financial assets and liabilities.

Table D5: General Government Cash Flow Statement (\$m)(a)

	1998-99	1999-00	2000-01	2001-02	2002-03
	General Government				
	Cash Flow				
Cash receipts from operating activities					
Taxes received	137733	143880	132581	141370	149328
Receipts from sales of goods and services	4165	4016	3995	3859	4131
Other receipts	9766	12267	8916	8848	9432
<i>Total receipts</i>	<i>151664</i>	<i>160163</i>	<i>145493</i>	<i>154078</i>	<i>162891</i>
Cash payments for operating activities					
Payment for goods and services	23589	26538	26071	26732	27270
Grants and subsidies paid	45301	48453	30786	33171	32662
Interest paid	8936	8541	7424	6791	6725
Other payments for operating activities	67076	67244	73984	75818	79360
<i>Total payments</i>	<i>144902</i>	<i>150776</i>	<i>138266</i>	<i>142512</i>	<i>146017</i>
Cash flows from operating activities	6762	9387	7227	11566	16874
Cash flows from investments in non-financial assets					
Sales of non-financial assets	701	810	725	699	553
<i>less</i> Purchases of non-financial assets	4579	4989	4838	5055	4967
<i>Total</i>	<i>-3878</i>	<i>-4179</i>	<i>-4113</i>	<i>-4356</i>	<i>-4414</i>
<i>Cash flows from investments in financial assets for policy purposes</i>	<i>5511</i>	<i>17828</i>	<i>-923</i>	<i>17658</i>	<i>16698</i>
<i>Cash flows from investments in financial assets for liquidity purposes</i>	<i>-613</i>	<i>-245</i>	<i>-163</i>	<i>-372</i>	<i>-458</i>
<i>Total cash flows from financing activities</i>	<i>-6892</i>	<i>-22659</i>	<i>-2279</i>	<i>-24669</i>	<i>-28974</i>
Net increase/decrease in cash held	890	131	-251	-174	-274
	Surplus (Deficit)				
Net cash from operating activities and investments in non-financial assets	2883	5208	3114	7210	12460
<i>plus</i> Finance leases and similar arrangements	0	0	0	0	0
Equals surplus (b)	2883	5208	3114	7210	12460

(a) Classification differences between the GFS and accounting standards mean that some line items in the GFS cash flow statement may differ from similar line items in the accounting standards cash flow statement.

(b) The surplus in the accrual cash flow statement is equivalent to the underlying surplus obtained under the cash GFS.

Table D6: Public Trading Enterprise Cash Flow Statement (\$m)

	1998-99	1999-00
Public Trading Enterprises		
Cash Flow		
Cash receipts from operating activities		
Receipts from sales of goods and services	23376	23477
Grants and subsidies received	179	170
Other receipts	173	161
<i>Total receipts</i>	<i>23728</i>	<i>23807</i>
Cash payments for operating activities		
Interest paid	821	796
Other payments for operating activities	17854	19214
<i>Total payments</i>	<i>18674</i>	<i>20011</i>
Cash flows from operating activities	5054	3797
Cash flows from investments in non-financial assets		
Sales of non-financial assets	343	141
<i>less</i> purchases of non-financial assets	<i>5164</i>	<i>4686</i>
<i>Total</i>	<i>-4821</i>	<i>-4545</i>
<i>Cash flows from investments in financial assets for policy purposes</i>	<i>0</i>	<i>0</i>
<i>Cash flows from investments in financial assets for liquidity purposes</i>	<i>98</i>	<i>-11</i>
<i>Total cash flows from financing activities</i>	<i>-126</i>	<i>390</i>
Net increase/decrease in cash held	205	-370
Surplus (Deficit)		
Net cash from operating activities and investments in non-financial assets	233	-748
<i>plus</i> Finance leases and similar arrangements	<i>0</i>	<i>0</i>
Equals surplus (a)	233	-748

(a) The surplus in the accrual cash flow statement is equivalent to the underlying surplus obtained under the cash GFS.

