

## STATEMENT 9: GOVERNMENT FINANCE STATISTICS STATEMENTS

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

The Australian, State and Territory governments have an agreed framework – the *Accrual Uniform Presentation Framework* – for the presentation of government financial information on a basis consistent with the ABS GFS publication. This statement presents Australian Government data on an ABS GFS basis, as required by the *Accrual Uniform Presentation Framework*, except for the departures (other than in relation to the treatment of goods and services tax (GST)) detailed in Appendix A to Statement 2.

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

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## STATEMENT 9: GOVERNMENT FINANCE STATISTICS STATEMENTS

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

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

The Australian, State and Territory governments have an agreed framework – the *Accrual Uniform Presentation Framework* – for the presentation of government financial information on a basis consistent with the ABS GFS publication. This statement presents Australian Government data on an ABS GFS basis, as required by the *Accrual Uniform Presentation Framework*, except for the departures (other than in relation to the treatment of goods and services tax (GST)) detailed in Appendix A to Statement 2.

The only difference between the Australian Government general government sector statements in Statement 2 and this statement is the treatment of the GST. The clear policy intent of the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* is that GST is collected by the Australian Taxation Office, as an agent for the States and Territories (the States), and appropriated to the States. Consequently, it is not shown as Australian Government revenue in other parts of this document. However, the tables in this statement show GST as taxation revenue and payments to the States as grant expenses.

As a result of the different treatments of GST related transactions, fiscal balance, net operating balance and net worth estimates in this statement differ from those reported elsewhere in this document. This difference represents the effect of GST revenue accrued but not yet received and, therefore, not yet paid or payable to the States (as GST obligations to the States are on a cash basis).<sup>1</sup> The cash flows presented in this statement include GST (except in respect to GST flows internal to the general government sector), whereas the cash flows presented elsewhere in this document do not. The GFS cash surplus/deficit is not affected and provides identical results under both treatments of GST receipts.

Transactions between the Australian Government general government and public non-financial corporations sectors are included in the relevant tables, but removed

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1 Table 3 in Statement 8 shows the difference in the net operating and fiscal balance estimates resulting from the two treatments. The change in expenses when moving between the two GFS presentations of the estimates is less than the change in revenue.

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from the total non-financial public sector tables as they are transactions internal to that sector.

Public access communication assets, computer software and other intangibles are recorded at historic costs, 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.

Statement 8 provides reconciliations between key GFS aggregates and their Australian Accounting Standards counterparts.

