

APPENDIX B: GOVERNMENT FINANCE STATISTICS STATEMENTS

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

The tables include an operating statement, balance sheet, cash flow statement and statement of other economic flows 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 ABS GFS. This Appendix presents Australian Government data on an ABS GFS basis, as required by the *Accrual Uniform Presentation Framework*, except for the departures detailed in Attachment A (other than in relation to the treatment of goods and services tax (GST)).

The only difference between the Australian Government general government sector statements in Attachment B and this Appendix is the treatment of the GST. The tables in this Appendix show GST-related transactions as taxation revenue and payments to the states and territories as grant expenses.

As a result of the different treatments of GST-related transactions, the fiscal balance, net operating balance and net worth estimates in this Appendix 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 and territories (as GST obligations to the states and territories are on a cash basis). The underlying cash balance 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 tables in this Appendix.

Tables B5 and B6 of this Appendix provide reconciliations between key GFS aggregates and their Australian Accounting Standards counterparts.

Table B1: Australian Government general government sector operating statement — GFS

	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m
GFS revenue				
Taxation revenue	222,434	232,849	245,443	258,690
Current grants and subsidies	0	0	0	0
Sales of goods and services	4,406	4,500	4,638	4,728
Interest income	1,430	1,548	2,406	3,422
Dividend income	3,031	3,106	2,990	2,273
Other	2,631	2,642	2,628	2,632
Total GFS revenue	233,932	244,646	258,104	271,746
GFS expenses				
Gross operating expenses				
Depreciation	1,933	2,135	2,200	2,259
Superannuation	2,221	2,167	2,106	2,167
Salaries and wages	11,974	12,551	12,841	12,972
Payment for supply of goods and services	44,072	45,477	47,892	50,677
Other operating expenses	2,522	2,487	2,484	2,483
<i>Total gross operating expenses</i>	<i>62,722</i>	<i>64,816</i>	<i>67,523</i>	<i>70,558</i>
Nominal superannuation interest expense	5,304	5,275	5,391	5,710
Other interest expenses	4,180	3,854	3,791	3,796
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	72,751	75,963	78,817	82,889
Subsidy expenses	6,369	6,472	6,550	6,763
Personal benefit payments in cash	74,493	80,088	85,516	91,202
Other current transfers	0	0	0	0
<i>Total current transfers</i>	<i>153,613</i>	<i>162,523</i>	<i>170,883</i>	<i>180,854</i>
Capital transfers	3,486	3,291	3,487	3,620
Total GFS expenses	229,305	239,759	251,074	264,538
Net operating balance(a)	4,627	4,887	7,030	7,208
Net acquisition of non-financial assets				
Purchases of non-financial assets	2,900	2,732	2,547	2,288
<i>less</i> Sales of non-financial assets	<i>749</i>	<i>643</i>	<i>484</i>	<i>484</i>
<i>less</i> Depreciation	<i>1,933</i>	<i>2,135</i>	<i>2,200</i>	<i>2,259</i>
<i>plus</i> Change in inventories	<i>72</i>	<i>-69</i>	<i>21</i>	<i>4</i>
<i>plus</i> Other movements in non-financial assets	<i>24</i>	<i>168</i>	<i>-35</i>	<i>0</i>
Total net acquisition of non-financial assets	315	53	-151	-452
Net lending/fiscal balance(a)(b)	4,313	4,834	7,181	7,659

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

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

Table B2: Australian Government general government sector balance sheet — GFS

	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m
GFS assets				
Financial assets				
Cash and deposits	1,401	1,300	1,387	1,452
Advances paid	19,373	20,406	21,781	23,553
Investments, loans and placements(a)	9,440	9,331	9,241	9,195
Other non-equity assets	19,817	20,954	23,384	26,103
Equity(b)	48,734	48,645	39,706	28,426
<i>Total financial assets</i>	<i>98,765</i>	<i>100,636</i>	<i>95,497</i>	<i>88,730</i>
Non-financial assets				
Land	5,034	5,034	5,115	5,160
Buildings (excluding heritage)	14,007	14,113	14,165	14,224
Plant, equipment and infrastructure(c)	8,404	8,535	8,415	8,113
Inventories	4,904	4,835	4,856	4,860
Heritage and cultural assets(c)	6,465	6,491	6,517	6,541
Other non-financial assets	1,984	1,943	1,841	1,706
<i>Total non-financial assets</i>	<i>40,799</i>	<i>40,951</i>	<i>40,908</i>	<i>40,603</i>
Total GFS assets	139,564	141,587	136,406	129,332
GFS liabilities				
Deposits held	365	365	365	365
Advances received	0	0	0	0
Government securities(a)	43,491	38,501	21,657	4,334
Loans	5,935	5,768	5,605	5,497
Other borrowing	225	187	176	141
Superannuation liability	89,876	92,992	96,008	99,336
Other employee entitlements and provisions	8,432	8,571	8,695	8,807
Other non-equity liabilities	25,141	25,334	25,790	26,848
Total GFS liabilities	173,464	171,718	158,296	145,327
Net worth(d)(e)	-33,901	-30,130	-21,890	-15,994
Net financial worth(f)	-74,700	-71,081	-62,799	-56,597
Net debt(g)	19,803	13,783	-4,605	-23,863

