

PART 2: GOVERNMENT FINANCE STATISTICS STATEMENTS

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

The tables include an operating statement, balance sheet and cash flow statement for the Australian Government general government, public non-financial corporations, total non-financial public and public financial corporations sectors. A statement of other economic flows is also included for the Australian Government general government sector.

The Australian, state and territory governments have an agreed framework – the *Accrual Uniform Presentation Framework* – for the presentation of government financial information on a basis consistent with the ABS GFS publication. This part presents Australian Government data on an ABS GFS basis, as required by the *Accrual Uniform Presentation Framework*, except for the departures (other than in relation to the treatment of goods and services tax (GST)) detailed in Attachment A to Part 1.

The only difference between the Australian Government general government sector statements in Part 1 and this part is the treatment of the GST. The clear policy intent of the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* is that GST is collected by the Australian Taxation Office, as an agent for the States and Territories (the States), and appropriated to the States. Consequently, it is not shown as Australian Government revenue in other parts of this document. However, the tables in this part show GST as taxation revenue and payments to the states as grant expenses.

As a result of the different treatments of GST related transactions, fiscal balance, net operating balance and net worth estimates in this part differ from those reported elsewhere in this document. This difference represents the effect of GST revenue accrued but not yet received and, therefore, not yet paid or payable to the States (as GST obligations to the States are on a cash basis). The GFS cash surplus/deficit is not affected and provides identical results under both treatments of GST receipts.

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

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

Part 2: Government Finance Statistics Statements

Table A2 of Appendix A provides reconciliations between key GFS aggregates and their Australian Accounting Standards counterparts.

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

Table 11: Australian Government general government sector operating statement

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|--|--|---------------------------|
| GFS revenue | | |
| Taxation revenue | 226,501 | 228,726 |
| Current grants and subsidies | 0 | 0 |
| Sales of goods and services | 4,828 | 4,880 |
| Interest income | 1,562 | 1,621 |
| Dividend income | 3,146 | 3,176 |
| Other | 2,929 | 3,289 |
| Total GFS revenue | 238,966 | 241,691 |
| GFS expenses | | |
| Gross operating expenses | | |
| Depreciation | 1,892 | 2,023 |
| Superannuation | 2,487 | 2,386 |
| Salaries and wages | 11,922 | 11,361 |
| Payment for supply of goods and services | 45,246 | 45,330 |
| Other operating expenses | 2,814 | 2,971 |
| <i>Total gross operating expenses</i> | <i>64,362</i> | <i>64,071</i> |
| Nominal superannuation interest expense | 4,882 | 5,005 |
| Other interest expenses | 4,131 | 4,154 |
| Other property expenses | 0 | 0 |
| Current transfers | | |
| Grant expenses | 72,753 | 71,470 |
| Subsidy expenses | 6,470 | 7,221 |
| Personal benefit payments in cash | 74,478 | 74,115 |
| Other current transfers | 0 | 0 |
| <i>Total current transfers</i> | <i>153,701</i> | <i>152,805</i> |
| Capital transfers | 3,591 | 4,448 |
| Total GFS expenses | 230,667 | 230,483 |
| Net operating balance(a) | 8,300 | 11,207 |
| Net acquisition of non-financial assets | | |
| Purchases of non-financial assets | 2,487 | 2,207 |
| <i>less</i> Sales of non-financial assets | 364 | 490 |
| <i>less</i> Depreciation | 1,892 | 2,023 |
| <i>plus</i> Change in inventories | 374 | 508 |
| <i>plus</i> Other movements in non-financial assets | 47 | -55 |
| Total net acquisition of non-financial assets | 652 | 147 |
| Net lending/fiscal balance(a)(b) | 7,648 | 11,061 |