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

## GOVERNMENT FINANCE STATISTICS STATEMENTS

**Table 1: Australian Government general government sector operating statement**

	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10
	\$m	\$m	\$m	\$m	\$m
<b>GFS revenue</b>					
Taxation revenue	245,945	257,157	268,286	281,181	296,122
Current grants and subsidies	0	0	0	0	0
Sales of goods and services	4,898	4,846	4,975	5,114	5,255
Interest income	2,386	3,717	3,457	4,005	4,647
Dividend income	4,321	2,701	2,866	3,058	3,228
Other	3,173	3,241	3,297	3,160	3,021
<b>Total GFS revenue</b>	<b>260,724</b>	<b>271,662</b>	<b>282,881</b>	<b>296,518</b>	<b>312,273</b>
<b>GFS expenses</b>					
Gross operating expenses					
Depreciation	2,041	2,243	2,385	2,465	2,492
Superannuation	2,472	2,551	2,600	2,690	2,783
Salaries and wages	12,627	13,715	13,822	13,941	14,266
Payment for supply of goods and services	49,126	53,857	55,340	56,653	59,115
Other operating expenses	2,106	2,632	2,717	2,926	3,006
<i>Total gross operating expenses</i>	<i>68,372</i>	<i>74,998</i>	<i>76,864</i>	<i>78,675</i>	<i>81,663</i>
Nominal superannuation interest expense	5,583	5,784	5,870	6,077	6,289
Other interest expenses	4,084	3,900	3,833	3,678	3,634
Other property expenses	0	0	0	0	0
Current transfers					
Grant expenses	77,364	81,141	85,503	89,048	92,205
Subsidy expenses	6,343	7,268	7,523	7,953	7,870
Personal benefit payments in cash	77,332	81,108	87,303	93,684	102,261
Other current transfers	0	0	0	0	0
<i>Total current transfers</i>	<i>161,038</i>	<i>169,517</i>	<i>180,330</i>	<i>190,685</i>	<i>202,337</i>
Capital transfers	4,250	4,881	5,195	5,520	4,600
<b>Total GFS expenses</b>	<b>243,328</b>	<b>259,080</b>	<b>272,091</b>	<b>284,635</b>	<b>298,522</b>
<b>Net operating balance(a)</b>	<b>17,397</b>	<b>12,583</b>	<b>10,790</b>	<b>11,883</b>	<b>13,750</b>
<b>Net acquisition of non-financial assets</b>					
Purchases of non-financial assets	2,860	3,317	2,679	3,012	2,648
<i>less</i> Sales of non-financial assets	203	152	233	155	122
<i>less</i> Depreciation	2,041	2,243	2,385	2,465	2,492
<i>plus</i> Change in inventories	148	521	91	88	68
<i>plus</i> Other movements in non-financial assets	117	199	23	122	-63
<b>Total net acquisition of non-financial assets</b>	<b>881</b>	<b>1,642</b>	<b>174</b>	<b>602</b>	<b>38</b>
<b>Net lending/fiscal balance(a)(b)</b>	<b>16,516</b>	<b>10,940</b>	<b>10,615</b>	<b>11,281</b>	<b>13,712</b>

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

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

**Table 2: Australian Government general government sector balance sheet appendix**

	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10
	\$m	\$m	\$m	\$m	\$m
<b>GFS assets</b>					
Financial assets					
Cash and deposits	1,785	1,242	1,801	2,870	3,262
Advances paid	21,471	22,941	24,626	26,410	28,259
Investments, loans and placements(a)	47,042	62,241	64,468	74,053	83,992
Other non-equity assets	22,470	23,073	23,662	24,361	26,060
Equity(a)	43,535	40,652	51,894	54,379	57,101
<b>Total financial assets</b>	<b>136,303</b>	<b>150,148</b>	<b>166,450</b>	<b>182,073</b>	<b>198,674</b>
Non-financial assets					
Land	6,089	6,112	6,099	6,069	5,991
Buildings	13,469	13,875	13,689	14,152	14,649
Plant, equipment and infrastructure	8,595	9,063	9,091	9,056	8,874
Inventories	4,625	5,146	5,236	5,324	5,392
Heritage and cultural assets	7,723	7,753	7,767	7,777	7,795
Other non-financial assets	3,361	3,546	3,694	3,825	3,572
<b>Total non-financial assets</b>	<b>43,861</b>	<b>45,493</b>	<b>45,575</b>	<b>46,204</b>	<b>46,273</b>
<b>Total GFS assets</b>	<b>180,164</b>	<b>195,641</b>	<b>212,026</b>	<b>228,277</b>	<b>244,947</b>
<b>GFS liabilities</b>					
Deposits held	405	405	405	405	405
Advances received	0	0	0	0	0
Government securities(a)	59,547	58,356	60,164	60,237	59,428
Loans	5,264	5,293	5,318	5,008	4,994
Other borrowing	297	296	265	542	501
Superannuation liability	95,947	99,597	103,171	106,814	110,512
Other employee entitlements and provisions	8,001	8,207	8,372	8,599	8,878
Other non-equity liabilities	32,470	32,883	33,698	34,546	34,867
<b>Total GFS liabilities</b>	<b>201,932</b>	<b>205,035</b>	<b>211,392</b>	<b>216,151</b>	<b>219,586</b>
<b>Net worth(b)(c)</b>	<b>-21,768</b>	<b>-9,393</b>	<b>634</b>	<b>12,126</b>	<b>25,361</b>
Net financial worth(d)	-65,629	-54,887	-44,942	-34,078	-20,912
Net debt(e)(f)	-4,784	-22,075	-24,743	-37,140	-50,184

(a) Equity includes the valuation of the Telstra shareholding in 2005-06, which is valued at the average of the daily share price over a 90-day period.