Table D7: Non-Financial Public Sector Cash Flow Statement (\$m)

	1998-99	1999-00
Non-financial Public Sector		
Cash Flow		
Cash receipts from operating activities		
Taxes received	135769	141735
Receipts from sales of goods and services	27541	27492
Grants and subsidies received	0	0
Other receipts	8395	9645
<i>Total receipts</i>	<i>171706</i>	<i>178872</i>
Cash payments for operating activities		
Payments for goods and services	23589	26538
Grants and subsidies paid	45122	48283
Interest paid	9662	9314
Other payments for operating activities	81519	81552
<i>Total payments</i>	<i>159892</i>	<i>165687</i>
Cash flows from operating activities	11814	13185
Cash flows from investments in non-financial assets		
Sales of non-financial assets	1044	951
<i>less</i> purchases of non-financial assets	9744	9675
<i>Total</i>	<i>-8699</i>	<i>-8724</i>
<i>Cash flows from investments in financial assets</i>		
<i>for policy purposes</i>	<i>4688</i>	<i>17791</i>
<i>Cash flows from investments in financial assets</i>		
<i>for liquidity purposes</i>	<i>-515</i>	<i>-257</i>
<i>Total cash flows from financing activities</i>	<i>-6193</i>	<i>-22233</i>
Net increase/decrease in cash held	1095	-238
Surplus (Deficit)		
Net cash from operating activities and investments		
in non-financial assets	3116	4460
<i>plus</i> Finance leases and similar arrangements	0	0
Equals surplus (a)	3116	4460

(a) The surplus in the accrual cash flow statement is equivalent to the underlying surplus obtained under the cash GFS.

Table D8: General Government Balance Sheet (\$m)

	1998-99	1999-00	2000-01	2001-02	2002-03
	General Government				
Assets					
Financial assets					
Cash and deposits	1875	2006	1755	1581	1307
Advances paid	16065	15303	15961	15037	15091
Investments, loans and placements	8178	8327	8457	8570	8767
Other non-equity assets	5696	6608	10584	9418	8417
Equity	21144	17003	17035	15574	13955
<i>Total financial assets</i>	<i>52958</i>	<i>49247</i>	<i>53793</i>	<i>50179</i>	<i>47537</i>
Non-financial assets					
Land and fixed assets	51905	53265	54190	55061	56068
Other non-financial assets	1615	1624	1599	1600	1597
<i>Total non-financial assets</i>	<i>53520</i>	<i>54889</i>	<i>55789</i>	<i>56662</i>	<i>57666</i>
<i>Total assets</i>	<i>106478</i>	<i>104136</i>	<i>109582</i>	<i>106841</i>	<i>105203</i>
Liabilities					
Deposits held	559	632	705	778	851
Advances received	0	0	0	0	0
Borrowing	96129	75019	73255	50625	21158
Provisions (other than depreciation and bad debts)	81026	81818	81974	82745	83610
Other non-equity liabilities	9315	10455	10690	10963	11060
<i>Total liabilities</i>	<i>187030</i>	<i>167924</i>	<i>166624</i>	<i>145111</i>	<i>116679</i>
Net assets	-80551	-63787	-57041	-38269	-11476

Table D9: Public Trading Enterprise Balance Sheet (\$m)

	1998-99	1999-00
	Public Trading Enterprises	
Assets		
Financial assets		
Cash and deposits	1674	1311
Advances paid	0	0
Investments, loans and placements	2010	765
Other non-equity assets	3823	2985
Equity	0	0
<i>Total financial assets</i>	<i>7507</i>	<i>5060</i>
Non-financial assets		
Land and fixed assets	32313	30782
Other non-financial assets	2496	2147
<i>Total non-financial assets</i>	<i>34809</i>	<i>32929</i>
<i>Total assets</i>	<i>42316</i>	<i>37989</i>
Liabilities		
Deposits held	0	0
Advances received	47	10
Borrowing	11675	10634
Provisions (other than depreciation and bad debts)	6207	6482
Other non-equity liabilities	5047	3805
<i>Total liabilities</i>	<i>22976</i>	<i>20932</i>
Net assets	19340	17057