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

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

Table 12: Australian Government general government sector balance sheet

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|--|--|---------------------------|
| GFS assets | | |
| Financial assets | | |
| Cash and deposits | 927 | 1,808 |
| Advances paid | 19,314 | 20,199 |
| Investments, loans and placements | 31,066 | 35,022 |
| Other non-equity assets | 19,472 | 18,758 |
| Equity(a) | 50,895 | 50,183 |
| <i>Total financial assets</i> | <i>121,675</i> | <i>125,970</i> |
| Non-financial assets | | |
| Land | 4,863 | 6,140 |
| Buildings | 13,894 | 14,195 |
| Plant, equipment and infrastructure | 8,411 | 8,209 |
| Inventories | 5,299 | 4,524 |
| Heritage and cultural assets | 6,698 | 7,275 |
| Other non-financial assets | 2,085 | 2,032 |
| <i>Total non-financial assets</i> | <i>41,250</i> | <i>42,374</i> |
| Total GFS assets | 162,925 | 168,344 |
| GFS liabilities | | |
| Deposits held | 365 | 403 |
| Advances received | 0 | 0 |
| Government securities | 61,452 | 62,331 |
| Loans | 5,595 | 5,648 |
| Other borrowing | 224 | 182 |
| Superannuation liability | 91,071 | 91,172 |
| Other employee entitlements and provisions | 7,605 | 8,178 |
| Other non-equity liabilities | 28,654 | 30,828 |
| Total GFS liabilities | 194,966 | 198,741 |
| Net worth(b)(c) | -32,040 | -30,397 |
| Net financial worth(d) | -73,291 | -72,771 |
| Net debt(e) | 16,328 | 11,534 |

- (a) The 2004-05 equity and net worth outcomes include the Telstra shareholding valued at the closing share price on 30 June 2005.
- (b) The net worth outcome in this table differs from those presented elsewhere in the Final Budget Outcome reflecting the treatment of the GST as an Australian Government tax.
- (c) Net worth is calculated as total assets minus total liabilities.
- (d) Net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets.
- (e) Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Table 13: Australian Government general government sector cash flow statement^(a)

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|---|--|---------------------------|
| Cash receipts from operating activities | | |
| Taxes received(b) | 221,796 | 222,417 |
| Receipts from sales of goods and services(c) | 4,814 | 4,585 |
| Grants/subsidies received | 0 | 0 |
| Interest receipts | 1,460 | 1,400 |
| Dividends | 3,808 | 3,838 |
| GST input credits received by general government(c) | 0 | 0 |
| Other receipts | 2,849 | 2,763 |
| Total operating receipts | 234,727 | 235,002 |
| Cash payments for operating activities | | |
| Payments for goods and services(c) | -45,570 | -45,012 |
| Grants and subsidies paid(d) | -80,750 | -79,000 |
| Interest paid | -3,856 | -3,863 |
| Personal benefit payments | -73,664 | -73,206 |
| Salaries, wages and other entitlements | -16,508 | -15,990 |
| GST payments to taxation authority(c) | 0 | 0 |
| Other payments for operating activities | -2,988 | -2,638 |
| Total operating payments | -223,336 | -219,709 |
| Net cash flows from operating activities | 11,391 | 15,293 |
| Cash flows from investments in non-financial assets | | |
| Sales of non-financial assets | 416 | 546 |
| Purchases of non-financial assets | -2,579 | -2,210 |
| Net cash flows from investments in non-financial assets | -2,163 | -1,664 |
| Net cash flows from investments in financial assets for policy purposes | -1,317 | -1,139 |
| Cash flows from investments in financial assets for liquidity purposes | | |
| Increase in investments | -7,456 | -11,024 |
| Net cash flows from investments in financial assets for liquidity purposes | -7,456 | -11,024 |
| Cash flows from financing activities | | |
| Advances received (net) | 0 | 0 |
| Borrowing (net) | 188 | 136 |
| Deposits received (net) | 0 | 39 |
| Other financing (net) | -1,306 | -1,422 |
| Net cash flows from financing activities | -1,118 | -1,247 |
| Net increase/decrease in cash held | -663 | 218 |
| Net cash from operating activities and investments in non-financial assets | 9,227 | 13,629 |
| Finance leases and similar arrangements(e) | -7 | -13 |
| Equals surplus(+)/deficit(-) | 9,221 | 13,616 |

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

(b) Includes GST cash receipts on an Australian Government tax basis, which are \$75 million higher in 2004-05 than GST cash receipts measured by the Australian Government on a State tax basis (as shown in Part 3, Note 18).

