

FINAL BUDGET OUTCOME 2001-02

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Foreword

The *Final Budget Outcome 2001-02* has been prepared in a manner consistent with the *Charter of Budget Honesty Act 1998*. 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 Commonwealth general government fiscal outcomes for the 2001-02 financial year; and is based on external reporting standards.

- **Part I** provides the general government sector budget aggregates for 2001-02 together with an analysis of the 2001-02 final budget outcome. This includes summary analysis of revenue, expenses, net capital investment, the balance sheet (net debt and net worth) and cash flows.
- **Part II** presents the Commonwealth financial statements for 2001-02 in accordance with the Australian Bureau of Statistics (ABS) Government Finance Statistics (GFS) framework. This data covers the general government sector as well as the Commonwealth public corporations sector.
- **Part III** presents the 2001-02 Commonwealth general government sector primary financial statements in accordance with *AAS31 Financial Reporting by Governments*.
- **Part IV** provides details for 2001-02 on federal financial relations, updated from that contained in the *Federal Financial Relations 2002-03, Budget Paper No. 3*.
- **Appendix A** contains details of budget concepts. **Appendix B** contains expenses data on a functional and sub-functional basis. Historical budget and net debt data are presented in **Appendix C**.

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Notes

- (a) The following definitions are used in this paper:
- ‘real’ means adjusted for the effect of inflation;
 - real growth in expenses is measured by the non-farm Gross Domestic Product 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:
- | | |
|---------|---|
| NEC/nec | not elsewhere classified |
| AEST | Australian Eastern Standard Time |
| - | nil |
| .. | not zero, but rounded to zero |
| na | not applicable (unless otherwise specified) |
| nfp | not for publication |
| \$m | \$ million |
| \$b | \$ billion |

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

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

Part I: Commonwealth Budget Outcome

OVERVIEW

In 2001-02 the Commonwealth general government sector recorded a small underlying cash deficit of \$1.3 billion, or 0.2 per cent of GDP. This was \$0.1 billion greater than estimated at the time the 2002-03 Budget was brought down. The accrual fiscal deficit of \$3.7 billion (0.5 per cent of GDP) was \$0.7 billion larger than estimated at the 2002-03 Budget.

Commonwealth net debt declined by a further \$3.7 billion in 2001-02. This represents the fifth consecutive year that Commonwealth net debt has been reduced.

Table 1: Commonwealth general government sector budget aggregates^(a)

	2000-01 Outcome	2001-02 Estimate at 2001-02 Budget	2001-02 Estimate at 2002-03 Budget	2001-02 Outcome
Revenue (\$b)	161.5	158.8	163.2	162.4
Per cent of GDP	24.0	22.6	23.0	22.7
Expenses (\$b)	156.8	160.9	166.8	166.5
Per cent of GDP	23.3	22.9	23.5	23.3
Net operating balance (\$b)	4.7	-2.0	-3.6	-4.1
Net capital investment (\$b)	-1.2	-1.2	-0.5	-0.4
Fiscal balance (\$b)	5.9	-0.8	-3.0	-3.7
Per cent of GDP	0.9	-0.1	-0.4	-0.5
Underlying cash balance (\$b)	5.6	1.5	-1.2	-1.3
Per cent of GDP	0.8	0.2	-0.2	-0.2
<i>Memorandum item:</i>				
Headline cash balance (\$b)	11.3	4.7	-1.8	2.2

(a) All estimates are based on Government Finance Statistics (GFS) standards, but with goods and services tax revenue collected on behalf of the States and Territories netted off revenue and expenses.

In relation to revenue, total cash receipts were around \$1.5 billion lower than expected at the 2002-03 Budget. This was predominantly due to lower than expected income tax withholding receipts, indicating more subdued underlying wages growth than anticipated at Budget. Total accrual revenue was \$0.8 billion below the 2002-03 Budget estimates.

