

## Part II: Government Finance Statistics Statements

The Commonwealth, States and Territories have an agreed framework – the *Accrual Uniform Presentation Framework* (UPF) – for the presentation of government financial information on a basis consistent with the ABS Government Finance Statistics (GFS) publication. This Part presents Commonwealth data on a GFS basis, as required by the UPF. An exception to this is the treatment of provisions for bad and doubtful debts. The draft ABS GFS publication (*Australian System of Government Finance Statistics: Concepts, Sources and Methods* Cat. No. 5514.0) requires that provisions for bad and doubtful debts be excluded from the balance sheet. This treatment has not been adopted because excluding such provisions would overstate the value of Commonwealth assets in the balance sheet (and would therefore be inconsistent with the market valuation principle).

The statistical tables that are presented below include an operating statement, balance sheet and cash flow statement for the Commonwealth general government, public non-financial corporations (PNFC), total non-financial public, and public financial corporations sectors.

The clear policy intent of the *Intergovernmental Agreement on Commonwealth-State Financial Arrangements* is that GST is collected by the Commonwealth, as an agent for the States and Territories, and appropriated to the States. As such, it is not shown as Commonwealth revenue in Parts I and III and Appendices B and C. However, the tables in this Part are presented on an accrual UPF reporting basis, and show GST as revenue in and expenses out (except in tables 10 and 11).

Consistent with Australian Bureau of Statistics (ABS) practice, transactions between the Commonwealth general government and PNFC sectors are included in the tables produced for these sectors, but are removed from the total non-financial sector tables as they are transactions internal to that sector.

Transactions between the Commonwealth public financial corporations (PFC) sector and the general government and PNFC sectors are included in the relevant tables. These transactions include income transfers such as dividends paid to general government, net advances paid by general government to PFCs and taxes paid by PFCs.

Appendix A provides reconciliations between key GFS aggregates and their Australian Accounting Standard No. 31 (AAS31) counterparts.

**Table 7: General government sector operating statement**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
<b>GFS revenue</b>		
Taxation revenue	174,572	175,010
Current grants and subsidies	0	0
Sales of goods and services	2,711	2,996
Interest income	1,173	1,105
Dividend income	2,215	2,242
Other	4,238	4,026
<b>Total GFS revenue</b>	<b>184,909</b>	<b>185,379</b>
<b>GFS expenses</b>		
Gross operating expenses		
Depreciation	1,418	1,464
Superannuation	1,477	1,453
Salaries and wages	9,038	9,355
Payment for supply of goods and services	34,143	32,875
Other operating expenses	1,892	2,008
<i>Total gross operating expenses</i>	<i>47,968</i>	<i>47,154</i>
Nominal superannuation interest expense	4,480	4,878
Other interest expenses	5,984	6,220
Other property expenses	0	0
Current transfers		
Grant expenses	55,481	54,901
Subsidy expenses	3,579	3,707
Personal benefit payments in cash	61,036	60,149
Other current transfers	0	0
<i>Total current transfers</i>	<i>120,096</i>	<i>118,757</i>
Capital transfers	2,925	3,564
<b>Total GFS expenses</b>	<b>181,453</b>	<b>180,573</b>
<b>Net operating balance</b>	<b>3,456</b>	<b>4,806</b>
<b>Net acquisition of non-financial assets</b>		
Gross fixed capital formation	960	759
less Depreciation	1,418	1,464
plus Change in inventories	118	1,042
plus Other movements in non-financial assets	-1,628	-1,506
<b>Total net acquisition of non-financial assets</b>	<b>-1,968</b>	<b>-1,168</b>
<b>Net lending/fiscal balance(a)(b)</b>	<b>5,424</b>	<b>5,974</b>

(a) GFS net lending also equals net transactions in financial assets less net transactions in liabilities. The term 'fiscal balance' is not used by the ABS.

(b) The fiscal balance and net operating balance outcomes in this table are \$63 million greater than the fiscal balance and net operating balance outcomes elsewhere in the Final Budget Outcome. Attachment A to Part I provides an explanation.

