

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 divergences discussed in Attachment A.

Table 14: Australian Government general government sector operating statement

	Estimates		Projections	
	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
Revenue				
Taxation revenue	217,056	227,555	240,123	251,922
Current grants and subsidies	0	0	0	0
Sales of goods and services	4,984	5,003	5,138	5,291
Interest income	3,581	3,896	3,648	4,584
Dividend income	2,860	2,812	3,343	3,338
Other	3,404	3,461	3,350	3,247
Total revenue	231,885	242,726	255,601	268,383
Expenses				
Gross operating expenses				
Depreciation	2,228	2,417	2,513	2,550
Superannuation	2,526	2,576	2,667	2,735
Salaries and wages	13,744	14,062	14,098	14,382
Payment for supply of goods and services	53,344	56,083	57,430	59,422
Other operating expenses	2,990	3,098	3,266	3,367
<i>Total gross operating expenses</i>	<i>74,832</i>	<i>78,236</i>	<i>79,973</i>	<i>82,455</i>
Nominal superannuation interest expense	5,725	5,869	6,163	6,371
Other interest expenses	3,996	3,862	3,712	3,674
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	41,486	45,011	46,011	47,302
Subsidy expenses	7,326	7,795	8,281	8,214
Personal benefit payments in cash	80,830	86,203	92,665	99,883
Other current transfers	0	0	0	0
<i>Total current transfers</i>	<i>129,643</i>	<i>139,009</i>	<i>146,957</i>	<i>155,398</i>
Capital transfers	4,979	5,345	5,688	4,770
Total expenses	219,175	232,322	242,493	252,669
Net operating balance	12,709	10,404	13,108	15,714
Net acquisition of non-financial assets				
Purchases of non-financial assets	3,762	3,021	3,459	3,146
<i>less</i> Sales of non-financial assets	<i>184</i>	<i>255</i>	<i>143</i>	<i>72</i>
<i>less</i> Depreciation	<i>2,228</i>	<i>2,417</i>	<i>2,513</i>	<i>2,550</i>
<i>plus</i> Change in inventories	<i>680</i>	<i>129</i>	<i>344</i>	<i>338</i>
<i>plus</i> Other movements in non-financial assets	<i>259</i>	<i>0</i>	<i>67</i>	<i>124</i>
Total net acquisition of non-financial assets	2,290	478	1,215	986
Net lending/fiscal balance(a)	10,420	9,926	11,893	14,728

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

Table 15: Australian Government general government sector balance sheet

	Estimates		Projections	
	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
Assets				
Financial assets				
Cash and deposits	2,014	2,244	2,029	1,993
Advances paid	22,775	24,543	26,350	27,964
Investments, loans and placements	67,316	50,159	64,294	77,596
Other non-equity assets	26,988	20,318	20,577	21,217
Equity(a)	30,063	66,841	69,075	72,073
<i>Total financial assets</i>	<i>149,156</i>	<i>164,104</i>	<i>182,325</i>	<i>200,843</i>
Non-financial assets				
Land	6,172	6,244	6,314	6,274
Buildings	15,070	15,370	15,969	16,324
Plant, equipment and infrastructure	9,609	9,741	9,983	10,209
Inventories	5,588	5,717	6,060	6,399
Heritage and cultural assets	7,702	7,715	7,725	7,741
Other non-financial assets	3,478	3,246	3,221	3,316
<i>Total non-financial assets</i>	<i>47,619</i>	<i>48,034</i>	<i>49,273</i>	<i>50,263</i>
Total assets	196,775	212,138	231,598	251,106
Liabilities				
Deposits held	300	300	300	300
Advances received	0	0	0	0
Government securities	57,923	59,842	59,984	59,260
Loans	5,381	5,406	5,099	5,094
Other borrowing	420	390	664	625
Superannuation liability	101,300	104,741	108,314	111,928
Other employee entitlements and provisions	8,171	8,390	8,708	9,068
Other non-equity liabilities	35,213	35,673	36,539	36,835
Total liabilities	208,709	214,743	219,608	223,110
Net worth(b)	-11,934	-2,605	11,989	27,996
Net debt(c)(d)	-28,081	-11,007	-26,626	-42,274

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

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

(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.