(b) The net worth estimates in this table differ from those presented elsewhere in the budget reflecting the treatment of GST as an Australian Government tax.

(c) Net worth is calculated as total assets minus total liabilities.

(d) Net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets.

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

(f) Includes the impact of the further sale of the Australian Government's shareholding in Telstra and the establishment of the Future Fund. It is assumed that the Future Fund is initially invested in term deposits but will increasingly be invested in equities until it reaches a portfolio equity allocation consistent with the benchmark return specified in the Government's investment mandate.

**Table 3: Australian Government general government sector cash flow statement<sup>(a)</sup>**

	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10
	\$m	\$m	\$m	\$m	\$m
<b>Cash receipts from operating activities</b>					
Taxes received(b)	241,499	252,308	263,269	275,963	290,727
Receipts from sales of goods and services(c)	5,010	4,832	4,947	5,103	5,233
Grants and subsidies received	0	0	0	0	0
Interest receipts	2,275	3,498	3,316	3,787	4,379
Dividends	4,341	3,000	2,866	3,058	3,228
GST input credits received by general government(c)	0	0	0	0	0
Other receipts	2,928	2,944	3,003	2,893	2,723
<b>Total operating receipts</b>	<b>256,053</b>	<b>266,582</b>	<b>277,401</b>	<b>290,804</b>	<b>306,290</b>
<b>Cash payments for operating activities</b>					
Payments for goods and services(c)	-48,712	-54,480	-55,376	-56,643	-59,099
Grants and subsidies paid(d)	-88,635	-91,182	-95,627	-99,154	-102,598
Interest paid	-4,810	-3,950	-3,619	-3,544	-3,451
Personal benefit payments	-76,343	-80,168	-86,472	-93,328	-102,072
Salaries, wages and other entitlements	-17,606	-18,437	-18,695	-19,049	-19,573
GST payments by general government to taxation authority(c)	0	0	0	0	0
Other payments for operating activities	-2,332	-2,406	-2,533	-2,774	-2,750
<b>Total operating payments</b>	<b>-238,438</b>	<b>-250,623</b>	<b>-262,322</b>	<b>-274,492</b>	<b>-289,543</b>
<b>Net cash flows from operating activities</b>	<b>17,614</b>	<b>15,959</b>	<b>15,080</b>	<b>16,312</b>	<b>16,747</b>
<b>Cash flows from investments in   non-financial assets</b>					
Sales of non-financial assets	224	154	233	155	122
Purchases of non-financial assets	-2,939	-3,496	-2,695	-2,808	-2,577
<b>Net cash flows from investments in   non-financial assets</b>	<b>-2,715</b>	<b>-3,342</b>	<b>-2,462</b>	<b>-2,652</b>	<b>-2,456</b>
<b>Net cash flows from investments in   financial assets for policy purposes</b>	<b>-1,390</b>	<b>24,869</b>	<b>-1,923</b>	<b>-1,976</b>	<b>-2,028</b>
<b>Cash flows from investments in   financial assets for liquidity purposes</b>					
Increase in investments	-12,346	-37,424	-12,144	-10,620	-11,092
<b>Net cash flows from investments in   financial assets for liquidity purposes</b>	<b>-12,346</b>	<b>-37,424</b>	<b>-12,144</b>	<b>-10,620</b>	<b>-11,092</b>
<b>Cash flows from financing activities</b>					
Advances received (net)	0	0	0	0	0
Borrowing (net)	-1,754	-838	2,114	29	-684
Deposits received (net)	0	0	0	0	0
Other financing (net)	577	234	-105	-24	-95
<b>Net cash flows from financing activities</b>	<b>-1,177</b>	<b>-604</b>	<b>2,009</b>	<b>5</b>	<b>-779</b>
<b>Net increase/decrease in cash held</b>	<b>-15</b>	<b>-543</b>	<b>559</b>	<b>1,069</b>	<b>392</b>

