

PART 1: AUSTRALIAN GOVERNMENT BUDGET OUTCOME

OVERVIEW

In 2006-07, the Australian Government general government sector recorded an underlying cash surplus of \$17.2 billion, or 1.6 per cent of gross domestic product (GDP). The fiscal balance was in surplus by \$15.4 billion (1.5 per cent of GDP).

Table 1: Australian Government general government sector budget aggregates^(a)

	2005-06 Outcome	2006-07 Estimate at 2007-08 Budget	2006-07 Outcome
Revenue (\$b)	221.9	235.5	237.0
Per cent of GDP	23.0	22.8	22.7
Expenses (\$b)	206.1	221.6	219.4
Per cent of GDP	21.3	21.5	21.0
Net operating balance (\$b)	15.8	13.9	17.6
Net capital investment (\$b)	1.1	2.0	2.2
Fiscal balance (\$b)	14.8	11.9	15.4
Per cent of GDP	1.5	1.2	1.5
Underlying cash balance (\$b)(b)	15.8	13.6	17.2
Per cent of GDP	1.6	1.3	1.6
<i>Memorandum item:</i>			
Headline cash balance (\$b)	14.2	23.4	26.7

(a) All figures are based on Government Finance Statistics (GFS) standards, but with goods and services tax (GST) revenue collected on behalf of the States and Territories netted off revenue and expenses.

(b) Excludes Future Fund earnings.

Australian Government general government sector net worth improved by \$16.8 billion in 2006-07 to around -\$6.1 billion, largely reflecting the strong budget surplus. Net debt, which reached zero in 2005-06, improved by \$25.4 billion over the financial year to -\$30.8 billion.

In cash terms the outcome was \$3.6 billion higher than estimated at the time of the 2007-08 Budget, with cash payments \$1.5 billion lower than expected and cash receipts \$2.1 billion higher than expected. The cash payments outcome resulted from lower than expected spending across a number of programmes including delays in some defence acquisition projects and stronger economic conditions reducing Family Tax Benefit and Age Pension payments. The higher cash receipts outcome was largely due to higher than expected receipts from company tax, superannuation funds tax and non-taxation sources of income.

REVENUE

Total accrual revenue in 2006-07 of \$237.0 billion was \$1.5 billion above the estimate in the 2007-08 Budget, reflecting higher than expected taxation revenue of \$1.0 billion and higher non-taxation revenue of \$431 million.

Taxation revenue from superannuation funds' contributions and earnings rose by 40 per cent in 2006-07 to be \$387 million (5.4 per cent) higher than the estimate in the 2007-08 Budget, reflecting greater than expected strength in the contributions made to, and the realised capital gains earned by, superannuation funds. Company taxation revenue was \$268 million (0.5 per cent) higher than the estimate in the 2007-08 Budget, mainly reflecting stronger than expected company profits and higher than anticipated payments relating to the Australian Taxation Office's compliance programme.

The variation in non-taxation revenue of \$431 million is largely a result of:

- an increase of \$151 million in dividend income of the Future Fund largely due to franking credits being recognised as an entitlement when dividends accrue; and
- higher than expected revenue of \$72 million received by the Defence Materiel Organisation for services provided to foreign governments.

Table 2: Australian Government general government sector revenue

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<i>Income taxation</i>		
Individuals and other withholding taxes(a)		
Gross income tax withholding	107,710	107,809
Gross other individuals	26,820	26,952
less: Refunds	17,140	17,147
Total individuals and other withholding taxation	117,390	117,614
Fringe benefits tax	3,850	3,754
Superannuation funds		
Contributions and earnings	7,190	7,577
Superannuation surcharge	270	302
Total superannuation taxation	7,460	7,879
Company tax	58,270	58,538
Petroleum resource rent tax	1,560	1,594
Income taxation revenue	188,530	189,378
<i>Excise and customs</i>		
Excise duty		
Petrol	7,130	7,128
Diesel	6,210	6,197
Other fuel products	810	803
Crude oil	530	525
Beer	1,810	1,826
Potable spirits	870	873
Tobacco	5,370	5,382
Total excise duty revenue	22,730	22,734
Customs duty		
Textiles, clothing and footwear	920	932
Passenger motor vehicles	1,250	1,253
Excise-like goods	2,160	2,204
Other imports	1,500	1,485
less: Refunds and drawbacks	230	230
Total customs duty revenue	5,600	5,644
Excise and customs revenue	28,330	28,379
<i>Other taxation</i>		
Wine equalisation tax	670	651
Luxury car tax	350	365
Agricultural levies	598	608
Other taxes	1,989	2,124
Other taxation revenue	3,606	3,748
Taxation revenue	220,466	221,505
<i>Non-taxation</i>		
Sales of goods and services	5,008	5,064
Dividends	2,774	2,999
Interest received	3,841	3,921
Other non-taxation revenue	3,449	3,520
Non-taxation revenue	15,072	15,504
Total revenue	235,539	237,008

