

FINAL BUDGET OUTCOME

2011-12

CIRCULATED BY

THE HONOURABLE WAYNE SWAN MP

DEPUTY PRIME MINISTER AND TREASURER
OF THE COMMONWEALTH OF AUSTRALIA

AND

SENATOR THE HONOURABLE PENNY WONG

MINISTER FOR FINANCE AND DEREGULATION
OF THE COMMONWEALTH OF AUSTRALIA

FOR THE INFORMATION OF HONOURABLE MEMBERS

© Commonwealth of Australia 2012

ISBN 978-0-642-74834-8

This publication is available for your use under a Creative Commons BY Attribution 3.0 Australia licence, with the exception of the Commonwealth Coat of Arms, third party content and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Treasury material under a Creative Commons BY Attribution 3.0 Australia licence requires you to attribute the work (but not in any way that suggests that the Treasury endorses you or your use of the work).

Treasury material used 'as supplied'

Provided you have not modified or transformed Treasury material in any way including, for example, by changing the Treasury text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Treasury statistics – then Treasury prefers the following attribution:

Source: *The Treasury*

Derivative material

If you have modified or transformed Treasury material, or derived new material from those of the Treasury in any way, then Treasury prefers the following attribution:

Based on Treasury data

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the It's an Honour website (see www.itsanhonour.gov.au)

Other Uses

Inquiries regarding this licence and any other use of this document are welcome at:

Manager
Communications
The Treasury
Langton Crescent Parkes ACT 2600
Email: medialiasion@treasury.gov.au

Internet

A copy of this document is available on the central Budget website at: www.budget.gov.au.

Printed by CanPrint Communications Pty Ltd

Purchasing copies

Over the counter at:

16 Nyrang Street, Fyshwick ACT

CanPrint Telesales:

Toll Free 1300 889 873

(Operator service available between 8 am and 5 pm AEST weekdays.

Message facility available for after hours calls.)

CanPrint Mail Order Sales:

PO Box 7456

Canberra ACT 2610

By email at:

Sales@infoservices.com.au

Printed by CanPrint Communications Pty Ltd

FOREWORD

The *Final Budget Outcome 2011-12* has been prepared in a manner consistent with the *Charter of Budget Honesty Act 1998* (the Charter). The Charter requires that, inter alia, the Government provide a final budget outcome report no later than three months after the end of the financial year. Consistent with these requirements, this report encompasses Australian Government general government sector fiscal outcomes for the 2011-12 financial year and is based on external reporting standards.

- **Part 1** provides the general government sector budget aggregates for 2011-12 together with an analysis of the 2011-12 Final Budget Outcome. This includes summary analysis of cash flows, revenue, expenses, net capital investment and the balance sheet (net debt, net financial worth and net worth).
- **Part 2** presents the Australian Government financial statements for 2011-12 with the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) as the basis for accounting policy, except for where the Government has decided to depart because Australian Accounting Standards provide a better conceptual treatment for presenting information of relevance to users of public sector financial reports. This data covers the general government sector as well as the Australian Government public corporations sectors.
- **Part 3** provides details for 2011-12 on Australia's Federal Relations, updated from that contained in the 2012-13 Budget Paper No. 3, *Australia's Federal Relations*.

Appendix A contains expenses data on a functional and sub-functional basis. Historical fiscal data are presented in **Appendix B**.

CONTENTS

FOREWORD	v
PART 1: AUSTRALIAN GOVERNMENT BUDGET OUTCOME	1
Overview	1
Underlying cash balance.....	2
Receipts	3
Payments	6
Fiscal balance	7
Revenue	7
Expenses and net capital investment	9
Net debt, net financial worth and net worth.....	12
PART 2: AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS	15
Australian Government Financial Statements.....	16
Financial reporting standards and budget concepts	45
Australian Loan Council Allocation.....	60
PART 3: AUSTRALIA'S FEDERAL RELATIONS	63
Overview of payments to the States	63
Payments for specific purposes	64
General revenue assistance	68
Payments to the States	73
APPENDIX A: EXPENSES BY FUNCTION AND SUB-FUNCTION	93
APPENDIX B: HISTORICAL AUSTRALIAN GOVERNMENT DATA	97

List of tables

Part 1

Table 1: Australian Government general government sector budget aggregates	2
Table 2: Summary of Australian Government general government sector cash flows	3
Table 3: Australian Government general government sector (cash) receipts	5
Table 4: Australian Government general government sector (accrual) revenue	8
Table 5: Australian Government general government sector expenses by function	10
Table 6: Australian Government general government sector net capital investment by function	11
Table 7: Australian Government general government sector net worth, net financial worth, net debt and net interest payments	13

Part 2

Table 8: Australian Government general government sector operating statement	16
Table 9: Australian Government general government sector balance sheet	17
Table 10: Australian Government general government sector cash flow statement	18
Table 11: Australian Government public non-financial corporations sector operating statement	20
Table 12: Australian Government public non-financial corporations sector balance sheet.....	21
Table 13: Australian Government public non-financial corporations sector cash flow statement	22
Table 14: Australian Government total non-financial public sector operating statement	23
Table 15: Australian Government total non-financial public sector balance sheet	24
Table 16: Australian Government total non-financial public sector cash flow statement	25
Table 17: Australian Government public financial corporations sector operating statement	26
Table 18: Australian Government public financial corporations sector balance sheet.....	27

Table 19: Australian Government public financial corporations sector cash flow statement.....	28
Table 20: Australian Government general government sector purchases of non-financial assets by function.....	29
Table 21: Entities within the sectoral classifications.....	52
Table 22: Major differences between AAS and ABS GFS.....	58
Table 23: Australian Government Loan Council Allocation	61

Part 3

Table 24: Commonwealth payments to the States.....	63
Table 25: Total payments for specific purposes by category	66
Table 26: Total payments for specific purposes by sector	66
Table 27: Total payments for specific purposes by sector and category	67
Table 28: NDRRA cash payments.....	68
Table 29: General revenue assistance	68
Table 30: GST revenue and GST entitlement to the States.....	69
Table 31: GST entitlement and GST advances to the States.....	69
Table 32: GST relativities	70
Table 33: Calculation of the 2011-12 GST entitlement.....	71
Table 34: Summary of advances made in 2011-12 and distribution of following year adjustment across States	71
Table 35: GST administration	71
Table 36: Payments for specific purposes to support state health services.....	74
Table 37: Payments for specific purposes to support state education services.....	78
Table 38: Payments for specific purposes to support skills services	80
Table 39: Payments for specific purposes to support community services.....	81
Table 40: Payments for specific purposes to support affordable housing services.....	82
Table 41: Payments for specific purposes to support state infrastructure services.....	83
Table 42: Payments for specific purposes to support state environment services.....	85
Table 43: Contingent payments to the States	87
Table 44: Payments to support other state services	88
Table 45: General revenue assistance payments to the States and Territories.....	89

Contents

Table 46: Other financial flows — estimated advances, repayment of advances and interest payments..... 90

Table 47: Total payments to the States by GFS function 92

Appendix A

Table A1: Australian Government general government sector expenses by function and sub-function..... 93

Appendix B

Table B1: Australian Government general government sector receipts, payments and underlying cash balance 100

Table B2: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts 101

Table B3: Australian Government general government sector net debt and net interest payments 102

Table B4: Australian Government general government sector revenue, expenses, net capital investment and fiscal balance 103

Table B5: Australian Government general government sector net worth and net financial worth..... 104

Table B6: Australian Government general government sector accrual taxation revenue, non-taxation revenue and total revenue 105

Table B7: Australian Government cash receipts, payments and surplus by institutional sector 106

Table B8: Australian Government accrual revenue, expenses and fiscal balance by institutional sector..... 107

Notes

(a) The following definitions are used in this Budget Paper:

- ‘real’ means adjusted for the effect of inflation;
- real growth in expenses and payments is calculated using the Consumer Price Index (CPI) as the deflator; and
- one billion is equal to one thousand million.

(b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding:

- estimates under \$100,000 are rounded to the nearest thousand;
- estimates \$100,000 and over are generally rounded to the nearest tenth of a million;
- estimates midway between rounding points are rounded up; and
- the percentage changes in statistical tables are calculated using unrounded data.

(c) For the budget balance, a negative sign indicates a deficit while no sign indicates a surplus.

(d) The following notations are used:

-	nil
na	not applicable (unless otherwise specified)
\$m	millions of dollars
\$b	billions of dollars
nfp	not for publication
(e)	estimates (unless otherwise specified)
(p)	projections (unless otherwise specified)
NEC/nec	not elsewhere classified

(e) The Australian Capital Territory and the Northern Territory are referred to as 'the Territories'. References to the 'States' or 'each State' include the Territories. The following abbreviations are used for the names of the States, where appropriate:

NSW	New South Wales
VIC	Victoria
QLD	Queensland
WA	Western Australia
SA	South Australia
TAS	Tasmania
ACT	Australian Capital Territory
NT	Northern Territory

(f) In this paper the term Commonwealth refers to the Commonwealth of Australia. The term is used when referring to the legal entity of the Commonwealth of Australia.

The term Australian Government is used when referring to the Government and the decisions and activities made by the Government on behalf of the Commonwealth of Australia.

PART 1: AUSTRALIAN GOVERNMENT BUDGET OUTCOME

OVERVIEW

In 2011-12, the Australian Government general government sector recorded an underlying cash deficit of \$43.7 billion (3.0 per cent of gross domestic product (GDP)). The fiscal balance was in deficit by \$44.5 billion (3.0 per cent of GDP).

In cash terms, the Final Budget Outcome for 2011-12 was a \$661 million improvement compared with the underlying cash deficit estimated at the 2012-13 Budget, with total cash receipts (excluding Future Fund earnings) \$356 million higher than expected and total cash payments \$305 million lower than expected.

Tax receipts are recovering from their post-financial crisis lows, but still remain low as a proportion of GDP by historical standards, with accumulated losses continuing to flow through the tax system. Tax receipts in 2011-12 were around \$26 billion (7.8 per cent) below the level that was forecast in the 2008-09 Budget before the crisis. The tax-to-GDP ratio is expected to continue to recover through 2012-13, while remaining well below the pre-crisis projection.

Tax receipts for 2011-12 were broadly in line with the forecast at the 2012-13 Budget, with total tax receipts around \$290 million (0.1 per cent) higher than forecast.

Australian Government general government sector net debt was \$147.3 billion (10.0 per cent of GDP), which was \$4.8 billion higher than estimated at the time of the 2012-13 Budget. The change was primarily driven by the higher-than-expected market value of Commonwealth Government Securities (CGS), owing to lower than expected yields. Australian Government general government sector net financial worth was -\$358.3 billion at the end of 2011-12. Net worth was -\$247.2 billion at the end of 2011-12.

Table 1: Australian Government general government sector budget aggregates

	2010-11 Outcome	2011-12 Estimate at 2012-13 Budget	2011-12 Outcome
	\$b	\$b	\$b
Receipts(a)	302.0	330.0	329.9
Per cent of GDP	21.6	22.3	22.5
Payments(b)	346.1	371.3	371.0
Per cent of GDP	24.7	25.1	25.3
Future Fund earnings	3.7	3.0	2.6
Underlying cash balance(c)	-47.7	-44.4	-43.7
Per cent of GDP	-3.4	-3.0	-3.0
Revenue(a)	309.9	336.4	338.1
Per cent of GDP	22.1	22.8	23.0
Expenses	356.1	373.7	377.7
Per cent of GDP	25.5	25.3	25.7
Net operating balance	-46.2	-37.3	-39.6
Net capital investment	5.3	4.7	4.9
Fiscal balance	-51.5	-42.0	-44.5
Per cent of GDP	-3.7	-2.8	-3.0
<i>Memorandum item:</i>			
Headline cash balance	-51.1	-48.4	-47.0

(a) Includes Future Fund earnings.

(b) Equivalent to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(c) Excludes Future Fund earnings.

UNDERLYING CASH BALANCE

The 2011-12 underlying cash deficit was \$43.7 billion, an improvement of \$661 million compared with the estimate at the 2012-13 Budget. This was the result of higher cash receipts (excluding Future Fund earnings) of \$356 million and lower cash payments of \$305 million.

Table 2: Summary of Australian Government general government sector cash flows

	2011-12 Estimate at 2012-13 Budget \$b	2011-12 Outcome \$b
Cash receipts		
Operating cash receipts excluding Future Fund earnings	326.3	326.8
Future Fund earnings	3.0	2.6
<i>Total operating receipts</i>	329.4	329.4
Capital cash receipts(a)	0.6	0.5
Total cash receipts	330.0	329.9
Cash payments		
Operating cash payments	360.3	360.5
Capital cash payments(b)	10.9	10.5
Total cash payments	371.2	371.0
Finance leases and similar arrangements(c)	0.1	0.0
GFS cash surplus(+)/deficit(-)	-41.4	-41.2
Per cent of GDP	-2.8	-2.8
<i>less</i> Future Fund earnings	3.0	2.6
Underlying cash balance(d)	-44.4	-43.7
Per cent of GDP	-3.0	-3.0
<i>Memorandum items:</i>		
Net cash flows from investments in financial assets for policy purposes	-7.0	-5.9
<i>plus</i> Future Fund earnings	3.0	2.6
Headline cash balance	-48.4	-47.0

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

(b) Equivalent to cash payments for purchases of non-financial assets in the cash flow statement.

(c) 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.

(d) Excludes Future Fund earnings.

RECEIPTS

Total cash receipts (excluding Future Fund earnings) were \$327.3 billion in 2011-12, \$356 million higher than estimated in the 2012-13 Budget.

Tax receipts for 2011-12 were \$309.9 billion, \$290 million (0.1 per cent) higher than estimated in the 2012-13 Budget. Excluding GST, tax receipts were around \$158 million higher than expected in the 2012-13 Budget.

While tax receipts were broadly in line with the Budget estimate, there were some compositional differences. Consistent with the continued strength in the labour market, tax receipts where the outcome was above expectations compared with the 2012-13 Budget related to:

- higher than expected income tax withholding of \$570 million (0.4 per cent);

- higher than expected fringe benefits tax of \$251 million (7.2 per cent); and
- higher than expected superannuation funds taxation of \$332 million (4.6 per cent) including a one-off payment relating to a previous income year.

In addition, receipts from GST were \$132 million (0.3 per cent) above the estimate in the 2012-13 Budget.

These higher than expected tax receipts outlined above were largely offset by:

- a shortfall in company tax receipts of \$876 million (1.3 per cent) below the estimate in the 2012-13 Budget, primarily reflecting weaker than expected taxable income of companies; and
- lower than expected excise and customs duty tax receipts of around \$149 million (0.5 per cent) below the 2012-13 Budget estimate, mainly reflecting weaker than expected tobacco collections.

Non-tax receipts (excluding Future Fund earnings) were \$17.3 billion in 2011-12, broadly in line with the estimate in the 2012-13 Budget.

Future Fund earnings were \$2.6 billion; \$457 million lower than expected in the 2012-13 Budget. These earnings were below expectations as a result of the timing of dividend and interest receipts which will be received in 2012-13. This variance has no impact on the underlying cash balance as Future Fund earnings are excluded from the calculation of the underlying cash balance.

Table 3: Australian Government general government sector (cash) receipts

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m	Change on 2012-13 Budget \$m
Individuals' and other withholding taxes			
Gross income tax withholding	142,200	142,770	570
Gross other individuals	31,300	31,141	-159
<i>less: Refunds</i>	25,600	25,537	-63
Total individuals' and other withholding taxation	147,900	148,373	473
Fringe benefits tax	3,480	3,731	251
Company tax	67,460	66,584	-876
Superannuation funds	7,230	7,562	332
Petroleum resource rent tax	1,510	1,463	-47
Income taxation receipts	227,580	227,714	134
Sales taxes			
Goods and services tax	45,729	45,861	132
Wine equalisation tax	720	708	-12
Luxury car tax	440	435	-5
Total sales taxes	46,889	47,004	115
Excise duty			
Petrol	6,000	6,036	36
Diesel	8,200	8,231	31
Beer	1,960	1,938	-22
Tobacco	5,790	5,449	-341
Other excisable products	3,830	3,891	61
Of which: Other excisable beverages(a)	930	909	-21
Total excise duty receipts	25,780	25,545	-235
Customs duty			
Textiles, clothing and footwear	650	655	5
Passenger motor vehicles	850	805	-45
Excise-like goods	4,210	4,307	97
Other imports	1,400	1,440	40
<i>less: Refunds and drawbacks</i>	200	212	12
Total customs duty receipts	6,910	6,996	86
Other indirect taxation			
Agricultural levies	437	421	-16
Other taxes	2,057	2,263	206
Total other indirect taxation receipts	2,494	2,684	190
Indirect taxation receipts	82,073	82,229	156
Taxation receipts	309,653	309,943	290
Sales of goods and services	8,040	7,778	-262
Interest received	4,343	4,267	-77
Dividends	2,222	1,789	-433
Other non-taxation receipts	5,718	6,098	380
Non-taxation receipts(b)	20,323	19,931	-392
Total receipts(b)	329,976	329,874	-101
<i>Memorandum:</i>			
<i>Medicare levy receipts</i>	9,090	9,119	29

(a) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(b) Includes Future Fund earnings.

PAYMENTS

Total cash payments were \$371.0 billion in 2011-12, \$305 million lower than estimated in the 2012-13 Budget. The reduction in payments was largely a result of lower than forecast payments for:

- a range of Industry Development and Investment and Innovative Industry programs (\$266 million), with lower than expected demand for assistance, combined with slower than expected contracted payments for the Automotive Transformation Scheme;
- a range of health programs (\$264 million), primarily reflecting lower than anticipated demand and costs for a range of programs including residential aged care, rural workforce programs and pharmaceutical related programs;
- Income Support for Seniors (\$229 million), largely reflecting lower than projected recipient numbers and a change in the composition of income support recipients leading to a lower than expected average payment rate;
- Department of Defence support for overseas operations (\$181 million), reflecting lower than expected costs relating to suppliers, freight, strategic lift, catering contracts and additional facilities;
- capital payments by the Department of Foreign Affairs and Trade (\$145 million), with the largest component attributable to delays in finalising the purchasing of land overseas for a chancery relocation; and
- a range of grant programs administered by the Department of Resources, Energy and Tourism, including the Clean Energy Initiative programs (\$121 million). The lower grant payments largely reflect delays in grant recipients meeting contract milestones.

These decreases in cash payments were largely offset by the provision for underspends included in the Contingency Reserve in the 2012-13 Budget, and higher than forecast payments relating to:

- Tertiary Student Assistance (\$196 million) reflecting an increased overall average payment rate for Youth Allowance than was estimated in the 2012-13 Budget. This is largely explained by a greater number of higher education recipients than expected; and
- the Government's payment to the New South Wales Office of State Revenue in full and final payment in settlement of a disputed stamp duty assessment issued under the *Duties Act 1997* (NSW) following the Commonwealth's sale of the Sydney Airport.

FISCAL BALANCE

The 2011-12 fiscal balance deficit was \$44.5 billion, a \$2.5 billion deterioration on the deficit of \$42.0 billion estimated in the 2012-13 Budget. The cash receipt and payment variations outlined previously have a similar impact on revenue and expenses since fiscal and cash variances are typically driven by the same factors. However, the deterioration in the fiscal balance of \$2.5 billion, compared with the improvement in the underlying cash balance of \$661 million, is the result of revenue and expense variations that do not have a corresponding cash impact in 2011-12 as outlined below.

REVENUE

Total revenue was \$338.1 billion in 2011-12, \$1.7 billion higher than estimated in the 2012-13 Budget.

Accrual taxation revenue was \$316.8 billion in 2011-12, \$325 million above the estimate in the 2012-13 Budget, which is in line with the variation in cash receipts.

Total non-tax revenue was \$21.3 billion in 2011-12, \$1.4 billion higher than estimated in the 2012-13 Budget. Non-tax receipts (excluding Future Fund earnings) were \$17.3 billion, in line with estimates in the Budget. The largest component of the difference in outcomes between non-tax revenue and non-tax receipts (excluding Future Fund earnings) is the change in the accounting recognition of dividends from:

- the Reserve Bank of Australia, a \$500 million dividend has been recognised in 2011-12 instead of 2012-13, based on advice from the Australian National Audit Office; and
- the Australian Reinsurance Pool Corporation, reflecting a change to the timing of accrual revenue at Budget, with the full amount of \$400 million being recorded in 2011-12 instead of over the forward estimates.

Table 4: Australian Government general government sector (accrual) revenue

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m	Change on 2012-13 Budget \$m
Individuals' and other withholding taxes			
Gross income tax withholding	143,220	143,978	758
Gross other individuals	33,610	32,992	-618
<i>less:</i> Refunds	25,600	25,537	-63
Total individuals' and other withholding taxation	151,230	151,433	203
Fringe benefits tax	3,540	3,964	424
Company tax	67,950	66,726	-1,225
Superannuation funds	7,390	7,852	462
Petroleum resource rent tax	1,840	1,293	-547
Income taxation revenue	231,950	231,268	-683
Sales taxes			
Goods and services tax	47,790	48,849	1,059
Wine equalisation tax	730	716	-14
Luxury car tax	440	440	0
Total sales taxes	48,960	50,004	1,044
Excise duty			
Petrol	6,080	6,016	-64
Diesel	8,200	8,203	3
Beer	1,960	1,932	-28
Tobacco	5,790	5,449	-341
Other excisable products	3,830	3,881	51
Of which: Other excisable beverages(a)	930	906	-24
Total excise duty revenue	25,860	25,480	-380
Customs duty			
Textiles, clothing and footwear	650	655	5
Passenger motor vehicles	850	903	53
Excise-like goods	4,210	4,307	97
Other imports	1,410	1,441	31
<i>less:</i> Refunds and drawbacks	180	202	22
Total customs duty revenue	6,940	7,105	165
Other indirect taxation			
Agricultural levies	437	421	-16
Other taxes	2,307	2,501	194
Total other indirect taxation revenue	2,744	2,922	178
Indirect taxation revenue	84,504	85,511	1,007
Taxation revenue	316,454	316,779	325
Sales of goods and services	8,256	8,106	-150
Interest	4,703	4,617	-86
Dividends	1,669	2,662	992
Other non-taxation revenue	5,336	5,945	609
Non-taxation revenue(b)	19,964	21,330	1,366
Total revenue(b)	336,418	338,109	1,691
<i>Memorandum:</i>			
<i>Medicare levy revenue</i>	9,090	9,119	29

(a) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(b) Includes Future Fund earnings.