**Table 8: General government sector balance sheet**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
<b>GFS assets</b>		
Financial assets		
Cash and deposits	1,400	1,168
Advances paid	18,300	18,981
Investments, loans and placements(a)	9,140	22,996
Other non-equity assets	13,024	11,518
Equity	63,422	52,622
<i>Total financial assets</i>	<i>105,285</i>	<i>107,287</i>
Non-financial assets		
Land	4,241	4,553
Buildings	11,250	12,116
Plant, equipment and infrastructure	9,926	10,865
Inventories	2,995	3,491
Other non-financial assets	2,865	3,142
<i>Total non-financial assets</i>	<i>31,277</i>	<i>34,167</i>
<b>Total GFS assets</b>	<b>136,562</b>	<b>141,454</b>
<b>GFS liabilities</b>		
Deposits held	11	293
Advances received	0	0
Government securities(a)	56,938	67,338
Loans	14,359	14,418
Other borrowing	317	355
Superannuation liability	77,905	78,725
Other employee entitlements and provisions	5,789	6,448
Other non-equity liabilities	13,904	15,024
<b>Total GFS liabilities</b>	<b>169,222</b>	<b>182,601</b>
<b>Net worth(b)(c)</b>	<b>-32,659</b>	<b>-41,147</b>
Net financial worth(d)	-63,937	-75,314
Net debt(e)	42,785	39,258

(a) Transactions relating to government securities and financial assets acquired for debt management purposes are netted in the balance sheet and cash flows for the Budget estimates (refer to page 10-15 of *Budget Paper No. 1 2001-02*). These transactions are grossed up for outcome reporting.

(b) Net worth is calculated as assets less liabilities.

(c) The net worth outcome in this table is \$63 million greater than the net worth outcomes elsewhere in the Final Budget Outcome. Attachment A to Part I provides an explanation.

(d) Net financial worth equals total financial assets less total liabilities.

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

**Table 9: General government sector cash flow statement<sup>(a)</sup>**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
<b>Cash receipts from operating activities</b>		
Taxes received(b)	168,851	169,713
Receipts from sales of goods and services	2,679	2,931
Grants/subsidies received	0	0
Interest receipts	1,245	1,140
Dividends	2,891	2,902
GST receipts related to purchases/sales(c)	1,702	0
Other receipts	3,439	3,603
<b>Total receipts</b>	<b>180,809</b>	<b>180,290</b>
<b>Cash payments for operating activities</b>		
Payments for goods and services(d)	-29,557	-33,332
Grants and subsidies paid	-61,283	-61,147
Interest paid	-6,153	-6,222
Personal benefit payments	-60,629	-59,988
Salaries, wages and other entitlements(e)	-15,401	-13,328
GST payments related to purchases/sales(c)	-1,836	0
Other payments for operating activities(d)(e)	-4,403	-1,683
<b>Total payments</b>	<b>-179,262</b>	<b>-175,699</b>
<b>Cash flows from operating activities</b>	<b>1,547</b>	<b>4,590</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	2,489	2,339
less Purchases of new and secondhand non-financial assets	-1,787	-1,245
<b>Net cash flows from investments in non-financial assets</b>	<b>702</b>	<b>1,094</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>6,228</b>	<b>5,673</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>		
Increase in investments(f)	8,780	-5,197
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>8,780</b>	<b>-5,197</b>
<b>Cash flows from financing activities</b>		
Advances received (net)	0	0
Borrowing (net)(e)	-19,012	-7,929
Deposits received (net)	1	61
Other financing (net)	-401	-681
<b>Net cash flows from financing activities</b>	<b>-19,413</b>	<b>-8,549</b>
<b>Net increase/decrease in cash held</b>	<b>-2,156</b>	<b>-2,388</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>2,249</b>	<b>5,685</b>
plus Finance leases and similar arrangements(g)	4	-59
<b>Equals surplus(+)/deficit(-)</b>	<b>2,253</b>	<b>5,625</b>

- (a) A positive number denotes a cash inflow, a negative sign denotes a cash outflow.
- (b) Includes GST cash receipts on a Commonwealth tax basis, which is \$119 million less than GST cash receipts measured on a State tax basis (as shown in Part III, Note 15).
- (c) Where GST is accounted for as a Commonwealth revenue, GST receipts and payments related to purchases/sales are now eliminated where they were previously reported on a gross basis. As receipts and payments have both been reduced by an approximately equivalent amount, there is very little impact on the underlying cash balance.
- (d) Includes the reclassification of expenses from other payments for operating to payments for goods and services to better align with treatment by the ABS.
- (e) Includes the reclassification of expenses from salaries, wages and other entitlements to other payments for operating to better align with treatment by the ABS.
- (f) Transactions relating to government securities and financial assets acquired for debt management purposes are netted in the balance sheet and cash flows for the Budget estimates (refer to page 10-15 of *Budget Paper No. 1 2001-02*). These transactions are grossed up for outcome reporting.
- (g) The acquisition of assets under finance leases reduces the surplus/deficit.