On the expenditure side, total cash payments were \$1.4 billion lower than anticipated at the 2002-03 Budget, partly reflecting some slippage of defence expenditure and lower than expected spending on various personal benefit payments (including lower unemployment benefit payments) and a number of health programmes.

In contrast to cash expenditure, accrual expenses were only \$0.3 billion lower than expected at the 2002-03 Budget. The smaller reduction was partly due to the

recognition in accrual terms of the Commonwealth's liabilities associated with measures to address disruption in the medical indemnity industry. The Prime Minister announced these measures following the Budget, in late May 2002. The associated liabilities, which are estimated to total up to \$0.5 billion, will be funded by a future levy on medical practitioners.

Commonwealth general government sector net debt fell by \$3.7 billion in 2001-02 to \$35.6 billion (5.0 per cent of GDP). This reduction was \$3.3 billion larger than anticipated at the 2002-03 Budget, primarily because of the full receipt of cash proceeds from the sale of Sydney Airport Corporation Limited in 2001-02 instead of 2002-03.

REVENUE

In underlying terms, total Commonwealth accrual revenue in 2001-02 was around \$8 billion (5 per cent) higher than for 2000-01.¹ This outcome compares with nominal GDP growth over the year of 6.5 per cent.

However, the 2001-02 total Commonwealth accrual revenue outcome of \$162.4 billion was around \$800 million below the 2002-03 Budget estimate. There are several factors, which explain the lower than expected outcome for 2001-02.

- Gross income tax withholding was \$1,118 million (or 1.4 per cent) lower than expected at Budget. This appears to be more in line with the subdued increase in the Wage Cost Index for 2001-02 than the National Accounts measure of compensation of employees, which showed relatively strong growth over the year.
- Company tax revenue was \$347 million (or 1.3 per cent) lower than estimated at Budget.
- Taxation refunds to individuals were \$287 million higher than expected at Budget, reducing overall revenue by a corresponding amount.
- Superannuation funds revenue was \$109 million lower than expected, largely due to higher than expected refunds paid in May and June.

These lower than expected outcomes were partly offset by higher outcomes in other heads of revenue.

- Gross other individuals revenue was \$511 million above the Budget estimate.

1 The 2000-01 accrual revenue outcome included around \$8 billion due to an overlap of revenue recognised under the old company instalment system and the new Pay As You Go system. Companies and superannuation funds were able to defer much of this overlap. More information is provided on page 5-7 of the *Budget Strategy and Outlook 2002-03, Budget Paper No. 1*.

- Customs duty was \$210 million above the Budget estimate, reflecting higher than expected issuance of Automotive Competitiveness and Investment Scheme (ACIS) credits.²
- Excise duty was \$130 million higher than expected due to stronger than expected collections of excise from the sale of diesel, unleaded petrol, tobacco and crude oil.

2 ACIS credits are issued to exporters of Australian automotive products and may be used to offset future customs duty on imports. Under accrual accounting, an expense is recognised when the ACIS credits are issued and revenue is recognised at the time that they are redeemed. In 2001-02, the higher customs duty is largely offset by higher expenses arising from the issuance of ACIS credits.

Table 2: Commonwealth general government revenue (accrual basis)

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Taxation revenue		
Income tax		
Individuals and other withholding(a)		
Gross income tax withholding(b)	80,940	79,822
Gross other individuals	16,725	17,237
less Refunds	10,350	10,637
Total Individuals and other withholding	87,315	86,422
Companies	27,480	27,133
Superannuation funds		
Contributions and earnings	3,460	3,341
Surcharge	820	830
Total Superannuation funds	4,280	4,171
Petroleum resource rent tax	1,360	1,306
Total income tax	120,435	119,032
Indirect tax		
Excise duty		
Petroleum products and crude oil	12,690	12,793
Other excise	6,810	6,837
Total excise duty	19,500	19,630
Customs duty	5,004	5,214
Other indirect taxes(c)	760	791
Total indirect tax	25,264	25,634
Fringe benefits tax(d)	3,630	3,675
Agricultural levies and other taxes	1,426	1,506
Total tax revenue	150,756	149,848
Non-tax revenue	12,406	12,540
Total revenue	163,161	162,388

(a) Includes Medicare levy revenue of \$4,970 million.