(c) GST flows are excluded from these categories.

(d) Includes GST cash payments on an Australian Government tax basis.

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

Table 14: Australian Government general government sector statement of other economic flows (reconciliation of net worth)

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|---|--|---------------------------|
| Opening net worth | -36,165 | -36,165 |
| Opening net worth adjustments(a) | -1,741 | -1,792 |
| Adjusted opening net worth | -37,906 | -37,957 |
| Change in net worth from operating transactions | 8,300 | 11,207 |
| Change in net worth from other economic flows | | |
| Revaluation of equity(b) | 1,301 | 698 |
| Net writedowns of assets (including bad and doubtful debts) | -2,423 | -5,573 |
| Assets recognised for the first time | 23 | 631 |
| Liabilities recognised for the first time | 0 | 0 |
| Actuarial revaluations | -937 | -1,108 |
| Net foreign exchange gains | -384 | -423 |
| Net swap interest received | 180 | 181 |
| Market valuation of debt | -195 | -708 |
| Other economic revaluations(c) | 2 | 2,653 |
| Total other economic flows | -2,433 | -3,648 |
| Closing net worth | -32,040 | -30,397 |

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

(b) The 2004-05 equity and net worth outcomes include the change in the value of Telstra shareholding between the closing share price on 30 June 2004 and 30 June 2005.

(c) Largely reflects revaluation of assets and liabilities mainly by the Department of Defence.

Table 15: Supplementary table — Australian Government general government sector revenue (accrual basis)

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|---|--|---------------------------|
| <i>Income taxation</i> | | |
| Individuals and other withholding(a) | | |
| Gross income tax withholding | 97,990 | 98,250 |
| Gross other individuals | 23,640 | 24,003 |
| less: Refunds | 13,700 | 13,734 |
| Total individuals and other withholding | 107,930 | 108,519 |
| Companies | 40,610 | 43,106 |
| Superannuation funds | | |
| Contributions and earnings | 5,090 | 5,083 |
| Superannuation surcharge | 1,290 | 1,326 |
| Total superannuation funds | 6,380 | 6,410 |
| Petroleum resource rent tax | 1,460 | 1,465 |
| Total income taxation revenue | 156,380 | 159,499 |
| <i>Excise and customs</i> | | |
| Excise duty | | |
| Petroleum and other fuel products | 13,620 | 13,682 |
| Crude oil | 650 | 668 |
| Alcohol products | 2,460 | 2,394 |
| Tobacco | 5,280 | 5,237 |
| Total excise duty | 22,010 | 21,981 |
| Customs duty | | |
| Textiles, clothing and footwear | 1,000 | 966 |
| Passenger motor vehicles | 1,450 | 1,397 |
| Excise-like goods | 1,680 | 1,697 |
| Other imports | 1,884 | 1,793 |
| less: Refunds and drawbacks | 300 | 306 |
| Total customs duty | 5,714 | 5,548 |
| Total excise and customs revenue | 27,724 | 27,529 |
| <i>Indirect taxation</i> | | |
| Wine equalisation tax | 690 | 693 |
| Luxury car tax | 300 | 302 |
| Other taxes | 190 | 169 |
| Total indirect taxation revenue | 1,180 | 1,164 |
| GST | 36,300 | 35,473 |
| <i>Other taxation</i> | | |
| Fringe benefits tax(b) | 3,050 | 3,089 |
| Agricultural levies | 572 | 584 |
| Other taxes | 1,296 | 1,389 |
| Total other taxation revenue | 4,917 | 5,061 |
| Total taxation revenue | 226,501 | 228,726 |
| <i>Non-taxation</i> | | |
| Sales of goods and services | 4,828 | 4,880 |
| Dividends | 3,146 | 3,176 |
| Interest received | 1,562 | 1,621 |
| Other | 2,929 | 3,289 |
| Total non-taxation revenue | 12,465 | 12,965 |
| Total revenue | 238,966 | 241,691 |

(a) Includes Medicare levy revenue of \$6,105 million in 2004-05.

