

## 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)<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 A3 of Appendix A shows the difference in the net operating and fiscal balance outcomes resulting from the two treatments. The change in expenses when moving between the two GFS presentations of the balances 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.

Computer software and other intangibles are recorded at historic costs, as an active market is not observable for such assets. This affects the public non-financial corporations sector balance sheet, but does not affect the general government sector balance sheet.

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 12: Australian Government general government sector operating statement**

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<b>GFS revenue</b>		
Taxation revenue	261,186	262,511
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
<b>Total GFS revenue</b>	<b>276,259</b>	<b>278,015</b>
<b>GFS expenses</b>		
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	81,282	80,948
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>173,208</i>	<i>169,628</i>
Capital transfers	5,986	5,818
<b>Total GFS expenses</b>	<b>261,405</b>	<b>259,113</b>
<b>Net operating balance(b)</b>	<b>14,854</b>	<b>18,902</b>
<b>Net acquisition of non-financial assets</b>		
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
<b>Total net acquisition of non-financial assets</b>	<b>2,025</b>	<b>2,208</b>
<b>Net lending/fiscal balance(b)(c)</b>	<b>12,828</b>	<b>16,694</b>

(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 fiscal balance and net operating balance in this table differ from those presented elsewhere in the final budget outcome reflecting the treatment of the GST as an Australian Government tax.

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

**Table 13: Australian Government general government sector balance sheet**

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<b>GFS assets</b>		
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	36,754	36,707
Equity(a)	31,260	34,163
<i>Total financial assets</i>	<i>160,310</i>	<i>165,190</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>
<b>Total GFS assets</b>	<b>208,154</b>	<b>213,061</b>
<b>GFS liabilities</b>		
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	35,466	35,676
<b>Total GFS liabilities</b>	<b>210,278</b>	<b>210,372</b>
<b>Net worth(c)(d)</b>	<b>-2,124</b>	<b>2,689</b>
Net financial worth(e)	-49,968	-45,182
Net debt(f)	-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) The net worth estimates in this table differ from those presented elsewhere in the final budget outcome reflecting the treatment of GST as an Australian Government tax.

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

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

(f) 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 14: Australian Government general government sector cash flow statement<sup>(a)</sup>**

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<b>Cash receipts from operating activities</b>		
Taxes received(b)	255,989	257,392
Receipts from sales of goods and services(c)	5,044	4,802
Grants and subsidies received	0	0
Interest receipts	3,736	3,731
Dividends	3,120	3,197
GST input credits received by general government(c)	0	0
Other receipts	2,932	3,273
<b>Total operating receipts</b>	<b>270,821</b>	<b>272,395</b>
<b>Cash payments for operating activities</b>		
Payments for goods and services(c)	-52,560	-50,916
Grants and subsidies paid(d)	-91,920	-91,336
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(c)	0	0
Other payments for operating activities	-2,734	-3,089
<b>Total operating payments</b>	<b>-251,611</b>	<b>-248,607</b>
<b>Net cash flows from operating activities</b>	<b>19,210</b>	<b>23,788</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	184	193
Purchases of non-financial assets	-3,599	-4,580
<b>Net cash flows from investments in non-financial assets</b>	<b>-3,415</b>	<b>-4,387</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>7,649</b>	<b>7,403</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>		
Increase in investments	-22,476	-26,919
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-22,476</b>	<b>-26,919</b>
<b>Cash flows from financing activities</b>		
Advances received (net)	0	0
Borrowing (net)	-1,312	-889
Deposits received (net)	-20	-57
Other financing (net)	426	272
<b>Net cash flows from financing activities</b>	<b>-905</b>	<b>-674</b>
<b>Net increase/decrease in cash held</b>	<b>63</b>	<b>-789</b>