(a) Includes Medicare levy revenue of \$7,235 million.

EXPENSES

Total accrual expenses were \$219.4 billion in 2006-07, \$2.3 billion lower than the estimate provided in the 2007-08 Budget. The \$2.3 billion decrease in expenses is mainly due to:

- an accounting reclassification of the purchase of C-17 Heavy Airlift aircraft from expenses to net capital investment as these aircraft can be used for non-military purposes, of \$826 million. This was partly offset by a reclassification of defence weapon inventories from net capital investment to expenses of \$367 million, reflecting an improvement in identifying the military versus non-military components of inventory holdings. These changes in the classification of defence expenditures between expenses and net capital investment have no overall impact on the fiscal balance;
- lower Family Tax Benefit expenses of \$416 million due to higher than estimated incomes of recipients and a revision in the level of payments recognised as overpayments;
- a decrease in expenses of \$318 million due to delays in some defence acquisition projects; and
- a decrease of \$242 million in Age Pension expenses reflecting lower than expected bonus payments under the pension bonus scheme due to Age Pension recipients retiring earlier than anticipated and lower than projected customer numbers and average payment rates.

These reductions were partly offset by a number of smaller increases in expenses, the most significant of which is due to extensions to drought-declared areas, new areas being drought-declared and an increase in the number of eligible farmers taking up Exceptional Circumstances drought assistance, increasing expenses by \$87 million.

Table 3 provides information on Government Finance Statistics (GFS) general government sector expenses by function.

Table 3: Australian Government general government sector expenses by function

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
General public services		
Legislative and executive affairs	881	870
Financial and fiscal affairs	4,991	4,641
Foreign affairs and economic aid	3,183	3,282
General research	2,457	2,476
General services	655	667
Government superannuation benefits	2,371	2,679
Defence(a)	17,358	16,854
Public order and safety	3,314	3,318
Education	16,549	16,898
Health	40,102	39,948
Social security and welfare	93,215	92,075
Housing and community amenities	3,072	2,909
Recreation and culture	2,673	2,561
Fuel and energy	4,711	4,635
Agriculture, forestry and fishing	2,873	2,831
Mining, manufacturing and construction	1,884	1,920
Transport and communication	3,400	3,296
Other economic affairs		
Tourism and area promotion	193	196
Total labour and employment affairs	4,139	4,035
Other economic affairs nec	990	934
Other purposes		
Public debt interest	3,596	3,592
Nominal superannuation interest	5,730	5,470
General purpose inter-governmental transactions	2,597	2,573
Natural disaster relief	113	115
Contingency reserve	578	589
Total expenses	221,625	219,362

(a) The Defence function includes a change in accounting treatment for C-17 Heavy Airlift aircraft as they can be used for non-military purposes, which results in a reclassification from expenses to net capital investment. This is partly offset by a reclassification of defence weapon inventories from net capital investment to expenses.

NET CAPITAL INVESTMENT

Total net capital investment for 2006-07 was \$2.2 billion, which is \$183 million higher than estimated in the 2007-08 Budget. This reflects an increase of \$826 million due to an accounting reclassification of the purchase of C-17 Heavy Airlift aircraft from expenses to net capital investment as these aircraft can be used for non-military purposes. This was partly offset by a reclassification of defence weapon inventories from net capital

investment to expenses of \$367 million, reflecting an improvement in identifying the military versus non-military components of inventory holdings.

