

Appendix D: Commonwealth Government Finance Statistics Statements

The Commonwealth *Charter of Budget Honesty Act 1998* requires that the MYEFO be based on external reporting standards, and that departures from applicable external reporting standards be identified. The major external standards used in this document are Australian Accounting Standards (AAS31) and the ABS accrual GFS framework.

The Commonwealth, States and Territories also have an agreement — the *Uniform Presentation Framework* (UPF) — that all jurisdictions publish a common core of GFS consistent financial information in their budget papers.

This appendix presents Commonwealth data on a GFS basis, as required by the UPF. Statistical tables are presented below, showing an operating statement, balance sheet and cash flow statement for the Commonwealth general government, public non-financial sector corporations (PNFC) and total non-financial public sectors. The tables were produced by the Department of Finance and Administration (DOFA) in consultation with the ABS.

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 elsewhere throughout this MYEFO. However, the tables in this appendix are presented consistent with ABS standards, on an accrual UPF reporting basis, and show GST as revenue in and expenses out.

Consistent with 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.

Conceptually, the surplus/deficit aggregate contained in the cash flow statement is the same as the deficit measure obtained under the cash GFS framework that was used prior to 1999-2000. However, in practice, the process of deriving these aggregates differs so that the measures are not directly comparable. Time series data created by splicing these measures together should therefore be used with caution.

GOVERNMENT FINANCE STATISTICS STATEMENTS

Table D1: Commonwealth general government operating statement

	2000-01	2001-02	2002-03	2003-04
	\$m	\$m	\$m	\$m
General Government				
GFS revenue				
Taxation revenue	173645	178263	187129	200510
Sales of goods and services	2941	2931	2970	2991
Interest income	1055	1481	2395	3382
Current grants and subsidies	0	0	0	0
Other	6291	6438	6078	5583
Total GFS revenue(a)	183932	189112	198573	212465
GFS expenses				
Gross operating expenses				
Depreciation	1392	1374	1437	1501
Superannuation	1443	1217	1185	1117
Other operating expenses	44342	46187	47283	49001
Total gross operating expenses	47177	48778	49905	51619
Nominal superannuation interest expense	3879	3896	4001	3873
Other interest expenses	6074	5496	5317	4869
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	58239	62344	63332	65330
Subsidy expenses	3813	4237	4389	4481
Other current transfers	59790	61223	64941	68946
Total current transfers	121842	127804	132661	138756
Capital transfers	200	200	200	200
Total GFS expenses(b)	179172	186173	192084	199317
Net operating balance	4761	2939	6489	13149
Net acquisition of non-financial assets				
Gross fixed capital formation	205	1002	1088	1660
<i>less</i> Depreciation	1392	1374	1437	1501
<i>plus</i> Change in inventories	125	153	109	425
<i>plus</i> Other movements in non-financial assets	-2584	-126	-41	-265
Total net acquisition of non-financial assets	-3646	-346	-280	320
Net lending/fiscal balance(c)	8407	3285	6769	12829

- (a) GFS revenue does not equal AAS31 revenue. GFS revenue includes all (mutually agreed) transactions that increase net worth. Revaluations are not considered mutually agreed transactions and so are excluded from GFS revenue. Asset sales, which involve a transfer of a non-financial asset for a financial asset, are also excluded.
- (b) GFS expenses do not equal AAS31 expenses. GFS expenses include all (mutually agreed) transactions that decrease net worth. Revaluations are not considered mutually agreed transactions and so are excluded from GFS expenses.
- (c) 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 D2: Commonwealth general government sector balance sheet