(b) Consistent with GFS reporting standards, excludes fringe benefits tax collected from Australian Government agencies (\$387 million in 2004-05).

Table 16: Supplementary table — Australian Government general government sector indirect tax (accrual basis)

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|---|--|---------------------------|
| Excise duty | | |
| Petroleum and other fuel products | | |
| Petrol(a) | 7,370 | 7,371 |
| Diesel | 6,100 | 6,164 |
| Other(b) | 150 | 147 |
| Total petroleum and other fuel products | 13,620 | 13,682 |
| Crude oil | 650 | 668 |
| Beer | 1,680 | 1,653 |
| Potable spirits | 780 | 741 |
| Tobacco | 5,280 | 5,237 |
| Total excise duty | 22,010 | 21,981 |
| Customs duty | | |
| Textiles, clothing and footwear | 1,000 | 966 |
| Passenger motor vehicles | 1,450 | 1,397 |
| Excise-like goods(c) | 1,680 | 1,697 |
| Other imports | 1,884 | 1,793 |
| less: Refunds and drawbacks | 300 | 306 |
| Total customs duty | 5,714 | 5,548 |
| Total excise and customs duty | 27,724 | 27,529 |

(a) Includes unleaded petrol and lead replacement petrol.

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

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

Table 17: Australian Government public non-financial corporations sector operating statement

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|--|--|---------------------------|
| GFS revenue | | |
| Current grants and subsidies | 353 | 375 |
| Sales of goods and services | 26,221 | 26,402 |
| Interest income | 117 | 185 |
| Other | 1 | 3 |
| Total GFS revenue | 26,693 | 26,965 |
| GFS expenses | | |
| Gross operating expenses | | |
| Depreciation | 3,561 | 3,381 |
| Salaries, wages and other entitlements | 5,810 | 5,877 |
| Other operating expenses | 11,486 | 9,465 |
| <i>Total gross operating expenses</i> | <i>20,857</i> | <i>18,723</i> |
| Interest expenses | 322 | 787 |
| Other property expenses | 1,674 | 3,693 |
| Current transfers | | |
| Tax expenses | 2,071 | 1,987 |
| Other current transfers | 0 | 0 |
| <i>Total current transfers</i> | <i>2,071</i> | <i>1,988</i> |
| Capital transfers | 0 | 0 |
| Total GFS expenses | 24,924 | 25,191 |
| Net operating balance | 1,769 | 1,774 |
| Net acquisition of non-financial assets | | |
| Purchases of non-financial assets | 4,412 | 3,738 |
| <i>less</i> Sales of non-financial assets | <i>159</i> | <i>81</i> |
| <i>less</i> Depreciation | <i>3,561</i> | <i>3,381</i> |
| <i>plus</i> Change in inventories | <i>24</i> | <i>8</i> |
| <i>plus</i> Other movements in non-financial assets | <i>-420</i> | <i>17</i> |
| Total net acquisition of non-financial assets | 295 | 302 |
| Net lending/fiscal balance(a) | 1,475 | 1,473 |

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

Table 18: Australian Government public non-financial corporations sector balance sheet