(b) Includes Pay As You Go (Withholding) and other withholding. Other withholding includes amounts withheld for failure to quote a Tax File Number or an Australian Business Number, interest, dividends and royalty payments to non-residents, and payments to aboriginal groups for the use of land for mineral exploration and mining.

(c) Includes the wine equalisation tax, luxury car tax and the final wholesale sales tax liability.

(d) Consistent with Government Finance Statistics (GFS) reporting standards, excludes fringe benefits tax collected from Commonwealth government agencies (\$360 million in 2001-02).

EXPENSES

Total accrual expenses were \$166.5 billion in 2001-02, a reduction of \$274 million from the estimate provided in the 2002-03 Budget. This reduction is largely the result of:

- slippage of around \$450 million in acquisitions of defence specialist military equipment;
- lower personal benefit expenses of \$422 million, partly reflecting lower than forecast final customer numbers across a number of programmes including Newstart Allowance and Parenting payments;
- lower notional interest superannuation expenses largely due to lower than expected earnings rates for public non-financial corporation superannuation schemes (\$233 million); and
- lower personal benefit expenses of \$224 million in part due to lower than forecast Pharmaceutical Benefits Scheme (PBS) demand for the recently listed COX2 group of anti-arthritis drugs (such as Celebrex) and the anti-smoking drug Zyban, and the impact on the PBS of lower than anticipated uptake of the Commonwealth Seniors Health Card. Over 2001-02 PBS expenses grew by around \$400 million.

These lower expenses were partly offset by:

- an increase in the amount of general budget assistance paid to the States and Territories (\$549 million) largely due to final GST collections being \$532 million lower than expected at Budget. The lower GST outcome partly reflects higher than anticipated payments of cash refunds by the ATO in 2001-02; and
- a \$501 million expense relating to the Commonwealth's commitment to assume liability for all currently unfunded incurred but not yet reported liabilities (IBNRs) of Medical Defence Organisations (MDOs). This commitment was announced by the Government subsequent to the 2002-03 Budget.³

3 The IBNR scheme was announced by the Prime Minister on 31 May 2002. The \$501 million estimated expense represents a preliminary estimate of the liability in relation to the largest MDO, UMP/AMIL. The estimate is based on the information available from a report provided by the provisional liquidator of UMP/AMIL to the Supreme Court of New South Wales on 29 August 2002. It represents the upper figure of a range nominated by the report for the estimated liability. It should be noted that the estimate may include some incidents that are not intended to be covered by the Commonwealth's proposed IBNR scheme, and is subject to future revision following further actuarial analysis. Payments by the Commonwealth relating to this liability are expected to commence from 2002-03. The liability is to be funded by a future levy on medical practitioners.

Table 3: Commonwealth general government expenses by function

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
General public services		
Legislative and executive affairs	846	778
Financial and fiscal affairs	3,101	3,567
Foreign affairs and economic aid	2,093	2,151
General research	1,674	1,698
General services	399	550
Government superannuation benefits	1,789	1,497
Defence	12,232	12,017
Public order and safety	1,859	1,856
Education	11,692	11,761
Health	27,461	27,614
Social security and welfare	69,637	69,081
Housing and community amenities	2,206	2,210
Recreation and culture	2,042	2,036
Fuel and energy	3,193	3,052
Agriculture, forestry and fishing	1,797	1,691
Mining and mineral resources (other than fuels), manufacturing and construction	1,505	1,686
Transport and communications	2,872	2,647
Other economic affairs		
Tourism and area promotion	159	142
Labour and employment affairs	3,441	3,243
Other economic affairs	529	513
Other purposes		
Public debt interest	4,984	4,995
Nominal superannuation interest	5,239	4,987
General purpose intergovernmental transactions	5,993	6,561
Natural disaster relief	108	87
Contingency reserve	-141	0
Asset sales	48	64
Total GFS expenses	166,756	166,482

NET CAPITAL INVESTMENT

Net capital investment was \$181 million higher than estimated at the 2002-03 Budget, largely due to higher than budgeted Defence inventory purchases to maintain stock levels needed for increased capability for overseas deployments in 2001-02 (\$293 million).