EXPENSES AND NET CAPITAL INVESTMENT

Total expenses were \$377.7 billion in 2011-12, \$4.1 billion higher than estimated at the 2012-13 Budget. Total net capital investment was \$4.9 billion, \$102 million higher than estimated at the 2012-13 Budget.

The difference between the higher than estimated outcome for expenses and net capital investment of \$4.2 billion and the lower than estimated outcome for cash payments of \$305 million includes:

- increased estimates for the Natural Disaster Relief and Recovery Arrangements (NDRRA) program (\$701 million), reflecting updated information on the disasters that occurred in the summer of 2012, leading to an increase in the estimates for those disasters compared with the 2012-13 Budget estimates. The total expense is recorded in the year in which the disaster occurs, rather than when the State or Territory lodges a claim for reimbursement from the Commonwealth;
- the Department of Veterans' Affairs (\$569 million), largely as a result of increases to the military workers compensation provision for future claims under the *Military Rehabilitation and Compensation Act 2004* and the *Safety, Rehabilitation and Compensation Act 1988*, reflecting revised actuarial calculations;
- increases in personal benefits and grants payable for a number of Health programs (\$549 million), largely reflecting a higher than forecast number of policy prepayments by Private Health Insurance customers and higher than expected claims for Medicare services;
- the provision of GST to the States and Territories, reflecting higher than estimated GST collections (\$440 million)¹;
- an increase in the provision for workers compensation and asbestos related disease claims by Comcare (\$333 million), reflecting revised actuarial calculations undertaken for the 2011-12 financial statements; and
- increased accrued expenses relating to higher supplier expenditure incurred in detention centre management, detainees and refugee settlement areas, primarily as a result of the increase in irregular maritime arrivals (\$208 million).

1 There will be differences in the amount of GST received and GST paid to States and Territories reflecting timing of payments between financial years (see Part 3, Table 30).

Table 5: Australian Government general government sector expenses by function

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
General public services		
Legislative and executive affairs	1,010	1,003
Financial and fiscal affairs	7,663	7,982
Foreign affairs and economic aid	5,798	5,878
General research	2,789	2,764
General services	841	1,432
Government superannuation benefits	3,843	4,094
Defence	21,656	21,692
Public order and safety	4,072	3,999
Education	29,259	29,050
Health	61,168	62,012
Social security and welfare	126,879	126,747
Housing and community amenities	6,238	6,180
Recreation and culture	3,705	3,809
Fuel and energy	6,633	6,464
Agriculture, forestry and fishing	3,255	2,953
Mining, manufacturing and construction	2,114	2,245
Transport and communication	9,178	9,129
Other economic affairs		
Tourism and area promotion	171	177
Total labour and employment affairs	4,765	4,783
Immigration	2,475	2,740
Other economic affairs nec	2,347	2,354
Other purposes		
Public debt interest	11,510	11,421
Nominal superannuation interest	7,358	7,376
General purpose inter-governmental transactions	49,555	49,940
Natural disaster relief	815	1,516
Contingency reserve	-1,426	0
Total expenses	373,671	377,739

Table 6: Australian Government general government sector net capital investment by function

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
General public services	468	191
Defence	2,408	2,741
Public order and safety	220	262
Education	7	-2
Health	280	163
Social security and welfare	103	253
Housing and community amenities	182	187
Recreation and culture	71	41
Fuel and energy	11	6
Agriculture, forestry and fishing	596	678
Mining, manufacturing and construction	18	0
Transport and communication	36	25
Other economic affairs	146	305
Other purposes	203	0
Total net capital investment	4,749	4,850

NET DEBT, NET FINANCIAL WORTH AND NET WORTH

At the end of 2011-12, the level of Australian Government net debt was \$147.3 billion (10.0 per cent of GDP), \$4.8 billion higher than estimated at the time of the 2012-13 Budget.

Despite lower-than-expected debt issuance in 2011-12, the increase in net debt since the Budget was primarily driven by an increase in the market value of the existing stock of Commonwealth Government Securities (CGS) on issue, owing to lower yields. CGS are reported in the general government sector balance sheet in market value terms, consistent with the Australian Accounting Standards. The lower yields experienced after the Budget have resulted in an increase in the market value of CGS outstanding while the face value has not been affected.

- Net financial worth was -\$358.3 billion at the end of 2011-12, compared with -\$251.3 billion estimated at the 2012-13 Budget.
- Net worth was -\$247.2 billion at the end of 2011-12, compared with -\$141.8 billion estimated at the 2012-13 Budget.

The change in the market value of CGS described above also impacts on net financial worth and net worth. In addition to this, changes to net financial worth and net worth after the Budget reflect a significant increase in the Government's superannuation liability. This is the result of a large difference between the long-term discount rate used in the Budget (6.0 per cent per annum) and the actual bond rate as at 30 June 2012 (3.1 per cent per annum) used to value the superannuation liability. The use of two different rates is the usual practice, applied in previous budgets and final budget outcomes, and reduces the volatility in reported liabilities for budget reporting purposes.

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

	2011-12 Estimate at 2012-13 Budget \$b	2011-12 Outcome \$b
Financial assets	216.3	221.3
Non-financial assets	109.5	111.1
Total assets	325.8	332.4
Total liabilities	467.6	579.6
Net worth	-141.8	-247.2
Net financial worth(a)	-251.3	-358.3
Per cent of GDP	-17.0	-24.4
Net debt(b)	142.5	147.3
Per cent of GDP	9.6	10.0
Net interest payments	6.5	6.6
Per cent of GDP	0.4	0.4

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

PART 2: AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

The financial statements consist of an operating statement, including other economic flows, a balance sheet, and a cash flow statement for the Australian Government general government sector (GGS), the public non-financial corporations (PNFC) sector, the total non-financial public sector (NFPS) and the public financial corporations (PFC) sector. This part also contains notes showing disaggregated information for the GGS.

The *Charter of Budget Honesty Act 1998* (the Charter) requires the final budget outcome be based on external reporting standards and for departures from these standards to be disclosed.

The Government has produced a single set of financial statements that comply with both the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) and Australian Accounting Standards (AAS), meeting the requirement of the Charter, with departures disclosed. The financial statements for the *Final Budget Outcome 2011-12* have been prepared on a basis consistent with the 2012-13 Budget. This enables comparison of the 2011-12 revised estimates published at the 2012-13 Budget and the outcome. The statements reflect the Government's accounting policy that ABS GFS remains the basis of budget accounting policy, except where the Government applies AAS because it provides a better conceptual basis for presenting information of relevance to users of public sector financial reports.

The Australian, State and Territory governments have an agreed framework – the Accrual Uniform Presentation Framework (UPF) – for the presentation of government financial information on a basis broadly consistent with the Australian Accounting Standards Board standard AASB 1049. The financial statements are consistent with the requirements of the UPF.

In accordance with the UPF requirements, this part also contains an update of the Australian Government's Loan Council Allocation.

AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

Table 8: Australian Government general government sector operating statement

		2011-12 Estimate at 2012-13 Budget	Month of June 2012(e)	2011-12 Outcome
	Note	\$m	\$m	\$m
Revenue				
Taxation revenue	3	316,454	19,286	316,779
Sales of goods and services	4	8,256	566	8,106
Interest income	5	4,703	529	4,617
Dividend income	5	1,669	1,101	2,662
Other	6	5,336	767	5,945
Total revenue		336,418	22,249	338,109
Expenses				
Gross operating expenses				
Wages and salaries(a)	7	18,814	1,526	18,192
Superannuation	7	4,316	419	4,563
Depreciation and amortisation	8	6,003	605	5,845
Supply of goods and services	9	69,984	7,601	72,234
Other operating expenses(a)	7	5,750	1,514	6,516
<i>Total gross operating expenses</i>		<i>104,867</i>	<i>11,665</i>	<i>107,350</i>
Superannuation interest expense	7	7,358	639	7,376
Interest expenses	10	13,009	1,464	13,480
Current transfers				
Current grants	11	110,686	16,708	111,075
Subsidy expenses		10,121	1,210	10,020
Personal benefits	12	112,450	11,676	112,907
<i>Total current transfers</i>		<i>233,258</i>	<i>29,594</i>	<i>234,002</i>
Capital transfers				
Mutually agreed write-downs	11	2,139	204	2,034
Other capital grants		13,040	2,389	13,497
<i>Total capital transfers</i>		<i>15,179</i>	<i>2,593</i>	<i>15,531</i>
Total expenses		373,671	45,954	377,739
Net operating balance		-37,253	-23,705	-39,630
Other economic flows				
Gain/loss on equity and on sale of assets(b)		-308	-2,483	-933
Net write-downs of assets (including bad and doubtful debts)		-4,822	-2,316	-6,638
Assets recognised for the first time		507	169	639
Actuarial revaluations		-6,087	-87,533	-87,533
Net foreign exchange gains		70	2,704	1,000
Net swap interest received		67	-72	-29
Market valuation of debt		-15,396	2,505	-20,494
Other economic revaluations(c)		399	2,581	1,797
Total other economic flows		-25,571	-84,444	-112,191
Comprehensive result - Total change in net worth	13	-62,823	-108,148	-151,822
Net operating balance		-37,253	-23,705	-39,630
Net acquisition of non-financial assets				
Purchases of non-financial assets		10,304	2,583	10,328
less Sales of non-financial assets		589	287	505
less Depreciation		6,003	605	5,845
plus Change in inventories		604	245	900
plus Other movements in non-financial assets		433	-95	-28
Total net acquisition of non-financial assets		4,749	1,840	4,850
Fiscal balance (Net lending/borrowing)(d)		-42,002	-25,545	-44,481

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) Reflects changes in the market valuation of investments and any revaluations at the point of disposal or sale.

(c) Largely reflects other revaluation of assets and liabilities.

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

(e) The month of June is derived by deducting May year-to-date published data from the annual outcome. Statistically, June movements in some series relate to earlier published months that are not reissued; this can result in negative movements.

Table 9: Australian Government general government sector balance sheet

		2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Assets			
Financial assets			
Cash and deposits	20(a)	2,470	2,523
Advances paid	14	29,711	31,740
Investments, loans and placements	15	99,962	98,492
Other receivables	14	36,031	38,497
Equity investments			
Investments in other public sector entities		20,602	21,085
Equity accounted investments		317	313
Investments - shares		27,190	28,640
Total financial assets		216,282	221,290
Non-financial assets	16		
Land		8,609	8,648
Buildings		22,947	23,339
Plant, equipment and infrastructure		52,363	52,824
Inventories		7,069	7,343
Intangibles		5,347	5,501
Investment property		314	181
Biological assets		36	37
Heritage and cultural assets		9,567	10,433
Assets held for sale		146	90
Other non-financial assets		3,131	2,726
Total non-financial assets		109,528	111,121
Total assets		325,811	332,411
Liabilities			
Interest bearing liabilities			
Deposits held		209	192
Government securities		265,844	269,775
Loans	17	7,764	9,155
Other borrowing		818	967
Total interest bearing liabilities		274,635	280,090
Provisions and payables			
Superannuation liability	18	138,515	235,385
Other employee liabilities	18	12,623	14,504
Suppliers payable	19	4,607	5,371
Personal benefits provisions and payable	19	12,436	13,126
Subsidies provisions and payable	19	2,318	2,392
Grants provisions and payable	19	10,938	14,818
Other provisions and payables	19	11,508	13,933
Total provisions and payables		192,944	299,530
Total liabilities		467,580	579,619
Net worth(a)		-141,769	-247,208
<i>Net financial worth(b)</i>		<i>-251,297</i>	<i>-358,329</i>
<i>Net financial liabilities(c)</i>		<i>271,899</i>	<i>379,414</i>
<i>Net debt(d)</i>		<i>142,493</i>	<i>147,334</i>

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

(b) Net financial worth equals total financial assets minus total liabilities.

(c) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.

(d) Net debt equals the sum of deposits held, 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)

	2011-12 Estimate at 2012-13 Budget \$m	Month of June 2012(d) \$m	2011-12 Outcome \$m
Cash receipts from operating activities			
Taxes received	309,653	23,742	309,943
Receipts from sales of goods and services	8,040	461	7,778
Interest receipts	4,343	1,017	4,267
Dividends and income tax equivalents	2,222	40	1,789
Other receipts	5,129	676	5,593
Total operating receipts	329,386	25,936	329,370
Cash payments for operating activities			
Payments for employees	-25,505	-1,674	-24,853
Payments for goods and services	-70,020	-5,379	-71,170
Grants and subsidies paid	-136,299	-17,847	-135,721
Interest paid	-10,846	-1,100	-10,875
Personal benefit payments	-112,588	-10,957	-112,906
Other payments	-5,078	-750	-5,014
Total operating payments	-360,336	-37,707	-360,538
Net cash flows from operating activities	-30,950	-11,771	-31,169
Cash flows from investments in non-financial assets			
Sales of non-financial assets	589	287	505
Purchases of non-financial assets	-10,882	-2,193	-10,478
Net cash flows from investments in non-financial assets	-10,293	-1,906	-9,973
Net cash flows from investments in financial assets for policy purposes	-7,044	-254	-5,866
Cash flows from investments in financial assets for liquidity purposes			
Increase in investments	1,035	9,271	1,031
Net cash flows from investments in financial assets for liquidity purposes	1,035	9,271	1,031
Cash receipts from financing activities			
Borrowing	48,141	4,961	47,020
Other financing	29	-27	37
Total cash receipts from financing activities	48,170	4,934	47,057
Cash payments for financing activities			
Borrowing	0	0	0
Other financing	-925	-44	-920
Total cash payments for financing activities	-925	-44	-920
Net cash flows from financing activities	47,245	4,890	46,137
Net increase/(decrease) in cash held	-7	231	160

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

	2011-12 Estimate at 2012-13 Budget \$m	Month of June 2012(d) \$m	2011-12 Outcome \$m
Net cash flows from operating activities and investments in non-financial assets (Surplus+)/deficit(-)	-41,243	-13,676	-41,142
Finance leases and similar arrangements(b)	-119	-3	-16
GFS cash surplus(+)/deficit(-)	-41,362	-13,679	-41,157
<i>less</i> Future Fund earnings	3,040	705	2,583
Equals underlying cash balance(c)	-44,402	-14,384	-43,740
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-7,044	-254	-5,866
<i>plus</i> Future Fund earnings	3,040	705	2,583
Equals headline cash balance	-48,406	-13,933	-47,023

(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.

(d) The month of June is derived by deducting May year-to-date published data from the annual outcome. Statistically, June movements in some series relate to earlier published months that are not reissued; this can result in negative movements.

Table 11: Australian Government public non-financial corporations sector operating statement

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Revenue		
Current grants and subsidies	17	54
Sales of goods and services	7,888	7,827
Interest income	91	129
Other	1	36
Total revenue	7,997	8,046
Expenses		
Gross operating expenses		
Wages and salaries(a)	3,013	2,887
Superannuation	228	236
Depreciation and amortisation	553	514
Supply of goods and services	3,793	3,607
Other operating expenses(a)	414	568
<i>Total gross operating expenses</i>	<i>8,000</i>	<i>7,812</i>
Interest expenses	95	109
Other property expenses	233	241
Current transfers		
Tax expenses	45	76
<i>Total current transfers</i>	<i>45</i>	<i>76</i>
Total expenses	8,374	8,238
Net operating balance	-377	-192
Other economic flows	-1,032	-1,279
Comprehensive result - Total change in net worth excluding contribution from owners	-1,409	-1,472
Net acquisition of non-financial assets		
Purchases of non-financial assets	3,411	2,106
<i>less</i> Sales of non-financial assets	42	26
<i>less</i> Depreciation	553	514
<i>plus</i> Change in inventories	29	10
<i>plus</i> Other movements in non-financial assets	184	390
Total net acquisition of non-financial assets	3,030	1,966
Fiscal balance (Net lending/borrowing)(b)	-3,407	-2,158

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

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

Table 12: Australian Government public non-financial corporations sector balance sheet

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Assets		
Financial assets		
Cash and deposits	1,621	1,892
Investments, loans and placements	52	161
Other receivables	1,073	1,164
Equity investments	302	294
<i>Total financial assets</i>	<i>3,048</i>	<i>3,511</i>
Non-financial assets		
Land and fixed assets	10,478	9,137
Other non-financial assets(a)	906	1,146
<i>Total non-financial assets</i>	<i>11,383</i>	<i>10,283</i>
Total assets	14,431	13,794
Liabilities		
Interest bearing liabilities		
Borrowing	2,123	2,142
<i>Total interest bearing liabilities</i>	<i>2,123</i>	<i>2,142</i>
Provisions and payables		
Other employee liabilities	1,497	1,665
Other provisions and payables(a)	2,102	1,920
<i>Total provisions and payables</i>	<i>3,598</i>	<i>3,585</i>
Total liabilities	5,722	5,727
Shares and other contributed capital	8,710	8,067
Net worth(b)	8,710	8,067
<i>Net financial worth(c)</i>	<i>-2,673</i>	<i>-2,217</i>
<i>Net debt(d)</i>	<i>451</i>	<i>89</i>

(a) Excludes the impact of commercial taxation adjustments.

(b) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(c) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(d) Net debt equals the sum of interest bearing liabilities (deposits held, advances received and borrowing), minus the sum of cash and deposits and investments, loans and placements.

Table 13: Australian Government public non-financial corporations sector cash flow statement^(a)

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Cash receipts from operating activities		
Receipts from sales of goods and services	8,989	8,499
Grants and subsidies received	0	1
GST input credit receipts	80	120
Other receipts	116	157
Total operating receipts	9,185	8,777
Cash payments for operating activities		
Payments to employees	-3,558	-3,628
Payment for goods and services	-4,448	-4,051
Interest paid	-57	-82
GST payments to taxation authority	-490	-322
Other payments	-47	-32
Total operating payments	-8,601	-8,114
Net cash flows from operating activities	584	662
Cash flows from investments in non-financial assets		
Sales of non-financial assets	85	68
Purchases of non-financial assets	-3,598	-2,483
Net cash flows from investments in non-financial assets	-3,513	-2,415
Net cash flows from investments in financial assets for policy purposes	0	0
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	-193	-301
Net cash flows from investments in financial assets for liquidity purposes	-193	-301
Net cash flows from financing activities		
Borrowing (net)	924	689
Other financing (net)	2,516	1,896
Distributions paid (net)	-247	-249
Net cash flows from financing activities	3,193	2,336
Net increase/(decrease) in cash held	71	282
Cash at the beginning of the year	1,551	1,551
Cash at the end of the year	1,621	1,832
Net cash from operating activities and investments in non-financial assets	-2,929	-1,753
Distributions paid	-247	-249
Equals surplus(+)/deficit(-)	-3,176	-2,002
Finance leases and similar arrangements(b)	0	0
GFS cash surplus(+)/deficit(-)	-3,176	-2,002

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

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Revenue		
Taxation revenue	316,409	316,703
Sales of goods and services	14,951	14,655
Interest income	4,764	4,746
Dividend income	1,436	2,421
Other	5,337	5,982
Total revenue	342,897	344,507
Expenses		
Gross operating expenses		
Wages and salaries(a)	21,827	21,079
Superannuation	4,544	4,799
Depreciation and amortisation	6,556	6,359
Supply of goods and services	72,583	74,563
Other operating expenses(a)	6,164	7,084
<i>Total gross operating expenses</i>	<i>111,674</i>	<i>113,884</i>
Superannuation interest expense	7,358	7,376
Interest expenses	13,075	13,589
Current transfers		
Current grants	110,686	111,075
Subsidy expenses	10,104	9,967
Personal benefits	112,450	112,907
<i>Total current transfers</i>	<i>233,241</i>	<i>233,949</i>
Capital transfers	15,179	15,531
Total expenses	380,527	384,329
Net operating balance	-37,630	-39,823
Other economic flows	-25,789	-113,569
Comprehensive result - Total change in net worth	-63,418	-153,391
Net acquisition of non-financial assets		
Purchases of non-financial assets	13,715	12,434
<i>less</i> Sales of non-financial assets	631	530
<i>less</i> Depreciation	6,556	6,359
<i>plus</i> Change in inventories	633	910
<i>plus</i> Other movements in non-financial assets	617	362
Total net acquisition of non-financial assets	7,779	6,816
Fiscal balance (Net lending/borrowing)(b)	-45,408	-46,639

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

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

Table 15: Australian Government total non-financial public sector balance sheet

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Assets		
Financial assets		
Cash and deposits	4,091	4,416
Advances paid	29,711	31,740
Investments, loans and placements	99,710	98,362
Other receivables	36,963	38,707
Equity investments	38,503	40,091
<i>Total financial assets</i>	<i>208,978</i>	<i>213,316</i>
Non-financial assets		
Land and fixed assets	111,033	111,724
Other non-financial assets	9,879	9,680
<i>Total non-financial assets</i>	<i>120,912</i>	<i>121,404</i>
Total assets	329,889	334,720
Liabilities		
Interest bearing liabilities		
Deposits held	209	192
Government securities	265,844	269,775
Loans	7,460	8,864
Other borrowing	2,942	3,109
<i>Total interest bearing liabilities</i>	<i>276,455</i>	<i>281,940</i>
Provisions and payables		
Superannuation liability	138,515	235,385
Other employee liabilities	14,119	16,169
Other provisions and payables	43,768	50,607
<i>Total provisions and payables</i>	<i>196,402</i>	<i>302,162</i>
Total liabilities	472,857	584,102
Shares and other contributed capital	8,710	8,067
Net worth(a)	-142,968	-249,381
<i>Net financial worth(b)</i>	<i>-263,879</i>	<i>-370,786</i>
<i>Net debt(c)</i>	<i>142,943</i>	<i>147,423</i>