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|--|--|---------------------------|
| GFS assets | | |
| Financial assets | | |
| Cash and deposits | 1,913 | 1,755 |
| Advances paid | 0 | 0 |
| Investments, loans and placements | 234 | 1,758 |
| Other non-equity assets | 5,288 | 4,611 |
| Equity | 304 | 298 |
| <i>Total financial assets</i> | <i>7,738</i> | <i>8,421</i> |
| Non-financial assets | | |
| Land and fixed assets | 26,442 | 25,950 |
| Other non-financial assets(a) | 2,171 | 3,511 |
| <i>Total non-financial assets</i> | <i>28,613</i> | <i>29,461</i> |
| Total GFS assets | 36,351 | 37,882 |
| GFS liabilities | | |
| Deposits held | 0 | 0 |
| Advances received | 0 | 0 |
| Borrowing | 12,692 | 13,237 |
| Unfunded superannuation liability and other employee entitlements | 2,018 | 2,110 |
| Provisions (other than depreciation and bad and doubtful debts)(a) | 3,002 | 3,879 |
| Other non-equity liabilities | 1,678 | 1,516 |
| Total GFS liabilities | 19,390 | 20,743 |
| Shares and other contributed capital | 67,553 | 66,523 |
| Net worth(b) | -50,592 | -49,384 |
| Net financial worth(c) | -79,205 | -78,845 |
| Net debt(d) | 10,546 | 9,725 |

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

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

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

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

Table 19: Australian Government public non-financial corporations sector cash flow statement^(a)

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|---|--|---------------------------|
| Cash receipts from operating activities | | |
| Receipts from sales of goods and services | 26,048 | 28,942 |
| Grants and subsidies received | 50 | 216 |
| GST input credit receipts | 61 | 165 |
| Other receipts | 230 | 180 |
| Total receipts | 26,390 | 29,502 |
| Cash payments for operating activities | | |
| Payment for goods and services | -8,691 | -10,270 |
| Interest paid | -155 | -725 |
| Salaries, wages and other entitlements | -5,838 | -5,840 |
| GST payments to taxation authority | -1,263 | -1,543 |
| Other payments for operating activities(b) | -3,230 | -2,265 |
| Total payments | -19,178 | -20,643 |
| Net cash flows from operating activities | 7,212 | 8,859 |
| Cash flows from investments in non-financial assets | | |
| Sales of non-financial assets | 177 | 119 |
| Purchases of non-financial assets | -4,416 | -3,747 |
| Net cash flows from investments in non-financial assets | -4,239 | -3,628 |
| Net cash flows from investments in financial assets for policy purposes | 0 | -13 |
| Cash flows from investments in financial assets for liquidity purposes | | |
| Increase in investments | 223 | -390 |
| Net cash flows from investments in financial assets for liquidity purposes | 223 | -390 |
| Cash flows from financing activities | | |
| Advances received (net) | 0 | 0 |
| Borrowing (net) | -129 | 547 |
| Deposits received (net) | 0 | 0 |
| Distributions paid (net)(b) | -1,685 | -3,680 |
| Other financing (net) | -1,358 | -572 |
| Net cash flows from financing activities | -3,172 | -3,706 |
| Net increase/decrease in cash held | 25 | 1,123 |
| Net cash from operations and investments in non-financial assets | 2,973 | 5,231 |
| Finance leases and similar arrangements(c) | 0 | 0 |
| Distributions paid(b) | -1,685 | -3,680 |
| Equals surplus(+)/deficit(-) | 1,288 | 1,550 |

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

(b) Estimates for other payments for operating activities include the cash flow to the general government sector from public financial corporations while for outcomes distributions paid includes all dividends paid to the general government sector.

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

Table 20: Australian Government total non-financial public sector operating statement