**Table 10: Supplementary table — Commonwealth general government revenue<sup>(a)</sup>**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
<b>Taxation revenue</b>		
Income tax		
Individuals(b)		
Gross PAYG withholding	74,572	74,161
Gross other individuals	13,400	13,426
less Refunds	11,165	10,989
Total individuals	76,807	76,599
Companies	34,720	35,136
Superannuation funds(c)	5,210	5,286
Other withholding tax(d)	1,430	1,452
Petroleum resource rent tax	2,360	2,388
<b>Total income tax</b>	<b>120,528</b>	<b>120,861</b>
Indirect tax(e)		
Excise duty		
Petroleum products and crude oil	12,417	12,447
Other excise	6,550	6,572
Total excise duty	18,967	19,019
Customs duty	4,671	4,606
Other indirect taxes(f)	2,009	1,976
<b>Total indirect tax</b>	<b>25,647</b>	<b>25,601</b>
Fringe benefits tax(g)	3,290	3,456
Agricultural levies	556	451
Other taxes	671	788
<b>Total tax revenue</b>	<b>150,692</b>	<b>151,156</b>
Non-tax revenue	10,337	10,369
<b>Total revenue</b>	<b>161,029</b>	<b>161,526</b>

(a) Excludes GST revenue collected by the Commonwealth on behalf of the States.

(b) Includes Medicare levy revenue.

(c) Includes superannuation contributions surcharge.

(d) Includes amounts withheld for failure to quote a Tax File Number (TFN) or an Australian Business Number (ABN).

(e) Indirect taxes exclude surcharge revenue raised by the Commonwealth on an agency basis and paid to the States and Territories as Revenue Replacement Payments (RRPs) in 2000-01. While RRP's were abolished on 1 July 2000, the final RRP liability was collected and paid to the States in 2000-01.

(f) Includes the wine equalisation tax, luxury car tax and the final wholesale sales tax liability.

(g) Consistent with GFS reporting standards, excludes fringe benefits tax collected from Commonwealth government agencies (\$285 million in 2000-01).

**Table 11: Supplementary table — Commonwealth general government indirect tax (accrual)<sup>(a)</sup>**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Excise duty		
Petroleum products		
Unleaded petrol	6,417	6,429
Leaded petrol	466	443
Diesel	4,908	4,955
Other(b)	115	94
Total petroleum products	11,907	11,921
Crude oil	510	526
Other excise		
Beer	1,700	1,697
Potable spirits	240	238
Tobacco products	4,610	4,637
Total other excise	6,550	6,572
Total excise	18,967	19,019
Customs duty(c)	4,671	4,606
Other indirect taxes		
Wine equalisation tax(d)	531	528
Luxury car tax	155	172
Wholesale sales tax(e)	1,323	1,276
Total other indirect taxes	2,009	1,976
<b>Total(f)</b>	<b>25,647</b>	<b>25,601</b>
<i>Memorandum item:</i>		
GST revenue	23,880	23,854

(a) Excludes surcharge revenue raised by the Commonwealth on an agency basis and paid to the States and Territories as RRPs in 2000-01. While RRPs were abolished on 1 July 2000, the final RRP liability was collected and paid to the States in 2000-01.

(b) Includes aviation gasoline, aviation turbine fuel, fuel oil, heating oil and kerosene.

(c) Customs duty includes duties imposed on imported petroleum products, tobacco, beer and spirits, which are analogous to excise duty on these items.

(d) Estimates of WET revenue include the offsetting revenue effects of the WET rebate for cellar door and other sales.

(e) WST was abolished on 1 July 2000; however, the final liability was recognised in 2000-01.

(f) Excludes GST revenue collected by the Commonwealth on behalf of the States.