	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m
General Government				
GFS assets				
Financial assets				
Cash and deposits	3498	2920	1927	591
Advances paid	13220	13943	14705	15172
Investments, loans and placements	9841	9966	10161	10333
Other non-equity assets	12494	17753	16497	9174
Equity	55691	42157	28602	28591
Total financial assets	94744	86740	71891	63862
Non-financial assets				
Land and fixed assets	27965	28214	29097	30961
Other non-financial assets	1737	1741	1792	1798
Total non-financial assets	29702	29956	30889	32759
Total GFS assets	124446	116695	102780	96621
GFS liabilities				
Deposits held	10	10	10	10
Advances received	0	0	0	0
Borrowing	70192	56359	32678	12410
Unfunded superannuation liability	76543	76616	76469	76518
Other employee entitlements and provisions	5793	5805	5826	5822
Other non-equity liabilities	12805	13122	13150	13312
Total GFS liabilities	165343	151912	128133	108072
Net worth(a)	-40898	-35216	-25353	-11450
Net financial worth(b)	-70599	-65172	-56242	-44210
Net debt(c)	43643	29540	5895	-13676

- (a) Net worth is calculated as assets minus liabilities.
(b) Net financial worth equals total financial assets minus total liabilities.
(c) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table D3: Commonwealth general government sector cash flow statement^(a)

	2000-01	2001-02	2002-03	2003-04
	\$m	\$m	\$m	\$m
General Government				
Cash receipts from operating activities				
Taxes received	168546	179170	187937	200506
Receipts from sales of goods and services	2749	3040	2963	3030
Grants/subsidies received	0	0	0	0
Other receipts	9636	9530	9896	10360
Total receipts	180931	191739	200796	213895
Cash payments for operating activities				
Payments for goods and services	-25763	-26561	-27007	-27816
Grants and subsidies paid	-62245	-66362	-67787	-69908
Interest paid	-6329	-5398	-5016	-4826
Other payments for operating activities	-84582	-87803	-92379	-97054
Total payments	-178918	-186124	-192188	-199605
Cash flows from operating activities	2013	5615	8608	14291
Cash Flows from investments in non-financial assets				
Sales of non-financial assets	4388	817	707	636
<i>less</i> purchases of new & second-hand non-financial assets	-2071	-1694	-1755	-2031
Net cash flows from investments in non-financial assets	2316	-877	-1048	-1395
Net cash flows from investments in financial assets for policy purposes	6533	8873	15648	6166
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	9351	-338	-391	-197
Net cash flows from investments in financial assets for liquidity purposes	9351	-338	-391	-197
Cash flows from financing activities				
Advances received (net)	0	0	0	0
Borrowing (net)	-19773	-13005	-23318	-19578
Deposits received (net)	0	0	0	0
Other financing (net)	-498	-846	-492	-622
Net cash flows from financing activities	-20271	-13850	-23810	-20200
Net increase/decrease in cash held	-58	-578	-994	-1336
Net cash from operating activities and investments in non-financial assets	4329	4738	7560	12895
<i>plus</i> Finance leases and similar arrangements(b)	0	0	0	0
Equals Surplus(+)/Deficit(-)	4329	4738	7560	12895

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

(b) Finance leases are shown with a negative sign as they are deducted in compiling the surplus/deficit.

Table D4: Commonwealth public non-financial corporations operating statement

	2000-01 \$m
GFS revenue	
Current grants and subsidies	28
Sales of goods and services	25732
Interest income	77
Other	37
Total GFS revenue(a)	25874
GFS expenses	
Gross operating expenses	
Depreciation	3256
Other operating expenses	15061
Total gross operating expenses	18317
Interest expenses	834
Other property expenses	2769
Current transfers	
Tax expenses	2611
Other current transfers	0
Total current transfers	2611
Capital transfers	0
Total GFS expenses(b)	24531
Net operating balance	1343
Net acquisition of non-financial assets	
Gross fixed capital formation	5093
<i>less</i> Depreciation	3256
<i>plus</i> Change in inventories	57
<i>equals Total net capital formation</i>	<i>1894</i>
<i>plus</i> Other movements in non-financial assets	473
Total net acquisition of non-financial assets	2367
Net lending/fiscal balance(c)	-1024

- (a) GFS revenue does not equal AAS31 revenue. GFS revenue includes all (mutually agreed) transactions that increase net worth. Revaluations are not considered mutually agreed transactions and so are excluded from GFS revenue. Asset sales, which involve a transfer of a non-financial asset for a financial asset, are also excluded.
- (b) GFS expenses do not equal AAS31 expenses. GFS expenses include all (mutually agreed) transactions that decrease net worth. Revaluations are not considered mutually agreed transactions and so are excluded from GFS expenses.
- (c) 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 D5: Commonwealth public non-financial corporations balance sheet