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|--|--|---------------------------|
| GFS revenue | | |
| Taxation revenue | 224,431 | 226,497 |
| Current grants and subsidies | 0 | 0 |
| Sales of goods and services | 30,513 | 30,480 |
| Interest income | 1,679 | 1,805 |
| Dividend income | 1,143 | 737 |
| Other | 2,930 | 3,252 |
| Total GFS revenue | 260,695 | 262,771 |
| GFS expenses | | |
| Gross operating expenses | | |
| Depreciation | 5,453 | 5,404 |
| Superannuation | 2,540 | 2,469 |
| Salaries and wages | 17,732 | 17,238 |
| Payment for supply of goods and services | 53,878 | 53,286 |
| Other operating expenses | 3,076 | 3,314 |
| <i>Total gross operating expenses</i> | <i>82,679</i> | <i>81,711</i> |
| Nominal superannuation interest expense | 4,882 | 5,005 |
| Other interest expenses | 4,454 | 4,941 |
| Other property expenses | 1,674 | 1,254 |
| Current transfers | | |
| Grant expenses | 72,753 | 71,470 |
| Subsidy expenses | 6,117 | 6,846 |
| Personal benefit payments in cash | 74,478 | 74,115 |
| Other current transfers | 0 | 0 |
| <i>Total current transfers</i> | <i>153,348</i> | <i>152,431</i> |
| Capital transfers | 3,591 | 4,448 |
| Total GFS expenses | 250,627 | 249,790 |
| Net operating balance(a) | 10,069 | 12,982 |
| Net acquisition of non-financial assets | | |
| Purchases of non-financial assets | 6,899 | 5,945 |
| <i>less</i> Sales of non-financial assets | 523 | 571 |
| <i>less</i> Depreciation | 5,453 | 5,404 |
| <i>plus</i> Change in inventories | 397 | 516 |
| <i>plus</i> Other movements in non-financial assets | -373 | -37 |
| Total net acquisition of non-financial assets | 946 | 448 |
| Net lending/fiscal balance(a) | 9,123 | 12,533 |

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

Table 21: Australian Government total non-financial public sector balance sheet

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|---|--|---------------------------|
| GFS assets | | |
| Financial assets | | |
| Cash and deposits | 2,840 | 3,563 |
| Advances paid | 19,314 | 20,199 |
| Investments, loans and placements | 31,300 | 36,780 |
| Other non-equity assets | 24,745 | 23,327 |
| Equity | 14,663 | 14,301 |
| <i>Total financial assets</i> | <i>92,863</i> | <i>98,170</i> |
| Non-financial assets | | |
| Land and fixed assets | 65,607 | 66,293 |
| Other non-financial assets | 4,256 | 5,542 |
| <i>Total non-financial assets</i> | <i>69,863</i> | <i>71,835</i> |
| Total GFS assets | 162,726 | 170,005 |
| GFS liabilities | | |
| Deposits held | 365 | 403 |
| Advances received | 0 | 0 |
| Government securities | 61,452 | 62,331 |
| Loans | 5,595 | 5,648 |
| Other borrowing | 12,916 | 13,419 |
| Unfunded superannuation liability and other employee entitlements | 100,694 | 101,460 |
| Other provisions | 6,868 | 8,192 |
| Other non-equity liabilities | 26,451 | 27,990 |
| Total GFS liabilities | 214,341 | 219,443 |
| Shares and other contributed capital | 31,017 | 30,344 |
| Net worth(a) | -82,633 | -79,782 |
| Net financial worth(b) | -152,496 | -151,617 |
| Net debt(c) | 26,874 | 21,259 |

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

Table 22: Australian Government total non-financial public sector cash flow statement^(a)

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|---|--|---------------------------|
| Cash receipts from operating activities | | |
| Taxes received | 218,469 | 220,350 |
| Receipts from sales of goods and services(b) | 30,846 | 30,785 |
| Grants and subsidies received | 0 | 0 |
| Interest receipts | 1,578 | 1,565 |
| Dividends | 1,805 | 1,399 |
| GST input credit receipts(b) | 0 | 0 |
| Other receipts | 2,961 | 2,747 |
| Total receipts | 255,659 | 256,845 |
| Cash payments for operating activities | | |
| Payments for goods and services(b) | -54,192 | -53,918 |
| Grants and subsidies paid | -80,700 | -78,784 |
| Interest paid | -4,011 | -4,588 |
| Personal benefit payments | -73,664 | -73,127 |
| Salaries, wages and other entitlements | -22,345 | -21,800 |
| GST payments to taxation authority(b) | 0 | 0 |
| Other payments for operating activities | -2,144 | -2,915 |
| Total payments | -237,056 | -235,132 |
| Net cash flows from operating activities | 18,603 | 21,713 |
| Cash flows from investments in non-financial assets | | |
| Sales of non-financial assets | 593 | 665 |
| Purchases of non-financial assets | -6,996 | -5,957 |
| Net cash flows from investments in non-financial assets | -6,402 | -5,292 |
| Net cash flows from investments in financial assets for policy purposes | -1,317 | -1,152 |
| Cash flows from investments in financial assets for liquidity purposes | | |
| Increase in investments | -7,233 | -11,414 |
| Net cash flows from investments in financial assets for liquidity purposes | -7,233 | -11,414 |
| Cash flows from financing activities | | |
| Advances received (net) | 0 | 0 |
| Borrowing (net) | 59 | 683 |
| Deposits received (net) | 0 | 39 |
| Distributions paid (net)(c) | -1,685 | -1,241 |
| Other financing (net) | -2,664 | -1,995 |
| Net cash flows from financing activities | -4,290 | -2,514 |
| Net increase/decrease in cash held | -638 | 1,341 |
| Net cash from operating activities and investments in non-financial assets | 12,201 | 16,420 |
| Finance leases and similar arrangements(d) | -7 | -13 |
| Distributions paid | -1,685 | -1,241 |
| Equals surplus(+)/deficit(-) | 10,509 | 15,167 |