(a) For 2004-05 and the forward years, transactions relating to debt management activities in assets — investments, loans and placements and liabilities — government securities have been netted. This treatment has been applied because of the uncertainty associated with the actual split between government securities and financial assets acquired for debt management purposes.

(b) Equity includes the valuation of the Telstra shareholding, which is valued at the average of the daily share price over a 90-day period, except in the sale years where the valuation is based on the Australian Government's expected sale price.

(c) Heritage and cultural assets were previously included in plant, equipment and infrastructure.

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

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

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

(g) 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 B3: Australian Government general government sector cash flow statement – GFS^(a)

	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m
Cash receipts from operating activities				
Taxes received(b)	217,785	228,576	240,772	253,688
Receipts from sales of goods and services(c)	4,386	4,504	4,628	4,724
Grants and subsidies received	0	0	0	0
Interest receipts	1,393	1,379	2,104	3,121
Dividends	3,694	3,426	2,990	2,273
GST input credits received by general government(c)	0	0	0	0
Other receipts	2,720	2,614	2,573	2,549
Total operating receipts	229,979	240,500	253,066	266,355
Cash payments for operating activities				
Payments for goods and services(c)	-44,363	-45,535	-48,027	-50,800
Grants and subsidies paid(d)	-80,802	-83,843	-87,473	-91,778
Interest paid	-3,886	-4,630	-3,909	-3,570
Personal benefit payments	-74,597	-79,910	-85,099	-90,588
Salaries, wages and other entitlements	-16,375	-16,851	-17,310	-17,507
GST payments by general government to taxation authority(c)	0	0	0	0
Other payments for operating activities	-2,525	-2,363	-2,363	-2,379
Total operating payments	-222,547	-233,132	-244,181	-256,622
Net cash flows from operating activities	7,432	7,369	8,885	9,734
Cash flows from investments in non-financial assets				
Sales of non-financial assets	808	648	489	487
Purchases of new and secondhand non-financial assets	-2,974	-2,900	-2,488	-2,287
Net cash flows from investments in non-financial assets	-2,166	-2,252	-1,999	-1,800
Net cash flows from investments in financial assets for policy purposes	-1,334	-1,471	9,470	9,325
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	10	35	63	9
Net cash flows from investments in financial assets for liquidity purposes	10	35	63	9
Cash flows from financing activities				
Advances received (net)	0	0	0	0
Borrowing (net)	-2,824	-4,130	-16,777	-17,340
Deposits received (net)	0	0	0	0
Other financing (net)	-1,308	348	444	137
Net cash flows from financing activities	-4,132	-3,782	-16,333	-17,203
Net increase/decrease in cash held	-190	-101	87	65
Net cash from operating activities and investments in non-financial assets	5,266	5,116	6,886	7,934
Finance leases and similar arrangements(e)	-8	-7	-29	-4
Equals surplus(+)/deficit(-)	5,258	5,109	6,857	7,930

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

(b) Includes GST cash receipts on an Australian Government tax basis, which are \$39 million greater in 2004-05 than GST cash receipts measured by the Australian Government on a State tax basis.

(c) GST flows are excluded from these categories.

(d) Includes GST cash payments to the states and territories.