**Table 3: Australian Government general government sector cash flow statement<sup>(a)</sup> (continued)**

	Estimates		Projections		
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>14,899</b>	<b>12,617</b>	<b>12,617</b>	<b>13,659</b>	<b>14,292</b>
Finance leases and similar arrangements(e)	-12	-23	-6	-325	-6
<b>Equals surplus(+)/deficit(-)</b>	<b>14,888</b>	<b>12,594</b>	<b>12,611</b>	<b>13,334</b>	<b>14,286</b>

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

(b) Includes GST cash receipts on an Australian Government tax basis, which is \$10 million lower in 2006-07 than GST cash receipts measured on a State tax basis (as shown in Statement 10, Note 16).

(c) GST flows are excluded from these categories.

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

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

**Table 4: Australian Government general government sector statement of other economic flows (reconciliation of net worth)**

	Estimates		Projections		
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
<b>Opening net worth</b>	<b>-30,397</b>	<b>-21,768</b>	<b>-9,393</b>	<b>634</b>	<b>12,126</b>
<b>Opening net worth adjustments(a)</b>	<b>-129</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjusted opening net worth</b>	<b>-30,526</b>	<b>-21,768</b>	<b>-9,393</b>	<b>634</b>	<b>12,126</b>
<b>Change in net worth from operating transactions</b>	17,397	12,583	10,790	11,883	13,750
<b>Change in net worth from other economic flows</b>					
Revaluation of equity(b)	-6,561	1,711	1,399	1,515	1,607
Net writedowns of assets (including bad and doubtful debts)	-1,731	-2,371	-2,412	-2,189	-2,394
Assets recognised for the first time	8	26	18	19	30
Liabilities recognised for the first time	0	0	0	0	0
Actuarial revaluations	-1,716	0	0	0	0
Net foreign exchange gains	85	-1	0	0	0
Net swap interest received	138	110	86	74	58
Market valuation of debt	696	333	261	166	133
Other economic revaluations(c)	443	-17	-116	25	49
<b>Total other economic flows</b>	<b>-8,639</b>	<b>-207</b>	<b>-763</b>	<b>-391</b>	<b>-516</b>
<b>Closing net worth</b>	<b>-21,768</b>	<b>-9,393</b>	<b>634</b>	<b>12,126</b>	<b>25,361</b>

(a) Adjustments in opening net worth arise from a change in 2004-05 outcomes for the Australian Taxation Office and the Department of Defence and the impact of moving to new international accounting standards.

(b) Revaluations of equity reflects changes in the market valuation of commercial entities, including a change in the value of the Telstra shareholding which is valued at the average of the daily share price over a 90-day period in 2005-06 only. This line also reflects any revaluations at the point of disposal or sale.

(c) Largely reflects revaluation of assets and liabilities.

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

	Estimates	
	2005-06 \$m	2006-07 \$m
<b>GFS revenue</b>		
Current grants and subsidies	302	84
Sales of goods and services	27,469	13,514
Interest income	136	88
Other	62	26
<b>Total GFS revenue</b>	<b>27,969</b>	<b>13,711</b>
<b>GFS expenses</b>		
Gross operating expenses		
Depreciation	3,940	1,595
Salaries, wages and other entitlements	6,512	3,956
Other operating expenses	13,829	6,808
<i>Total gross operating expenses</i>	<i>24,282</i>	<i>12,359</i>
Interest expenses	430	241
Other property expenses	2,426	868
Current transfers		
Tax expenses	1,761	684
Other current transfers	0	0
<i>Total current transfers</i>	<i>1,761</i>	<i>684</i>
Capital transfers	0	0
<b>Total GFS expenses</b>	<b>28,899</b>	<b>14,152</b>
<b>Net operating balance</b>	<b>-930</b>	<b>-441</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	5,568	2,380
<i>less</i> Sales of non-financial assets	<i>29</i>	<i>19</i>
<i>less</i> Depreciation	<i>3,940</i>	<i>1,595</i>
<i>plus</i> Change in inventories	<i>35</i>	<i>38</i>
<i>plus</i> Other movements in non-financial assets	<i>535</i>	<i>2</i>
<b>Total net acquisition of non-financial assets</b>	<b>2,169</b>	<b>806</b>
<b>Net lending/fiscal balance(a)</b>	<b>-3,100</b>	<b>-1,247</b>

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

Note: The significant reduction in transactions in 2006-07 is due to the assumed sale of the Government's investment in Telstra.