Table D10: Non-Financial Public Sector Balance Sheet (\$m)

	1998-99	1999-00
	Non-financial Public Sector	
Assets		
Financial assets		
Cash and deposits	3549	3317
Advances paid	16018	15293
Investments, loans and placements	1364	586
Other non-equity assets	9518	9593
Equity	21144	17003
<i>Total financial assets</i>	<i>51594</i>	<i>45792</i>
Non-financial assets		
Land and fixed assets	84218	84047
Other non-financial assets	4111	3770
<i>Total non-financial assets</i>	<i>88329</i>	<i>87817</i>
<i>Total assets</i>	<i>139923</i>	<i>133609</i>
Liabilities		
Deposits held	559	632
Advances received	0	0
Borrowing	107805	85653
Provisions (other than depreciation and bad debts)	87233	88301
Other non-equity liabilities	14362	14260
<i>Total liabilities</i>	<i>209959</i>	<i>188846</i>
Net assets	-70035	-55237

PART II: COMMONWEALTH CASH GOVERNMENT FINANCE STATISTICS TABLES

Government Finance Statistics

The *Uniform Presentation Framework* (UPF) will be reviewed this year as most jurisdictions move to an accrual environment and the ABS moves to its new accrual GFS framework. Until it is reviewed the UPF remains on a cash GFS accounting basis.

This section includes broad aggregates on a cash GFS basis for the Commonwealth general government, PTE and consolidated non-financial public sectors.

Conceptually, this data is consistent with cash GFS data released in previous budget papers and mid-year reports. However, changes to data sources associated with the Commonwealth's move to an accrual framework may limit direct comparisons with previously published GFS data.

With the move to an accrual budget the Commonwealth has found itself unable to produce the disaggregated data displayed in the cash GFS tables to a satisfactory degree of accuracy. A full range of tables to meet existing UPF requirements on a cash GFS consistent basis have thus not been produced. However, the Commonwealth has produced detailed accrual GFS data (Tables D3 to D11, Part I). This approach is consistent with the Commonwealth's move to a comprehensive accrual budgeting framework.

Table D11: Cash Government Finance Statistics (\$m)(a)

	General Government			Public Trading Enterprises			Non-financial Public Sector		
	Outlays	Revenue	Underlying Deficit	Outlays	Revenue	Underlying Deficit	Outlays	Revenue	Underlying Deficit
1998-99(e)	143917	146800	-2883	5985	6218	-233	146216	149332	-3116
1999-00(e)	149963	155171	-5208	5482	4734	748	150347	154807	-4460
2000-01(p)	139085	142199	-3114	na	na	na	na	na	na
2001-02(p)	143481	150691	-7210	na	na	na	na	na	na
2002-03(p)	145449	157909	-12460	na	na	na	na	na	na

(a) These data are consistent with cash based Government Finance Statistics published in previous Budget Papers. The data are sourced from the relevant components of the accrual based GFS cash flow statements (Tables D5, D6 and D7), and are adjusted to take account of classification differences between the cash GFS and the new accrual GFS.

(e) estimates

(p) projections

PART III: COMMONWEALTH BUDGET SECTOR

Historically, the budget and mid-year statements have mainly presented transactions between the Commonwealth budget sector and other sectors of the economy, including transactions with non-budget Commonwealth entities. The Commonwealth budget sector consists of those departments and agencies whose day-to-day transactions are recorded in the Official Commonwealth Public Account (CPA), whether via the Consolidated Revenue Fund, Loan Fund, Commercial Activities Fund, or the Reserved Money Fund.

The difference between the general government and budget sectors lies with Commonwealth general government authorities, such as CSIRO and the ABC, that operate outside the CPA through their own bank accounts and are thus excluded from the budget sector.

However from 1999-2000, with the introduction of devolved banking, all general government agencies will be able to operate outside the CPA through their own bank accounts.

Therefore, in future years no distinction will be made between the budget sector and the general government sector.