This increase in net capital investment was partly offset by delays in a number of capital projects including \$79 million for the relocation and refurbishment of various overseas missions for the Department of Foreign Affairs and Trade.

Table 4: Australian Government general government sector net capital investment by function

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
General public services	519	332
Defence(a)	490	944
Public order and safety	80	166
Education	4	10
Health	110	104
Social security and welfare	333	217
Housing and community amenities	41	40
Recreation and culture	87	83
Fuel and energy	2	3
Agriculture, forestry and fishing	15	17
Mining, manufacturing and construction	32	19
Transport and communications	1	1
Other economic affairs	240	236
Other purposes	69	35
Total net capital investment	2,025	2,208

(a) The Defence function includes a change in accounting treatment for C-17 Heavy Airlift aircraft as they can be used for non-military purposes, which results in a reclassification from expenses to net capital investment. This is partly offset by a reclassification of defence weapon inventories from net capital investment to expenses.

CASH FLOWS

The 2006-07 underlying cash surplus was \$17.2 billion, \$3.6 billion higher than estimated at the 2007-08 Budget. The higher than anticipated outcome was the result of lower cash payments of \$1.5 billion and higher cash receipts of \$2.1 billion.

Total cash receipts, excluding Future Fund earnings, of \$234.6 billion were \$2.1 billion higher than estimated at the 2007-08 Budget. This largely reflects higher than expected receipts from company tax of \$1.0 billion, superannuation funds tax of \$381 million and non-taxation sources of income (excluding Future Fund earnings) of \$606 million.

The additional company tax cash receipts were significantly above the additional accrual revenue mainly because of changes in the amount of disputed tax debt and associated provisions (which had a negative impact on accrual revenue but no impact on 2006-07 cash receipts).

Table 5: Australian Government general government sector receipts

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<i>Income taxation</i>		
Individuals and other withholding taxes(a)		
Gross income tax withholding	107,000	107,119
Gross other individuals	25,740	25,797
less: Refunds	17,140	17,145
Total individuals and other withholding taxation	115,600	115,770
Fringe benefits tax	3,880	3,761
Superannuation funds		
Contributions and earnings	7,150	7,513
Superannuation surcharge	680	699
Total superannuation taxation	7,830	8,211
Company tax	56,076	57,100
Petroleum resource rent tax	1,520	1,510
Income taxation receipts	184,906	186,353
<i>Excise and customs</i>		
Excise duty		
Petrol	7,120	7,139
Diesel	6,210	6,207
Other fuel products	810	792
Crude oil	530	525
Beer	1,810	1,829
Potable spirits	870	874
Tobacco	5,370	5,382
Total excise duty receipts	22,720	22,749
Customs duty		
Textiles, clothing and footwear	920	928
Passenger motor vehicles	810	819
Excise-like goods	2,160	2,204
Other imports	1,490	1,482
less: Refunds and drawbacks	370	370
Total customs duty receipts	5,010	5,063
Excise and customs receipts	27,730	27,812
<i>Other taxation</i>		
Wine equalisation tax	660	650
Luxury car tax	340	364
Agricultural levies	598	608
Other taxes	2,165	2,080
Other taxation receipts	3,763	3,701
Taxation receipts	216,400	217,866
<i>Non-taxation</i>		
Sales of goods and services	5,221	5,025
Dividends	3,120	3,197
Interest received	3,736	3,731
Other non-taxation receipts	6,144	6,879
Non-taxation receipts	18,220	18,831
Total receipts	234,619	236,697

(a) Includes Medicare levy receipts of \$7,235 million.

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Total cash payments were \$217.3 billion in 2006-07, \$1.5 billion lower than estimated at the 2007-08 Budget.

The difference between the lower cash payments of \$1.5 billion and the \$2.1 billion decrease in accrual expenses and net capital investment reflects the impact of:

- the decrease in accrual expenses discussed earlier in this part that does not affect cash payments relating to Family Tax Benefit expenses of \$291 million due to a revision in the level of payments recognised as overpayments; and
- an increase in cash payments without a corresponding increase in accrual expenses (due to cash payments being made earlier than anticipated) for the Pharmaceutical Benefits Scheme by \$109 million.