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

	Estimates	
	2005-06 \$m	2006-07 \$m
<b>GFS assets</b>		
Financial assets		
Cash and deposits	2,243	1,152
Advances paid	0	0
Investments, loans and placements	12	32
Other non-equity assets	5,033	933
Equity	466	513
<i>Total financial assets</i>	<i>7,755</i>	<i>2,630</i>
Non-financial assets		
Land and fixed assets	27,951	3,656
Other non-financial assets(a)	3,746	1,020
<i>Total non-financial assets</i>	<i>31,696</i>	<i>4,676</i>
<b>Total GFS assets</b>	<b>39,451</b>	<b>7,306</b>
<b>GFS liabilities</b>		
Deposits held	0	0
Advances received	0	0
Borrowing	16,130	681
Unfunded superannuation liability and other employee entitlements	2,119	967
Provisions (other than depreciation and bad and doubtful debts)(a)	3,675	414
Other non-equity liabilities	1,210	685
<b>Total GFS liabilities</b>	<b>23,134</b>	<b>2,748</b>
<b>Shares and other contributed capital</b>	<b>51,984</b>	<b>4,558</b>
<b>Net worth(b)</b>	<b>-35,667</b>	<b>0</b>
Net financial worth(c)	-67,363	-4,676
Net debt(d)	13,875	-502

(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.

Note: The significant reduction in balances in 2006-07 is due to the assumed sale of the Government's investment in Telstra. A zero net worth is recorded in 2006-07 as shares and contributed capital for the remaining non-financial corporations controlled by the Government are valued at net assets (a proxy for market value for unlisted corporations).

**Table 7: Australian Government public non-financial corporations cash flow statement<sup>(a)</sup>**

	Estimates	
	2005-06 \$m	2006-07 \$m
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	29,662	14,381
Grants and subsidies received	207	52
GST input credit receipts	61	66
Other receipts	128	128
<b>Total operating receipts</b>	<b>30,058</b>	<b>14,628</b>
<b>Cash payments for operating activities</b>		
Payment for goods and services	-10,176	-5,336
Interest paid	-428	-245
Salaries, wages and other entitlements	-6,579	-4,046
GST payments to taxation authority	-1,295	-639
Other payments for operating activities(b)	-5,372	-2,240
<b>Total operating payments</b>	<b>-23,851</b>	<b>-12,507</b>
<b>Net cash flows from operating activities</b>	<b>6,207</b>	<b>2,121</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	58	52
Purchases of non-financial assets	-5,573	-2,410
<b>Net cash flows from investments in non-financial assets</b>	<b>-5,516</b>	<b>-2,358</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>0</b>	<b>0</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>		
Increase in investments	74	-70
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>74</b>	<b>-70</b>
<b>Cash flows from financing activities</b>		
Advances received (net)	0	0
Borrowing (net)	-1	-1
Deposits received (net)	0	0
Distributions paid (net)(c)	-2,443	-868
Other financing (net)	853	37
<b>Net cash flows from financing activities</b>	<b>-1,592</b>	<b>-832</b>
<b>Net increase/decrease in cash held</b>	<b>-827</b>	<b>-1,139</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>691</b>	<b>-237</b>
Finance leases and similar arrangements(d)	0	0
Distributions paid(c)	-2,443	-868
<b>Equals surplus(+)/deficit(-)</b>	<b>-1,753</b>	<b>-1,105</b>

(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 public non-financial corporations distributions paid.

(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.

Note: The significant reduction in transactions in 2006-07 is due to the assumed sale of the Government's investment in Telstra.