Table D12: Summary of Commonwealth Budget Sector Aggregates

	1998-99(a)(c)	1999-00(c)	2000-01(p)	2001-02(p)	2002-03(p)
Revenue (\$b)	152.8	162.9	150.5	153.8	163.1
<i>Per cent of GDP</i>	25.8	26.3	22.9	22.1	22.1
Expenses (\$b)	149.6	157.2	143.9	148.4	151.5
<i>Per cent of GDP</i>	25.3	25.4	21.9	21.3	20.5
Operating Result (\$b)	3.2	5.7	6.7	5.3	11.6
<i>Per cent of GDP</i>	0.5	0.9	1.0	0.8	1.6
Capital Adjustments (\$b)	-1.8	-1.7	-1.0	-1.3	-1.1
Revaluations adjustments (\$b)	1.4	1.3	1.7	1.2	0.9
Fiscal Balance	2.7	5.3	7.3	5.2	11.4
<i>Per cent of GDP</i>	0.5	0.9	1.1	0.8	1.5

(a) Under accrual budgeting, agencies will be appropriated from 1999-2000 on a full accrual basis. However, appropriations in 1998-99 were on a cash basis. As a result, differences between cash and accrual expenses introduce distortions in the relative financial position of the budget sector compared with the general government sector in 1998-99. The data for 1998-99 have therefore been adjusted to partly correct for this distortion.

(c) estimates

(p) projections

Appendix E: Historical Commonwealth General Government Cash Deficit Data

This appendix provides historical data and forward estimates for Commonwealth general government underlying outlays, revenue and underlying cash deficit.

Table E1 provides details of the cash budget aggregates for the period 1962-63 to 2002-03. Table E2 provides details of tax, non-tax and total cash revenue for the period 1962-63 to 2002-03.

Classification differences and revisions, as well as changes to the structure of the budget, can impact on comparisons over such an extended period. Factors which affect the comparability of budget aggregates between years include:

- classification differences in the data relating to the period prior to 1976-77 mean that data for the earlier period may not be entirely consistent with that for 1976-77 and later years;
- adjustments in the coverage of agencies included in the accounts of the different sector;
- the removal of Central Banking Authorities from the General Government sector in 1998-99, and subsequent backcasting to account for this change;
- the 1998-99 reclassification of fees and fines out of the broader taxes, fees and fines category used in previous years;
- transfers of taxing powers between the Commonwealth and the States;
- other changes in financial arrangements between the Commonwealth budget sector, Commonwealth non-budget sector agencies and the State/local government sector; and
- changes in arrangements for transfer payments where tax concessions or rebates are replaced by payments through the social security system. This has the effect of increasing both cash revenues and outlays as compared with earlier periods, but not changing cash balances. Changes in the opposite direction (tax expenditures replacing outlays) reduce both cash outlays and revenue.

While approximate adjustments can be made to identify trends in budget aggregates on a generally consistent basis, the further back this analysis is taken, the less manageable that task becomes.

A detailed discussion of the comparability of budget aggregates since 1962-63 is provided in Statement 5 of *Budget Paper No. 1, 1992-93*.

Table E1: Commonwealth General Government Underlying Outlays, Revenue and Underlying Deficit