(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 B4: Australian Government general government sector statement of other economic flows (reconciliation of net worth) — GFS

	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m
Opening net worth	-36,165	-33,901	-30,130	-21,890
Change in net worth from operating transactions	4,627	4,887	7,030	7,208
Change in net worth from other economic flows				
Revaluation of equity(a)	-788	-51	2,391	20
Net writedowns of assets (including bad and doubtful debts)(b)	-1,627	-1,710	-1,788	-1,890
Assets recognised for the first time(b)	23	25	24	23
Defence weapon platform adjustment(b)	0	0	0	0
Liabilities recognised for the first time	0	0	0	0
Actuarial revaluations	0	0	0	0
Net foreign exchange gains	2	0	0	0
Net swap interest received	186	191	183	162
Market valuation of debt	-14	358	298	237
Other economic revaluations(b)(c)	-145	71	101	137
Total other economic flows	-2,364	-1,118	1,209	-1,311
Closing net worth	-33,901	-30,130	-21,890	-15,994

(a) 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, except in the sale years where the valuation is based on the Australian Government's expected sale price. This line also reflects any equity revaluations at the point of disposal or sale.

(b) Defence weapons are treated as expenses rather than assets under the GFS framework, hence, changes in value do not contribute to net worth and are not included in other economic flows. The adjustment to remove defence weapons has now been reallocated to net write-down of assets, assets recognised for the first time and other economic revaluations.

(c) Largely reflects revaluation of assets and liabilities.

Table B5: Reconciliation of GFS and AAS revenue and expenses

	Estimates		Projections	
	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m
GFS revenue (Appendix B)	233,932	244,646	258,104	271,746
<i>less</i> GST revenue for States and Territories	36,053	38,256	40,602	43,070
GFS revenue (Attachment B)	197,879	206,390	217,502	228,676
<i>plus</i> asset revenue recognised first time	23	25	24	23
<i>plus</i> foreign exchange gains	2	0	0	0
<i>plus</i> other economic revaluations	49	20	20	20
<i>plus</i> proceeds from the sale of assets	919	746	11,857	11,855
<i>plus</i> swap interest revenue	2,210	2,308	2,177	1,833
AAS revenue (Appendix C)	201,082	209,489	231,581	242,406
GFS expenses (Appendix B)	229,305	239,759	251,074	264,538
<i>less</i> GST grants to States and Territories	35,268	37,470	39,723	42,107
<i>less</i> GST mutually agreed writedowns	61	64	67	70
GFS expenses (Attachment B)	193,976	202,225	211,284	222,361
<i>plus</i> actuarial revaluations	0	0	0	0
<i>plus</i> net writedown of assets/bad and doubtful debts	1,507	1,575	1,648	1,730
<i>plus</i> foreign exchange losses	0	0	0	0
<i>plus</i> other economic adjustments	0	0	0	0
<i>plus</i> value of assets sold	833	712	2,215	2,206
<i>plus</i> swap interest expense	2,024	2,117	1,994	1,671
<i>plus</i> defence weapons platforms depreciation	2,367	2,029	2,098	2,167
<i>less</i> defence weapons platforms investment	3,009	3,174	3,473	3,820
<i>plus</i> AusAid IDA/ADF expenses	534	0	0	296
AAS expenses (Appendix C)	198,233	205,485	215,766	226,612

Table B6: Reconciliation of AAS net operating result and fiscal balance

	Estimates		Projections	
	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m
AAS operating result before extraordinary items (Appendix C)	2,849	4,004	15,815	15,795
Net differences from revenue and expense definitions	1,778	883	-8,785	-8,587
GFS net operating balance (Appendix B)	4,627	4,887	7,030	7,208
<i>less</i> purchase of property, plant and equipment and intangibles	5,907	5,898	5,990	6,104
<i>less</i> assets acquired under finance leases	8	7	29	4
<i>less</i> other non-financial assets	83	173	-30	3
<i>less</i> increase in inventories	72	-69	21	4
<i>plus</i> defence weapons platforms investment	3,009	3,174	3,473	3,820
<i>plus</i> proceeds from sales of property, plant and equipment and intangibles	814	648	489	487
<i>plus</i> depreciation and amortisation	4,301	4,164	4,298	4,426
<i>less</i> weapons depreciation	2,367	2,029	2,098	2,167
Fiscal balance (GFS net lending) (Appendix B)(a)	4,313	4,834	7,181	7,659
<i>Impact of GST</i>	-724	-722	-812	-893
Fiscal balance (GFS net lending) (Attachment B)(a)	3,589	4,112	6,369	6,766

(a) The fiscal balance estimates in Appendix B are higher than those presented elsewhere in this document, as explained in the introduction to this Appendix.