This is partially offset by:

- delays in the construction of a replacement nuclear reactor at Lucas Heights due to the requirement to carry out geological investigations (\$64 million); and
- delays in the construction of an immigration reception and processing centre on Christmas Island (\$75 million).

Table 4: Commonwealth general government net capital investment by function

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
General public services	-157	-258
Defence	-384	-41
Public order and safety	46	44
Education	-2	13
Health	47	20
Social security and welfare	69	49
Housing and community amenities	-239	-274
Recreation and Culture	-66	-33
Fuel and energy	0	13
Agriculture, forestry and fishing	2	2
Mining and mineral resources (other than fuels), manufacturing and construction	3	5
Transport and communications	20	14
Other economic affairs	139	93
Other purposes	-28	-14
Net capital investment	-550	-369

NET DEBT AND NET WORTH

The level of Commonwealth general government net debt fell to \$35.6 billion at the end of 2001-02. Since 1996-97, \$60.7 billion of net debt has been repaid. The fall in net debt in 2001-02 was \$3.3 billion greater than estimated at the 2002-03 Budget, mainly reflecting the earlier than expected full receipt of proceeds from the sale of Sydney Airport Corporation Limited in late June 2002. Net debt fell to 5 per cent of GDP in 2001-02 compared with a high of over 19 per cent in 1995-96.

Commonwealth general government net worth fell from -\$41.2 billion in 2000-01 to -\$47.0 billion in 2001-02. This reduction was due mainly to a fall in the Telstra share price over the year to 30 June 2002, reducing the market value of the Commonwealth's shareholding.

Net interest payments in 2001-02 were higher than anticipated at the 2002-03 Budget. This partly reflects higher than anticipated interest payments by the ATO on overpaid taxation and lower than expected earnings on Commonwealth investments. The greater than expected fall in net debt did not have a large impact on net interest payments as it occurred late in the financial year.

Table 5: Commonwealth general government net worth, net debt and net interest payments

	2001-02 Estimate at 2002-03 Budget \$b	2001-02 Outcome \$b
Financial assets	105.2	98.8
Non-financial assets	33.6	35.6
Total assets	138.8	134.5
Total liabilities	181.3	181.5
GFS net worth	-42.5	-47.0
Net debt(a)	38.8	35.6
Per cent of GDP	5.5	5.0
Net interest payments(b)	4.2	4.4
Per cent of GDP	0.6	0.6

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

(b) Commonwealth cash interest payments less cash interest receipts.

CASH FLOWS

The 2001-02 underlying cash balance was a deficit of \$1.3 billion, \$0.1 billion higher than estimated at the 2002-03 Budget. This balance was the result of lower than anticipated cash receipts (\$1.5 billion), which more than offset the lower than estimated cash payments (\$1.4 billion).

Table 6: Summary of Commonwealth general government cash flows^(a)

	2001-02 Estimate at 2002-03 Budget \$b	2001-02 Outcome \$b
Cash receipts		
Operating cash receipts	163.1	161.6
Capital cash receipts(b)	0.9	0.9
Total cash receipts	164.0	162.5
Cash payments		
Operating cash payments	163.0	161.8
Capital cash payments(c)	2.3	2.1
Total cash payments	165.3	163.9
Finance leases and similar arrangements(d)	0.1	0.1
Underlying cash balance	-1.2	-1.3
Per cent of GDP	-0.2	-0.2
<i>Memorandum items:</i>		
Net cash flows from investments in financial assets for policy purposes(e)		
Major asset sales	0.6	4.5
less Other net advances paid	-1.2	-1.1
Headline cash balance	-1.8	2.2

(a) Cash flows are derived from the accrual GFS framework excluding GST.