	Underlying Outlays			Revenue			Underlying Deficit(a)	
	Estimate \$m	% Real Growth	Per cent of GDP	Estimate \$m	% Real Growth	Per cent of GDP	Estimate \$m	Per cent of GDP
1962-63	3133	4.5	17.8	3569	1.4	20.3	-436	-2.5
1963-64	3450	7.8	17.7	3952	8.4	20.2	-502	-2.6
1964-65	3728	4.0	17.4	4590	11.8	21.4	-862	-4.0
1965-66	4234	9.6	18.8	5064	6.5	22.5	-830	-3.7
1966-67	4774	9.3	19.1	5051	-3.3	20.3	-277	-1.1
1967-68	5275	6.1	19.7	5538	5.2	20.7	-263	-1.0
1968-69	5670	3.1	18.8	6170	6.8	20.5	-500	-1.7
1969-70	6131	2.4	18.3	7094	8.9	21.1	-963	-2.9
1970-71	7176	11.1	19.3	7997	7.0	21.5	-821	-2.2
1971-72	7987	4.3	19.5	8827	3.4	21.5	-840	-2.0
1972-73	9120	6.7	19.7	9414	-0.4	20.3	-294	-0.6
1973-74	10829	4.1	19.4	11890	10.7	21.3	-1061	-1.9
1974-75	15275	14.4	22.8	15325	4.6	22.8	-50	-0.1
1975-76	19876	12.2	25.1	18316	3.1	23.1	1560	2.0
1976-77	22657	1.9	24.8	21418	4.6	23.5	1239	1.4
1977-78	25489	3.7	25.6	23491	1.1	23.6	1998	2.0
1978-79	27753	2.8	24.6	25666	3.1	22.8	2087	1.8
1979-80	31041	1.9	24.2	29780	5.7	23.2	1261	1.0
1980-81	35260	2.5	24.2	35148	6.5	24.1	112	0.1
1981-82	40394	2.4	24.3	40831	3.8	24.5	-437	-0.3
1982-83	47907	6.4	26.7	44675	-1.8	24.9	3232	1.8
1983-84	55966	10.0	27.6	49102	3.5	24.2	6864	3.4
1984-85	63639	7.2	28.3	57758	10.9	25.7	5881	2.6
1985-86	69838	3.6	28.2	64845	6.0	26.2	4993	2.0
1986-87	75392	1.4	27.8	73145	6.0	26.9	2247	0.8
1987-88	79440	-1.0	25.6	81217	4.4	26.2	-1777	-0.6
1988-89	82151	-4.1	23.4	88369	0.9	25.2	-6218	-1.8

Table E1 (continued)

	Underlying Outlays			Revenue			Underlying Deficit(a)	
	Estimate	% Real	Per cent	Estimate	% Real	Per cent	Estimate	Per cent
	\$m	Growth	of GDP	\$m	Growth	of GDP	\$m	of GDP
1989-90	88816	1.9	23.2	95517	1.8	24.9	-6701	-1.7
1990-91	97319	4.6	24.6	97705	-2.3	24.7	-386	-0.1
1991-92	104536	5.4	25.8	92965	-6.6	22.9	11571	2.9
1992-93	111463	5.1	26.1	94447	0.1	22.1	17016	4.0
1993-94	117234	4.2	26.1	100142	5.0	22.3	17092	3.8
1994-95	122893	4.6	25.9	109716	9.3	23.1	13177	2.8
1995-96	131178	3.7	25.8	121103	7.2	23.8	10075	2.0
1996-97	135121	0.9	25.4	129841	5.1	24.4	5280	1.0
1997-98	134619	-1.7	23.8	135778	3.2	24.0	-1159	-0.2
1998-99 (e)	143917	6.1	24.3	146800	7.3	24.8	-2883	-0.5
1999-00 (e)	149963	2.4	24.2	155171	3.9	25.0	-5208	-0.8
2000-01 (e)	139085	-9.5	21.2	142199	-10.6	21.6	-3114	-0.5
2001-02 (e)	143481	0.8	20.6	150691	3.5	21.6	-7210	-1.0
2002-03 (e)	145449	-1.1	19.7	157909	2.3	21.4	-12460	-1.7

(a) Following recent changes in the Australian National Accounts standards, the underlying deficit measures in this table, from 1998-99 onwards, include payments by the Commonwealth in respect of accumulated public trading enterprise (PTE) superannuation liabilities. Estimates prior to 1998-99 exclude these payments.

Table E2: Commonwealth General Government Taxation Revenue, Non-taxation Revenue and Total Revenue