**Table 14: Australian Government general government sector cash flow statement<sup>(a)</sup> (continued)**

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>15,795</b>	<b>19,402</b>
Finance leases and similar arrangements(e)	-34	-59
<b>Equals surplus(+)/deficit(-)</b>	<b>15,761</b>	<b>19,343</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 \$35 million greater in 2006-07 than GST cash receipts measured on a State tax basis (as shown in Part 3, 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 15: 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
<b>Opening net worth</b>	<b>-15,245</b>	<b>-15,245</b>
<b>Opening net worth adjustments(a)</b>	<b>287</b>	<b>287</b>
<b>Adjusted opening net worth</b>	<b>-14,958</b>	<b>-14,958</b>
<b>Change in net worth from operating transactions</b>	14,854	18,902
<b>Change in net worth from other economic flows</b>		
Revaluation of equity(b)	964	283
Net writedowns of assets (including bad and doubtful debts)	-2,139	-2,631
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
<b>Total other economic flows</b>	<b>-2,020</b>	<b>-1,255</b>
<b>Closing net worth</b>	<b>-2,124</b>	<b>2,689</b>

(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.

**Table 16: Australian Government public non-financial corporations sector operating statement**

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<b>GFS revenue</b>		
Current grants and subsidies	113	115
Sales of goods and services	15,263	15,169
Interest income	115	125
Other	32	34
<b>Total GFS revenue</b>	<b>15,523</b>	<b>15,443</b>
<b>GFS expenses</b>		
Gross operating expenses		
Depreciation	1,732	1,737
Salaries, wages and other entitlements	4,252	4,223
Other operating expenses	6,568	6,302
<i>Total gross operating expenses</i>	<i>12,552</i>	<i>12,262</i>
Interest expenses	252	624
Other property expenses	2,143	2,150
Current transfers		
Tax expenses	1,171	1,324
Other current transfers	0	0
<i>Total current transfers</i>	<i>1,171</i>	<i>1,324</i>
Capital transfers	0	0
<b>Total GFS expenses</b>	<b>16,119</b>	<b>16,360</b>
<b>Net operating balance</b>	<b>-596</b>	<b>-917</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	2,890	2,841
<i>less</i> Sales of non-financial assets	40	45
<i>less</i> Depreciation	1,732	1,737
<i>plus</i> Change in inventories	-214	-217
<i>plus</i> Other movements in non-financial assets	-212	3
<b>Total net acquisition of non-financial assets</b>	<b>693</b>	<b>846</b>
<b>Net lending/fiscal balance(a)</b>	<b>-1,289</b>	<b>-1,763</b>

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

**Table 17: Australian Government public non-financial corporations sector balance sheet**

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<b>GFS assets</b>		
Financial assets		
Cash and deposits	1,057	1,256
Advances paid	1	9
Investments, loans and placements	1,426	1,987
Other non-equity assets	1,393	1,219
Equity	454	313
<i>Total financial assets</i>	<i>4,331</i>	<i>4,783</i>
Non-financial assets		
Land and fixed assets	3,337	3,976
Other non-financial assets(a)	119	0
<i>Total non-financial assets</i>	<i>3,456</i>	<i>3,976</i>
<b>Total GFS assets</b>	<b>7,786</b>	<b>8,759</b>
<b>GFS liabilities</b>		
Deposits held	0	0
Advances received	0	0
Borrowing	682	686
Unfunded superannuation liability and other employee entitlements	1,011	982
Provisions (other than depreciation and bad and doubtful debts)(a)	435	487
Other non-equity liabilities	651	642
<b>Total GFS liabilities</b>	<b>2,780</b>	<b>2,796</b>
<b>Shares and other contributed capital</b>	<b>5,007</b>	<b>5,964</b>
<b>Net worth(b)</b>	<b>0</b>	<b>0</b>
Net financial worth(c)	-3,456	-3,976
Net debt(d)	-1,802	-2,566

(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 zero net worth is recorded as shares and contributed capital for the non-financial corporations controlled by the Government are valued at net assets (a proxy for market value for unlisted companies).