(d) Includes the impact of the partial sale of the Government's holding in Telstra and transfer of the Government's remaining shares to the Future Fund. It is assumed that the Future Fund will increasingly be invested in equities until it reaches a portfolio equity allocation consistent with the benchmark return (excluding Telstra shares) specified in the Government's investment mandate.

Table 16: Australian Government general government sector cash flow statement^(a)

	Estimates		Projections	
	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
Cash receipts from operating activities				
Taxes received	213,360	223,528	235,599	247,778
Receipts from sales of goods and services	5,280	5,238	5,392	5,517
Grants and subsidies received	0	0	0	0
Interest receipts	3,477	3,664	3,402	4,326
Dividends	3,170	2,782	3,343	3,338
GST input credits received by general government	3,027	2,988	2,996	3,058
Other receipts	3,083	3,240	3,114	2,987
Total operating receipts	231,397	241,440	253,846	267,004
Cash payments for operating activities				
Payments for goods and services	-57,026	-59,840	-61,260	-63,313
Grants and subsidies paid	-51,638	-55,549	-56,593	-57,889
Interest paid	-3,948	-3,615	-3,560	-3,480
Personal benefit payments	-79,735	-85,287	-92,000	-99,370
Salaries, wages and other entitlements	-18,400	-18,996	-19,235	-19,693
GST payments by general government to taxation authority	-79	-81	-82	-85
Other payments for operating activities	-2,761	-2,572	-3,136	-3,153
Total operating payments	-213,586	-225,941	-235,866	-246,982
Net cash flows from operating activities	17,811	15,499	17,980	20,022
Cash flows from investments in non-financial assets				
Sales of non-financial assets	185	267	147	77
Purchases of non-financial assets	-3,967	-3,046	-2,977	-3,302
Net cash flows from investments in non-financial assets	-3,782	-2,779	-2,830	-3,226
Net cash flows from investments in financial assets for policy purposes	7,038	4,878	41	-2,048
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-20,267	-19,281	-15,069	-13,982
Net cash flows from investments in financial assets for liquidity purposes	-20,267	-19,281	-15,069	-13,982
Cash flows from financing activities				
Advances received (net)	0	0	0	0
Borrowing (net)	-943	2,186	92	-589
Deposits received (net)	-20	0	0	0
Other financing (net)	232	-273	-429	-214
Net cash flows from financing activities	-730	1,913	-337	-803
Net increase/decrease in cash held	70	230	-215	-36

Table 16: Australian Government general government sector cash flow statement^(a) (continued)

	Estimates		Projections	
	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
Net cash from operating activities and investments in non-financial assets	14,029	12,720	15,150	16,796
Finance leases and similar arrangements(b)	-33	16	-551	30
GFS cash surplus(+)/deficit(-)	13,997	12,736	14,599	16,826
less Future Fund earnings	2,169	3,075	2,755	2,829
Equals underlying cash balance(c)	11,827	9,662	11,844	13,997
plus net cash flows from investments in financial assets for policy purposes	7,038	4,878	41	-2,048
plus Future Fund earnings	2,169	3,075	2,755	2,829
Equals headline cash balance	21,035	17,614	14,640	14,778

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

	Estimates		Projections	
	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
Opening net worth	-23,122	-11,934	-2,605	11,989
Opening net worth adjustments(a)	287	0	0	0
Adjusted opening net worth	-22,835	-11,934	-2,605	11,989
Change in net worth from operating transactions	12,709	10,404	13,108	15,714
Change in net worth from other economic flows				
Revaluation of equity(b)	205	-311	1,261	1
Net writedowns of assets (including bad and doubtful debts)	-2,434	-2,201	-1,971	-2,156
Assets recognised for the first time	178	18	19	30
Liabilities recognised for the first time	0	0	0	0
Actuarial revaluations	0	0	0	0
Net foreign exchange gains	-73	0	0	0
Net swap interest received	10	-51	-46	-41
Fair Value Gains Financial Instruments	348	1,279	2,248	2,455
Other economic revaluations(c)	-42	191	-24	5
Total other economic flows	-1,808	-1,075	1,486	294
Closing net worth	-11,934	-2,605	11,989	27,996

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

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

(c) Largely reflects revaluation of assets and liabilities.