**Table 12: Public non-financial corporations sector operating statement**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
<b>GFS revenue</b>		
Current grants and subsidies	227	291
Sales of goods and services	27,136	24,448
Interest income	87	146
Other	36	755
<b>Total GFS revenue</b>	<b>27,486</b>	<b>25,640</b>
<b>GFS expenses</b>		
Gross operating expenses		
Depreciation	3,646	3,386
Other operating expenses	13,978	14,500
<i>Total gross operating expenses</i>	<i>17,625</i>	<i>17,886</i>
Interest expenses	1,053	1,689
Other property expenses	1,156	2,530
Current transfers		
Tax expenses	2,593	2,428
Other current transfers	0	0
<i>Total current transfers</i>	<i>2,594</i>	<i>2,428</i>
Capital transfers	0	0
<b>Total GFS expenses</b>	<b>22,427</b>	<b>24,533</b>
<b>Net operating balance</b>	<b>5,059</b>	<b>1,107</b>
<b>Net acquisition of non-financial assets</b>		
Gross fixed capital formation	5,142	4,353
<i>less</i> Depreciation	<i>3,646</i>	<i>3,386</i>
<i>plus</i> Change in inventories	<i>50</i>	<i>36</i>
<i>equals</i> Total net capital formation	<i>1,546</i>	<i>1,003</i>
<i>plus</i> Other movements in non-financial assets	<i>337</i>	<i>930</i>
<b>Total net acquisition of non-financial assets</b>	<b>1,882</b>	<b>1,933</b>
<b>Net lending/fiscal balance(a)</b>	<b>3,177</b>	<b>-826</b>

(a) GFS net lending also equals net transactions in financial assets less net transactions in liabilities. The term 'fiscal balance' is not used by the ABS.

**Table 13: Public non-financial corporations sector balance sheet**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
<b>GFS assets</b>		
Financial assets		
Cash and deposits	1,350	659
Advances paid	3	270
Investments, loans and placements	9,124	3,251
Other non-equity assets	3,438	4,691
Equity	0	1,414
<i>Total financial assets</i>	<i>13,915</i>	<i>10,285</i>
Non-financial assets		
Land and fixed assets	36,903	37,020
Other non-financial assets	1,966	1,470
<i>Total non-financial assets</i>	<i>38,869</i>	<i>38,490</i>
<b>Total GFS assets</b>	<b>52,784</b>	<b>48,776</b>
<b>GFS liabilities</b>		
Deposits held	0	0
Advances received	56	0
Borrowing	17,226	17,149
Provisions (other than depreciation and bad debts)	6,633	10,497
Other non-equity liabilities	4,471	1,659
<b>Total GFS liabilities</b>	<b>28,386</b>	<b>29,305</b>
<b>Shares and contributed capital</b>	<b>96,372</b>	<b>74,971</b>
<b>Net worth(a)</b>	<b>-71,974</b>	<b>-55,501</b>
Net financial worth(b)	-110,842	-93,991
Net debt(c)	6,805	12,970

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

**Table 14: Public non-financial corporations sector cash flow statement<sup>(a)</sup>**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	26,872	24,531
Grants and subsidies received	228	291
Other receipts	110	2,672
<b>Total receipts</b>	<b>27,210</b>	<b>27,495</b>
<b>Cash payments for operating activities</b>		
Payment for goods and services	-16,230	-15,220
Interest paid	-1,060	-968
Other payments for operating activities(b)	-3,094	-4,032
<b>Total payments</b>	<b>-20,384</b>	<b>-20,221</b>
<b>Net cash flows from operating activities</b>	<b>6,826</b>	<b>7,274</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	1,123	482
Less Purchases of new and secondhand non-financial assets	-6,265	-4,835
<b>Net cash flows from investments in non-financial assets</b>	<b>-5,142</b>	<b>-4,353</b>
<b>Cash flows from investments in financial assets for policy purposes</b>		
Net advances paid	0	37
Net equity acquisitions, disposals and privatisations	0	0
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>0</b>	<b>37</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>		
Increase in investments	-5,031	-2,485
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-5,031</b>	<b>-2,485</b>
<b>Cash flows from financing activities</b>		
Advances received (net)	-40	0
Borrowing (net)	4,687	3,903
Deposits received (net)	0	0
Distributions paid (net)(c)	-1,156	-2,530
Other financing (net)	-323	-1,953
<b>Net cash flows from financing activities</b>	<b>3,168</b>	<b>-580</b>
<b>Net increase/decrease in cash held</b>	<b>-179</b>	<b>-106</b>
<b>Net cash from operations and investments in non-financial assets</b>	<b>1,683</b>	<b>2,921</b>
plus Finance leases and similar arrangements(d)	0	0
plus Distributions paid	-1,156	-2,530
<b>Equals surplus(+)/deficit(-)</b>	<b>527</b>	<b>391</b>

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

(b) The 2001-02 Budget estimate for other payments for operating activities includes the cash flow to the general government sector from PNFC distributions paid.