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

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	16,936	16,417
Grants and subsidies received	63	76
GST input credit receipts	0	266
Other receipts	112	79
<b>Total operating receipts</b>	<b>17,110</b>	<b>16,837</b>
<b>Cash payments for operating activities</b>		
Payment for goods and services	-7,657	-6,790
Interest paid	-141	-316
Salaries, wages and other entitlements	-4,209	-4,238
GST payments to taxation authority	-600	-812
Other payments for operating activities	-1,215	-1,470
<b>Total operating payments</b>	<b>-13,822</b>	<b>-13,626</b>
<b>Net cash flows from operating activities</b>	<b>3,288</b>	<b>3,210</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	44	45
Purchases of non-financial assets	-2,678	-2,841
<b>Net cash flows from investments in non-financial assets</b>	<b>-2,634</b>	<b>-2,796</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	-234	-346
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-234</b>	<b>-346</b>
<b>Cash flows from financing activities</b>		
Advances received (net)	0	0
Borrowing (net)	51	844
Deposits received (net)	0	0
Distributions paid (net)	-2,170	-2,173
Other financing (net)	992	-421
<b>Net cash flows from financing activities</b>	<b>-1,127</b>	<b>-1,750</b>
<b>Net increase/decrease in cash held</b>	<b>-708</b>	<b>-1,682</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>654</b>	<b>414</b>
Finance leases and similar arrangements(b)	0	0
Distributions paid	-2,170	-2,173
<b>Equals surplus(+)/deficit(-)</b>	<b>-1,517</b>	<b>-1,759</b>

(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 19: Australian Government total non-financial public sector operating statement**

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<b>GFS revenue</b>		
Taxation revenue	259,965	261,147
Current grants and subsidies	0	0
Sales of goods and services	19,592	19,235
Interest income	3,956	4,047
Dividend income	1,470	1,688
Other	3,481	3,554
<b>Total GFS revenue</b>	<b>288,464</b>	<b>289,670</b>
<b>GFS expenses</b>		
Gross operating expenses		
Depreciation	3,948	4,111
Superannuation	2,471	3,194
Salaries and wages	18,106	17,476
Payment for supply of goods and services	56,610	56,268
Other operating expenses	3,211	3,892
<i>Total gross operating expenses</i>	<i>84,346</i>	<i>84,940</i>
Nominal superannuation interest expense	5,730	5,470
Other interest expenses	4,209	5,106
Other property expenses	839	839
Current transfers		
Grant expenses	81,282	80,948
Subsidy expenses	6,777	6,656
Personal benefit payments in cash	85,036	81,908
Other current transfers	0	0
<i>Total current transfers</i>	<i>173,095</i>	<i>169,512</i>
Capital transfers	5,986	5,818
<b>Total GFS expenses</b>	<b>274,206</b>	<b>271,685</b>
<b>Net operating balance</b>	<b>14,258</b>	<b>17,985</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	6,566	7,234
<i>less</i> Sales of non-financial assets	224	238
<i>less</i> Depreciation	3,948	4,111
<i>plus</i> Change in inventories	411	112
<i>plus</i> Other movements in non-financial assets	-87	57
<b>Total net acquisition of non-financial assets</b>	<b>2,718</b>	<b>3,054</b>
<b>Net lending/fiscal balance(a)</b>	<b>11,540</b>	<b>14,931</b>

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

**Table 20: Australian Government total non-financial public sector balance sheet**

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<b>GFS assets</b>		
Financial assets		
Cash and deposits	3,064	2,409
Advances paid	22,469	22,404
Investments, loans and placements	69,247	72,757
Other non-equity assets	38,047	37,809
Equity	26,707	28,513
<i>Total financial assets</i>	<i>159,534</i>	<i>163,892</i>
Non-financial assets		
Land and fixed assets	47,798	49,133
Other non-financial assets	3,501	2,714
<i>Total non-financial assets</i>	<i>51,299</i>	<i>51,847</i>
<b>Total GFS assets</b>	<b>210,833</b>	<b>215,739</b>
<b>GFS liabilities</b>		
Deposits held	300	261
Advances received	0	0
Government securities	57,275	56,526
Loans	5,846	6,358
Other borrowing	1,113	1,093
Unfunded superannuation liability and other employee entitlements	111,971	112,125
Other provisions	7,676	7,598
Other non-equity liabilities	28,776	29,090
<b>Total GFS liabilities</b>	<b>212,957</b>	<b>213,050</b>
<b>Shares and other contributed capital</b>	<b>0</b>	<b>0</b>
<b>Net worth(a)</b>	<b>-2,124</b>	<b>2,689</b>
Net financial worth(b)	-53,423	-49,158
Net debt(c)	-30,245	-33,333