(a) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(b) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(c) Net debt equals the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table 16: Australian Government total non-financial public sector cash flow statement^(a)

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Cash receipts from operating activities		
Taxes received	309,608	309,928
Receipts from sales of goods and services	14,911	14,076
Interest receipts	4,405	4,386
Dividends and income tax equivalents	1,999	1,554
Other receipts	5,129	5,605
Total operating receipts	336,051	335,549
Cash payments for operating activities		
Payments to employees	-29,063	-28,480
Payments for goods and services	-72,760	-73,226
Grants and subsidies paid	-136,299	-135,720
Interest paid	-10,873	-10,957
Personal benefit payments	-112,588	-112,906
Other payments	-5,080	-5,015
Total operating payments	-366,664	-366,305
Net cash flows from operating activities	-30,613	-30,756
Cash flows from investments in non-financial assets		
Sales of non-financial assets	675	573
Purchases of non-financial assets	-14,481	-12,961
Net cash flows from investments in non-financial assets	-13,806	-12,388
Net cash flows from investments in financial assets for policy purposes	-7,044	-3,987
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	3,301	729
Net cash flows from investments in financial assets for liquidity purposes	3,301	729
Net cash flows from financing activities		
Borrowing (net)	49,065	47,708
Other financing (net)	-840	-866
Net cash flows from financing activities	48,226	46,843
Net increase/(decrease) in cash held	63	442
Cash at the beginning of the year	4,028	3,914
Cash at the end of the year	4,091	4,356
Net cash from operating activities and investments in non-financial assets	-44,419	-43,144
Distributions paid	0	0
Equals surplus(+)/deficit(-)	-44,419	-43,144
Finance leases and similar arrangements(b)	-119	-16
GFS cash surplus(+)/deficit(-)	-44,538	-43,159

(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 17: Australian Government public financial corporations sector operating statement

	2011-12 Outcome \$m
Revenue	
Current grants and subsidies	147
Sales of goods and services	5,606
Interest income	2,107
Other	99
Total revenue	7,959
Expenses	
Gross operating expenses	
Wages and salaries(a)	726
Superannuation	74
Depreciation and amortisation	77
Other operating expenses(a)	4,960
<i>Total gross operating expenses</i>	<i>5,836</i>
Interest expenses	983
Other property expenses	1,021
Current transfers	
Tax expenses	68
<i>Total current transfers</i>	<i>68</i>
Total expenses	7,909
Net operating balance	51
Other economic flows	794
Comprehensive result - Total change in net worth excluding contribution from owners	845
Net acquisition of non-financial assets	
Purchases of non-financial assets	84
<i>less</i> Sales of non-financial assets	<i>1</i>
<i>less</i> Depreciation	<i>77</i>
<i>plus</i> Change in inventories	<i>3</i>
<i>plus</i> Other movements in non-financial assets	<i>-2</i>
Total net acquisition of non-financial assets	7
Fiscal balance (Net lending/borrowing)(b)	43

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

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

Table 18: Australian Government public financial corporations sector balance sheet

	2011-12 Outcome \$m
Assets	
Financial assets	
Cash and deposits	903
Investments, loans and placements	85,693
Other receivables	861
Equity investments	708
<i>Total financial assets</i>	<i>88,165</i>
Non-financial assets	
Land and other fixed assets	964
Other non-financial assets(a)	125
<i>Total non-financial assets</i>	<i>1,089</i>
Total assets	89,255
Liabilities	
Interest bearing liabilities	
Deposits held	71,595
Borrowing	5,167
<i>Total interest bearing liabilities</i>	<i>76,761</i>
Provisions and payables	
Other employee liabilities	1,160
Other provisions and payables(a)	2,565
<i>Total provisions and payables</i>	<i>3,725</i>
Total liabilities	80,487
Shares and other contributed capital	8,768
Net worth(b)	8,768
<i>Net financial worth(c)</i>	<i>7,679</i>
<i>Net debt(d)</i>	<i>-9,835</i>

(a) Excludes the impact of commercial taxation adjustments.

(b) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(c) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(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 19: Australian Government public financial corporations sector cash flow statement^(a)

	2011-12 Outcome \$m
Cash receipts from operating activities	
Receipts from sales of goods and services	5,763
Grants and subsidies received	147
GST input credit receipts	21
Interest receipts	2,272
Other receipts	91
Total operating receipts	8,294
Cash payments for operating activities	
Payments to employees	-630
Payment for goods and services	-4,928
Interest paid	-1,101
GST payments to taxation authority	-8
Other payments	-395
Total operating payments	-7,063
Net cash flows from operating activities	1,231
Cash flows from investments in non-financial assets	
Sales of non-financial assets	1
Purchases of non-financial assets	-80
Net cash flows from investments in non-financial assets	-80
Net cash flows from investments in financial assets for policy purposes	0
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	-6,217
Net cash flows from investments in financial assets for liquidity purposes	-6,217
Net cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	627
Deposits received (net)	0
Other financing (net)	3,539
Distributions paid (net)	-91
Net cash flows from financing activities	4,075
Net increase/(decrease) in cash held	-990
Cash at the beginning of the year	1,893
Cash at the end of the year	903
Net cash from operating activities and investments in non-financial assets	1,151
Distributions paid	-91
Equals surplus(+)/deficit(-)	1,060
Finance leases and similar arrangements(b)	0
GFS cash surplus(+)/deficit(-)	1,060

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

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
General public services	949	1,098
Defence	5,988	5,827
Public order and safety	538	539
Education	34	37
Health	332	207
Social security and welfare	374	570
Housing and community amenities	250	177
Recreation and culture	358	371
Fuel and energy	16	12
Agriculture, forestry and fishing	620	699
Mining, manufacturing and construction	27	7
Transport and communication	101	83
Other economic affairs	516	700
Other purposes	203	0
Total Government purchases of non-financial assets	10,304	10,328

Notes to the general government sector financial statements

Note 1: External reporting standards and accounting policies

The *Charter of Budget Honesty Act 1998* (the Charter) 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 AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049) and other applicable Australian Equivalents to International Financial Reporting Standards (AEIFRS).

As required by the Charter, the financial statements have been prepared on an accrual basis that complies with both ABS GFS and AAS, except for departures disclosed at Note 2.

A more detailed description of the AAS and ABS GFS frameworks, in addition to definitions of key terms used in these frameworks, can be found in Attachment A. Table 22 in Attachment A explains the key differences between the two frameworks. Detailed accounting policies, as required by AAS, are disclosed in the annual consolidated financial statements.

Budget reporting focuses on the general government sector (GGS). The GGS provides public services that are mainly non-market in nature and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies, user charging and external funding. This sector comprises all government departments, offices and some other bodies. In preparing financial statements for the GGS, all material transactions and balances between entities within the GGS have been eliminated. A list of entities within the GGS, as well as entities within and a description of the public non-financial corporations (PNFC) sector and the public financial corporations (PFC) sector, are disclosed in Table 21 of Attachment A.

The statements for the GGS are derived from audit-cleared financial statements for the material agencies, with the exception of the Department of Defence and the Department of Veterans Affairs.

The Government's key fiscal aggregates are based on ABS GFS concepts and definitions, including the ABS GFS cash surplus/deficit and the derivation of the underlying cash balance and net financial worth. AASB 1049 requires the disclosure of other ABS GFS fiscal aggregates, including net operating balance, net lending/borrowing (fiscal balance) and net worth. In addition to these ABS GFS aggregates, the Accrual Uniform Presentation Framework (UPF) requires disclosure of net debt, net financial worth and net financial liabilities.

Note 2: Departures from external reporting standards

The Charter requires that departures from applicable external reporting standards be identified. The financial statements depart from the external reporting standards as follows.

General government sector

Departures from ABS GFS

ABS GFS requires that provisions for bad and doubtful debts be excluded from the balance sheet. This treatment has not been adopted in the financial statements or in any reconciliation notes because excluding such provisions would overstate the value of Australian Government assets in the balance sheet. The financial statements currently adopt the AAS treatment for provisions for bad and doubtful debts.

ABS GFS treats coins on issue as a liability and no revenue is recognised. The ABS GFS treatment of circulating coins as a liability has not been adopted in the financial statements or in any reconciliation notes. Instead, the financial statements adopt the AAS treatment for circulating coins (seigniorage). Under this treatment, seigniorage revenue is recognised upon the issue of coins and no liability is recorded.

Under ABS GFS, prepayments are classified as financial assets. In accordance with AAS, prepayments have been classified as non-financial assets in the financial statements. This is a classification difference that impacts on net financial worth.

ABS GFS records defence weapons platforms (DWP) as a non-financial asset on a market value basis (fair value), rather than expensing at time of acquisition. The value used by the ABS is consistent with the National Accounts statistical methodology, and represents an early adoption of changes to the *System of National Accounts 2008*. The ABS GFS treatment of DWP is consistent with AAS, as non-financial assets can be valued at fair value as long as they can be reliably measured, otherwise cost is permissible. DWP will be valued at cost in the financial statements, as they have in previous budgets, while the Australian Government ascertains if a relevant and reliable fair value can be sourced.

Under ABS GFS, concessional loans are recognised at their nominal value, that is, they are not discounted to fair (market) value as there is not considered to be a secondary market. This treatment has not been adopted for the financial statements. Consistent

with AAS, loans issued at below market interest rates or with long repayment periods are recorded at fair value (by discounting them by market interest rates). The difference between the nominal value and the fair value of the loan is recorded as an expense which is written back over the life of the loan.

ABS GFS requires investments in unlisted public sector entities to be valued based on their net assets. Under AAS, investments in public sector entities can be valued at fair value as long as a fair value can be reliably measured, otherwise net assets is permissible. The AAS treatment has been adopted in the financial statements.

Movements in the provision for restoration, decommissioning and make-good of assets have been included in the calculation of the fiscal balance capital adjustment because in many cases they involve legal obligations to expend resources. ABS GFS does not recognise adjustments for such provisions because they are considered a constructive obligation that may not materialise for many years.

Departures from AAS (including AASB 1049)

AAS requires the advances paid to the International Development Association and Asian Development Fund to be recognised at fair value. Under ABS GFS, these advances are recorded at nominal value. The ABS GFS treatment is adopted in the financial statements.

AASB 1049 requires the disclosure of the operating result and its derivation on the face of the operating statement. However, as this aggregate is not used by the Australian Government (and is not required by the UPF), it has been disclosed in Note 13 rather than on the face of the operating statement.

AASB 1049 requires disaggregated information, by ABS GFS function, for expenses and total assets to be disclosed where they are reliably attributable. ABS GFS does not require total assets attributed to functions. In accordance with ABS GFS, disaggregated information for expenses and net acquisition of non-financial assets by function is disclosed in Part 1. In accordance with the UPF, purchases of non-financial assets by function are also disclosed.

AASB 1049 requires AAS measurement of items to be disclosed on the face of the financial statements with reconciliation to ABS GFS measurement of items, where different, in notes to the financial statements. Reconciliation notes have not been included as they would effectively create two measures of the same aggregate.

AASB 1049 requires major variances between original budget estimates and outcomes to be explained in the financial statements. Explanations of major variances for the 2011-12 year from the 2011-12 Budget to the 2011-12 Mid-Year Economic and Fiscal Outlook (MYEFO) are disclosed in Part 3 of the *Mid-Year Economic and Fiscal Outlook 2011-12*. Explanations of variances for the 2011-12 year from MYEFO to the 2012-13 Budget are disclosed in Statement 3 of 2012-13 Budget Paper No. 1, *Budget*

Strategy and Outlook. Explanations of variances from the 2012-13 Budget to the *Final Budget Outcome 2011-12* are disclosed in Part 1.

All decisions taken between the original budget and MYEFO are disclosed in Appendix A of the *Mid-Year Economic and Fiscal Outlook 2011-12*. Decisions taken from MYEFO to the 2012-13 Budget are disclosed in 2012-13 Budget Paper No. 2, *Budget Measures*. In addition, 2012-13 Budget Paper No. 1, *Budget Strategy and Outlook* contains detailed discussion on the estimates of revenue (Statement 5), expenses (Statement 6) and assets and liabilities (Statement 7).

AASB 1049 also requires the Final Budget Outcome (FBO) and Consolidated Financial Statements (CFS) to be released at the same time. The Charter requires the FBO to be released before the end of three months after the end of the financial year, whereas the CFS is not released until it is audit-cleared, generally around November each year.

In addition to above adjustments, there are specific adjustments made to the corporations sectors as outlined below.

Public non-financial corporations (PNFC) sector, public financial corporations (PFC) sector and total non-financial public sector (NFPS)

Departures from ABS GFS

AASB 1049 defines net worth for the PNFC sector, PFC sector and NFPS as total assets less total liabilities; however, ABS GFS defines net worth as total assets less total liabilities less shares and contributed capital (which is equal to zero for the PNFC and PFC sectors). Similarly, AASB 1049 defines net financial worth for these sectors as financial assets less total liabilities, whereas under ABS GFS it is equal to financial assets less total liabilities less shares and contributed capital. The AASB 1049 treatment has been adopted in the PNFC sector, PFC sector and NFPS financial statements.

Departures from AAS (including AASB 1049)

The financial statements for the PNFC sector, PFC sector and NFPS comply with the UPF but do not include all the line item disclosures required by AASB 1049. Disaggregated outcome notes for the PFC and PNFC sectors will be disclosed in the consolidated financial statements.

AAS requires dividends paid to be classified as a distribution of equity. Under ABS GFS, dividends paid are classified as an expense. ABS GFS treatment has been adopted for use in the financial statements.

Australian Government public corporations use commercial tax effect accounting to determine their net tax liability, while the ATO determines their tax liability on a due and payable basis. To ensure symmetry in treatment between Australian Government sectors, the ABS removes tax effect adjustments. The ABS GFS treatment has been adopted in the financial statements.

Note 3: Taxation revenue by type

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Income taxation		
Individuals' and other withholding taxes		
Gross income tax withholding	143,220	143,978
Gross other individuals	33,610	32,992
less Refunds	25,600	25,537
Total individuals' and other withholding taxation	151,230	151,433
Fringe benefits tax	3,540	3,964
Company tax	67,950	66,726
Superannuation funds	7,390	7,852
Petroleum resource rent tax	1,840	1,293
Total income taxation revenue	231,950	231,268
<i>Indirect taxation</i>		
Sales taxes		
Goods and services tax	47,790	48,849
Wine equalisation tax	730	716
Luxury car tax	440	440
Total sales taxes	48,960	50,004
Excise duty		
Petrol	6,080	6,016
Diesel	8,200	8,203
Beer	1,960	1,932
Tobacco	5,790	5,449
Other excisable products	3,830	3,881
Of which: Other excisable beverages(a)	930	906
Total excise duty revenue	25,860	25,480
Customs duty		
Textiles, clothing and footwear	650	655
Passenger motor vehicles	850	903
Excise-like goods	4,210	4,307
Other imports	1,410	1,441
less Refunds and drawbacks	180	202
Total customs duty revenue	6,940	7,105
Other indirect taxation		
Agricultural levies	437	421
Other taxes	2,307	2,501
Total other indirect taxation revenue	2,744	2,922
Mirror taxes	461	467
less Transfers to States in relation to mirror tax revenue	461	467
Mirror tax revenue	0	0
Total indirect taxation revenue	84,504	85,511
Total taxation revenue	316,454	316,779
<i>Memorandum:</i>		
Medicare levy revenue	9,090	9,119

(a) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

Note 3(a): Taxation revenue by source

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Taxes on income, profits and capital gains		
Income and capital gains levied on individuals	154,790	155,411
Income and capital gains levied on enterprises	77,160	75,856
Total taxes on income, profits and capital gains	231,950	231,268
Taxes on employers' payroll and labour force	461	528
Taxes on the provision of goods and services		
Sales/goods and services tax	48,960	50,004
Excises and levies	26,459	26,062
Taxes on international trade	6,940	7,105
Total taxes on the provision of goods and services	82,359	83,171
Other sale of goods and services	1,684	1,812
Total taxation revenue	316,454	316,779
<i>Memorandum:</i>		
<i>Medicare levy revenue</i>	9,090	9,119

Note 4: Sales of goods and services revenue

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Sales of goods	1,281	1,231
Rendering of services	4,113	4,064
Operating lease rental	44	76
Fees from regulatory services	2,818	2,735
Total sales of goods and services revenue	8,256	8,106

Note 5: Interest and dividend revenue

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Interest from other governments		
State and Territory debt	10	11
Local Government	0	1
Housing agreements	165	144
Total interest from other governments	176	156
Interest from other sources		
Advances	41	40
Deposits	101	140
Bills receivable	0	3
Bank deposits	221	255
Indexation of HELP receivable and other student loans	410	388
Other	3,754	3,635
Total interest from other sources	4,527	4,461
Total interest	4,703	4,617
Dividends		
Dividends from other public sector entities	374	1,267
Other dividends	1,295	1,395
Total dividends	1,669	2,662
Total interest and dividend revenue	6,372	7,278

Note 6: Other sources of non-taxation revenue

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Industry contributions	36	64
Royalties	1,654	1,645
Seigniorage	124	108
Other	3,521	4,128
Total other sources of non-taxation revenue	5,336	5,945

Note 7: Employee and superannuation expense

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Wages and salaries expenses	18,814	18,192
Other operating expenses		
Leave and other entitlements	2,508	3,194
Separations and redundancies	110	234
Workers compensation premiums and claims	712	1,100
Other	2,420	1,988
Total other operating expenses	5,750	6,516
Superannuation expenses		
Superannuation	4,316	4,563
Superannuation interest cost	7,358	7,376
Total superannuation expenses	11,674	11,939
Total employee and superannuation expense	36,238	36,647

Note 8: Depreciation and amortisation expense

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Depreciation		
Specialist military equipment	2,704	2,551
Buildings	1,230	1,227
Other infrastructure, plant and equipment	1,245	1,262
Heritage and cultural assets	38	51
Total depreciation	5,217	5,091
Total amortisation	786	755
Total depreciation and amortisation expense	6,003	5,845

Note 9: Payment for supply of goods and services

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Supply of goods and services	21,193	22,501
Operating lease rental expenses	2,711	2,574
Personal benefits - indirect	39,424	39,400
Health care payments	5,291	5,707
Other	1,364	2,051
Total payment for supply of goods and services	69,984	72,234

Note 10: Interest expense

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Interest on debt		
Government securities	11,510	11,414
Loans	15	16
Other	44	44
Total interest on debt	11,569	11,474
Other financing costs	1,440	2,006
Total interest expense	13,009	13,480

Note 11: Current and capital grants expense

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Current grants expense		
State and Territory governments	83,810	84,064
Local governments	37	35
Private sector	2,584	2,807
Overseas	4,075	4,059
Non-profit organisations(a)(b)	2,058	3,080
Multi-jurisdictional sector(a)	9,208	8,617
Other(b)	8,914	8,413
Total current grants expense	110,686	111,075
Capital grants expense		
Mutually agreed write-downs	2,139	2,034
Other capital grants		
State and Territory governments	11,723	12,387
Local governments	587	525
Private sector	268	150
Multi-jurisdictional sector	93	87
Other	369	348
Total capital grants expense	15,179	15,531
Total grants expense	125,865	126,606

(a) Includes reallocation of some programs between grants to non-profit organisations and grants to multi-jurisdictional sector since the 2012-13 Budget.

(b) Includes reallocation of some programs between grants to non-profit organisations and grants to other since the 2012-13 Budget.

Note 12: Personal benefits expense

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Social welfare - assistance to the aged	35,647	35,402
Assistance to veterans and dependants	6,380	6,251
Assistance to people with disabilities	20,353	20,422
Assistance to families with children	33,604	33,895
Assistance to the unemployed	7,449	7,448
Student assistance	3,408	3,530
Other welfare programs	783	751
Financial and fiscal affairs	303	339
Vocational and industry training	243	246
Other	4,282	4,622
Total personal benefit expense	112,450	112,907

Note 13: Operating result and comprehensive result (total change in net worth)

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Opening net worth	-95,386	-95,386
Opening net worth adjustments(a)	16,441	0
Adjusted opening net worth	-78,945	-95,386
Net operating balance	-37,253	-39,630
Other economic flows – Included in operating result		
Foreign exchange gains	70	1,015
Gains from sale of assets	146	12
Other gains	-14,875	-19,327
Swap interest revenue	404	462
Net write-down and impairment of assets and fair value losses	-4,822	-6,638
Foreign exchange losses	0	-14
Losses from sale of assets	14	-2,860
Swap interest expense	-338	-491
Total other economic flows	-19,400	-27,842
Operating result(b)	-56,653	-67,472
Other economic flows - other movements in equity(a)(c)	-6,170	-84,350
Comprehensive result	-62,823	-151,822

(a) Reflects a decrease in the superannuation liability mainly due to a difference in the estimated and actual discount rate. Refer to Note 18 for further details.

(b) Operating result under AEIFRS accounting standards.

(c) Other economic flows not included in the AEIFRS accounting standards operating result.