Table 6: Summary of Australian Government general government sector cash flows^(a)

	2006-07 Estimate at 2007-08 Budget \$b	2006-07 Outcome \$b
Cash receipts		
Operating cash receipts excluding Future Fund earnings	232.3	234.4
Future Fund earnings	2.1	2.1
<i>Total operating receipts</i>	234.4	236.5
Capital cash receipts(b)	0.2	0.2
Total cash receipts	234.6	236.7
Cash payments		
Operating cash payments	215.2	212.7
Capital cash payments(c)	3.6	4.6
Total cash payments	218.8	217.3
Finance leases and similar arrangements(d)	0.0	-0.1
GFS cash surplus(+)/deficit(-)	15.8	19.3
Per cent of GDP	1.5	1.8
<i>less</i> Future Fund earnings	2.1	2.1
Underlying cash balance(e)	13.6	17.2
Per cent of GDP	1.3	1.6
<i>Memorandum items:</i>		
Net cash flows from investments in financial assets for policy purposes(f)	7.6	7.4
<i>plus</i> Future Fund earnings	2.1	2.1
Headline cash balance	23.4	26.7

(a) Cash flows are derived from the accrual GFS framework excluding GST.

(b) Equivalent to cash receipts from the sale of non-financial assets in the GFS cash flow statement.

(c) Equivalent to cash payments for purchases of new and second-hand non-financial assets in the GFS cash flow statement.

(d) The acquisition of assets under finance leases decreases the underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash balance.

(e) Excludes Future Fund earnings.

(f) Under the cash budgeting framework, these cash flows were referred to as net advances.

NET DEBT AND NET WORTH

The Australian Government eliminated net debt in 2005-06. Over 2006-07 the level of Australian Government net debt continued to improve, reaching -\$30.8 billion by 30 June 2007. The improvement in net debt during 2006-07 was \$2.3 billion greater than estimated at the 2007-08 Budget, largely reflecting the higher than anticipated underlying cash surplus outcome.

Net interest payments in 2006-07 were \$23 million higher than anticipated at the 2007-08 Budget. Having peaked at \$8.4 billion in 1996-97, net interest payments declined to \$198 million in 2006-07, representing annual savings in interest payments of \$8.3 billion.

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Net worth improved from -\$22.8 billion in 2005-06 to -\$6.1 billion at the end of 2006-07. The \$16.8 billion improvement, which was greater than estimated at the 2007-08 Budget, largely reflects the strong net operating surplus of \$17.6 billion.

Table 7: Australian Government general government sector net worth, net debt and net interest payments

	2006-07 Estimate at 2007-08 Budget \$b	2006-07 Outcome \$b
Financial assets	151.1	156.0
Non-financial assets	47.8	47.9
Total assets	198.9	203.8
Total liabilities	209.8	209.9
Net worth	-10.9	-6.1
Net debt(a)	-28.4	-30.8
Per cent of GDP	-2.8	-2.9
Net interest payments(b)	0.2	0.2
Per cent of GDP	0.0	0.0

(a) 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.

(b) Australian Government cash interest payments less cash interest receipts.

Attachment A

REPORTING STANDARDS

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

The major external standards used for final budget outcome reporting purposes are:

- the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) publication, *Australian System of Government Finance Statistics: Concepts, Sources and Methods* cat. no. 5514.0, which in turn is based on the International Monetary Fund (IMF) accrual GFS framework; and
- Australian Accounting Standards (AAS), being the Australian Equivalents to International Financial Reporting Standards (AEIFRS) and AAS 31 *Financial Reporting by Governments*.

Final budget outcome tables, with the exception of tables in Part 2, do not include goods and services tax (GST) collections and equivalent payments to the States and Territories (the States). Under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, all GST receipts are appropriated to the States and thus are not available for expenditure by the Australian Government. Because the Australian Taxation Office collects GST as an agent for the States, GST receipts are not shown as Australian Government revenue. Estimates of GST receipts are provided in Table A2 of Appendix A.