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

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

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
<b>Cash receipts from operating activities</b>		
Taxes received	254,817	256,068
Receipts from sales of goods and services(b)	20,841	20,011
Grants and subsidies received	0	0
Interest receipts	3,727	3,778
Dividends	1,846	1,909
GST input credit receipts(b)	0	0
Other receipts	3,023	3,281
<b>Total operating receipts</b>	<b>284,254</b>	<b>285,048</b>
<b>Cash payments for operating activities</b>		
Payments for goods and services(b)	-59,679	-57,045
Grants and subsidies paid	-91,856	-91,260
Interest paid	-4,052	-4,245
Personal benefit payments	-81,929	-81,531
Salaries, wages and other entitlements	-22,767	-22,045
GST payments to taxation authority(b)	0	0
Other payments for operating activities	-2,778	-3,235
<b>Total operating payments</b>	<b>-263,061</b>	<b>-259,361</b>
<b>Net cash flows from operating activities</b>	<b>21,194</b>	<b>25,688</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	228	238
Purchases of non-financial assets	-6,278	-7,421
<b>Net cash flows from investments in non-financial assets</b>	<b>-6,049</b>	<b>-7,183</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>7,649</b>	<b>7,403</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>		
Increase in investments	-22,711	-27,265
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-22,711</b>	<b>-27,265</b>
<b>Cash flows from financing activities</b>		
Advances received (net)	0	0
Borrowing (net)	-1,261	-45
Deposits received (net)	-20	-57
Distributions paid (net)(c)	-866	-862
Other financing (net)	1,419	-148
<b>Net cash flows from financing activities</b>	<b>-728</b>	<b>-1,114</b>
<b>Net increase/decrease in cash held</b>	<b>-645</b>	<b>-2,471</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>15,144</b>	<b>18,505</b>
Finance leases and similar arrangements(d)	-34	-59
Distributions paid(c)	-866	-862
<b>Equals surplus(+)/deficit(-)</b>	<b>14,244</b>	<b>17,584</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 22: Australian Government public financial corporations sector operating statement**

	2006-07 Outcome \$m
<b>GFS revenue</b>	
Current grants and subsidies	135
Sales of goods and services	3,268
Interest income	5,759
Other	82
<b>Total GFS revenue</b>	<b>9,245</b>
<b>GFS expenses</b>	
Gross operating expenses	
Depreciation	35
Salaries, wages and other entitlements	3,336
Other operating expenses	0
<i>Total gross operating expenses</i>	<i>3,371</i>
Interest expenses	4,023
Other property expenses	1,285
Current transfers	
Tax expenses	4
Other current transfers	0
<i>Total current transfers</i>	<i>4</i>
Capital transfers	0
<b>Total GFS expenses</b>	<b>8,682</b>
<b>Net operating balance</b>	<b>562</b>
<b>Net acquisition of non-financial assets</b>	
Purchases of non-financial assets	88
<i>less</i> Sales of non-financial assets	<i>6</i>
<i>less</i> Depreciation	<i>35</i>
<i>plus</i> Change in inventories	<i>0</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>
<b>Total net acquisition of non-financial assets</b>	<b>47</b>
<b>Net lending/fiscal balance(a)</b>	<b>516</b>