Note 14: Advances paid and receivables

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Advances paid		
Loans to State and Territory governments	2,899	2,872
Higher Education Loan Program	17,567	19,400
Student Financial Supplement Scheme	656	653
Other	8,626	8,839
<i>less</i> Provision for doubtful debts	38	25
Total advances paid	29,711	31,740
Other receivables		
Goods and services receivable	942	1,008
Recoveries of benefit payments	2,880	3,033
Taxes receivable	18,391	18,655
Other	17,175	19,098
<i>less</i> Provision for doubtful debts	3,357	3,297
Total other receivables	36,031	38,497

Note 15: Investments, loans and placements

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Investments - deposits	28,572	28,654
IMF quota	4,050	4,798
Other	67,341	65,040
Total investments, loans and placements	99,962	98,492

Note 16: Total non-financial assets

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Land and buildings		
Land	8,609	8,648
Buildings	22,947	23,339
Total land and buildings	31,556	31,987
Plant, equipment and infrastructure		
Specialist military equipment	39,955	40,287
Other	12,408	12,537
Total plant, equipment and infrastructure	52,363	52,824
Inventories		
Inventories held for sale	1,095	1,094
Inventories not held for sale	5,973	6,249
Total inventories	7,069	7,343
Intangibles		
Computer software	3,242	3,421
Other	2,104	2,080
Total intangibles	5,347	5,501
Total investment properties	314	181
Total biological assets	36	37
Total heritage and cultural assets	9,567	10,433
Total assets held for sale	146	90
Other non-financial assets		
Prepayments	2,448	2,495
Other	683	231
Total other non-financial assets	3,131	2,726
Total non-financial assets	109,528	111,121

Note 17: Loans

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Promissory notes	3,229	3,260
Special drawing rights	3,739	4,570
Other	796	1,325
Total loans	7,764	9,155

Note 18: Employee and superannuation liabilities

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Total superannuation liability(a)	138,515	235,385
Other employee liabilities		
Leave and other entitlements	6,926	7,328
Accrued salaries and wages	423	633
Workers compensation claims	2,394	2,542
Separations and redundancies	40	97
Other	2,841	3,904
Total other employee liabilities	12,623	14,504
Total employee and superannuation liabilities	151,137	249,889

(a) For budget reporting purposes, a discount rate applied by actuaries in preparing Long-Term Cost Reports is used to value the superannuation liability. This reduces the volatility in reported liabilities that would occur from year to year if the long-term government bond rate were used. Consistent with AAS, the long-term government bond rate as at 30 June is used to calculate the superannuation liability for the purpose of actuals reporting.

Note 19: Provisions and payables

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Suppliers payable		
Trade creditors	4,182	4,430
Operating lease rental payable	195	193
Other creditors	230	748
Total suppliers payable	4,607	5,371
Total personal benefits provisions and payable	12,436	13,126
Total subsidies provisions and payable	2,318	2,392
Grants provisions and payable		
State and Territory governments	169	515
Non-profit organisations	101	243
Private sector	318	502
Overseas	1,016	1,189
Local governments	14	7
Other	9,320	12,361
Total grants provisions and payable	10,938	14,818
Other provisions and payables		
Provisions for tax refunds	2,240	3,376
Other	9,268	10,558
Total other provisions and payables	11,508	13,933

Note 20: Reconciliation of cash

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Operating balance (revenues less expenses)	-37,253	-39,630
<i>less</i> Revenues not providing cash		
Other	971	837
Total revenues not providing cash	971	837
<i>plus</i> Expenses not requiring cash		
Increase/(decrease) in employee entitlements	5,611	7,850
Depreciation/amortisation expense	6,003	5,845
Mutually agreed write-downs	2,139	2,034
Other	921	1,293
Total expenses not requiring cash	14,674	17,021
<i>plus</i> Cash provided / (used) by working capital items		
Decrease / (increase) in inventories	-460	-749
Decrease / (increase) in receivables	-4,205	-7,803
Decrease / (increase) in other financial assets	73	643
Decrease / (increase) in other non-financial assets	-412	-616
Increase / (decrease) in benefits, subsidies and grants payable	-2,981	-1,175
Increase / (decrease) in suppliers' liabilities	1,138	1,596
Increase / (decrease) in other provisions and payables	-553	382
Net cash provided / (used) by working capital	-7,400	-7,723
<i>equals</i> (Net cash from/(to) operating activities)	-30,950	-31,169
<i>plus</i> (Net cash from/(to) investing activities)	-16,303	-14,808
Net cash from operating activities and investment	-47,252	-45,977
<i>plus</i> (Net cash from/(to) financing activities)	47,245	46,137
equals Net increase/(decrease) in cash	-7	160
Cash at the beginning of the year	2,477	2,363
Net increase/(decrease) in cash	-7	160
Cash at the end of the year	2,470	2,523

Note 20(a): Consolidated Revenue Fund

	2011-12 Estimate at 2012-13 Budget \$m	2011-12 Outcome \$m
Total general government sector cash	2,470	2,523
<i>less</i> CAC Agency cash balances	1,550	1,927
<i>plus</i> Special public monies	382	318
Balance of Consolidated Revenue Fund at 30 June	1,302	914

The cash balances reflected in the balance sheet for the Australian Government GGS (Table 9) include the reported cash balances controlled and administered by Australian Government agencies subject to the *Financial Management and Accountability Act 1997*, and the reported cash balances controlled and administered by entities subject to the *Commonwealth Authorities and Companies Act 1997* (CAC Act), that implement public policy through the provision of primarily non-market services.

Revenues or monies raised by the Executive Government automatically form part of the Consolidated Revenue Fund by force of section 81 of the Australian Constitution. For practical purposes, total Australian Government GGS cash, less cash controlled and administered by CAC Act entities, plus special public monies, represents the Consolidated Revenue Fund referred to in section 81 of the Australian Constitution. On this basis, the balance of the Consolidated Revenue Fund is shown above.

Attachment A

FINANCIAL REPORTING STANDARDS AND BUDGET CONCEPTS

The *Charter of Budget Honesty Act 1998* (the Charter) requires the Final Budget Outcome (FBO) to be based on external reporting standards.

The Government has produced a single set of financial statements that comply with both ABS GFS and AAS, meeting the requirement of the Charter, with departures disclosed. The financial statements for the *Final Budget Outcome 2011-12* have been prepared on a basis consistent with the 2012-13 Budget. This enables comparison of the 2011-12 revised estimates published at the 2012-13 Budget and the outcome. The statements reflect the Government's accounting policy that ABS GFS remains the basis of budget accounting policy, except where the Government applies AAS because it provides a better conceptual basis for presenting information of relevance to users of public sector financial reports.

AASB 1049 and the Accrual Uniform Presentation Framework (UPF) also provide a basis for reporting of public non-financial corporations (PNFC) and public financial corporations (PFC) sectors and the total non-financial public sector (NFPS).

General Government Sector Financial Reporting (AASB 1049)

The FBO primarily focuses on the financial performance and position of the general government sector (GGS). The ABS defines the GGS as providing public services which are mainly non-market in nature, mainly for the collective consumption of the community, involving the transfer or redistribution of income and financed mainly through taxes and other compulsory levies. AASB 1049 recognises the GGS as a reporting entity.

AASB 1049 history and conceptual framework

The Australian Accounting Standards Board (AASB) released AASB 1049 for application from the 2008-09 financial year. AASB 1049 seeks to 'harmonise' ABS GFS and AAS.

The reporting framework for AASB 1049 requires the preparation of accrual-based general purpose financial reports, showing government assets, liabilities, revenue, expenses and cash flows. GGS reporting under AASB 1049 aims to provide users with information about the stewardship of each government in relation to its GGS and accountability for the resources entrusted to it; information about the financial position, performance and cash flows of each government's GGS; and information that facilitates assessments of the macroeconomic impact. While AASB 1049 provides a basis for whole-of-government and GGS outcome reporting (including the PNFC and PFC sectors), budget reporting and budget outcome reporting focuses on the GGS.

There are three main general purpose statements that must be prepared in accordance with ABS GFS and AASB 1049. These are:

- an operating statement, including other economic flows, which shows the net operating balance and net lending/borrowing (fiscal balance);
 - to allow the presentation of a single set of financial statements in accordance with AASB 1049, the ABS GFS statement of other economic flows has been incorporated into the operating statement;
- a balance sheet, which also shows net worth, net financial worth, net financial liabilities and net debt; and
- a cash flow statement, which includes the calculation of the underlying cash balance.

In addition to these general purpose statements, notes to the financial statements are required. These notes include a summary of accounting policies, disaggregated information and other disclosures required by AAS. A full set of notes and other disclosures required by AAS are included in the annual consolidated financial statements.

All financial data presented in the financial statements are recorded as either stocks (assets and liabilities) or flows (classified as either transactions or other economic flows). Transactions result from a mutually agreed interaction between economic entities. Despite their compulsory nature, taxes are transactions deemed to occur by mutual agreement between the government and the taxpayer. Transactions that increase or decrease net worth (assets less liabilities) are reported as revenues and expenses respectively in the operating statement.¹

A change to the value or volume of an asset or liability that does not result from a transaction is an other economic flow. This can include changes in values from market prices, most actuarial valuations, exchange rates and changes in volumes from discoveries, depletion and destruction. All other economic flows are reported in the operating statement.

Consistent with the ABS GFS framework, and in general AAS, the financial statements record flows in the period in which they occur. As a result, prior period outcomes may be revised for classification changes relating to information that could reasonably have been expected to be known in the past, is material in at least one of the affected periods and can be reliably assigned to the relevant period(s).

1 Not all transactions impact on net worth. For example, transactions in financial assets and liabilities do not impact on net worth as they represent the swapping of assets and liabilities on the balance sheet.

Operating statement

The operating statement presents details of transactions in revenues, expenses, the net acquisition of non-financial assets (net capital investment) and other economic flows for an accounting period.

Revenues arise from transactions that increase net worth and expenses arise from transactions that decrease net worth. Revenues less expenses gives the net operating balance. The net operating balance is similar to the National Accounts concept of government saving plus capital transfers.

The net acquisition of non-financial assets (net capital investment) measures the change in the Australian Government's stock of non-financial assets owing to transactions. As such, it measures the net effect of purchases, sales and consumption (for example, depreciation of fixed assets and use of inventory) of non-financial assets during an accounting period.

Net acquisition of non-financial assets equals gross fixed capital formation, less depreciation, plus changes (investment) in inventories, plus other transactions in non-financial assets.

Other economic flows are presented in the operating statement and outline changes in net worth that are driven by economic flows other than revenues and expenses. Revenues, expenses and other economic flows sum to the total change in net worth during a period. The majority of other economic flows for the Australian Government GGS arise from price movements in its assets and liabilities.

Fiscal balance

The fiscal balance (or net lending/borrowing) is the net operating balance less net capital investment. Thus, the fiscal balance includes the impact of net expenditure (effectively purchases less sales) on non-financial assets rather than consumption (depreciation) of non-financial assets.²

The fiscal balance measures the Australian Government's investment-saving balance. It measures in accrual terms the gap between government savings plus net capital transfers, and investment in non-financial assets. As such, it approximates the contribution of the Australian Government GGS to the balance on the current account in the balance of payments.

2 The net operating balance includes consumption of non-financial assets because depreciation is an expense. Depreciation also forms part of net capital investment, which (in the calculation of fiscal balance) offsets the inclusion of depreciation in the net operating balance.

Balance sheet

The balance sheet shows stocks of assets, liabilities and net worth. In accordance with the UPF, net debt, net financial worth and net financial liabilities are also reported in the balance sheet.

Net worth

The net worth of the GGS, PNFC and PFC sectors is defined as assets less liabilities. This differs from the ABS GFS definition for the PNFC and PFC sectors, where net worth is defined as assets less liabilities less shares and other contributed capital. Net worth is an economic measure of wealth, reflecting the Australian Government's contribution to the wealth of Australia.

Net financial worth

Net financial worth measures a government's net holdings of financial assets. It is calculated from the balance sheet as financial assets minus liabilities. This differs from the ABS GFS definition of net financial worth for the PNFC and PFC sectors, defined as financial assets, less liabilities, less shares less other contributed capital. Net financial worth is a broader measure than net debt, in that it incorporates provisions made (such as superannuation) as well as holdings of equity. Net financial worth includes all classes of financial assets and all liabilities, only some of which are included in net debt. As non-financial assets are excluded from net financial worth, this is a narrower measure than net worth. However, it avoids the concerns inherent with the net worth measure relating to the valuation of non-financial assets and their availability to offset liabilities.

Net financial liabilities

Net financial liabilities comprises total liabilities less financial assets but excludes equity investments in the other sectors of the jurisdiction. Net financial liabilities is a more accurate indicator than net debt of a jurisdiction's fiscal position as it includes substantial non-debt liabilities such as accrued superannuation and long service leave entitlements. Excluding the net worth of other sectors of government results in a purer measure of financial worth than net financial worth, as, in general, the net worth of other sectors of government, in particular the PNFC sector, is backed up by physical assets.

Net debt

Net debt is the sum of selected financial liabilities (deposits held, advances received, government securities, loans and other borrowing) less the sum of selected financial assets³ (cash and deposits, advances paid, and investments, loans and placements).

3 Financial assets are defined as cash, an equity instrument of another entity, a contractual right to receive cash or financial asset, and a contract that will or may be settled in the entity's own equity instruments.

This includes financial assets held by the Future Fund which are invested in these asset classes, including term deposits and investments in collective investment vehicles. Net debt does not include superannuation related liabilities. Net debt is a common measure of the strength of a government's financial position. High levels of net debt impose a call on future revenue flows to service that debt.

Cash flow statement

The cash flow statement identifies how cash is generated and applied in a single accounting period. The cash flow statement reflects a cash basis of recording (rather than an accrual basis) where information is derived indirectly from underlying accrual transactions and movements in balances. This, in effect, means that transactions are captured when cash is received or when cash payments are made. Cash transactions are specifically identified because cash management is considered an integral function of accrual budgeting.

Underlying cash balance

The underlying cash balance plus Future Fund earnings (ABS GFS cash surplus/deficit) is the cash counterpart of the fiscal balance, reflecting the Australian Government's cash investment-saving balance. This measure is conceptually equivalent under the current accrual framework and the previous cash framework. For the GGS, the underlying cash balance is calculated as shown below.

Net cash flows from operating activities
<i>plus</i>
Net cash flows from investments in non-financial assets
<i>less</i>
Net acquisitions of assets acquired under finance leases and similar arrangements ⁴
<i>equals</i>
ABS GFS cash surplus/deficit
<i>less</i>
Future Fund earnings
<i>equals</i>
Underlying cash balance

The Government is reporting the underlying cash balance net of Future Fund earnings from 2005-06 onwards because the earnings will be reinvested to meet future superannuation payments and are therefore not available for current spending.

4 The underlying cash balance treats the acquisition and disposal of non-financial assets in the same manner regardless of whether they occur by purchase/sale or finance lease – acquisitions reduce the underlying cash balance and disposals increase the underlying cash balance. However, finance leases do not generate cash flows at the time of acquisition or disposal equivalent to the value of the asset. As such, net acquisitions of assets under finance leases are not shown in the body of the cash flow statement but are reported as a supplementary item for the calculation of the underlying cash balance.

However, Future Fund earnings are included in the fiscal balance because superannuation expenses relating to future cash payments are recorded in the fiscal balance estimates.

From 2020, the Future Fund becomes available to meet the Government's superannuation liabilities. At this time earnings will be available to meet the Government's recurrent superannuation spending, and so these will be included in the underlying cash balance.

The Government announced in the 2012-13 Budget that it would review the budget treatment of the Future Fund. In August 2012, the Department of Finance and Deregulation and the Department of the Treasury released a consultation paper and consulted with relevant stakeholders on the budget treatment of Future Fund costs. There has been no change to the treatment of Future Fund earnings in the *Final Budget Outcome 2011-12*. The Government will consider changes to the budget treatment of Future Fund costs prior to the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Expected Future Fund earnings are separately identified in the Australian Government GGS cash flow statement in Table 10 of this statement and the historical tables in Appendix B.

Headline cash balance

The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes and Future Fund earnings to the underlying cash balance.

Cash flows from investments in financial assets for policy purposes include equity transactions and net advances.⁵ Equity transactions include equity injections into controlled businesses and privatisations of government businesses. Net advances include net loans to the States, net loans to students under the Higher Education Loan Program (HELP), and contributions to international organisations that increase the Australian Government's financial assets.

Sectoral classifications

To assist in analysing the public sector, data are presented by institutional sector as shown in Figure 1. ABS GFS defines the GGS and the PNFC and PFC sectors. AASB 1049 has also adopted this sectoral reporting.

5 Cash flows from investments in financial assets for policy purposes were called net advances under the cash budgeting framework.

Figure 1: Institutional structure of the public sector

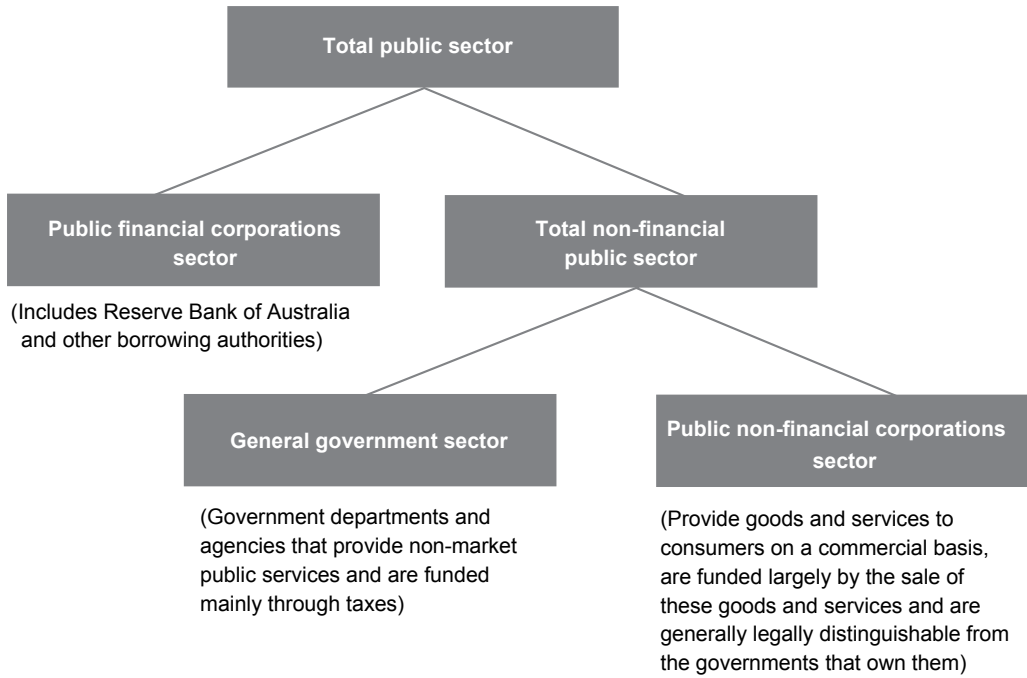


Table 21: Entities within the sectoral classifications

General government sector entities

Agriculture, Fisheries and Forestry Portfolio

Australian Fisheries Management Authority, Australian Pesticides and Veterinary Medicines Authority, Cotton Research and Development Corporation, Department of Agriculture, Fisheries and Forestry, Fisheries Research and Development Corporation, Grains Research and Development Corporation, Grape and Wine Research and Development Corporation, Rural Industries Research and Development Corporation, Sugar Research and Development Corporation, Wheat Exports Australia, Wine Australia Corporation

Attorney-General's Portfolio

Administrative Appeals Tribunal, Attorney-General's Department, Australian Commission for Law Enforcement Integrity, Australian Crime Commission, Australian Customs and Border Protection Service, Australian Federal Police, Australian Human Rights Commission, Australian Institute of Criminology, Australian Law Reform Commission, Australian Security Intelligence Organisation, Australian Transaction Reports and Analysis Centre, CrimTrac Agency, Family Court of Australia, Federal Court of Australia, Federal Magistrates Court of Australia, High Court of Australia, Insolvency and Trustee Service Australia, National Native Title Tribunal, Office of the Australian Information Commissioner, Office of the Director of Public Prosecutions, Office of Parliamentary Counsel

Broadband, Communications and the Digital Economy Portfolio

Australian Broadcasting Corporation, Australian Communications and Media Authority, Department of Broadband, Communications and the Digital Economy, Special Broadcasting Service Corporation, Telecommunications Universal Service Management Agency

Climate Change and Energy Efficiency Portfolio

Clean Energy Regulator, Climate Change Authority, Department of Climate Change and Energy Efficiency, Low Carbon Australia Limited

Defence Portfolio

AAF Company, Army and Air Force Canteen Service, Australian Military Forces Relief Trust Fund, Australian Strategic Policy Institute Limited, Australian War Memorial, Defence Housing Australia, Defence Materiel Organisation, Department of Defence, Department of Veterans' Affairs, RAAF Welfare Recreational Company, Royal Australian Air Force Veterans' Residences Trust Fund, Royal Australian Air Force Welfare Trust Fund, Royal Australian Navy Central Canteens Board, Royal Australian Navy Relief Trust Fund

Table 21: Entities within the sectoral classifications (continued)

General government sector entities (continued)

Education, Employment and Workplace Relations Portfolio

Australian Curriculum, Assessment and Reporting Authority, Australian Institute for Teaching and School Leadership Limited, Comcare, Department of Education, Employment and Workplace Relations, Fair Work Australia, Office of the Australian Building and Construction Commissioner, Office of the Fair Work Building Industry Inspectorate, Office of the Fair Work Ombudsman, Safe Work Australia, Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority)

Families, Housing, Community Services and Indigenous Affairs Portfolio

Aboriginal Hostels Limited, Anindilyakwa Land Council, Australian Institute of Family Studies, Central Land Council, Department of Families, Housing, Community Services and Indigenous Affairs, Equal Opportunity for Women in the Workplace Agency, Indigenous Business Australia, Indigenous Land Corporation, Northern Land Council, Outback Stores Pty Ltd, Tiwi Land Council, Torres Strait Regional Authority, Wreck Bay Aboriginal Community Council

Finance and Deregulation Portfolio

Australian Electoral Commission, Commonwealth Superannuation Corporation, ComSuper, Department of Finance and Deregulation, Future Fund Management Agency

Foreign Affairs and Trade Portfolio

AusAID, Australian Centre for International Agricultural Research, Australian Secret Intelligence Service, Australian Trade Commission, Department of Foreign Affairs and Trade, Export Finance and Insurance Corporation National Interest Account