ABS GFS 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 Australian Government assets in the balance sheet (and would, therefore, be inconsistent with the market valuation principle).

The AAS financial statements currently record IMF Special Drawing Rights (SDRs) as a liability. This is consistent with AAS. The GFS statements also record SDRs as a liability. However, in accordance with the IMF's GFS manual, IMF SDRs are not treated as a liability in ABS GFS although the IMF treats them this way in some of its other documentation. The statistical standard underpinning the GFS manual (the System of National Accounts 1993) is currently being updated and includes a proposal to treat SDRs as a liability.

The GFS financial statements also currently adopt the AAS treatment for circulating coins. Under this treatment revenue is recognised upon the issue of coins and no liability is recorded, as there is no legal obligation requiring coins on issue to be repurchased by the Australian Government. However, in ABS GFS, coins on issue are

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treated as a liability and no revenue is recognised. The treatment of coins on issue is listed for clarification as part of the update of the statistical standard referred to above.

ABS GFS also requires defence weapons be treated as expenses. The update of the statistical standard is expected to change the treatment of defence weapons to assets.

The GFS and AAS financial statements continue to record the Australian Government's obligation for education grants, primarily to the States, when the annual Ministerial determination is made, usually at the beginning of each funding year. This is a departure from the ABS GFS standard which records these expenses when grants are due and payable. The Australian National Audit Office recently changed its interpretation of AAS to be in line with ABS GFS. The accounting treatment of education grants has not been changed in the FBO to maintain consistency with the treatment applied at the 2006-07 and 2007-08 Budgets.

Additional information on the reporting standards and budget concepts is provided in Appendix A.

Attachment B

BUDGET FINANCIAL STATEMENTS

The budget financial statements consist of an operating statement, balance sheet, cash flow statement and statement of other economic flows (reconciliation of net worth) for the Australian Government general government sector. The budget financial statements are based on GFS standards with the exception of the departures discussed in Attachment A.

Table 8: Australian Government general government sector operating statement

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
Revenue		
Taxation revenue	220,466	221,505
Current grants and subsidies	0	0
Sales of goods and services	5,008	5,064
Interest income	3,841	3,921
Dividend income	2,774	2,999
Other	3,449	3,520
Total revenue	235,539	237,008
Expenses		
Gross operating expenses		
Depreciation	2,216	2,374
Superannuation	2,371	3,058
Salaries and wages	13,854	13,253
Payment for supply of goods and services(a)	50,931	51,209
Other operating expenses	3,151	3,821
<i>Total gross operating expenses</i>	<i>72,523</i>	<i>73,715</i>
Nominal superannuation interest expense	5,730	5,470
Other interest expenses	3,957	4,482
Other property expenses	0	0
Current transfers		
Grant expenses	41,702	41,387
Subsidy expenses	6,890	6,771
Personal benefit payments in cash(a)	85,036	81,908
Other current transfers	0	0
<i>Total current transfers</i>	<i>133,628</i>	<i>130,066</i>
Capital transfers	5,786	5,628
Total expenses	221,625	219,362
Net operating balance	13,914	17,646
Net acquisition of non-financial assets		
Purchases of non-financial assets	3,675	4,393
<i>less</i> Sales of non-financial assets	184	193
<i>less</i> Depreciation	2,216	2,374
<i>plus</i> Change in inventories	624	329
<i>plus</i> Other movements in non-financial assets	126	53
Total net acquisition of non-financial assets	2,025	2,208
Net lending/fiscal balance(b)	11,888	15,438

(a) Includes a reclassification for outcomes of non-cash personal benefits from personal benefit payments in cash to payment for supply of goods and services.