	2000-01 \$m
GFS assets	
Financial assets	
Cash and deposits	1435
Advances paid	107
Investments, loans and placements	1416
Other non-equity assets	3260
Equity	0
Total financial assets	6218
Non-financial assets	
Land and fixed assets	31774
Other non-financial assets	2179
Total non-financial assets	33953
Total GFS assets	40171
GFS liabilities	
Deposits held	0
Advances received	0
Borrowing	8416
Provisions (other than depreciation and bad debts)	6569
Other non-equity liabilities	3812
Total GFS liabilities	18797
Shares and other contributed capital	87052
Net worth(a)	-65678
Net financial worth(b)	-99631
Net debt(c)	5458

- (a) Net worth is calculated as assets minus liabilities minus 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 those corporations.
- (b) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital.
- (c) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table D6: Commonwealth public non-financial corporations cash flow statement^(a)

	2000-01 \$m
Cash receipts from operating activities	
Receipts from sales of goods and services	26110
Grants and subsidies received	29
Other receipts	111
Total receipts	26250
Cash payments for operating activities	
Payment for goods and services	-830
Interest paid	-16243
Other payments for operating activities(b)	-4454
Total payments	-21527
Net cash flows from operating activities	4723
Cash flows from investments in non-financial assets	
Sales of non-financial assets	163
<i>less</i> purchases of new and secondhand non-financial assets	-5256
Net cash flows from investments in non-financial assets	-5093
Net cash flows from investments in financial assets for policy purposes	0
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	836
Net cash flows from investments in financial assets for liquidity purposes	836
Cash flows from financing activities	
Advances received (net)	1
Borrowing (net)	-460
Deposits received (net)	0
Distributions paid (net)(c)	-1284
Other financing (net)	1272
Net cash flows from financing activities	-471
Net increase/decrease in cash held	-5
Net cash from operating activities and investments in non-financial assets	-370
<i>plus</i> Finance leases and similar arrangements(d)	0
<i>plus</i> Distributions paid	-1284
Equals Surplus(+)/Deficit(-)	-1654

- (a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) 'Other payments for operating activities' includes the cash flow to the general government sector from PNFC distributions paid.
(c) 'Distributions paid' comprise PNFC dividends to external shareholders.
(d) Finance leases are shown with a negative sign as they are deducted in compiling the surplus/deficit.

Table D7: Commonwealth total non-financial public sector operating statement

	2000-01 \$m
GFS revenue	
Taxation revenue	171035
Current grants and subsidies	0
Sales of goods and services	28673
Interest income	1109
Other	4843
Total GFS revenue(a)	205659
GFS expenses	
Gross operating expenses	
Depreciation	4648
Other operating expenses	60846
Total gross operating expenses	65494
Nominal superannuation interest expense	3879
Other interest expenses	6885
Other property expenses	1284
Current transfers	
Grant expenses	58239
Subsidy expenses	3785
Other current transfers	59790
Total current transfers	121814
Capital transfers	200
Total GFS expenses(b)	199557
Net operating balance	6104
Net acquisition of non-financial assets	
Gross fixed capital formation	5297
<i>less</i> Depreciation	4648
<i>plus</i> Change in inventories	182
<i>plus</i> Other movements in non-financial assets	-2111
Total net acquisition of non-financial assets	-1279
Net lending/fiscal balance(c)	7383

- (a) GFS revenue does not equal AAS31 revenue. GFS revenue includes all (mutually agreed) transactions that increase net worth. Revaluations are not considered mutually agreed transactions and so are excluded from GFS revenue. Asset sales, which involve a transfer of a non-financial asset for a financial asset, are also excluded.
- (b) GFS expenses do not equal AAS31 expenses. GFS expenses include all (mutually agreed) transactions that decrease net worth. Revaluations are not considered mutually agreed transactions and so are excluded from GFS expenses.
- (c) 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 D8: Commonwealth total non-financial public sector balance sheet