Health and Ageing Portfolio

Aged Care Standards and Accreditation Agency Ltd, Australian Commission on Safety and Quality in Health Care, Australian Institute of Health and Welfare, Australian National Preventative Health Agency, Australian Organ and Tissue Donation and Transplantation Authority, Australian Radiation Protection and Nuclear Safety Agency, Cancer Australia, Department of Health and Ageing, Food Standards Australia New Zealand, General Practice Education and Training Limited, Health Workforce Australia, Independent Hospital Pricing Authority, National Blood Authority, National Health and Medical Research Council, National Health Performance Authority, Private Health Insurance Administration Council, Private Health Insurance Ombudsman, Professional Services Review

Table 21: Entities within the sectoral classifications (continued)

General government sector entities (continued)
<p>Human Services Portfolio</p> <p>Department of Human Services</p>
<p>Immigration and Citizenship Portfolio</p> <p>Department of Immigration and Citizenship, Migration Review Tribunal and Refugee Review Tribunal</p>
<p>Industry, Innovation, Science, Research and Tertiary Education Portfolio</p> <p>Australian Institute of Aboriginal and Torres Strait Islander Studies, Australian Institute of Marine Science, Australian Learning and Teaching Council Limited, Australian Nuclear Science and Technology Organisation, Australian Research Council, Commonwealth Scientific and Industrial Research Organisation, Department of Industry, Innovation, Science Research and Tertiary Education, IIF Investments Pty Limited, IP Australia, Australian Skills Quality Authority (National Vocational Education and Training Regulator), Tertiary Education Quality and Standards Agency</p>
<p>Infrastructure and Transport Portfolio</p> <p>Australian Maritime Safety Authority, Australian Transport Safety Bureau, Civil Aviation Safety Authority, Department of Infrastructure and Transport, National Transport Commission</p>
<p>Prime Minister and Cabinet Portfolio</p> <p>Australian National Audit Office, Australian Public Service Commission, Department of the Prime Minister and Cabinet, National Australia Day Council Limited, National Mental Health Commission, Office of the Commonwealth Ombudsman, Office of the Inspector-General of Intelligence and Security, Office of National Assessments, Office of the Official Secretary to the Governor-General</p>
<p>Regional Australia, Local Government, Arts and Sport Portfolio</p> <p>Australia Business Arts Foundation Ltd, Australia Council, Australian Film, Television and Radio School, Australian National Maritime Museum, Australian Sports Anti-Doping Authority, Australian Sports Commission, Australian Sports Foundation Limited, Bundanon Trust, Department of Regional Australia, Local Government, Arts and Sport, National Archives of Australia, National Capital Authority, National Film and Sound Archive, National Gallery of Australia, National Library of Australia, National Museum of Australia, Old Parliament House, Screen Australia</p>

Table 21: Entities within the sectoral classifications (continued)

General government sector entities (continued)
<p>Resources, Energy and Tourism Portfolio</p> <p>Australian Renewable Energy Agency, Australian Solar Institute Limited, Department of Resources, Energy and Tourism, Geoscience Australia, National Offshore Petroleum Safety and Environmental Management Authority, Tourism Australia</p>
<p>Sustainability, Environment, Water, Population and Communities Portfolio</p> <p>Bureau of Meteorology, Department of Sustainability, Environment, Water, Population and Communities, Director of National Parks, Great Barrier Reef Marine Park Authority, Murray-Darling Basin Authority, National Water Commission, Sydney Harbour Federation Trust</p>
<p>Treasury Portfolio</p> <p>Australian Bureau of Statistics, Australian Competition and Consumer Commission, Australian Office of Financial Management, Australian Prudential Regulation Authority, Australian Securities and Investments Commission, Australian Taxation Office, Clean Energy Finance Corporation, Commonwealth Grants Commission, Corporations and Markets Advisory Committee, Department of the Treasury, Inspector-General of Taxation, National Competition Council, Office of the Auditing and Assurance Standards Board, Office of the Australian Accounting Standards Board, Productivity Commission, Royal Australian Mint</p>
<p>Parliamentary Departments</p> <p>Department of Parliamentary Services, Department of the House of Representatives, Department of the Senate, Parliamentary Budget Office</p>
Public financial corporations
<p>Education, Employment and Workplace Relations Portfolio</p> <p>Coal Mining Industry (Long Service Leave Funding) Corporation</p>
<p>Finance and Deregulation Portfolio</p> <p>Medibank Private Ltd</p>
<p>Foreign Affairs and Trade Portfolio</p> <p>Export Finance and Insurance Corporation</p>
<p>Treasury Portfolio</p> <p>Australia Reinsurance Pool Corporation, Reserve Bank of Australia</p>

Table 21: Entities within the sectoral classifications (continued)

Public non-financial corporations
Attorney General's Portfolio Australian Government Solicitor
Broadband, Communications and the Digital Economy Portfolio Australian Postal Corporation, NBN Co Ltd
Families, Housing, Community Services and Indigenous Affairs Portfolio Voyages Indigenous Tourism Australia Pty Ltd
Finance and Deregulation Portfolio Albury-Wodonga Development Corporation, Australian River Co. Ltd, ASC Pty Ltd
Human Services Portfolio Australian Hearing Services
Infrastructure and Transport Portfolio Airservices Australia, Australian Rail Track Corporation Ltd

Differences between ABS GFS and AAS framework (including AASB 1049)

AASB 1049 has adopted the AAS conceptual framework and principles for the recognition of assets, liabilities, revenues, expenses and their presentation, measurement and disclosure. In addition, AASB 1049 has broadly adopted the ABS GFS conceptual framework for presenting government financial statements. In particular, AASB 1049 requires the GGS to prepare a separate set of financial statements, over-riding AASB 127 *Consolidated and Separate Financial Statements*. AASB 1049 also follows ABS GFS by requiring changes in net worth to be split into either transactions or 'other economic flows' and for this to be presented in a single operating statement. AASB 1049 is therefore broadly consistent with international statistical standards and the International Monetary Fund's (IMF) *Government Finance Statistics Manual 2001*.⁶

Some of the major differences between AAS and the ABS GFS treatments of transactions are outlined in Table 22. Further information on the differences between the two systems is provided in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* (cat. no. 5514.0).

6 Additional information on the Australian accrual GFS framework is available in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* (cat. no. 5514.0).

Table 22: Major differences between AAS and ABS GFS

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Acquisition of defence weapons platforms (DWP)	Treated as capital expenditure. DWP appear as a non-financial asset on the balance sheet. Depreciation expense on assets is recorded in the operating statement. AASB 1049 requires cost to be used where fair value of assets cannot be reliably measured.	ABS has updated its treatment in its GFS reports to record DWP as a non-financial asset on a market value basis. This represents an early adoption of changes to the System of National accounts.	AAS
Circulating coins — seigniorage	The profit between the cost and sale of circulating coin (seigniorage) is treated as revenue.	Circulating coin is treated as a liability, and the cost of producing the coins is treated as an expense.	AAS
Provisions for bad and doubtful debts	Reported in the balance sheet as an offset to assets. Under AASB 1049, it is included in the operating statement as other economic flows.	Creating provisions is not considered an economic event and therefore not considered to be an expense or reflected in the balance sheet.	AAS
Advances to the International Development Association and Asian Development Fund	Recorded at fair value in the balance sheet.	Recorded at nominal value in balance sheet.	ABS GFS
Concessional loans	Discounts concessional loans by a market rate of a similar instrument.	Does not discount concessional loans as no secondary market is considered to exist.	AAS
Investment in Other Public Sector Entities	Valued at fair value in the balance sheet as long as it can be reliably measured, otherwise net assets is permissible.	Unlisted entities valued based on their net assets in the balance sheet.	AAS
Provision for restoration, decommissioning and make-good	Included in the Fiscal Balance capital adjustment.	Excluded from the calculation of net lending capital adjustment.	AAS
Dividends paid by public corporations	Treated as an equity distribution. Equity distributions are treated as a distribution of profits, as opposed to an expense.	Dividends are treated as an expense.	ABS GFS
Commercial tax effect accounting assets and liabilities	Corporations in the PNFC and PFC sectors record tax expenses on a commercial basis.	Deferred tax assets and liabilities are reversed so that corporations record tax expenses on a consistent basis to the Australian Taxation Office.	ABS GFS

Table 22: Major differences between AAS and ABS GFS (continued)

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Fiscal aggregates differences			
Finance leases	Does not deduct finance leases in the derivation of the cash surplus/deficit.	Deducts finance leases in the derivation of the cash surplus/deficit.	Both are disclosed
Net worth of PNFC and PFC sectors	Calculated as assets less liabilities.	Calculated as assets less liabilities less shares and other contributed capital.	AAS
Classification difference			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	AAS

AUSTRALIAN LOAN COUNCIL ALLOCATION

Under Loan Council arrangements, every year the Commonwealth and each State and Territory government nominate a Loan Council Allocation (LCA). A jurisdiction's LCA incorporates:

- the estimated non-financial public sector ABS GFS cash surplus/deficit (made up from the balances of the general government and public non-financial corporations sectors and total non-financial public sector acquisitions under finance leases and similar arrangements);
- 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 23, the Commonwealth's 2011-12 LCA final budget outcome is a \$46,958 million deficit. This compares with the Australian Government's 2011-12 LCA Budget estimate of a \$35,714 million deficit.

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 2011-12 LCA final budget outcome exceeds the 2 per cent tolerance limit. This reflects a combination of lower than expected receipts and higher than expected payments since the 2011-12 Budget.

Table 23: Australian Government Loan Council Allocation

	2011-12 Budget Estimate \$m	2011-12 Outcome \$m
	19,571	41,142
	4,516	2,002
<i>equals</i>	24,087	43,144
	117	16
<i>equals</i>	24,204	43,159
<i>minus</i>		
	-12,216	-3,987
<i>plus</i>	-705	-188
	35,714	46,958

(a) Net cash flow from investments in financial assets for policy purposes are displayed with the same sign as they are reported in cash flow statements. Such transactions involve the transfer or exchange of a financial asset and are not included within the cash surplus/deficit. 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 Commonwealth's Loan Council Allocation outcome, memorandum items include the change in net present value (NPV) of operating leases (with NPV greater than \$5 million), the over funding of superannuation and the net financing requirement of the Australian National University.

PART 3: AUSTRALIA'S FEDERAL RELATIONS

This part provides information on payments for specific purposes and general revenue assistance, including GST entitlement, provided to the States and Territories (the States).

Commonwealth payments to the States are framed by the *Intergovernmental Agreement on Federal Financial Relations* (the Intergovernmental Agreement), in place since 1 January 2009.

Within a tight fiscal environment, the Commonwealth is continuing to work in partnership with the States to implement broad-ranging reforms driven by the overarching goal of enhancing the wellbeing of all Australians. This is seen in an agenda which currently embraces areas such as healthcare, disabilities, skills, education, Indigenous support in the Northern Territory and the adequacy of Australia's economic and social infrastructure.

More detailed information on Australia's Federal Relations is provided in Budget Paper No. 3, *Australia's Federal Relations 2012-13* and on the Federal Financial Relations website at www.federalfinancialrelations.gov.au.

OVERVIEW OF PAYMENTS TO THE STATES

The States receive substantial financial support from the Commonwealth. In 2011-12, the Commonwealth provided the States with payments totalling \$97.0 billion, comprising specific purpose payments of \$49.9 billion and general revenue assistance, including GST entitlement, of \$47.1 billion, as shown in Table 24. Total payments to the States as a proportion total Commonwealth expenditure was 25.7 per cent in 2011-12.

Table 24: Commonwealth payments to the States, 2011-12

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payments for specific purposes	14,977	11,032	11,447	5,081	4,171	1,232	713	1,209	49,862
General revenue assistance	14,282	10,365	8,592	4,508	4,286	1,678	885	2,554	47,149
Total payments to the States	29,258	21,397	20,039	9,588	8,457	2,911	1,598	3,763	97,011

PAYMENTS FOR SPECIFIC PURPOSES

The Commonwealth provides payments to the States for specific purposes in order to pursue important national policy objectives in areas administered by the States.

The Commonwealth provides the following types of specific purpose payments to the States:

- National Specific Purpose Payments (National SPPs) in respect of key service delivery sectors; and
- National Partnership payments – project payments, facilitation payments and reward payments.

These payments cover most functional areas of state and local government activity including: health; education; skills and workforce development; community services; housing; Indigenous reform; infrastructure; and environment.

National SPPs

The Commonwealth supports the States' efforts in delivering services in the major service delivery sectors through five National SPPs. These National SPPs are the primary way that the Commonwealth supports the States' efforts in delivering services in the major sectors of health, schools, skills and workforce development, disability services and affordable housing. The States are required to spend each National SPP in the relevant sector.

The Intergovernmental Agreement specifies that each National SPP will be indexed on 1 July 2010 and each year thereafter by a growth factor that is determined by the Treasurer.

Payments made through the year for National SPPs are made in advance based on Commonwealth estimates of the growth factors. A balancing adjustment is made after the end of the financial year following a Determination by the Treasurer.

The National SPPs are distributed among the States on the basis of payment shares specified in the Intergovernmental Agreement and population shares based on the Australian Statistician's determination of States' population shares as at 31 December of that year (that is, an equal per capita basis). An equal per capita distribution is being phased in over five years from 2009-10.

An equal per capita distribution of National SPPs ensures that all Australians, regardless of the jurisdiction in which they live, are provided with the same share of Commonwealth funding support for State service delivery.

In the case of the government schools component of the National Schools SPP, the relevant population is each State's share of full-time equivalent student enrolments in government schools.

From 1 July 2012, the National Healthcare SPP was replaced by National Health Reform funding which will comprise base funding equivalent to the National Healthcare SPP and, from 1 July 2014, efficient growth funding. These arrangements are part of the National Health Reform Agreement signed by all jurisdictions in August 2011.

National Partnership payments

The Commonwealth recognises the need to support the States to undertake priority national reforms or collaborative projects.

Under the Intergovernmental Agreement, National Partnership payments to the States are the key vehicle to support the delivery of specified projects, facilitate reforms, or reward those jurisdictions that deliver on nationally significant reforms.

There are three types of National Partnership payments: project; facilitation; and reward.

National Partnership project payments are a financial contribution to the States to deliver specific projects, including to improve the quality or quantity of service delivery, or projects which support national objectives. To the fullest extent possible, project payments are aligned with the achievement of milestones and are made after the States have achieved the outcomes or outputs specified in the relevant National Partnership.

When a reform is agreed as a national priority, National Partnership facilitation payments may be paid in advance of the States implementing reforms, in recognition of the administrative and other costs associated with undertaking reform. National Partnership reward payments can be used to reward those States that deliver on nationally significant reform or continuous improvement in service delivery.

The COAG Reform Council assesses and publicly reports on the achievement of agreed performance benchmarks in all National Partnerships involving reward funding. The Commonwealth considers the COAG Reform Council assessments when determining reward payments to the States.

National Partnership agreements set out clear, mutually agreed and ambitious performance benchmarks that encourage the achievement of reforms or continuous improvement in service delivery.

National Partnerships are typically entered into for a fixed period of time, reflecting the nature of the project or reform involved.

Some payments for specific purposes under the previous federal financial arrangements have become National Partnership payments.

National Partnership agreements are publicly available at:
www.federalfinancialrelations.gov.au

Total payments for specific purposes

In 2011-12, the States received \$49.9 billion in payments for specific purposes. Payments to the States for specific purposes constituted 13.2 per cent of total Commonwealth expenditure in 2011-12.

Total payments for specific purposes, including National SPPs and National Partnership payments are shown in Table 25.

Table 25: Total payments for specific purposes by category, 2011-12

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Specific Purpose									
Payments(a)	8,939	6,783	5,572	2,829	2,148	628	447	347	27,694
National Partnership									
Payments(b)	6,037	4,249	5,875	2,251	2,023	604	267	862	22,168
Total payments for specific purposes	14,977	11,032	11,447	5,081	4,171	1,232	713	1,209	49,862

(a) The 2011-12 National SPPs outcome will be finalised following a Determination by the Treasurer.

(b) Includes financial assistance grants for local government.

Total payments for specific purposes by sector, including National SPPs and National Partnership payments are shown in Table 26.

Table 26: Total payments for specific purposes by sector, 2011-12

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Health	4,774	3,732	3,006	1,706	1,215	344	233	239	15,250
Education	4,328	3,333	2,777	1,409	1,047	313	225	245	13,676
Skills and Workforce									
Development	658	381	400	217	150	50	35	21	1,913
Community Services	1,063	700	720	283	287	91	40	77	3,261
Affordable Housing	487	403	470	346	182	43	30	429	2,390
Infrastructure	2,538	1,442	2,012	641	762	154	80	126	7,754
Environment	95	224	80	42	286	116	3	18	864
Contingent	57	44	1,371	11	8	..	-	5	1,497
Other(a)	976	772	613	426	233	120	67	49	3,256
Total payments for specific purposes	14,977	11,032	11,447	5,081	4,171	1,232	713	1,209	49,862

(a) Includes financial assistance grants for local government.

Total payments for specific purposes by sector and category, including National SPPs and National Partnership payments are shown in Table 27.

Table 27: Total payments for specific purposes by sector and category, 2011-12

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Health</i>									
National Healthcare SPP(a)	4,089	3,060	2,505	1,305	978	278	183	150	12,548
National Partnerships	685	672	501	401	237	67	50	89	2,702
Total health payments	4,774	3,732	3,006	1,706	1,215	344	233	239	15,250
<i>Education</i>									
National Schools SPP(a)	3,592	2,814	2,303	1,143	891	257	199	137	11,335
National Partnerships	736	519	473	266	156	57	26	108	2,341
Total education payments	4,328	3,333	2,777	1,409	1,047	313	225	245	13,676
<i>Skills and workforce development</i>									
National Skills and Workforce Development SPP(a)	448	338	268	140	101	32	23	14	1,363
National Partnerships	210	44	132	78	48	18	12	7	549
Total Skills and workforce development payments	658	381	400	217	150	50	35	21	1,913
<i>Community services</i>									
National Disability SPP(a)(b)	414	284	251	111	82	30	18	15	1,205
National Partnerships	649	416	469	171	205	62	23	62	2,056
Total community services payments	1,063	700	720	283	287	91	40	77	3,261
<i>Affordable housing</i>									
National Affordable Housing SPP(a)	396	288	245	130	95	33	24	31	1,243
National Partnerships	91	115	225	216	87	11	5	398	1,148
Total affordable housing payments	487	403	470	346	182	43	30	429	2,390
<i>Infrastructure</i>									
National Partnerships	2,538	1,442	2,012	641	762	154	80	126	7,754
<i>Environment</i>									
National Partnerships	95	224	80	42	286	116	3	18	864
<i>Contingent payments</i>									
National Partnerships	57	44	1,371	11	8	..	-	5	1,497
<i>Other</i>									
National Partnerships(c)	976	772	613	426	233	120	67	49	3,256
Total payments for specific purposes	14,977	11,032	11,447	5,081	4,171	1,232	713	1,209	49,862

(a) The 2011-12 National SPPs outcome will be finalised following a Determination by the Treasurer.

(b) Includes adjustment to the National Disability SPP to achieve budget neutrality under National Health Reform (see footnote to Table 39 in this Part for details).

(c) Includes financial assistance grants for local government.

Natural Disaster Relief and Recovery Arrangements

The Commonwealth provides funding under the Natural Disaster Relief and Recovery Arrangements (NDRRA) to assist the States with relief and recovery assistance following eligible natural disasters.

For accounting purposes, the Commonwealth recognises a liability equal to the present value of future payments expected to be made to the States under the NDRRA. This is regardless of whether or not a State has completed eligible disaster reconstruction

work or submitted an eligible claim under the NDRRA. Total cash payments in 2011-12 are presented in Table 28 below (see Table 43 in Attachment A for the expense outcome).

Table 28: NDRRA cash payments, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
NDRRA	-	-	2,950,958	1,689	-	-	-	7,917	2,960,564
Total	-	-	2,950,958	1,689	-	-	-	7,917	2,960,564

GENERAL REVENUE ASSISTANCE

General revenue assistance is a broad category of payments, including GST entitlement, which are provided to the States without conditions, to spend according to their own budget priorities.

In 2011-12, the States received \$47.1 billion in general revenue assistance from the Commonwealth, as shown in Table 29, comprising \$46.0 billion in GST entitlement and \$1.1 billion of other general revenue assistance. In 2011-12, total general revenue assistance to the States represented 12.5 per cent of total Commonwealth expenditure.

Table 29: General revenue assistance, 2011-12

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
GST entitlement	14,232	10,341	8,592	3,511	4,286	1,678	849	2,552	46,040
Other general revenue assistance									
ACT municipal services	-	-	-	-	-	-	36	-	36
Reduced royalties	-	-	-	75	-	-	-	-	75
Royalties	-	-	-	922	-	-	-	2	924
Snowy Hydro Ltd tax compensation	50	25	-	-	-	-	-	-	74
Total other general revenue assistance	50	25	-	997	-	-	36	2	1,109
Total general revenue assistance	14,282	10,365	8,592	4,508	4,286	1,678	885	2,554	47,149

GST payments

Reconciling GST revenue and GST payments to the States

The Commonwealth makes GST payments to the States based on the revenue received from the GST. In 2011-12, GST revenue was \$48.8 billion. However, GST revenue for a financial year varies from the amount of GST payments to the States for that year because the payments are based on the amount of GST cash received by the Australian Taxation Office (ATO). So the GST payments to the States differ from GST revenue for the following reasons:

- accrual GST revenues where the cash amounts have not yet been remitted to the ATO;

- penalties, other than general interest charge (GIC) penalties, which are not included in the definition in the *Federal Financial Relations Act 2009* of GST to be paid to the States; and
- the net GST component of sales (and associated input tax credits) by Commonwealth agencies which has been collected by those agencies but which, as at 30 June in each year, will not have been remitted to (or refunded by) the ATO, because it is not due to be paid (or refunded) until the next Business Activity Statement is lodged.

A reconciliation of GST revenue and GST entitlement to the States is provided in Table 30.