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

(b) GST flows are excluded from these categories.

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

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

Table 23: Australian Government public financial corporations sector operating statement

| | 2004-05 Outcome \$m |
|--|---------------------------|
| GFS revenue | |
| Current grants and subsidies | 149 |
| Sales of goods and services | 2,787 |
| Interest income | 2,663 |
| Other | 32 |
| Total GFS revenue | 5,632 |
| GFS expenses | |
| Gross operating expenses | |
| Depreciation | 31 |
| Salaries, wages and other entitlements | 2,847 |
| Other operating expenses | 0 |
| <i>Total gross operating expenses</i> | <i>2,878</i> |
| Interest expenses | 1,397 |
| Other property expenses | 707 |
| Current transfers | |
| Tax expenses | 0 |
| Other current transfers | 0 |
| <i>Total current transfers</i> | <i>-1</i> |
| Capital transfers | 0 |
| Total GFS expenses | 4,981 |
| Net operating balance | 650 |
| Net acquisition of non-financial assets | |
| Purchases of non-financial assets | 57 |
| <i>less</i> Sales of non-financial assets | <i>1</i> |
| <i>less</i> Depreciation | <i>31</i> |
| <i>plus</i> Change in inventories | <i>-8</i> |
| <i>plus</i> Other movements in non-financial assets | <i>-10</i> |
| Total net acquisition of non-financial assets | 7 |
| Net lending/fiscal balance(a) | 643 |

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

Table 24: Australian Government public financial corporations sector balance sheet

| | 2004-05 Outcome \$m |
|--|---------------------------|
| GFS assets | |
| Financial assets | |
| Cash and deposits | 2,005 |
| Advances paid | 0 |
| Investments, loans and placements | 86,773 |
| Other non-equity assets | 398 |
| Equity | 545 |
| <i>Total financial assets</i> | <i>89,722</i> |
| Non-financial assets | |
| Land and fixed assets | 409 |
| Other non-financial assets(a) | 5 |
| <i>Total non-financial assets</i> | <i>414</i> |
| Total GFS assets | 90,136 |
| GFS liabilities | |
| Deposits held | 64,718 |
| Advances received | 0 |
| Borrowing | 11,713 |
| Unfunded superannuation liability and other employee entitlements | 577 |
| Provisions (other than depreciation and bad and doubtful debts)(a) | 1,061 |
| Other non-equity liabilities | 82 |
| Total GFS liabilities | 78,150 |
| Shares and other contributed capital | 11,986 |
| Net worth(b) | 0 |
| Net financial worth(c) | -414 |
| Net debt(d) | -12,347 |

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

(b) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital.