	2000-01 \$m
GFS assets	
Financial assets	
Cash and deposits	4933
Advances paid	13326
Investments, loans and placements	11257
Other non-equity assets	15754
Equity	9088
Total financial assets	54357
Non-financial assets	
Land and fixed assets	59739
Other non-financial assets	3916
Total non-financial assets	63655
Total GFS Assets	118012
GFS liabilities	
Deposits held	10
Advances received	-1
Borrowing	78608
Unfunded superannuation liability	76543
Other employee entitlements and provisions	12362
Other non-equity liabilities	16617
Total GFS liabilities	184139
Shares and other contributed capital	40449
Net worth(a)	-106577
Net financial worth(b)	-170231
Net debt(c)	49102

- (a) Net worth is calculated as assets minus liabilities minus shares and other contributed capital.
- (b) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital.
- (c) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements

Table D9: Commonwealth total non-financial public sector cash flow statement^(a)

	2000-01 \$m
Cash receipts from operating activities	
Taxes received	165935
Receipts from sales of goods and services	28859
Grants and subsidies received	0
Other receipts	8239
Total receipts	203034
Cash payments for operating activities	
Payments for goods and services	-42005
Grants and subsidies paid	-62217
Interest paid	-7136
Other payments for operating activities	-84940
Total payments	-196297
Net cash flows from operating activities	6737
Cash flows from investments in non-financial assets	
Sales of non-financial assets	4551
<i>less</i> purchases of new and secondhand non-financial assets	-7327
Net cash flows from investments in non-financial assets	-2776
Net cash flows from investments in financial assets for policy purposes	6535
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	10187
Net cash flows from investments in financial assets for liquidity purposes	10187
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	-20233
Deposits received (net)	0
Distributions paid (net)(b)	-1284
Other financing (net)	773
Net cash flows from financing activities	-20743
Net increase/decrease in cash held	-61
Net cash from operating activities and investments in non-financial assets	3960
<i>plus</i> Finance leases and similar arrangements(c)	0
<i>plus</i> Distributions paid	-1284
Equals Surplus(+)/Deficit(-)(d)	2676

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

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

(c) Finance leases are shown with a negative sign as they are deducted in compiling the surplus/deficit.

(d) Time series of surplus/deficit data should be used with caution, as they incorporate cash data for years up to and including 1998-99, and accrual data from 1999-2000 onwards.

The UPF also requires publication of data on general government sector expenses by function. The data are not shown in this part as they have been published earlier, in Table 18 in Part V. However, the data in Part V treat the GST as a State tax, and hence Table 18 excludes GST payments to the States.

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 of the deficits from the general government and public non-financial corporations sectors);
- net cash flows from investments in financial assets for policy purposes. 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; and
- memorandum items, such as transactions that, while 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.

The Commonwealth nominated, and the Loan Council endorsed, an LCA surplus for 2000-01 of \$6.9 billion. In its May 2000 Budget, the Commonwealth estimated an increased LCA surplus of \$8.5 billion, with the change primarily reflecting improvements in the estimated general government surplus.

Table D10 presents a revised estimate of the Commonwealth's 2000-01 LCA, updating the budget estimate provided in *2000-01 Budget Paper No. 3, Federal Financial Relations*. The increase in the Commonwealth's estimated LCA surplus since the Budget mainly reflects an improvement in the general government cash surplus. However, the Commonwealth does not expect to exceed its tolerance limit of 2 per cent of non-financial public sector receipts from operating activities which applies on either side of its budget LCA estimate.

Table D10: Commonwealth's loan council allocation for 2000-01

	Budget Estimate \$m	MYEFO Estimate \$m
General government sector cash deficit(+)/surplus(-)	-2844	-4329
PNFC sector cash deficit(+)/surplus(-)	-988	1654
Non-financial public sector cash deficit(+)/surplus(-)	-3832	-2676
<i>minus</i> Net cash flows from investments in financial assets for policy purposes(a)	5163	6535
<i>plus</i> Memorandum items(b)	482	-904
Loan council allocation	-8513	-10114

- (a) Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit. However, the cash inflow 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.