Table 30: GST revenue and GST entitlement to the States, 2011-12

\$million	Total
GST revenue	48,849
less change in GST receivables(a)	2,987
GST receipts	45,861
less non-GIC penalties collected(b)	165
less net GST collected by Commonwealth agencies but not yet remitted to the ATO(c)	-343
GST entitlement to the States(d)	46,040

- (a) GST which is recognised on a Commonwealth whole-of-government basis, but not recognised as at 30 June of each financial year, because the revenue will not be remitted to the ATO until the following year.
- (b) General interest charge (GIC) penalties are defined in the Intergovernmental Agreement as being a part of the Commonwealth's GST revenue that is paid to the States. However, while other GST related penalties are also recognised in the Commonwealth's GST revenue, non-GIC penalties are not defined in the Intergovernmental Agreement as being a part of the GST revenue that is paid to the States.
- (c) This is the net GST component of sales (and associated input tax credits) by Commonwealth agencies which has been collected by those agencies but which, as at 30 June in each year, will not have been remitted to (or refunded by) the ATO, because it is not due to be paid (or refunded) until the next Business Activity Statement is lodged (typically on 21 July in the following financial year).
- (d) The 2011-12 GST outcome will be finalised following a Determination by the Treasurer.

Advances of GST entitlement were provided to the States throughout the 2011-12 financial year based on the Commonwealth's estimate of GST receipts as updated at the 2012-13 Budget. GST entitlement to the States is expected to be \$440 million higher than the advances paid during 2011-12. A balancing adjustment will be made following a Determination by the Treasurer. Table 31 provides a reconciliation of GST entitlement and GST advances to the States.

Table 31: GST entitlement and GST advances to the States, 2011-12

\$million	Total
GST entitlement to the States(a)	46,040
less advances of GST made throughout 2011-12	45,600
equals following year balancing adjustment	440

- (a) The 2011-12 GST outcome will be finalised following a Determination by the Treasurer.

Distribution of GST payments among the States

As agreed by COAG in the Intergovernmental Agreement, the Commonwealth distributes GST payments amongst the States in accordance with the principle of horizontal fiscal equalisation and having regard to the recommendations of the Commonwealth Grants Commission.

GST relativities

The Commonwealth Grants Commission recommends GST relativities to be used in calculating each State's share of the GST pool. The relativities determine how much GST each State receives compared with an equal per capita share and are determined such that, if each State made the same effort to raise revenue from its own sources and operated at the same level of efficiency, each State would have the capacity to provide services and the associated infrastructure at the same standard.

This does not necessarily result in the same standard of government services – just the equalisation of each State's capacity to provide the same standard of services. In calculating the GST relativities, the Commission takes into account differences in the State's capacity to raise revenues and differences in the costs the States would incur in providing the same standard of government services, including through acquiring the infrastructure used to deliver those services.

The Treasurer made a Determination on the GST Revenue sharing relativities for 2011-12 in June 2011. The relativities for 2011-12 are shown in Table 32.

Table 32: GST relativities, 2011-12

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2011-12	0.95776	0.90476	0.92861	0.71729	1.27070	1.59942	1.11647	5.35708

Applying the GST relativities to the GST pool

The GST relativities were applied to estimated State populations in order to determine an adjusted population for each State. The entitlements are allocated using the population as at 31 December 2011 as determined by the Australian Statistician. Each State received its adjusted population share of the GST pool as shown in Table 33.

Table 33: Calculation of the 2011-12 GST entitlement

	Population as at 31 December 2011 (1)	State revenue sharing relativities (2)	Adjusted population (1) x (2) (3)	Share of adjusted population per cent (4)	Share of GST pool \$million (5)
NSW	7,247,669	0.95776	6,941,527	30.9	14,231.9
VIC	5,574,455	0.90476	5,043,544	22.5	10,340.6
QLD	4,513,009	0.92861	4,190,825	18.7	8,592.3
WA	2,387,232	0.71729	1,712,338	7.6	3,510.7
SA	1,645,040	1.27070	2,090,352	9.3	4,285.8
TAS	511,718	1.59942	818,452	3.6	1,678.0
ACT	370,729	1.11647	413,908	1.8	848.6
NT	232,365	5.35708	1,244,798	5.5	2,552.2
Total	22,482,217	N/A	22,455,744	100.0	46,040.0

Table 34 provides a summary of advances made in 2011-12 against their estimated final entitlement shown in Table 33 above. The variance between advances paid in 2011-12 and the States' determined entitlements will be provided in the 2012-13 financial year.

Table 34: Summary of advances made in 2011-12 and distribution of following year adjustment across States

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
GST entitlement	14,231.9	10,340.6	8,592.3	3,510.7	4,285.8	1,678.0	848.6	2,552.2	46,040.0
2011-12 advances	14,104.9	10,273.6	8,600.7	3,419.6	4,239.2	1,643.4	825.1	2,493.6	45,600.0
Following year adjustment(a)	127.0	66.9	-8.4	91.1	46.6	34.7	23.5	58.6	440.0

(a) The 2011-12 GST outcome will be finalised following a Determination by the Treasurer.

GST administration costs

The Commissioner of Taxation administers the GST law and the States compensate the Commonwealth for the agreed costs incurred by the Australian Taxation Office in administering the GST, including costs incurred by the Australian Customs Service, as shown in Table 35.

Table 35: GST administration, 2011-12

\$million	Actual	
	2010-11	2011-12
Australian Taxation Office budget	666.6	683.2
<i>less</i> prior year adjustment	-8.2	5.9
<i>equals</i> State government administration payments	674.8	677.4
<i>less</i> Australian Taxation Office outcome(a)	660.7	697.0
<i>equals</i> Commonwealth budget impact	14.1	-19.6
<i>plus</i> prior year adjustment	-8.2	5.9
<i>equals</i> following year adjustment	5.9	-13.7

(a) Estimated outcome for 2011-12 pending confirmation by the Australian National Audit Office.

The estimated outcome for the 2011-12 GST administration expenses of \$697.0 million differs from the amount paid by the States and the prior year adjustment by \$13.7 million. Once the outcome for GST administration costs in 2011-12 is audited, any adjustment required will be incorporated into the States' administration costs for 2012-13.

Attachment A

PAYMENTS TO THE STATES

This attachment provides information on Commonwealth payments to the States and local governments on an accruals basis. This includes Commonwealth advances (loans) to the States, including repayments of advances and interest on advances. Most of these advances were funded from borrowings made on behalf of the States under previous Australian Loan Council arrangements.

The following tables detail payments to the States for 2011-12:

Table 36 – health;

Table 37 – education;

Table 38 – skills;

Table 39 – community services;

Table 40 – affordable housing;

Table 41 – infrastructure;

Table 42 – environment;

Table 43 – contingent liabilities;

Table 44 – other purposes;

Table 45 – general revenue assistance;

Table 46 – advances, repayment of advances and interest payments; and

Table 47 – payments presented on the Australian Bureau of Statistics Government Finance Statistics (GFS) functional basis.

Table 36: Payments for specific purposes to support state health services, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Healthcare SPP(a)	4,088,871	3,059,704	2,505,276	1,305,378	978,088	277,620	182,991	150,204	12,548,132
National Partnership payments									
National Health Reform arrangements									
Financial assistance for long stay older patients	32,905	12,737	21,229	15,922	18,045	3,184	1,061	1,061	106,144
Improving Public Hospital Services									
Flexible funding for emergency departments, elective surgery and subacute care	7,045	5,591	4,724	2,716	2,075	-	944	833	23,928
National emergency access target									
Capital funding	14,482	11,428	9,607	5,390	12,137	-	3,338	1,437	57,819
Facilitation and reward funding	32,453	18,670	20,133	11,571	10,408	-	2,915	915	97,065
National elective surgery target									
Capital funding	6,718	5,385	4,591	2,750	6,488	-	3,376	1,024	30,332
Facilitation and reward funding	49,090	43,878	29,765	9,506	33,617	-	2,211	1,191	169,258
New subacute beds guarantee funding	131,425	92,950	76,125	38,125	28,150	1,425	8,542	4,125	380,867
Health infrastructure									
Health and Hospitals Fund									
Hospital infrastructure and other projects of national significance	64,500	4,000	44,800	184,800	-	5,500	-	19,500	323,100
National cancer system	73,840	279,045	53,178	3,450	37,030	8,243	10,928	-	465,714
Regional priority round	21,900	-	21,009	-	15,400	20,000	1,402	17,050	96,761
Other Health infrastructure payments									
Cairns integrated cancer centre	-	-	2,000	-	-	-	-	-	2,000
Children's cancer centre, Adelaide	-	-	-	-	1,500	-	-	-	1,500
Funding for Grafton Hospital	3,000	-	-	-	-	-	-	-	3,000
Health infrastructure projects in Tasmania	-	-	-	-	-	1,057	-	-	1,057

Table 36: Payments for specific purposes to support state health services, 2011-12 (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Health infrastructure (continued)									
Tasmanian health package	-	-	-	-	-	1,150	-	-	1,150
Patient transport and accommodation services	-	-	-	-	-	-	-	-	-
Radiation oncology services in North/North West Tasmania	-	-	-	-	-	400	-	-	400
Health services									
BreastScreen Australia radiography workforce initiatives	-	-	47	-	47	47	47	20	208
COAG Long Stay Older Patients Initiative	12,990	9,520	10,100	6,640	3,330	1,485	300	-	44,365
Early intervention pilot program	625	-	-	-	-	-	-	-	625
Health care grants for the Torres Strait	-	-	8,135	-	-	-	-	-	8,135
Healthy kids health checks	-	381	383	425	138	97	68	95	1,587
National antimicrobial utilisation surveillance program	-	-	-	-	150	-	-	-	150
National bowel cancer screening program – participant follow-up function	-	444	357	183	143	106	89	76	1,398
National perinatal depression initiative	4,517	3,749	3,164	1,956	648	493	420	508	15,455
National public health – human quarantine services	124	83	108	108	74	74	58	78	707
Northern Territory medical school – funding contribution	-	-	-	-	-	-	-	1,628	1,628
OzFoodNet	328	241	241	188	188	174	131	136	1,627
Royal Darwin Hospital – equipped, prepared and ready	-	-	-	-	-	-	-	14,480	14,480
Torres Strait health protection strategy – mosquito control	-	-	1,084	-	-	-	-	-	1,084
Vaccine-preventable diseases surveillance	446	507	377	189	75	80	83	103	1,860
Victorian cytology service	-	7,700	-	-	-	-	-	-	7,700

Table 36: Payments for specific purposes to support state health services, 2011-12 (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Indigenous Health									
Closing the Gap in the Northern Territory									
– Indigenous health and related services	-	-	-	-	-	-	-	3,683	3,683
Health infrastructure									
Indigenous mobile dental program	-	-	1,021	-	349	-	-	583	1,953
Health services									
Reducing acute rheumatic heart fever among Indigenous children	-	-	769	810	-	-	-	810	2,389
Satellite renal dialysis facilities in remote Northern Territory communities	-	-	-	-	-	-	-	131	131
Sexual assault counselling in remote Northern Territory areas	-	-	-	-	-	-	-	1,075	1,075
Improving ear health services for Indigenous Australian children	-	226	1,100	1,520	1,041	-	-	1,244	5,131
Improving trachoma control services for Indigenous Australians	218	-	180	939	583	-	-	920	2,840
Indigenous early childhood development – antenatal and reproductive health	5,740	1,124	6,929	3,440	1,209	645	230	4,195	23,512
Torres Strait health protection strategy – Saibai Island Health Clinic	-	-	1,200	-	-	-	-	-	1,200
Mental health									
Supporting National Mental Health Reform	3,371	1,748	1,356	1,433	678	54	310	100	9,050
Preventive health									
Enabling infrastructure	816	620	500	252	188	578	630	676	4,260
Healthy children	24,783	18,463	15,612	7,866	5,462	1,807	1,245	927	76,165
Healthy communities	6,448	5,607	5,046	3,645	3,084	841	280	841	25,792
Healthy workers	23,197	17,684	14,831	7,654	5,241	1,644	1,255	808	72,314
Social marketing	1,959	1,487	1,199	606	451	140	97	62	6,001

Table 36: Payments for specific purposes to support state health services, 2011-12 (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Other									
East Kimberley Development				18,570	-	-	-	-	18,570
Package – health-related projects									
Elective surgery waiting list	45,387	29,896	30,871	12,203	12,102	3,100	1,309	819	135,687
reduction plan	104,657	80,279	101,734	50,883	33,706	12,100	7,494	6,529	397,382
Essential vaccines									
Hospital and health workforce reform – activity based funding	12,270	18,950	7,000	7,090	3,580	2,140	1,690	1,230	53,950
Total	4,774,105	3,732,097	3,005,781	1,706,208	1,215,405	344,184	233,444	239,097	15,250,321
<i>Memorandum item - payments direct to local governments included in payments above</i>									
Healthy communities	6,448	5,607	5,046	3,645	3,084	841	280	841	25,792
Total	6,448	5,607	5,046	3,645	3,084	841	280	841	25,792

(a) The 2011-12 National SPPs outcome will be finalised following a Determination by the Treasurer.

Table 37: Payments for specific purposes to support state education services, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Schools SPP(a)	3,592,401	2,813,546	2,303,169	1,142,669	891,408	256,673	198,641	136,679	11,335,186
National Partnership payments									
Closing the Gap in the Northern Territory									
Quality teaching, accelerated literacy	-	-	-	-	-	-	-	12,289	12,289
Teacher housing	-	-	-	-	-	-	-	722	722
Supporting remote schools – additional teachers	-	-	-	-	-	-	-	32,300	32,300
Digital Education Revolution	63,440	47,529	42,496	20,881	15,084	4,842	3,804	1,924	200,000
Early Childhood Education – universal access to early education	82,269	59,103	90,288	29,700	20,196	5,940	3,564	5,940	297,000
East Kimberley development package – education-related projects	-	-	-	16,800	-	-	-	-	16,800
Empowering local schools	17,945	13,622	10,520	2,136	5,588	2,893	2,028	2,435	57,167
Fort Street High School noise insulation	3,396	-	-	-	-	-	-	-	3,396
Helping Our Kids Understand Finances – Professional Learning and MoneySmart schools	214	202	-	110	105	-	74	-	705
Indigenous early childhood development – children and family centres	13,747	2,869	42,651	9,851	2,312	2,085	1,115	8,969	83,599
Investing in focus schools	12,000	2,400	11,800	5,800	2,400	1,400	200	4,000	40,000
More support for students with disabilities	25,220	19,152	16,373	8,084	5,807	1,847	1,359	886	78,728
Nation Building and Jobs plan – Building the Education Revolution – Primary schools for the 21st century	157,439	104,572	72,266	54,008	5,951	2,153	3,077	6,170	405,636
National quality agenda for early childhood education and care	5,937	3,155	911	751	1,498	192	157	492	13,093
National Solar Schools Program	13,608	7,423	6,320	7,348	2,841	1,287	916	1,283	41,026
Rewards for great teachers	15,686	2,400	1,623	5,311	3,634	1,184	883	795	31,516
School Pathways Program	-	-	-	519	1,336	-	-	-	1,855

Table 37: Payments for specific purposes to support state education services, 2011-12 (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Secure Schools Program	2,103	2,053	309	601	397	-	-	-	5,463
Smarter Schools(b)									
Improving teacher quality	75,359	56,200	46,552	23,018	17,204	5,594	4,210	2,896	231,033
Literacy and numeracy	12,903	48,038	41,202	27,391	6,394	3,536	2,189	5,681	147,334
Low socio-economic status school communities	148,313	68,813	53,969	24,188	39,938	17,531	750	17,531	371,033
Trade training centres in schools	86,343	81,870	36,053	29,422	25,028	6,159	1,559	3,934	270,368
Total	4,328,323	3,332,947	2,776,502	1,408,588	1,047,121	313,316	224,526	244,926	13,676,249
<i>Memorandum item - payments for non-government schools included in payments above(c)</i>									
National Schools SPP	2,347,180	1,937,441	1,543,216	764,231	610,986	156,817	142,460	77,054	7,579,385
Digital Education Revolution	23,195	17,967	15,325	8,150	5,720	1,448	1,615	580	74,000
Empowering local schools	5,391	4,272	2,950	2,136	1,577	865	712	712	18,615
Investing in focus schools	1,800	200	1,800	1,000	400	200	-	800	6,200
More support for students with disabilities	6,038	4,257	3,187	1,915	1,012	281	280	96	17,066
Nation Building and Jobs plan – Building the Education Revolution – Primary schools for the 21st century	51,093	11,645	8,450	13,610	3,391	2,153	3,077	-	93,419
National Solar Schools Program	2,871	2,283	825	432	146	280	104	195	7,136
Rewards for great teachers	2,690	2,400	1,623	918	661	170	170	98	8,730
Secure Schools Program	2,103	2,053	309	601	397	-	-	-	5,463
Trade training centres in schools	16,249	17,136	11,214	3,353	4,164	1,307	1,529	70	55,022
Total	2,458,610	1,999,654	1,588,899	796,346	628,454	163,521	149,947	79,605	7,865,036

(a) The 2011-12 National SPPs outcome will be finalised following a Determination by the Treasurer.

(b) Includes government and non-government schools. Payments to non-government schools are not shown in the Memorandum item.

(c) Non-government schools payments are exclusive of GST.

Table 38: Payments for specific purposes to support skills services, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Skills & Workforce Development SPP(a)	447,997	337,700	267,685	139,627	101,426	31,561	22,994	14,142	1,363,132
National Partnership payments									
Building Australia's Future Workforce	8,518	6,330	5,710	2,562	2,228	767	247	302	26,664
Training places for single and teen parents									
Commonwealth/State and Territory Joint Group Training Program	1,760	3,151	4,184	2,999	1,355	-	293	215	13,957
Education Investment Fund	11,687	-	-	13,190	-	-	-	-	24,877
Industry and Indigenous skills centre	-	692	1,863	1,086	635	533	385	1,013	6,207
Natural Disaster Queensland Community Work Placements	-	-	4,750	-	-	-	-	-	4,750
Productivity Places Program	161,154	-	98,688	50,256	36,968	14,938	8,528	5,331	375,863
TAFE fee waivers for childcare qualifications	3,004	5,371	1,522	178	1,455	133	1,169	68	12,900
Youth attainment and transitions									
Maximising engagement, attainment and successful transitions	8,493	17,040	5,595	2,811	1,937	606	662	358	37,502
Year 12 attainment and transitions	15,814	11,005	9,793	4,487	3,608	1,158	804	-	46,669
Total	658,427	381,289	399,790	217,196	149,612	49,696	35,082	21,429	1,912,521

(a) The 2011-12 National SPPs outcome will be finalised following a Determination by the Treasurer.

Table 39: Payments for specific purposes to support community services, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Disability SPP(a)	396,761	284,430	236,293	111,139	114,130	35,142	18,141	12,652	1,208,688
Changed roles and responsibilities – adjustment to achieve budget neutrality(b)	17,531	-	14,449	-	-31,810	-5,473	-554	2,137	-3,720
National Partnership payments									
Transitioning responsibilities for aged care and disability services									
Basic community care maintenance and support services	462,323	324,121	377,292	138,574	127,007	44,971	18,597	8,281	1,501,166
Specialist disability services	55,456	-	17,046	-	41,682	5,683	785	4,640	125,292
Aged care assessment	29,230	22,990	15,170	8,711	9,227	2,270	1,030	1,250	89,878
Certain concessions for pensioners and seniors card holders									
Certain concessions for pensioners	88,531	63,291	44,196	22,255	25,180	8,083	1,799	1,232	254,567
National reciprocal transport concessions	6,621	1,834	4,242	454	410	126	190	81	13,958
Closing the Gap in the Northern Territory									
Community safety – family support	-	-	-	-	-	-	-	4,942	4,942
Field operations	-	-	-	-	-	-	-	4,278	4,278
Food security	-	-	-	-	-	-	-	220	220
Remote policing	-	-	-	-	-	-	-	29,548	29,548
Substance abuse	-	-	-	-	-	-	-	7,246	7,246
Home and Community Care – services for veterans	6,382	3,832	3,636	1,470	1,500	595	279	48	17,742
Social and Community Services – Queensland pay equity regulation									
– back pay	-	-	7,271	-	-	-	-	-	7,271
Total	1,062,835	700,498	719,595	282,603	287,326	91,397	40,267	76,555	3,261,076

(a) The 2011-12 National SPPs outcome will be finalised following a Determination by the Treasurer.

(b) The Commonwealth makes an adjustment to the National Disability SPP to ensure that the changes to Commonwealth and State roles and responsibilities for aged care and disability services are budget neutral.

Table 40: Payments for specific purposes to support affordable housing services, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Affordable Housing SPP(a)	395,836	287,995	245,125	130,236	95,209	32,688	24,411	31,104	1,242,604
National Partnership payments									
Building Better Regional Cities	15,000	4,000	5,000	6,000	-	-	-	-	30,000
East Kimberley development package – social and transitional housing projects	-	-	-	360	-	-	-	-	360
First Home Owners Boost	5,939	18,713	1,673	795	841	301	1,456	84	29,802
Homelessness	34,484	25,917	33,370	16,558	9,994	2,575	2,401	6,202	131,501
Nation Building and Jobs Plan									
Social housing – second stage construction	-	63,796	39,523	20,021	30,709	4,564	1,365	2,022	162,000
Remote Indigenous housing	36,032	2,520	145,285	171,819	45,465	3,142	-	389,880	794,143
Total	487,291	402,941	469,976	345,789	182,218	43,270	29,633	429,292	2,390,410
<i>Memorandum item - payments direct to local governments included in payments above</i>									
Building Better Regional Cities	15,000	4,000	5,000	6,000	-	-	-	-	30,000
Total	15,000	4,000	5,000	6,000	-	-	-	-	30,000

(a) The 2011-12 National SPPs outcome will be finalised following a Determination by the Treasurer.