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

	Estimates	
	2005-06 \$m	2006-07 \$m
<b>GFS revenue</b>		
Taxation revenue	244,089	256,441
Current grants and subsidies	0	0
Sales of goods and services	31,743	17,819
Interest income	2,523	3,805
Dividend income	1,397	1,462
Other	3,235	3,267
<b>Total GFS revenue</b>	<b>282,987</b>	<b>282,795</b>
<b>GFS expenses</b>		
Gross operating expenses		
Depreciation	5,981	3,838
Superannuation	2,589	2,679
Salaries and wages	19,140	17,672
Payment for supply of goods and services	58,943	58,581
Other operating expenses	2,359	2,778
<i>Total gross operating expenses</i>	<i>89,011</i>	<i>85,547</i>
Nominal superannuation interest expense	5,583	5,784
Other interest expenses	4,514	4,141
Other property expenses	2,426	868
Current transfers		
Grant expenses	77,364	81,141
Subsidy expenses	6,041	7,184
Personal benefit payments in cash	77,332	81,108
Other current transfers	0	0
<i>Total current transfers</i>	<i>160,736</i>	<i>169,433</i>
Capital transfers	4,250	4,881
<b>Total GFS expenses</b>	<b>266,521</b>	<b>270,653</b>
<b>Net operating balance(a)</b>	<b>16,466</b>	<b>12,141</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	8,428	5,697
<i>less</i> Sales of non-financial assets	<i>232</i>	<i>171</i>
<i>less</i> Depreciation	<i>5,981</i>	<i>3,838</i>
<i>plus</i> Change in inventories	<i>183</i>	<i>559</i>
<i>plus</i> Other movements in non-financial assets	<i>652</i>	<i>202</i>
<b>Total net acquisition of non-financial assets</b>	<b>3,050</b>	<b>2,448</b>
<b>Net lending/fiscal balance(a)(b)</b>	<b>13,416</b>	<b>9,693</b>

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

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

**Table 9: Australian Government total non-financial public sector balance sheet**

	Estimates	
	2005-06 \$m	2006-07 \$m
<b>GFS assets</b>		
Financial assets		
Cash and deposits	4,028	2,394
Advances paid	21,471	22,941
Investments, loans and placements	47,131	62,273
Other non-equity assets	27,265	23,914
Equity	15,003	36,607
<i>Total financial assets</i>	<i>114,898</i>	<i>148,128</i>
Non-financial assets		
Land and fixed assets	68,451	45,604
Other non-financial assets	7,107	4,566
<i>Total non-financial assets</i>	<i>75,558</i>	<i>50,169</i>
<b>Total GFS assets</b>	<b>190,455</b>	<b>198,297</b>
<b>GFS liabilities</b>		
Deposits held	405	405
Advances received	0	0
Government securities	59,547	58,356
Loans	5,341	5,293
Other borrowing	16,428	977
Unfunded superannuation liability and other employee entitlements	106,068	108,770
Other provisions	8,448	5,065
Other non-equity liabilities	28,668	28,825
<b>Total GFS liabilities</b>	<b>224,904</b>	<b>207,690</b>
<b>Shares and other contributed capital</b>	<b>22,986</b>	<b>0</b>
<b>Net worth(a)</b>	<b>-57,434</b>	<b>-9,393</b>
Net financial worth(b)	-132,992	-59,563
Net debt(c)	9,090	-22,577

(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 10: Australian Government total non-financial public sector cash flow statement<sup>(a)</sup>**