	Taxation Revenue			Non-Taxation Revenue			Total Revenue		
	Estimate \$m	% Real Growth	Per cent of GDP	Estimate \$m	% Real Growth	Per cent of GDP	Estimate \$m	% Real Growth	Per cent of GDP
1962-63	2882	0.4	16.4	687	5.6	3.9	3569	1.4	20.3
1963-64	3219	9.3	16.5	733	4.4	3.8	3952	8.4	20.2
1964-65	3788	13.3	17.7	802	5.3	3.7	4590	11.8	21.4
1965-66	4187	6.6	18.6	877	5.5	3.9	5064	6.5	22.5
1966-67	4455	3.1	17.9	596	-34.1	2.4	5051	-3.3	20.3
1967-68	4916	5.9	18.4	622	0.2	2.3	5538	5.2	20.7
1968-69	5488	7.1	18.2	682	5.1	2.3	6170	6.8	20.5
1969-70	6337	9.4	18.9	757	5.1	2.3	7094	8.9	21.1
1970-71	7145	7.0	19.2	852	6.8	2.3	7997	7.0	21.5
1971-72	7887	3.5	19.2	940	3.4	2.3	8827	3.4	21.5
1972-73	8411	-0.4	18.1	1003	-0.3	2.2	9414	-0.4	20.3
1973-74	10832	12.9	19.4	1058	-7.5	1.9	11890	10.7	21.3
1974-75	14141	5.9	21.1	1184	-9.2	1.8	15325	4.6	22.8
1975-76	16920	3.2	21.3	1396	1.7	1.8	18316	3.1	23.1
1976-77	19714	4.2	21.6	1704	9.2	1.9	21418	4.6	23.5
1977-78	21428	0.2	21.6	2063	11.6	2.1	23491	1.1	23.6
1978-79	23409	3.1	20.7	2257	3.3	2.0	25666	3.1	22.8
1979-80	27473	6.9	21.4	2307	-6.9	1.8	29780	5.7	23.2
1980-81	32641	7.2	22.4	2507	-1.9	1.7	35148	6.5	24.1
1981-82	37880	3.7	22.8	2951	5.2	1.8	40831	3.8	24.5
1982-83	41025	-2.8	22.8	3650	11.0	2.0	44675	-1.8	24.9
1983-84	44849	3.0	22.1	4253	9.7	2.1	49102	3.5	24.2
1984-85	52970	11.4	23.6	4788	6.1	2.1	57758	10.9	25.7
1985-86	58841	4.9	23.8	6004	18.4	2.4	64845	6.0	26.2
1986-87	66467	6.1	24.5	6678	4.5	2.5	73145	6.0	26.9
1987-88	75076	6.2	24.2	6141	-13.6	2.0	81217	4.4	26.2
1988-89	83452	3.1	23.8	4917	-25.7	1.4	88369	0.9	25.2

Table E2 (continued)

	Taxation Revenue			Non-Taxation Revenue			Total Revenue		
	Estimate \$m	% Real Growth	Per cent of GDP	Estimate \$m	% Real Growth	Per cent of GDP	Estimate \$m	% Real Growth	Per cent of GDP
1989-90	90773	2.5	23.7	4744	-9.1	1.2	95517	1.8	24.9
1990-91	92738	-2.4	23.4	4967	0.0	1.3	97705	-2.3	24.7
1991-92	87363	-7.5	21.5	5602	10.7	1.4	92965	-6.6	22.9
1992-93	88759	0.1	20.8	5688	0.0	1.3	94447	0.1	22.1
1993-94	93361	4.2	20.8	6781	18.1	1.5	100142	5.0	22.3
1994-95	104919	12.1	22.1	4797	-29.4	1.0	109716	9.3	23.1
1995-96	115698	7.1	22.7	5405	9.5	1.1	121103	7.2	23.8
1996-97	124556	5.5	23.4	5285	-4.2	1.0	129841	5.1	24.4
1997-98	130982	3.8	23.2	4796	-10.5	0.8	135778	3.2	24.0
1998-99 (e)	139378	5.6	23.6	7422	53.6	1.3	146800	7.3	24.8
1999-00 (e)	146248	3.1	23.6	8923	18.1	1.4	155171	3.9	25.0
2000-01 (e)	137718	-8.1	21.0	4481	-51.0	0.7	142199	-10.6	21.6
2001-02 (e)	140941	0.0	20.2	9750	112.6	1.4	150691	3.5	21.6
2002-03 (e)	149168	3.3	20.2	8741	-12.5	1.2	157909	2.3	21.4

(e) Estimates