(c) The 2001-02 Budget estimate for distributions paid comprise the PNFC dividends to external shareholders.

(d) The acquisition of assets under finance leases reduces the surplus/deficit.

**Table 15: Total non-financial public sector operating statement**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
<b>GFS revenue</b>		
Taxation revenue	171,978	172,582
Current grants and subsidies	0	0
Sales of goods and services	29,847	27,445
Interest income	1,205	1,196
Dividend income	805	868
Other	4,274	4,781
<b>Total GFS revenue</b>	<b>208,109</b>	<b>206,871</b>
<b>GFS expenses</b>		
Gross operating expenses		
Depreciation	5,064	4,850
Superannuation	1,480	1,453
Salaries and wages	9,038	9,355
Payment for supply of goods and services	34,143	32,875
Other operating expenses	14,457	16,508
<i>Total gross operating expenses</i>	<i>64,182</i>	<i>65,041</i>
Nominal superannuation interest expense	4,480	4,878
Other interest expenses	6,981	7,854
Other property expenses	1,156	1,155
Current transfers		
Grant expenses	55,481	54,901
Subsidy expenses	3,351	3,416
Personal benefit payments in cash	61,036	60,149
Other current transfers	0	0
<i>Total current transfers</i>	<i>119,869</i>	<i>118,466</i>
Capital transfers	2,925	3,564
<b>Total GFS expenses</b>	<b>199,594</b>	<b>200,958</b>
<b>Net operating balance</b>	<b>8,515</b>	<b>5,914</b>
<b>Net acquisition of non-financial assets</b>		
Gross fixed capital formation	6,103	5,111
<i>less</i> Depreciation	5,064	4,850
<i>plus</i> Change in inventories	168	1,079
<i>plus</i> Other movements in non-financial assets	-1,292	-576
<b>Total increase in net non-financial assets</b>	<b>-86</b>	<b>765</b>
<b>Net lending/fiscal balance(a)(b)</b>	<b>8,600</b>	<b>5,149</b>

(a) GFS net lending also equals net transactions in financial assets less net transactions in liabilities. The term 'fiscal balance' is not used by the ABS.

(b) The fiscal balance and net operating balance outcomes for the total non-financial public sector in this table are \$63 million greater than the fiscal balance and net operating balance outcomes for this sector in Appendix C. Attachment A to Part I provides an explanation.

**Table 16: Total non-financial public sector balance sheet**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
<b>GFS assets</b>		
Financial assets		
Cash and deposits	2,750	1,827
Advances paid	18,343	19,251
Investments, loans and placements	18,264	26,247
Other non-equity assets	16,462	16,210
Equity	11,992	13,607
<i>Total financial assets</i>	<i>67,812</i>	<i>77,143</i>
Non-financial assets		
Land and fixed assets	65,315	68,045
Other non-financial assets	4,831	2,367
<i>Total non-financial assets</i>	<i>70,146</i>	<i>70,413</i>
<b>Total GFS assets</b>	<b>137,958</b>	<b>147,555</b>
<b>GFS liabilities</b>		
Deposits held	11	293
Advances received	96	0
Government securities	56,938	67,338
Loans	14,359	14,418
Other borrowing	17,543	17,504
Superannuation liability	77,905	78,725
Other employee entitlements and provisions	12,421	14,700
Other non-equity liabilities	18,374	16,683
<b>Total GFS liabilities</b>	<b>197,648</b>	<b>209,661</b>
<b>Shares and other contributed capital</b>	<b>44,943</b>	<b>34,542</b>
<b>Net worth(a)(b)</b>	<b>-104,633</b>	<b>-96,647</b>
Net financial worth(c)	-174,779	-167,060
Net debt(d)	49,590	52,228

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

(b) The net worth outcome for the total non-financial public sector in this table is \$63 million greater than the net worth outcomes in Appendix C. Attachment A to Part I provides an explanation.