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

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

Table 25: Australian Government public financial corporations sector cash flow statement^(a)

| | 2004-05 Outcome \$m |
|---|---------------------------|
| Cash receipts from operating activities | |
| Receipts from sales of goods and services | 2,816 |
| Grants and subsidies received | 149 |
| GST input credit receipts | 27 |
| Other receipts | 2,686 |
| Total receipts | 5,678 |
| Cash payments for operating activities | |
| Payment for goods and services | -2,484 |
| Interest paid | -1,395 |
| Salaries, wages and other entitlements | -260 |
| GST payments to taxation authority | -9 |
| Other payments for operating activities | -1 |
| Total payments | -4,149 |
| Net cash flows from operating activities | 1,530 |
| Cash flows from investments in non-financial assets | |
| Sales of non-financial assets | 1 |
| Purchases of non-financial assets | -68 |
| Net cash flows from investments in non-financial assets | -66 |
| Net cash flows from investments in financial assets for policy purposes | -169 |
| Cash flows from investments in financial assets for liquidity purposes | |
| Increase in investments | -13,252 |
| Net cash flows from investments in financial assets for liquidity purposes | -13,252 |
| Cash flows from financing activities | |
| Advances received (net) | 0 |
| Borrowing (net) | -158 |
| Deposits received (net) | 10,995 |
| Distributions paid (net) | -1,353 |
| Other financing (net) | 2,623 |
| Net cash flows from financing activities | 12,106 |
| Net increase/decrease in cash held | 148 |
| Net cash from operating activities and investments in non-financial assets | 1,463 |
| Finance leases and similar arrangements(b) | 0 |
| Distributions paid | -1,353 |
| Equals surplus(+)/deficit(-) | 110 |

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

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

Table 26: Australian Government general government sector purchases of non-financial assets by function

| | 2004-05 Estimate at 2005-06 Budget \$m | 2004-05 Outcome \$m |
|---|--|---------------------------|
| General public services | 831 | 602 |
| Defence | 615 | 685 |
| Public order and safety | 224 | 141 |
| Education | 16 | 16 |
| Health | 103 | 105 |
| Social security and welfare | 219 | 144 |
| Housing and community amenities | 8 | 42 |
| Recreation and culture | 263 | 185 |
| Fuel and energy | 3 | 2 |
| Agriculture, forestry and fishing | 27 | 23 |
| Mining, manufacturing and construction | 30 | 23 |
| Transport and communications | -65 | 52 |
| Other economic affairs | 210 | 181 |
| Other purposes | 5 | 6 |
| General government purchases of non-financial assets | 2,487 | 2,207 |

Attachment A

AUSTRALIAN LOAN COUNCIL ALLOCATION

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

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

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

As set out in Table 27, the Australian Government's 2004-05 LCA final budget outcome is a \$12,924 million surplus. This compares with the Australian Government's LCA 2004-05 Budget estimate of a \$2,277 million surplus. The LCA outcome exceeds the upper bound of the LCA Budget estimate by more than the 2 per cent tolerance limit. A tolerance limit of 2 per cent of non-financial public sector receipts applies between the LCA Budget estimate and the outcome. Tolerance limits recognise that LCAs are nominated at an early stage of the Budget process and may change as a result of policy and parameter changes.

Table 27: Australian Government Loan Council Allocation

| | 2004-05 Budget Estimate \$m | 2004-05 Outcome \$m |
|--|-----------------------------------|---------------------------|
| General government sector cash deficit(+)/surplus(-) | -2,391 | -13,616 |
| PNFC sector cash deficit(+)/surplus(-) | -2,212 | -1,550 |
| Non-financial public sector cash deficit(+)/surplus(-) | -4,603 | -15,167 |
| <i>minus</i> Net cash flows from investments | | |
| in financial assets for policy purposes(a) | -1,374 | -1,152 |
| <i>plus</i> Memorandum items(b) | 951 | 1,091 |
| Loan Council Allocation | -2,277 | -12,924 |

(a) Such transactions involve the transfer or exchange of a financial asset and are not included within the cash deficit/surplus. However, the cash flow from investments in financial assets for policy purposes has implications for a government's call on financial markets.

(b) For the Australian Government, memorandum items comprise the change in the net present value (NPV) of operating leases (with NPV greater than \$5 million), over-funding of superannuation and an adjustment to exclude the net financing requirements of Telstra from the Loan Council Allocation.