Table 41: Payments for specific purposes to support state infrastructure services, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Partnership payments									
Adelaide Oval redevelopment and precinct works	-	-	-	-	30,000	-	-	-	30,000
Centenary of Canberra 2013 – A gift to the national capital	-	-	-	-	-	-	52,000	-	52,000
Cloncurry Community Precinct	-	-	2,400	-	-	-	-	-	2,400
East Kimberley Development Package – Other infrastructure projects	-	-	-	2,450	-	-	-	-	2,450
Interstate road transport	38,622	22,473	7,957	3,325	10,130	419	419	419	83,764
King George V sports and community precinct	-	-	-	-	-	8,700	-	-	8,700
Local Government and Regional Development Infrastructure employment projects	-	1,300	3,139	6,500	-	8,000	-	-	18,939
Macquarie Point Railyards Precinct Remediation	-	-	-	-	-	50,000	-	-	50,000
Managed motorways	4,350	1,200	-	-	-	-	-	-	5,550
Manuka Oval lighting upgrade	-	-	-	-	-	-	2,500	-	2,500
Mission Beach safe anchorage	-	-	-	-	-	-	-	-	5,500
Nation Building Plan for the Future	-	-	5,500	-	-	-	-	-	5,500
Major Cities	-	-	-	97,600	-	-	-	-	97,600
Building Australia Fund	1,048,000	468,000	400,000	-	311,200	-	9,500	-	2,236,700
Nation Building Program	-	-	-	-	-	-	-	-	-
Investment	1,223,691	794,740	1,274,940	411,171	360,396	58,984	479	53,958	4,178,359
Black spot projects	25,118	11,984	11,356	8,288	4,614	1,530	1,134	1,175	65,199
Off-network projects	23,171	35,827	96,445	47,373	-	11,653	4,421	58,991	277,881
Supplementary	3,416	6,540	7,067	5,871	150	254	-	-	23,298
Improving the national network	-	-	7,023	4,814	902	-	-	-	12,739
Heavy vehicle safety and productivity	6,098	3,404	6,086	1,388	3,880	1,021	43	418	22,338
Roads to Recovery	80,085	70,152	67,586	48,547	31,405	10,867	7,568	10,133	326,343

Table 41: Payments for specific purposes to support state infrastructure services, 2011-12 (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National transport regulator reforms									
National Heavy Vehicles Regulator	-	-	3,466	-	-	-	-	-	3,466
National Rail Safety Regulator	-	-	-	3,260	-	-	-	-	3,260
Transitional Assistance	-	-	-	-	1,000	1,000	-	1,000	3,000
North Penrith Thornton Park Car Park	2,000	-	-	-	-	-	-	-	2,000
Regional and Local Community Infrastructure Program	32,795	26,077	12,193	3,696	5,053	1,590	1,015	-	82,419
Regional Infrastructure Fund									
Stream 1 – Committed infrastructure projects	-	-	104,000	-	-	-	-	-	104,000
Stream 2 – Economic infrastructure projects	350	-	2,450	-	1,200	-	-	-	4,000
Sydney Cricket Ground redevelopment	50,000	-	-	-	-	-	-	-	50,000
Total	2,537,696	1,441,697	2,011,608	641,023	762,190	154,018	80,079	126,094	7,754,405
<i>Memorandum item - payments direct to local governments included in payments above</i>									
Cloncurry Community Precinct	-	-	2,400	-	-	-	-	-	2,400
East Kimberley Development Package – Other infrastructure projects	-	-	-	1,000	-	-	-	-	1,000
King George V sports and community precinct	-	-	-	-	-	8,700	-	-	8,700
Local Government and Regional Development Infrastructure employment projects	-	1,300	139	-	-	-	-	-	1,439
Nation Building Program									
Off-network projects	7,781	1,620	50,971	3,790	-	-	-	-	64,162
Supplementary	3,416	6,540	7,067	5,871	150	254	-	-	23,298
Roads to Recovery	79,745	70,152	67,586	48,547	28,369	10,867	-	4,381	309,647
North Penrith Thornton Park Car Park	2,000	-	-	-	-	-	-	-	2,000
Regional and Local Community Infrastructure Program	32,795	26,077	12,193	3,696	5,053	1,590	1,015	-	82,419
Total	125,737	105,689	140,356	62,904	33,572	21,411	1,015	4,381	495,065

Table 42: Payments for specific purposes to support state environment services, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Partnership payments									
Animal and plant pest and disease eradication	1,387	2,276	9,938	-	1,298	-	-	-	14,899
Caring for our Country	35,251	27,520	23,020	24,103	17,346	12,290	1,359	3,687	144,576
Coal seam gas and large coal mining development	7,000	4,050	7,400	-	1,250	-	-	-	19,700
Environmental management of the former Rum Jungle mine site	-	-	-	-	-	-	-	2,400	2,400
Exotic Disease Preparedness Program	266	41	7,565	-	3	16	9	-	7,900
Great Artesian Basin Sustainability Initiative	7,202	-	6,811	-	-	-	-	-	14,013
Natural Disaster Recovery and Rebuilding – donation to Queensland flood appeal	-	-	3,076	-	-	-	-	-	3,076
Natural disaster resilience	6,682	4,128	5,920	3,084	2,059	5,540	1,287	1,288	29,988
Northern Australia Sustainable Futures	-	-	115	-	-	-	-	150	265
Renewable remote power generation	-	-	-	4,359	679	-	-	3,816	8,854
Tasmanian Forests Intergovernmental Agreement	-	-	-	-	-	-	-	-	-
Implementation of the Intergovernmental Agreement	-	-	-	-	-	50,000	-	-	50,000
Economic diversification projects	-	-	-	-	-	16,000	-	-	16,000
Water for the Future	-	-	-	-	-	-	-	-	-
National Urban Water and Desalination Plan	-	7,500	-	1,400	222,880	-	-	-	231,780
National Water Security Plan for Cities and Towns	1,188	6,000	5,270	3,075	3,685	5,191	-	6,815	31,224
Sustainable Rural Water Use and Infrastructure	36,243	172,689	10,425	5,870	36,451	27,364	187	278	289,507
Total	95,219	224,204	79,540	41,891	285,651	116,401	2,842	18,434	864,182

Table 42: Payments for specific purposes to support state environment services, 2011-12 (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Memorandum item - payments direct to local governments included in payments above</i>									
Water for the Future									
National Urban Water and Desalination Plan	-	-	-	-	480	-	-	-	480
National Water Security Plan for Cities and Towns	688	-	-	1,000	1,475	5,191	-	-	8,354
Sustainable Rural Water Use and Infrastructure	247	-	-	-	-	-	-	-	247
Total	935	-	-	1,000	1,955	5,191	-	-	9,081

Table 43: Contingent payments to the States, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Partnership payments									
Exceptional Circumstances Assistance	2,959	-1,706	162	-	8,374	..	-	-	9,789
Hepatitis C settlement fund	385	-	-	-	13	-	-	-	398
Natural Disaster Relief and Recovery Arrangements(a)	53,653	45,633	1,370,751	11,439	45	210	-	4,588	1,486,319
Total	56,997	43,927	1,370,913	11,439	8,432	210	-	4,588	1,496,506

(a) Figures in the table above reflect the expense outcome. Total cash payments made in 2011-12 are presented in Table 28.

Table 44: Payments to support other state services, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Partnership payments									
Centenary of Canberra 2013 – joint national program	-	-	-	-	-	-	2,600	-	2,600
Commonwealth Heads of Government Meeting 2011	7,481	1,899	3,563	43,300	3,176	2,278	-	2,475	43,300
Digital Regions Initiative	-	-	-	922	-	-	-	-	21,794
Financial assistance grants	-	-	-	-	-	-	-	-	-
General purpose financial assistance	600,741	460,309	372,206	194,185	136,710	42,669	30,487	19,297	1,856,604
United local roads grants	239,019	169,844	154,356	125,965	45,275	43,657	26,417	19,298	823,831
Supplementary road funding to South Australia for local roads	-	-	-	-	16,249	-	-	-	16,249
Legal assistance services	61,598	43,644	40,484	19,583	15,434	5,836	4,355	3,850	194,784
Local Government and Regional Development	-	-	-	-	-	-	-	-	-
Local Government Reform Fund	2,438	863	900	764	1,689	1,003	295	1,063	9,015
Location-based mobile telephone emergency warning capability	-	26,200	-	-	-	-	-	-	26,200
Pilot of drought reform measures in Western Australia	-	-	-	16,782	-	-	-	-	16,782
Protection and promotion of the Melbourne Royal Exhibition Building world heritage property	-	20,000	-	-	-	-	-	-	20,000
Remote Indigenous public internet access	225	-	330	-	87	-	-	680	1,322
Seamless national economy	64,212	49,554	41,010	20,683	14,725	4,533	3,220	2,062	199,999
Sinking fund on State debt	21	-	-	-	2	-	-	-	23
Standard Business Reporting	-12	-15	-7	-1	-25	-	-49	-	-109
Temporary assistance for Tasmanian exporters	-	-	-	-	-	20,000	-	-	20,000
World Sailing Championships	-	-	-	3,600	-	-	-	-	3,600
Total	975,723	772,298	612,842	425,783	233,322	119,976	67,325	48,725	3,255,994

Table 45: General revenue assistance payments to the States and Territories, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
GST entitlement(a)	14,231,901	10,340,551	8,592,260	3,510,729	4,285,755	1,678,035	848,617	2,552,152	46,040,000
Other payments									
ACT Municipal Services	-	-	-	-	-	-	36,110	-	36,110
Reduced royalties	-	-	-	74,638	-	-	-	-	74,638
Royalties	-	-	-	922,319	-	-	-	1,695	924,014
Snowy Hydro Ltd tax compensation	49,601	24,800	-	-	-	-	-	-	74,401
Total	14,281,502	10,365,351	8,592,260	4,507,686	4,285,755	1,678,035	884,727	2,553,847	47,149,163

(a) The 2011-12 GST outcome will be finalised following a Determination by the Treasurer.

Table 46: Other financial flows — estimated advances, repayment of advances and interest payments, 2011-12

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Advances									
Contingent liabilities									
Loan to NSW to assist beneficiaries of the Asbestos Injuries Compensation Fund	14,850	-	-	-	-	-	-	-	14,850
Natural disaster relief	-	-	7,616	-	-	-	-	-	7,616
Repayments									
Contingent liabilities									
Natural disaster relief	-1,023	-	-7,288	-	-	-	-	-	-8,311
Environment									
Northern Territory — water and sewerage assistance	-	-	-	-	-	-	-	-136	-136
Housing									
Commonwealth-State Housing									
Agreement loans	-35,809	-	-9,578	-9,047	-13,527	-4,796	-	-694	-73,451
Housing for service personnel	-1,254	-	-767	-221	-39	-	-	-	-2,281
Other housing	-	-	-	-	-	-	-7,592	-1,871	-9,463
Payments to debt sinking funds	-108	-1	-	-	-599	-	-	-	-708
Infrastructure									
Railway projects	-33	-33	-	-365	-	-	-	-	-431
Sewerage	-5,792	-	-1,445	-	-935	-	-	-	-8,172
War service land settlement scheme	-153	-165	-	-	-	-	-	-	-318
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-554	-	-554
Loan Council — housing nominations	-7,519	-	-2,766	-4,796	-4,502	-2,016	-	-2,503	-24,102

Table 46: Other financial flows — estimated advances, repayment of advances and interest payments, 2011-12 (continued)

\$'000	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Interest									
Contingent liabilities									
Natural disaster relief	-63	-	-2,081	-	-	-	-	-	-2,144
Environment									
Northern Territory – water and sewerage assistance	-	-	-	-	-	-	-	83	83
Housing									
Commonwealth-State Housing									
Agreement loans	-33,128	-2	-9,249	-8,832	-14,509	-4,532	-	-1,289	-71,541
Housing for service personnel	-2,124	-	-1,195	-203	-94	-	-	-	-3,616
Other housing	-	-	-	-	-	-	-7,997	-3,865	-11,862
Infrastructure									
Railway projects	-2	-2	-	-133	-	-	-	-	-137
Sewerage	-2,510	-	-630	-	-552	-	-	-	-3,692
War service land settlement scheme	-11	-9	-	-	-	-	-	-	-20
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-836	-	-836
Loan Council – housing nominations	-19,193	-	-6,900	-11,793	-11,617	-5,090	-	-6,699	-61,292
Net Financial Flow	-93,872	-212	-34,283	-35,390	-46,374	-16,434	-16,979	-16,974	-260,518

Note: From the 2012-13 Final Budget Outcome, this table will only be available online at www.budget.gov.au.

Table 47: Total payments to the States by GFS function, 2011-12

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)
General public services	64,200	49,539	41,003	20,682	14,700	4,533	3,171	2,062	199,890
Public order and safety	63,701	45,697	40,793	63,484	15,831	5,836	4,355	40,644	280,341
Education	4,949,595	3,694,893	3,115,304	1,603,148	1,187,695	358,915	256,742	254,383	15,420,675
Health	4,792,021	3,732,097	3,020,230	1,706,208	1,183,608	338,711	232,890	241,234	15,246,999
Social security and welfare	1,064,988	706,522	741,437	293,205	322,946	99,147	42,093	47,085	3,317,423
Housing and community amenities	539,095	442,222	518,295	382,358	203,019	128,080	84,383	437,012	2,734,464
Recreation and culture	50,000	20,000	-	3,600	30,000	-	5,100	-	108,700
Fuel and energy	10,737	5,140	5,495	11,275	3,374	1,007	812	4,904	42,744
Agriculture, forestry and fishing	49,245	186,800	40,171	27,127	272,691	98,571	196	7,093	681,894
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	2,460,607	1,416,219	1,992,269	629,299	730,400	108,006	24,564	129,249	7,490,613
Other economic affairs	1,760	3,843	18,068	4,085	1,990	533	678	1,228	32,185
Other purposes	15,212,169	11,094,277	10,505,742	4,843,735	4,490,778	1,767,164	942,941	2,598,093	51,454,899
Total payments to the States	29,258,118	21,397,249	20,038,807	9,588,206	8,457,032	2,910,503	1,597,925	3,762,987	97,010,827
less payments 'through' the States	2,553,840	2,082,671	1,699,373	835,036	671,608	175,932	164,275	93,777	8,276,512
less financial assistance grants for local government	839,760	630,153	526,562	320,150	181,985	86,326	56,904	38,595	2,680,435
less payments direct 'to' local government	148,120	115,296	150,402	73,549	38,611	27,443	1,295	5,222	559,938
equals total payments 'to' the States for own-purpose expenses	25,716,398	18,569,129	17,662,470	8,359,471	7,564,828	2,620,802	1,375,451	3,625,393	85,483,942

(a) Payments for 'Other purposes' includes general revenue assistance to the States.

APPENDIX A: EXPENSES BY FUNCTION AND SUB-FUNCTION

Table A1 sets out Australian Government general government sector expenses by function and sub-function for 2011-12.

Table A1: Australian Government general government sector expenses by function and sub-function

	2010-11 Outcome	2011-12 Estimate at 2012-13 Budget	2011-12 Outcome
	\$m	\$m	\$m
General public services			
Legislative and executive affairs	1,039	1,010	1,003
Financial and fiscal affairs	7,834	7,663	7,982
Foreign affairs and economic aid	5,564	5,798	5,878
General research	2,687	2,789	2,764
General services	1,208	841	1,432
Government superannuation benefits	4,150	3,843	4,094
Total general public services	22,481	21,944	23,153
Defence	20,408	21,656	21,692
Public order and safety			
Courts and legal services	803	869	829
Other public order and safety	3,020	3,203	3,170
Total public order and safety	3,823	4,072	3,999
Education			
Higher education	7,722	8,579	8,533
Vocational and other education	1,887	1,997	1,998
Schools	11,188	12,308	12,243
<i>Non-government schools</i>	7,261	7,734	7,737
<i>Government schools</i>	3,926	4,574	4,505
Student assistance	4,567	4,121	4,110
General administration	387	314	263
School education - specific funding	6,355	1,940	1,903
Total education	32,106	29,259	29,050
Health			
Medical services and benefits	23,247	24,199	25,081
Hospital services	2,627	2,890	2,944
National Health Reform Payment	12,063	12,694	12,544
Pharmaceutical benefits and services	10,040	10,539	10,188
Aboriginal and Torres Strait Islander health	650	742	736
Health services	5,627	6,974	7,359
General administration	1,817	3,130	3,159
Total health	56,070	61,168	62,012
Social security and welfare			
Assistance to the aged	44,493	48,675	48,231
Assistance to veterans and dependants	7,022	7,071	7,090
Assistance to people with disabilities	20,734	22,951	23,016
Assistance to families with children	31,286	34,589	34,919

Table A1: Australian Government general government sector expenses by function and sub-function (continued)

	2010-11 Outcome	2011-12 Estimate at 2012-13 Budget	2011-12 Outcome
	\$m	\$m	\$m
Social security and welfare (continued)			
Assistance to the unemployed and the sick	6,965	7,449	7,448
Other welfare programs	2,174	974	992
Assistance for Indigenous Australians nec	1,180	1,366	1,162
General administration	3,241	3,804	3,889
Total social security and welfare	117,093	126,879	126,747
Housing and community amenities			
Housing	4,352	3,336	3,387
Urban and regional development	354	585	595
Environment protection	837	2,316	2,197
Total housing and community amenities	5,543	6,238	6,180
Recreation and culture			
Broadcasting	1,489	1,660	1,608
Arts and cultural heritage	1,081	1,153	1,221
Sport and recreation	349	519	523
National estate and parks	333	373	457
Total recreation and culture	3,252	3,705	3,809
Fuel and energy	5,914	6,633	6,464
Agriculture, forestry and fishing			
Wool industry	57	64	62
Grains industry	156	170	169
Dairy industry	48	49	51
Cattle, sheep and pig industry	166	180	170
Fishing, horticulture and other agriculture	225	243	228
General assistance not allocated to specific industries	21	26	24
Rural assistance	498	281	256
Natural resources development	769	1,581	1,327
General administration	606	662	667
Total agriculture, forestry and fishing	2,546	3,255	2,953
Mining, manufacturing and construction	1,456	2,114	2,245
Transport and communication			
Communication	428	892	861
Rail transport	539	1,066	1,045
Air transport	196	247	228
Road transport	2,980	6,294	6,341
Sea transport	282	305	290
Other transport and communication	239	373	364
Total transport and communication	4,664	9,178	9,129

Table A1: Australian Government general government sector expenses by function and sub-function (continued)

	2010-11 Outcome	2011-12 Estimate at 2012-13 Budget	2011-12 Outcome
	\$m	\$m	\$m
Other economic affairs			
Tourism and area promotion	158	171	177
Total labour and employment affairs	4,669	4,765	4,783
<i>Vocational and industry training</i>	1,726	1,982	1,977
<i>Labour market assistance to job seekers and industry</i>	2,320	2,088	2,109
<i>Industrial relations</i>	623	694	698
Immigration	2,206	2,475	2,740
Other economic affairs nec	2,013	2,347	2,354
Total other economic affairs	9,046	9,758	10,054
Other purposes			
Public debt interest	9,273	11,510	11,421
<i>Interest on Australian Government's behalf</i>	9,273	11,510	11,421
Nominal superannuation interest	6,997	7,358	7,376
General purpose inter-government transactions	49,298	49,555	49,940
<i>General revenue assistance - States and Territories</i>	46,964	46,714	47,149
<i>Local government assistance</i>	2,334	2,841	2,791
Natural disaster relief	6,129	815	1,516
Contingency reserve	0	-1,426	0
Total other purposes	71,696	67,812	70,253
Total expenses	356,100	373,671	377,739

APPENDIX B: HISTORICAL AUSTRALIAN GOVERNMENT DATA

This appendix reports historical data for the Australian Government fiscal aggregates across the general government, public non-financial corporations and non-financial public sectors.

DATA SOURCES

Data are sourced from Australian Government *Final Budget Outcomes*, the Australian Bureau of Statistics (ABS) and Australian Government *Consolidated Financial Statements*.

- Accrual data from 1996-97 onwards and cash data, net debt data, net financial worth data and net worth data from 1999-2000 onwards are sourced from Australian Government *Final Budget Outcomes*. Back-casting adjustments for accounting classification changes and other revisions have been made from 1998-99 onwards where applicable.
- Cash data prior to 1999-2000 are sourced from ABS data, which have been calculated using methodology consistent with that used for later years in ABS cat. no. 5512.0 *Government Finance Statistics*.
- Net debt data prior to 1999-2000 are from ABS cat. no. 5512.0 *Government Finance Statistics 2003-04* in 1998-99, ABS cat. no. 5501.0 *Government Financial Estimates 1999-2000* and ABS cat. no. 5513.0 *Public Sector Financial Assets and Liabilities 1998* in 1987-88 to 1997-98, and Treasury estimates (see Treasury's *Economic Roundup*, Spring 1996, pages 97-103) prior to 1987-88.

COMPARABILITY OF DATA ACROSS YEARS

The data set contains a number of structural breaks owing to accounting classification differences and changes to the structure of the budget which cannot be eliminated through back-casting because of data limitations. These breaks can affect the comparability of data across years, especially when the analysis is taken over a large number of years. Specific factors causing structural breaks include:

- from 2005-06 onwards, underlying Government Finance Statistics (GFS) data are provided by agencies in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS). Prior to 2005-06, underlying GFS data are based on data provided by agencies in accordance with Australian Accounting Standards (AAS);

- most recent accounting classification changes that require revisions to the historical series have been back-cast (where applicable) to 1998-99, ensuring that data are consistent across the accrual period from 1998-99 onwards. However, because of data limitations, these changes have not been back-cast to earlier years;
- prior to 1999-2000, Australian Government general government sector debt instruments are valued at historic cost, whereas from 1999-2000 onwards they are valued at market prices (consistent with accrual GFS standards). This affects net debt and net interest payments;
- cash data up to and including 1997-98 are calculated under a cash accounting framework, while cash data from 1998-99 onwards are derived from an accrual accounting framework.¹ Although the major methodological differences associated with the move to the accrual framework have been eliminated through back-casting, comparisons across the break may still be affected by changes to some data sources and collection methodologies;
- adjustments in the coverage of agencies included in the accounts of the different sectors. These include the reclassification of Central Banking Authorities from the general government to the public financial corporations sector in 1998-99, and subsequent back-casting to account for this change;
- changes in arrangements for transfer payments, where tax concessions or rebates have been replaced by payments through the social security system. This has the effect of increasing both cash receipts and payments, as compared with earlier periods, but not changing cash balances. Changes in the opposite direction (tax expenditures replacing payments) reduce both cash payments and receipts; and
- classification differences in the data relating to the period prior to 1976-77 (which means that earlier data may not be entirely consistent with data for 1976-77 onwards).