(c) Net financial worth equals total financial assets less total liabilities less shares and other contributed capital.

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

**Table 17: Total non-financial public sector cash flow statement<sup>(a)</sup>**

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
<b>Cash receipts from operating activities</b>		
Taxes received	166,258	168,186
Receipts from sales of goods and services	29,551	27,463
Grants and subsidies received	0	0
Interest receipts	1,190	1,085
Dividends	1,481	1,527
GST receipts related to purchases/sales	1,702	0
Other receipts	3,549	6,276
<b>Total receipts</b>	<b>203,731</b>	<b>204,537</b>
<b>Cash payments for operating activities</b>		
Payments for goods and services	-45,787	-48,552
Grants and subsidies paid	-61,055	-60,856
Interest paid	-7,158	-7,136
Personal benefit payments	-60,629	-59,988
Salaries, wages and other entitlements	-15,401	-13,328
GST payments related to purchases/sales	-1,836	0
Other payments for operating activities	-3,493	-4,188
<b>Total payments</b>	<b>-195,359</b>	<b>-194,047</b>
<b>Net cash flows from operating activities</b>	<b>8,373</b>	<b>10,490</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	3,612	2,821
<i>less</i> Purchases of new and secondhand non-financial assets	-8,053	-6,080
<b>Net cash flows from investments in non-financial assets</b>	<b>-4,440</b>	<b>-3,258</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>6,188</b>	<b>5,710</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>		
Increase in investments	3,749	-7,681
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>3,749</b>	<b>-7,681</b>
<b>Cash flows from financing activities</b>		
Advances received (net)	0	0
Borrowing (net)	-14,325	-4,025
Deposits received (net)	1	61
Distributions paid (net)(b)	-1,156	-1,155
Other financing (net)	-726	-2,634
<b>Net cash flows from financing activities</b>	<b>-16,205</b>	<b>-7,754</b>
<b>Net increase/decrease in cash held</b>	<b>-2,336</b>	<b>-2,493</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>3,932</b>	<b>7,232</b>
<i>plus</i> Finance leases and similar arrangements(c)	4	-59
<i>plus</i> Distributions paid	-1,156	-1,155
<b>Equals surplus(+)/deficit(-)</b>	<b>2,780</b>	<b>6,017</b>

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

(b) 'Distributions paid' comprise Non-Financial Public Sector (NFPS) dividends to external shareholders.

(c) The acquisition of assets under finance leases reduces the surplus/deficit.

**Table 18: Public financial corporations sector operating statement**

	2000-01 Outcome \$m
<b>GFS revenue</b>	
Current grants and subsidies	140
Sales of goods and services	2,069
Interest income	3,130
Other	-4
<b>Total GFS revenue</b>	<b>5,335</b>
<b>GFS expenses</b>	
Gross operating expenses	
Depreciation	22
Other operating expenses	2,132
<i>Total gross operating expenses</i>	<i>2,154</i>
Interest expenses	1,345
Other property expenses	15
Current transfers	
Tax expenses	7
Other current transfers	-1
<i>Total current transfers</i>	<i>7</i>
Capital transfers	0
<b>Total GFS expenses</b>	<b>3,521</b>
<b>Net operating balance</b>	<b>1,815</b>
<b>Net acquisition of non-financial assets</b>	
Gross fixed capital formation	-38
<i>less</i> Depreciation	<i>22</i>
<i>plus</i> Change in inventories	<i>-3</i>
<i>equals</i> Total net capital formation	<i>-62</i>
<i>plus</i> Other movements in non-financial assets	<i>67</i>
<b>Total net acquisition of non-financial assets</b>	<b>5</b>
<b>Net lending/fiscal balance(a)</b>	<b>1,810</b>

(a) GFS net lending also equals net transactions in financial assets less net transactions in liabilities. The term 'fiscal balance' is not used by the ABS.