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

**Table 23: Australian Government public financial corporations sector balance sheet**

	2006-07 Outcome \$m
<b>GFS assets</b>	
Financial assets	
Cash and deposits	1,529
Advances paid	0
Investments, loans and placements	135,693
Other non-equity assets	290
Equity	328
<i>Total financial assets</i>	<i>137,840</i>
Non-financial assets	
Land and fixed assets	551
Other non-financial assets(a)	0
<i>Total non-financial assets</i>	<i>552</i>
<b>Total GFS assets</b>	<b>138,392</b>
<b>GFS liabilities</b>	
Deposits held	105,921
Advances received	0
Borrowing	19,193
Unfunded superannuation liability and other employee entitlements	659
Provisions (other than depreciation and bad and doubtful debts)(a)	903
Other non-equity liabilities	91
<b>Total GFS liabilities</b>	<b>126,767</b>
<b>Shares and other contributed capital</b>	<b>11,625</b>
<b>Net worth(b)</b>	<b>0</b>
Net financial worth(c)	-552
Net debt(d)	-12,108

(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 24: Australian Government public financial corporations sector cash flow statement<sup>(a)</sup>**

	2006-07 Outcome \$m
<b>Cash receipts from operating activities</b>	
Receipts from sales of goods and services	3,248
Grants and subsidies received	135
GST input credit receipts	35
Other receipts	4,571
<b>Total receipts</b>	<b>7,990</b>
<b>Cash payments for operating activities</b>	
Payment for goods and services	-2,770
Interest paid	-3,568
Salaries, wages and other entitlements	-344
GST payments to taxation authority	-8
Other payments for operating activities	5
<b>Total payments</b>	<b>-6,685</b>
<b>Net cash flows from operating activities</b>	<b>1,305</b>
<b>Cash flows from investments in non-financial assets</b>	
Sales of non-financial assets	6
Purchases of non-financial assets	-82
<b>Net cash flows from investments in non-financial assets</b>	<b>-76</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>198</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>	
Increase in investments	-24,259
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-24,259</b>
<b>Cash flows from financing activities</b>	
Advances received (net)	0
Borrowing (net)	-264
Deposits received (net)	22,571
Distributions paid (net)	-1,492
Other financing (net)	1,988
<b>Net cash flows from financing activities</b>	<b>22,803</b>
<b>Net increase/decrease in cash held</b>	<b>-29</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>1,229</b>
Finance leases and similar arrangements(b)	-6
Distributions paid	-1,492
<b>Equals surplus(+)/deficit(-)</b>	<b>-269</b>

(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 25: Australian Government general government sector purchases of non-financial assets by function**

	2006-07 Estimate at 2007-08 Budget \$m	2006-07 Outcome \$m
General public services	929	783
Defence(a)	884	1,772
Public order and safety	245	300
Education	18	21
Health	111	129
Social security and welfare	489	382
Housing and community amenities	79	147
Recreation and culture	314	252
Fuel and energy	6	7
Agriculture, forestry and fishing	42	40
Mining, manufacturing and construction	64	51
Transport and communications	38	51
Other economic affairs	439	413
Other purposes	17	46
<b>General government purchases of non-financial assets</b>	<b>3,675</b>	<b>4,393</b>

(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.

## 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 balances of the general government and public non-financial corporations sectors);
- 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 26, the Australian Government's 2006-07 LCA final budget outcome is a \$25,360 million surplus. This compares with the Australian Government's 2006-07 LCA Budget estimate of a \$37,944 million surplus.

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. The Australian Government's 2006-07 LCA outcome exceeds the 2 per cent tolerance limit. This change mainly reflects the Australian Government's decision in August 2006 to sell a portion of its holding of Telstra shares and to allow investors to pay for their shares in two instalments, with the final instalment due in 2007-08. The Australian Government's 2006-07 LCA Budget estimate assumed that the Government's entire shareholding in Telstra would be sold in 2006-07.

**Table 26: Australian Government Loan Council Allocation**

	2006-07 Budget Estimate \$m	2006-07 Outcome \$m
General government sector cash deficit(+)/surplus(-)	-12,594	-19,343
PNFC sector cash deficit(+)/surplus(-)	1,105	1,759
Non-financial public sector cash deficit(+)/surplus(-)	-11,489	-17,584
<i>less</i> Net cash flows from investments		
in financial assets for policy purposes(a)	24,869	7,403
<i>plus</i> Memorandum items(b)	-1,586	-374
<b>Loan Council Allocation</b>	<b>-37,944</b>	<b>-25,360</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 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.

