

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 7: Australian Government general government sector operating statement

	Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Revenue				
Taxation revenue	235,869	246,790	260,070	267,265
Current grants and subsidies	0	0	0	0
Sales of goods and services	5,191	5,322	5,452	5,567
Interest income	4,656	4,440	5,570	6,502
Dividend income	2,707	4,017	4,003	4,384
Other	3,447	3,467	3,609	3,751
Total revenue	251,871	264,035	278,703	287,469
Expenses				
Gross operating expenses				
Depreciation	2,483	2,651	2,762	2,767
Superannuation	2,675	2,724	2,805	2,945
Salaries and wages	15,122	15,005	15,430	15,830
Payment for supply of goods and services	58,111	61,784	64,930	66,881
Other operating expenses	3,314	3,537	3,678	3,882
<i>Total gross operating expenses</i>	<i>81,705</i>	<i>85,701</i>	<i>89,605</i>	<i>92,304</i>
Nominal superannuation interest expense	6,276	6,319	6,470	6,723
Other interest expenses	3,992	3,911	3,886	3,737
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	45,214	47,858	49,335	50,506
Subsidy expenses	7,317	7,552	7,836	8,148
Personal benefit payments in cash	84,500	89,795	94,957	100,934
Other current transfers	0	0	0	0
<i>Total current transfers</i>	<i>137,030</i>	<i>145,205</i>	<i>152,129</i>	<i>159,588</i>
Capital transfers	6,835	7,578	7,266	7,110
Total expenses	235,840	248,715	259,356	269,462
Net operating balance	16,031	15,320	19,347	18,007
Net acquisition of non-financial assets				
Purchases of non-financial assets	3,720	4,333	3,670	3,449
<i>less</i> Sales of non-financial assets	<i>256</i>	<i>252</i>	<i>250</i>	<i>92</i>
<i>less</i> Depreciation	<i>2,483</i>	<i>2,651</i>	<i>2,762</i>	<i>2,767</i>
<i>plus</i> Change in inventories	<i>238</i>	<i>221</i>	<i>188</i>	<i>212</i>
<i>plus</i> Other movements in non-financial assets	<i>378</i>	<i>116</i>	<i>115</i>	<i>148</i>
Total net acquisition of non-financial assets	1,597	1,766	961	950
Net lending/fiscal balance(a)	14,435	13,554	18,386	17,057

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

Table 8: Australian Government general government sector balance sheet

	Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Assets				
Financial assets				
Cash and deposits	577	592	457	791
Advances paid	25,013	26,132	27,062	28,197
Investments, loans and placements	57,039	74,542	91,902	100,089
Other non-equity assets	20,563	19,835	20,065	20,768
Equity(a)	72,191	74,229	77,567	81,154
<i>Total financial assets</i>	<i>175,382</i>	<i>195,329</i>	<i>217,052</i>	<i>230,998</i>
Non-financial assets				
Land	6,940	6,972	6,900	7,016
Buildings	16,981	18,258	19,122	20,062
Plant, equipment and infrastructure	10,932	11,085	11,049	10,785
Inventories	3,486	3,610	3,788	3,971
Heritage and cultural assets	8,245	8,258	8,280	8,294
Other non-financial assets	3,094	3,213	3,256	3,311
<i>Total non-financial assets</i>	<i>49,678</i>	<i>51,395</i>	<i>52,395</i>	<i>53,438</i>
Total assets	225,060	246,723	269,447	284,436
Liabilities				
Deposits held	263	263	263	263
Advances received	0	0	0	0
Government securities	59,288	59,469	58,917	50,947
Loans	7,085	6,801	6,556	6,610
Other borrowing	365	824	784	741
Superannuation liability	106,879	110,654	114,379	118,158
Other employee entitlements and provisions	8,479	8,829	9,204	9,645
Other non-equity liabilities	25,927	26,270	26,408	26,949
Total liabilities	208,286	213,110	216,510	213,313
Net worth(b)	16,774	33,614	52,937	71,123
Net debt(c)(d)	-15,628	-33,908	-52,901	-70,516

(a) Equity includes share 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 borrowings, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

(d) Includes the impact of the sale of the Government's holding in Telstra. The net debt estimate in 2007-08 assumes that the Future Fund will be increasingly invested in equities, which are not included in the calculation of net debt.