**Table 19: Public financial corporations sector balance sheet**

	2000-01 Outcome \$m
<b>GFS assets</b>	
Financial assets	
Cash and deposits	828
Advances paid	3,348
Investments, loans and placements	59,419
Other non-equity assets	265
Equity	799
<i>Total financial assets</i>	<i>64,659</i>
Non-financial assets	
Land and fixed assets	317
Other non-financial assets	590
<i>Total non-financial assets</i>	<i>907</i>
<b>Total GFS assets</b>	<b>65,567</b>
<b>GFS liabilities</b>	
Deposits held	44,034
Advances received	0
Borrowing	7,411
Provisions (other than depreciation and bad debts)	3,695
Other non-equity liabilities	274
<b>Total GFS liabilities</b>	<b>55,414</b>
<b>Shares and contributed capital</b>	<b>10,153</b>
<b>Net worth(a)</b>	<b>0</b>
Net financial worth(b)	-907
Net debt(c)	-12,150

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

(b) Net financial worth equals total financial assets less total liabilities less shares and other contributed capital.

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

**Table 20: Public financial corporations sector cash flow statement<sup>(a)</sup>**

	2000-01 Outcome \$m
<b>Cash receipts from operating activities</b>	
Receipts from sales of goods and services	2,068
Grants and subsidies received	140
Other receipts	2,717
<b>Total receipts</b>	<b>4,925</b>
<b>Cash payments for operating activities</b>	
Payment for goods and services	-364
Interest paid	-1,150
Other payments for operating activities	-1,576
<b>Total payments</b>	<b>-3,089</b>
<b>Net cash flows from operating activities</b>	<b>1,836</b>
<b>Cash flows from investments in non-financial assets</b>	
Sales of non-financial assets	15
Less Purchases of new and secondhand non-financial assets	-14
<b>Net cash flows from investments in non-financial assets</b>	<b>1</b>
<b>Cash flows from investments in financial assets for policy purposes</b>	
Net advances paid	153
Net equity acquisitions, disposals and privatisations	0
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>153</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>	
Increase in investments	-3,436
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-3,436</b>
<b>Cash flows from financing activities</b>	
Advances received (net)	0
Borrowing (net)	-432
Deposits received (net)	3,104
Distributions paid (net)(b)	-1,493
Other financing (net)	192
<b>Net cash flows from financing activities</b>	<b>1,370</b>
<b>Net increase/decrease in cash held</b>	<b>-76</b>
<b>Net cash from operations and investments in non-financial assets</b>	<b>1,837</b>
plus Finance leases and similar arrangements(c)	0
plus Distributions paid	-1,493
<b>Equals surplus(+)/deficit(-)</b>	<b>344</b>

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

(b) 'Distributions paid' comprise PFC dividends to external shareholders.

(c) The acquisition of assets under finance leases reduces the surplus/deficit.

## LOAN COUNCIL ALLOCATION

Under Loan Council arrangements, every year the Commonwealth and each State and Territory nominate a Loan Council Allocation (LCA). A jurisdiction's LCA incorporates:

- the estimated non-financial public sector cash deficit (made up from the general government and public non-financial corporations sectors deficits);
- net cash flows from investments in financial assets for policy purposes; and
- memorandum items. These transactions, though not formally borrowings, have many of the characteristics of borrowing.

LCA 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.

In March 2000 the Commonwealth nominated, and the Loan Council endorsed, an LCA surplus for 2000-01 of \$6.9 billion. In the 2000-01 Budget the Commonwealth estimated an increased LCA surplus of \$8.5 billion.

As set out in Table 21, the Commonwealth's 2000-01 LCA outcome is a \$10.9 billion surplus, compared with the 2000-01 Budget estimate of \$8.5 billion. The difference between the 2000-01 Budget estimate and the outcome largely reflects an increase in the general government cash surplus.

**Table 21: Commonwealth Loan Council Allocation**

	Estimate from 2000-01 Budget \$m	2000-01 Outcome \$m
General government sector cash deficit	-2,844	-5,625
PNFC sector cash deficit	-988	-391
Non-financial public sector cash deficit	-3,832	-6,017
<i>minus</i> Net cash flows from investments in financial assets for policy purposes(a)	5,163	5,710
<i>plus</i> Memorandum items(b)	482	815
<b>Loan Council Allocation</b>	<b>-8,513</b>	<b>-10,913</b>

(a) Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit. 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 Commonwealth, memorandum items comprise the change in net present value (NPV) of operating leases (with NPV greater than \$5 million), university borrowings, overfunding of superannuation and an adjustment to exclude the net financing requirements of statutory marketing authorities and Telstra from the LCA.