REVISIONS TO PREVIOUSLY PUBLISHED DATA

Under the accrual GFS framework and generally under AAS, flows are recorded in the period in which they occurred. As a result, prior period outcomes may be revised for classification changes relating to information that could reasonably have been expected to be known in the past, is material in at least one of the affected periods, and can be reliably assigned to the relevant period(s).

1 Prior to the 2008-09 Budget, cash data calculated under the cash accounting framework was used up to and including 1998-99. In the 2008-09 Budget, cash data prior to 1998-99 have been replaced by ABS data derived from the accrual framework.

DEFLATING REAL SPENDING GROWTH BY THE CONSUMER PRICE INDEX

The 2011-12 Final Budget Outcome (FBO), including the historical series, calculates real spending growth using the Consumer Price Index (CPI) as the deflator. This is also the benchmark against which the Government's fiscal strategy is based. Prior to the 2008-09 Budget the non-farm GDP (NFGDP) deflator was used and has therefore been shown in this statement for comparative purposes.

The use of the CPI, rather than the non-farm GDP deflator, provides a more accurate depiction of real government spending growth, especially in the current economic climate. The non-farm GDP deflator incorporates fluctuations in global commodity prices which are not relevant for Government expenditures. Therefore, deflating government spending by the non-farm GDP deflator distorts trends in real spending growth.

Table B1: Australian Government general government sector receipts, payments and underlying cash balance^(a)

	Receipts(b)		Payments(c)				Future Fund earnings	Underlying cash balance(d)	
	\$m	Per cent of GDP	\$m	Per cent real growth	Per cent (NFGDP deflator)(e)	Per cent of GDP	\$m	\$m	Per cent of GDP
				(CPI)					
1970-71	8,290	20.6	7,389	na	na	18.3	-	901	2.2
1971-72	9,135	20.5	8,249	4.1	4.7	18.5	-	886	2.0
1972-73	9,735	19.6	9,388	7.7	7.8	18.9	-	348	0.7
1973-74	12,228	20.3	11,078	4.2	3.6	18.4	-	1,150	1.9
1974-75	15,643	22.0	15,463	19.9	14.5	21.7	-	181	0.3
1975-76	18,727	22.5	20,225	15.7	13.5	24.3	-	-1,499	-1.8
1976-77	21,890	22.8	23,157	0.6	1.9	24.1	-	-1,266	-1.3
1977-78	24,019	22.9	26,057	2.7	3.3	24.8	-	-2,037	-1.9
1978-79	26,129	22.0	28,272	0.3	2.8	23.8	-	-2,142	-1.8
1979-80	30,321	22.5	31,642	1.5	2.1	23.5	-	-1,322	-1.0
1980-81	35,993	23.6	36,176	4.6	3.6	23.7	-	-184	-0.1
1981-82	41,499	23.6	41,151	2.9	0.5	23.4	-	348	0.2
1982-83	45,463	24.0	48,810	6.3	6.2	25.8	-	-3,348	-1.8
1983-84	49,981	23.4	56,990	9.4	9.7	26.7	-	-7,008	-3.3
1984-85	58,817	25.0	64,853	9.1	8.4	27.5	-	-6,037	-2.6
1985-86	66,206	25.4	71,328	1.5	3.4	27.4	-	-5,122	-2.0
1986-87	74,724	26.2	77,158	-1.1	0.8	27.0	-	-2,434	-0.9
1987-88	83,491	25.7	82,039	-0.9	-0.3	25.3	-	1,452	0.4
1988-89	90,748	24.7	85,326	-3.1	-4.3	23.2	-	5,421	1.5
1989-90	98,625	24.4	92,684	0.6	1.6	22.9	-	5,942	1.5
1990-91	100,227	24.1	100,665	3.1	3.8	24.2	-	-438	-0.1
1991-92	95,840	22.6	108,472	5.7	6.0	25.6	-	-12,631	-3.0
1992-93	97,633	22.0	115,751	5.6	6.0	26.0	-	-18,118	-4.1
1993-94	103,824	22.2	122,009	3.5	4.3	26.1	-	-18,185	-3.9
1994-95	113,458	22.9	127,619	1.4	2.6	25.7	-	-14,160	-2.9
1995-96	124,429	23.5	135,538	1.9	3.3	25.6	-	-11,109	-2.1
1996-97	133,592	24.0	139,689	1.7	1.5	25.1	-	-6,099	-1.1
1997-98	140,736	23.9	140,587	0.6	-0.6	23.9	-	149	0.0
1998-99	152,063	24.5	148,175	4.1	4.7	23.8	-	3,889	0.6
1999-00	166,199	25.1	153,192	1.0	0.8	23.1	-	13,007	2.0
2000-01	182,996	25.9	177,123	9.1	10.7	25.1	-	5,872	0.8
2001-02	187,588	24.8	188,655	3.5	4.2	25.0	-	-1,067	-0.1
2002-03	204,613	25.5	197,243	1.4	1.6	24.6	-	7,370	0.9
2003-04	217,775	25.3	209,785	3.9	2.9	24.4	-	7,990	0.9
2004-05	235,984	25.6	222,407	3.5	1.9	24.2	-	13,577	1.5
2005-06	255,943	25.7	240,136	4.6	2.8	24.1	51	15,756	1.6
2006-07	272,637	25.2	253,321	2.5	0.6	23.4	2,135	17,182	1.6
2007-08	294,917	25.1	271,843	3.8	2.6	23.1	3,370	19,704	1.7
2008-09	292,600	23.4	316,046	12.7	10.3	25.2	3,633	-27,079	-2.2
2009-10	284,662	22.0	336,900	4.2	5.6	26.0	2,512	-54,750	-4.2
2010-11	302,024	21.6	346,102	-0.4	-3.1	24.7	3,668	-47,746	-3.4
2011-12	329,874	22.5	371,032	4.8	5.4	25.3	2,583	-43,740	-3.0

(a) Data have been revised in the 2011-12 Final Budget Outcome to improve accuracy and comparability through time.

(b) Receipts are equal to receipts from operating activities and sales of non-financial assets.

(c) Payments are equal to payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(d) Underlying cash balance is equal to receipts less payments, less Future Fund earnings. For the purposes of consistent comparison with years prior to 2005-06, Future Fund earnings should be added back to the underlying cash balance.

(e) Real spending growth using the Consumer Price Index as the deflator is the benchmark against which the Government's fiscal strategy has been based since it was introduced. Real spending growth using the non-farm GDP deflator is included for comparative purposes only.

Table B2: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts^(a)

	Taxation receipts		Non-taxation receipts		Total receipts(b)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	7,193	17.8	1,097	2.7	8,290	20.6
1971-72	7,895	17.8	1,240	2.8	9,135	20.5
1972-73	8,411	16.9	1,324	2.7	9,735	19.6
1973-74	10,832	18.0	1,396	2.3	12,228	20.3
1974-75	14,141	19.9	1,502	2.1	15,643	22.0
1975-76	16,920	20.3	1,807	2.2	18,727	22.5
1976-77	19,714	20.5	2,176	2.3	21,890	22.8
1977-78	21,428	20.4	2,591	2.5	24,019	22.9
1978-79	23,409	19.7	2,720	2.3	26,129	22.0
1979-80	27,473	20.4	2,848	2.1	30,321	22.5
1980-81	32,641	21.4	3,352	2.2	35,993	23.6
1981-82	37,880	21.6	3,619	2.1	41,499	23.6
1982-83	41,025	21.7	4,438	2.3	45,463	24.0
1983-84	44,849	21.0	5,132	2.4	49,981	23.4
1984-85	52,970	22.5	5,847	2.5	58,817	25.0
1985-86	58,841	22.6	7,365	2.8	66,206	25.4
1986-87	66,467	23.3	8,257	2.9	74,724	26.2
1987-88	75,076	23.1	8,415	2.6	83,491	25.7
1988-89	83,452	22.7	7,296	2.0	90,748	24.7
1989-90	90,773	22.4	7,852	1.9	98,625	24.4
1990-91	92,739	22.3	7,488	1.8	100,227	24.1
1991-92	87,364	20.6	8,476	2.0	95,840	22.6
1992-93	88,760	20.0	8,873	2.0	97,633	22.0
1993-94	93,362	20.0	10,462	2.2	103,824	22.2
1994-95	104,921	21.1	8,537	1.7	113,458	22.9
1995-96	115,700	21.8	8,729	1.6	124,429	23.5
1996-97	124,559	22.4	9,033	1.6	133,592	24.0
1997-98	130,984	22.2	9,752	1.7	140,736	23.9
1998-99	138,420	22.3	13,643	2.2	152,063	24.5
1999-00	151,313	22.9	14,887	2.2	166,199	25.1
2000-01	170,354	24.1	12,641	1.8	182,996	25.9
2001-02	175,108	23.2	12,481	1.7	187,588	24.8
2002-03	192,131	24.0	12,482	1.6	204,613	25.5
2003-04	206,091	24.0	11,683	1.4	217,775	25.3
2004-05	223,314	24.2	12,669	1.4	235,984	25.6
2005-06	241,215	24.2	14,728	1.5	255,943	25.7
2006-07	257,392	23.8	15,245	1.4	272,637	25.2
2007-08	278,376	23.7	16,540	1.4	294,917	25.1
2008-09	272,627	21.8	19,973	1.6	292,600	23.4
2009-10	260,973	20.2	23,689	1.8	284,662	22.0
2010-11	280,839	20.1	21,185	1.5	302,024	21.6
2011-12	309,943	21.1	19,931	1.4	329,874	22.5

(a) Data have been revised in the 2011-12 Final Budget Outcome to improve accuracy and comparability through time.

(b) Receipts are equal to receipts from operating activities and sales of non-financial assets.

Table B3: Australian Government general government sector net debt and net interest payments^(a)

	Net debt(b)		Net interest payments(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	344	0.9	-189	-0.5
1971-72	-496	-1.1	-245	-0.6
1972-73	-790	-1.6	-252	-0.5
1973-74	-1,851	-3.1	-286	-0.5
1974-75	-1,901	-2.7	-242	-0.3
1975-76	-341	-0.4	-330	-0.4
1976-77	898	0.9	-62	-0.1
1977-78	2,896	2.8	4	0.0
1978-79	4,983	4.2	254	0.2
1979-80	6,244	4.6	440	0.3
1980-81	6,356	4.2	620	0.4
1981-82	5,919	3.4	680	0.4
1982-83	9,151	4.8	896	0.5
1983-84	16,015	7.5	1,621	0.8
1984-85	21,896	9.3	2,813	1.2
1985-86	26,889	10.3	3,952	1.5
1986-87	29,136	10.2	4,762	1.7
1987-88	27,344	8.4	4,503	1.4
1988-89	21,981	6.0	4,475	1.2
1989-90	16,123	4.0	4,549	1.1
1990-91	16,915	4.1	3,636	0.9
1991-92	31,041	7.3	3,810	0.9
1992-93	55,218	12.4	3,986	0.9
1993-94	70,223	15.0	5,628	1.2
1994-95	83,492	16.8	7,292	1.5
1995-96	95,831	18.1	8,861	1.7
1996-97	96,281	17.3	9,489	1.7
1997-98	82,935	14.1	8,279	1.4
1998-99	72,065	11.6	8,649	1.4
1999-00	53,869	8.1	7,514	1.1
2000-01	42,719	6.0	6,195	0.9
2001-02	38,180	5.1	5,352	0.7
2002-03	29,047	3.6	3,758	0.5
2003-04	22,639	2.6	3,040	0.4
2004-05	10,741	1.2	2,502	0.3
2005-06	-4,531	-0.5	2,303	0.2
2006-07	-29,150	-2.7	228	0.0
2007-08	-44,820	-3.8	-1,015	-0.1
2008-09	-16,148	-1.3	-1,196	-0.1
2009-10	42,283	3.3	2,386	0.2
2010-11	84,551	6.0	4,608	0.3
2011-12	147,334	10.0	6,609	0.4

(a) Data have been revised in the 2011-12 Final Budget Outcome to improve accuracy and comparability through time.

(b) Net debt is equal to 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.

(c) Net interest payments are equal to the difference between interest paid and interest receipts.

Table B4: Australian Government general government sector revenue, expenses, net capital investment and fiscal balance^(a)

	Revenue		Expenses		Net capital investment		Fiscal balance(b)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1996-97	141,688	25.4	145,821	26.2	90	0.0	-4,223	-0.8
1997-98	146,820	24.9	148,652	25.2	147	0.0	-1,979	-0.3
1998-99	152,106	24.5	146,772	23.6	1,433	0.2	3,901	0.6
1999-00	167,304	25.3	155,558	23.5	-69	0.0	11,815	1.8
2000-01	186,110	26.3	180,094	25.5	8	0.0	6,007	0.8
2001-02	190,488	25.2	193,041	25.6	382	0.1	-2,935	-0.4
2002-03	206,923	25.8	201,259	25.1	287	0.0	5,377	0.7
2003-04	222,168	25.8	215,361	25.1	660	0.1	6,148	0.7
2004-05	242,507	26.3	229,245	24.9	1,034	0.1	12,228	1.3
2005-06	261,238	26.3	242,173	24.3	2,498	0.3	16,568	1.7
2006-07	278,411	25.7	259,156	23.9	2,333	0.2	16,922	1.6
2007-08	303,729	25.8	280,107	23.8	2,593	0.2	21,029	1.8
2008-09	298,933	23.9	324,557	25.9	4,064	0.3	-29,688	-2.4
2009-10	292,767	22.6	340,035	26.3	6,433	0.5	-53,701	-4.2
2010-11	309,890	22.1	356,100	25.5	5,297	0.4	-51,506	-3.7
2011-12	338,109	23.0	377,739	25.7	4,850	0.3	-44,481	-3.0

(a) Data have been revised in the 2011-12 Final Budget Outcome to improve accuracy and comparability through time.

(b) Fiscal balance is equal to revenue less expenses less net capital investment.

Table B5: Australian Government general government sector net worth and net financial worth^(a)

	Net worth(b)		Net financial worth(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1999-00	-7,046	-1.1	-68,178	-10.3
2000-01	-6,618	-0.9	-73,097	-10.3
2001-02	-11,655	-1.5	-79,012	-10.5
2002-03	-15,330	-1.9	-84,645	-10.6
2003-04	-1,152	-0.1	-74,159	-8.6
2004-05	14,556	1.6	-60,257	-6.5
2005-06	17,971	1.8	-63,440	-6.4
2006-07	46,351	4.3	-39,976	-3.7
2007-08	70,859	6.0	-18,070	-1.5
2008-09	19,427	1.6	-74,094	-5.9
2009-10	-45,938	-3.6	-147,168	-11.4
2010-11	-95,386	-6.8	-200,810	-14.4
2011-12	-247,208	-16.8	-358,329	-24.4

(a) Data have been revised in the 2011-12 Final Budget Outcome to improve accuracy and comparability through time.

(b) Net worth is equal to total assets less liabilities.

(c) Net financial worth is equal to financial assets less liabilities.

Table B6: Australian Government general government sector accrual taxation revenue, non-taxation revenue and total revenue^(a)

	Taxation revenue		Non-taxation revenue		Total revenue	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1999-00	153,408	23.2	13,896	2.1	167,304	25.3
2000-01	175,881	24.9	10,228	1.4	186,110	26.3
2001-02	178,210	23.6	12,278	1.6	190,488	25.2
2002-03	195,203	24.4	11,720	1.5	206,923	25.8
2003-04	209,959	24.4	12,209	1.4	222,168	25.8
2004-05	229,943	25.0	12,564	1.4	242,507	26.3
2005-06	245,716	24.7	15,522	1.6	261,238	26.3
2006-07	262,511	24.2	15,900	1.5	278,411	25.7
2007-08	286,229	24.3	17,500	1.5	303,729	25.8
2008-09	278,653	22.3	20,280	1.6	298,933	23.9
2009-10	268,000	20.7	24,767	1.9	292,767	22.6
2010-11	289,005	20.7	20,885	1.5	309,890	22.1
2011-12	316,779	21.6	21,330	1.5	338,109	23.0

(a) Data have been revised in the 2011-12 Final Budget Outcome to improve accuracy and comparability through time.

Table B7: Australian Government cash receipts, payments and surplus by institutional sector (\$m)^(a)

	General government				Public non-financial corporations				Non-financial public sector			
	Underlying cash balance(d)		Cash surplus(d)		Underlying cash balance(d)		Cash surplus(d)		Underlying cash balance(d)		Cash surplus(d)	
	Receipts(b)	Payments(c)	Receipts(b)	Payments(c)	Receipts(b)	Payments(c)	Receipts(b)	Payments(c)	Receipts(b)	Payments(c)	Receipts(b)	Payments(c)
1988-89	90,748	85,326	5,421	4,177	6,035	257	93,923	90,312	5,678			
1989-90	98,625	92,684	5,942	3,926	11,322	-5,261	101,495	102,883	681			
1990-91	100,227	100,665	-438	4,804	9,351	-2,139	103,837	108,808	-2,577			
1991-92	95,840	108,472	-12,631	3,899	7,713	101	97,937	114,369	-12,530			
1992-93	97,633	115,751	-18,118	4,385	7,819	-196	100,512	122,042	-18,314			
1993-94	103,824	122,009	-18,185	5,178	6,476	1,482	106,747	126,214	-16,703			
1994-95	113,458	127,619	-14,160	5,262	7,318	1,956	116,751	132,965	-12,204			
1995-96	124,429	135,538	-11,109	4,927	8,190	-527	126,593	140,963	-11,636			
1996-97	133,592	139,689	-6,099	4,782	7,373	473	135,259	143,948	-5,626			
1997-98	140,736	140,587	149	6,238	7,923	1,119	144,517	145,985	1,268			
1998-99	152,063	148,175	3,889	na	na	-353	na	na	3,536			
1999-00	166,199	153,192	13,007	na	na	-2,594	na	na	10,413			
2000-01	182,996	177,123	5,872	na	na	391	na	na	6,264			
2001-02	187,588	188,655	-1,067	na	na	1,210	na	na	143			
2002-03	204,613	197,243	7,370	27,386	26,105	1,280	na	na	8,650			
2003-04	217,775	209,785	7,990	27,718	26,142	1,575	238,236	227,099	9,564			
2004-05	235,984	222,407	13,577	29,621	28,071	1,550	257,946	241,577	15,128			
2005-06	255,943	240,136	15,756	30,875	31,874	-999	278,254	263,445	14,758			
2006-07	272,637	253,321	17,182	16,882	18,641	-1,759	285,336	267,778	15,423			
2007-08	294,917	271,843	19,704	7,758	8,232	-473	300,503	277,903	19,231			
2008-09	292,600	316,046	-27,079	7,987	8,960	-973	297,421	321,841	-28,052			
2009-10	284,662	336,900	-54,750	8,419	9,341	-922	290,681	343,841	-55,672			
2010-11	302,024	346,102	-47,746	8,558	9,733	-1,175	308,258	353,511	-48,920			
2011-12	329,874	371,032	-43,740	8,845	10,847	-2,002	336,122	379,282	-45,742			

(a) Data have been revised in the 2011-12 Final Budget Outcome to improve accuracy and comparability through time.

(b) Receipts are equal to receipts from operating activities and sales of non-financial assets.

(c) Payments are equal to payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(d) These items exclude Future Fund earnings from 2005-06 onwards. Future Fund earnings are shown in Table B1.

na Data not available.

Table B8: Australian Government accrual revenue, expenses and fiscal balance by institutional sector (\$m)^(a)

	General government			Public non-financial corporations			Non-financial public sector		
	Fiscal			Fiscal			Fiscal		
	Revenue	Expenses	balance(b)	Revenue	Expenses	balance(b)	Revenue	Expenses	balance(b)
1996-97	141,688	145,821	-4,223	27,431	26,015	-331	na	na	-4,554
1997-98	146,820	148,652	-1,979	29,618	26,999	2,360	na	na	387
1998-99	152,106	146,772	3,901	27,687	26,088	-816	175,891	168,963	3,080
1999-00	167,304	155,558	11,815	25,485	23,542	1,062	188,841	173,889	12,983
2000-01	186,110	180,094	6,007	25,869	24,762	-826	207,372	200,184	5,248
2001-02	190,488	193,041	-2,935	26,638	25,341	793	212,518	213,693	-2,060
2002-03	206,923	201,259	5,377	24,339	22,916	1,975	226,135	219,129	7,314
2003-04	222,168	215,361	6,148	25,449	23,444	2,143	241,873	233,077	8,275
2004-05	242,507	229,245	12,228	26,965	25,191	1,473	263,587	248,549	13,703
2005-06	261,238	242,173	16,568	28,143	29,531	-2,442	282,597	264,923	14,121
2006-07	278,411	259,156	16,922	15,443	16,360	-1,763	290,067	271,735	15,153
2007-08	303,729	280,107	21,029	6,854	6,686	-584	309,215	285,426	20,443
2008-09	298,933	324,557	-29,688	6,998	7,576	-1,495	303,733	329,948	-31,195
2009-10	292,767	340,035	-53,701	7,288	7,297	-1,079	298,412	344,893	-53,985
2010-11	309,890	356,100	-51,506	7,563	7,787	-1,446	315,688	362,122	-52,952
2011-12	338,109	377,739	-44,481	8,046	8,238	-2,158	344,507	384,329	-46,639

(a) Data have been revised in the 2011-12 Final Budget Outcome to improve accuracy and comparability through time.

(b) Fiscal balance is equal to revenue less expenses less net capital investment. Net capital investment is not shown in this table.
na Data not available.