Table 9: Australian Government general government sector cash flow statement^(a)

	Estimates		Projections	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Cash receipts from operating activities				
Taxes received	231,816	242,287	255,418	262,536
Receipts from sales of goods and services	5,446	5,593	5,701	5,813
Grants and subsidies received	0	0	0	0
Interest receipts	4,476	4,158	5,279	6,205
Dividends	2,692	4,017	3,983	4,434
GST input credits received by general government	3,957	3,926	3,889	3,882
Other receipts	3,146	3,352	3,505	3,650
Total operating receipts	251,533	263,334	277,774	286,520
Cash payments for operating activities				
Payments for goods and services	-62,126	-65,667	-68,772	-70,845
Grants and subsidies paid	-56,952	-59,400	-61,951	-63,527
Interest paid	-3,646	-3,594	-3,472	-4,472
Personal benefit payments	-83,994	-89,530	-94,803	-100,636
Salaries, wages and other entitlements	-20,074	-20,222	-20,888	-21,663
GST payments by general government to taxation authority	-74	-73	-73	-73
Other payments for operating activities	-3,272	-3,517	-3,577	-3,682
Total operating payments	-230,138	-242,003	-253,535	-264,897
Net cash flows from operating activities	21,395	21,331	24,239	21,622
Cash flows from investments in non-financial assets				
Sales of non-financial assets	301	258	254	88
Purchases of non-financial assets	-3,943	-3,702	-3,568	-3,371
Net cash flows from investments in non-financial assets	-3,642	-3,443	-3,313	-3,283
Net cash flows from investments in financial assets for policy purposes	4,550	891	-1,806	-2,008
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-24,884	-18,415	-18,010	-8,773
Net cash flows from investments in financial assets for liquidity purposes	-24,884	-18,415	-18,010	-8,773
Cash flows from financing activities				
Advances received (net)	0	0	0	0
Borrowing (net)	2,542	167	-699	-6,995
Deposits received (net)	0	0	0	0
Other financing (net)	-540	-516	-546	-229
Net cash flows from financing activities	2,002	-349	-1,245	-7,224
Net increase/decrease in cash held	-579	15	-135	334

Table 9: Australian Government general government sector cash flow statement^(a) (continued)

	Estimates		Projections	
	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m
Net cash from operating activities and investments in non-financial assets	17,753	17,887	20,926	18,339
Finance leases and similar arrangements(b)	-4	-502	-6	0
GFS cash surplus(+)/deficit(-)	17,749	17,386	20,920	18,338
less Future Fund earnings	3,382	3,066	3,210	3,317
Equals underlying cash balance(c)	14,367	14,319	17,711	15,021
plus net cash flows from investments in financial assets for policy purposes	4,550	891	-1,806	-2,008
plus Future Fund earnings	3,382	3,066	3,210	3,317
Equals headline cash balance	22,299	18,277	19,114	16,331

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

	Estimates		Projections	
	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m
Opening net worth	-6,068	16,774	33,614	52,937
Opening net worth adjustments(a)	8,291	0	0	0
Adjusted opening net worth	2,223	16,774	33,614	52,937
Change in net worth from operating transactions	16,031	15,320	19,347	18,007
Change in net worth from other economic flows				
Revaluation of equity(b)	608	3,866	2,627	2,917
Net writedowns of assets (including bad and doubtful debts)	-2,020	-1,833	-2,060	-2,144
Assets recognised for the first time	7	4	19	12
Liabilities recognised for the first time	0	0	0	0
Actuarial revaluations	0	0	0	0
Net foreign exchange gains	0	0	0	0
Net swap interest received	-113	-127	-109	-99
Market valuation of debt	-381	152	117	125
Other economic revaluations(c)	419	-543	-619	-632
Total other economic flows	-1,480	1,519	-24	179
Closing net worth	16,774	33,614	52,937	71,123

(a) Adjustment to net worth arising mainly from a change in accounting policy for education grants. For further details refer to the 2007-08 MYEFO.

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

(c) Largely reflects revaluation of assets and liabilities.