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

Table 9: Australian Government general government sector balance sheet

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
Assets		
Financial assets		
Cash and deposits	2,008	1,154
Advances paid	22,468	22,395
Investments, loans and placements	67,820	70,770
Other non-equity assets	27,543	27,495
Equity(a)	31,260	34,163
<i>Total financial assets</i>	<i>151,099</i>	<i>155,978</i>
Non-financial assets		
Land	6,181	6,842
Buildings	15,193	16,589
Plant, equipment and infrastructure	9,481	10,247
Inventories(b)	5,532	3,266
Heritage and cultural assets	8,074	8,212
Other non-financial assets	3,382	2,714
<i>Total non-financial assets</i>	<i>47,844</i>	<i>47,871</i>
Total assets	198,942	203,848
Liabilities		
Deposits held	300	261
Advances received	0	0
Government securities	57,275	56,526
Loans	5,846	6,358
Other borrowing	431	407
Superannuation liability	102,744	102,930
Other employee entitlements and provisions	8,215	8,214
Other non-equity liabilities	34,982	35,221
Total liabilities	209,795	209,916
Net worth(c)	-10,852	-6,068
Net debt(d)	-28,444	-30,768

(a) Equity includes share holdings of the Future Fund.

(b) Defence weapon inventories have been separately identified and expensed at the time of acquisition.

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

(d) 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 general government sector cash flow statement^(a)

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
Cash receipts from operating activities		
Taxes received	216,400	217,866
Receipts from sales of goods and services	5,221	5,025
Grants and subsidies received	0	0
Interest receipts	3,736	3,731
Dividends	3,120	3,197
GST input credits received by general government	3,027	3,413
Other receipts	2,932	3,273
Total operating receipts	234,435	236,504
Cash payments for operating activities		
Payments for goods and services	-55,675	-54,523
Grants and subsidies paid	-52,340	-51,775
Interest paid	-3,911	-3,929
Personal benefit payments	-81,929	-81,531
Salaries, wages and other entitlements	-18,558	-17,806
GST payments by general government to taxation authority	-79	-64
Other payments for operating activities	-2,734	-3,089
Total operating payments	-215,225	-212,716
Net cash flows from operating activities	19,210	23,788
Cash flows from investments in non-financial assets		
Sales of non-financial assets	184	193
Purchases of non-financial assets	-3,599	-4,580
Net cash flows from investments in non-financial assets	-3,415	-4,387
Net cash flows from investments in financial assets for policy purposes	7,649	7,403
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	-22,476	-26,919
Net cash flows from investments in financial assets for liquidity purposes	-22,476	-26,919
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-1,312	-889
Deposits received (net)	-20	-57
Other financing (net)	426	272
Net cash flows from financing activities	-905	-674
Net increase/decrease in cash held	63	-789

Table 10: Australian Government general government sector cash flow statement^(a) (continued)

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
Net cash from operating activities and investments in non-financial assets	15,795	19,402
Finance leases and similar arrangements(b)	-34	-59
GFS cash surplus(+)/deficit(-)	15,761	19,343
<i>less</i> Future Fund earnings	2,130	2,135
Equals underlying cash balance(c)	13,631	17,208
<i>plus</i> net cash flows from investments in financial assets for policy purposes	7,649	7,403
<i>plus</i> Future Fund earnings	2,130	2,135
Equals headline cash balance	23,410	26,745

(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 underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash balance.

(c) The term underlying cash balance is not used by the ABS.

Table 11: Australian Government general government sector statement of other economic flows (reconciliation of net worth)

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
Opening net worth	-23,122	-23,122
Opening net worth adjustments(a)	287	287
Adjusted opening net worth	-22,835	-22,835
Change in net worth from operating transactions	13,914	17,646
Change in net worth from other economic flows		
Revaluation of equity(b)	964	283
Net writedowns of assets (including bad and doubtful debts)	-2,050	-2,255
Assets recognised for the first time	161	366
Liabilities recognised for the first time	0	0
Actuarial revaluations	-1,245	-1,195
Net foreign exchange gains	-52	-170
Net swap interest received	8	9
Market valuation of debt	564	1,015
Other economic revaluations(c)	-281	1,066
Total other economic flows	-1,931	-879
Closing net worth	-10,852	-6,068

(a) Change in net worth arising from a change in 2005-06 outcomes.

(b) Revaluations of equity reflects changes in the market valuation of investments. This line also reflects any equity revaluations at the point of disposal or sale.

(c) Largely reflects revaluation of assets and liabilities.