	Estimates	
	2005-06 \$m	2006-07 \$m
<b>Cash receipts from operating activities</b>		
Taxes received	239,750	251,611
Receipts from sales of goods and services(b)	32,753	18,559
Grants and subsidies received	0	0
Interest receipts	2,408	3,591
Dividends	1,449	1,797
GST input credit receipts(b)	0	0
Other receipts	2,891	2,944
<b>Total operating receipts</b>	<b>279,251</b>	<b>278,502</b>
<b>Cash payments for operating activities</b>		
Payments for goods and services(b)	-58,217	-59,723
Grants and subsidies paid	-88,428	-91,129
Interest paid	-5,238	-4,195
Personal benefit payments	-76,343	-80,168
Salaries, wages and other entitlements	-24,184	-22,482
GST payments to taxation authority(b)	0	0
Other payments for operating activities	-3,019	-2,724
<b>Total operating payments</b>	<b>-255,430</b>	<b>-260,422</b>
<b>Net cash flows from operating activities</b>	<b>23,821</b>	<b>18,080</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	282	206
Purchases of non-financial assets	-8,512	-5,906
<b>Net cash flows from investments in non-financial assets</b>	<b>-8,231</b>	<b>-5,700</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-1,390</b>	<b>24,869</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>		
Increase in investments	-12,272	-37,494
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-12,272</b>	<b>-37,494</b>
<b>Cash flows from financing activities</b>		
Advances received (net)	0	0
Borrowing (net)	-1,755	-839
Deposits received (net)	0	0
Distributions paid (net)(c)	-2,443	-868
Other financing (net)	1,430	271
<b>Net cash flows from financing activities</b>	<b>-2,769</b>	<b>-1,437</b>
<b>Net increase/decrease in cash held</b>	<b>-841</b>	<b>-1,682</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>15,590</b>	<b>12,380</b>
Finance leases and similar arrangements(d)	-12	-23
Distributions paid(c)	-2,443	-868
<b>Equals surplus(+)/deficit(-)</b>	<b>13,135</b>	<b>11,489</b>

(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 11: Australian Government general government sector taxation revenue by source**

	Estimates	
	2005-06 \$m	2006-07 \$m
Taxes on income, profits and capital gains		
Income and capital gains levied on individuals	119,580	120,100
Income and capital gains levied on enterprises	57,840	65,240
Income taxes levied on non-residents	0	0
<b>Total taxes on income, profits and capital gains</b>	<b>177,420</b>	<b>185,340</b>
Taxes on employers' payroll and labour force	305	280
Taxes on property	14	15
Taxes on the provision of goods and services		
Sales/goods and services tax	39,020	41,170
Excises and levies	22,679	23,396
Taxes on international trade	5,171	5,638
Other	0	0
<b>Total taxes on the provision of goods and services</b>	<b>66,870</b>	<b>70,204</b>
Taxes on use of goods and performance of activities	1,336	1,317
<b>Total GFS taxation revenue</b>	<b>245,945</b>	<b>257,157</b>

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

	Estimates		Projections		
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
General public services	794	770	701	627	586
Defence	608	686	665	1,116	854
Public order and safety	239	276	215	204	206
Education	14	17	21	19	20
Health	110	141	108	92	91
Social security and welfare	223	402	263	213	185
Housing and community amenities	95	25	19	19	18
Recreation and culture	279	339	246	235	208
Fuel and energy	5	8	6	6	5
Agriculture, forestry and fishing	39	74	39	38	34
Mining, manufacturing and construction	48	65	47	38	35
Transport and communications	104	53	44	39	29
Other economic affairs	284	383	274	241	236
Other purposes	19	77	30	124	141
<b>General government purchases of non-financial assets</b>	<b>2,860</b>	<b>3,317</b>	<b>2,679</b>	<b>3,012</b>	<b>2,648</b>

## APPENDIX A: AUSTRALIAN LOAN COUNCIL ALLOCATION

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

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

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

As set out in Table 13, the Australian Government's 2006-07 Loan Council Allocation budget update is a \$37,944 million surplus. This compares with its Loan Council Allocation surplus of \$36,010 million endorsed by Loan Council on 31 March 2006.

**Table 13: Australian Government's Loan Council Allocation budget update for 2006-07**

	2006-07 Nomination \$m	2006-07 Budget Estimate \$m
General government sector cash deficit(+)/surplus(-)	-11,591	-12,594
Public non-financial corporations sector cash deficit(+)/surplus(-)	924	1,105
Non-financial public sector cash deficit(+)/surplus(-)	-10,667	-11,489
<i>less</i> Net cash flows from investments		
in financial assets for policy purposes(a)	24,649	24,869
<i>plus</i> Memorandum items(b)	-694	-1,586
<b>Loan Council Allocation</b>	<b>-36,010</b>	<b>-37,944</b>

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

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