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

(c) Equivalent to cash payments for purchases of new and second-hand non-financial assets in the GFS cash flow statement.

(d) The acquisition of assets under finance leases reduces the underlying cash balance. The disposal of assets previously held under finance leases improves the underlying cash balance.

(e) Under the cash budgeting framework, these cash flows were referred to as 'net advances'.

Total Commonwealth cash receipts were \$162.5 billion in 2001-02, around \$1.5 billion lower than estimated at the 2002-03 Budget, compared with the accrual revenue outcome which was around \$800 million lower than the Budget estimate.⁴ This divergence between the cash and accrual outcomes largely represents the difference between when accrual taxation revenue is recognised (such as by the issue of an assessment) and when it is paid. For example, accrual revenue from gross other individuals (mostly small business) was \$511 million higher than anticipated at Budget, but only \$75 million of this increase was paid in 2001-02.

The shortfall in cash against Budget expectations reflects:

- lower than expected collections of gross income tax withholding (ITW) (\$1,307 million);
- higher individuals refunds than estimated in the 2002-03 Budget (\$287 million);
- lower than expected fringe benefits tax collections (\$138 million); and

⁴ Commonwealth cash receipts on a revenue head basis are provided in Table C3.

- lower than expected collections from superannuation funds (\$87 million), due to higher than anticipated refunds in the June quarter 2002.

These outcomes were partly offset by higher than expected collections from company tax (\$130 million), excise duty (\$116 million) and gross other individuals (\$75 million).

Total Commonwealth cash payments were \$163.9 billion in 2001-02, \$1.4 billion lower than estimated at the 2002-03 Budget. This compares with lower than expected accrual expenses and net capital investment of \$0.1 billion. While many of the differences in expenses from Budget were also reflected in similar cash differences, there were some major areas where the cash and accrual outcomes diverged. These largely explain why the shortfall in cash payments was greater than the corresponding accrual shortfall. They include:

- recognition of a \$501 million expense relating to the Commonwealth's assumption of unfunded IBNR liabilities of Medical Defence Organisations (cash payments under the IBNR scheme are not expected to occur until 2002-03);
- the shortfall in cash payments by Defence relative to expectations at Budget was \$250 million greater than the shortfall in expenses. This largely reflects timing issues between the recognition and payment of suppliers;
- higher subsidy expenses reflecting higher than expected issuance of ACIS credits (\$182 million). ACIS credits are used by exporters of Australian automotive products to pay customs duty and have no associated cash effects; and
- lower than expected lump sum civilian superannuation cash payments for CSS and PSS members, reflecting changing composition of member benefits, including a reduced impact from public sector redundancies (\$120 million).

The 2001-02 headline cash balance was a surplus of \$2.2 billion, \$4.0 billion greater than estimated at the 2002-03 Budget. The higher than anticipated outcome was primarily the result of the full proceeds from the sale of Sydney Airport Corporation Limited being received in 2001-02 instead of 2002-03.

EXTERNAL REPORTING STANDARDS

The Commonwealth *Charter of Budget Honesty Act 1998* 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 in the Final Budget Outcome are the Australian Bureau of Statistics (ABS) accrual Government Finance Statistics (GFS) framework and Australian accounting standards, including *Australian Accounting Standard No. 31 Financial Reporting by Governments* (AAS31).

The GFS framework requires that flows and stocks are valued at current market prices (or where these are not observable, a suitable proxy indicator). While this is the case for flows in the operating statement and the cash flow statement, not all assets and liabilities in the GFS balance sheet are currently valued at current market prices. This is principally because Australian accounting standards allow reporting entities to elect to value their assets at either cost or fair value (current market value). The accounting profession is considering general valuation issues relating to liabilities. In addition, the early years of accrual budgeting have focussed on preparing robust GFS operating and cash flow statements. Refinements to the GFS balance sheet valuations of assets and liabilities will be considered over time, in consultation with the ABS, as the new framework is bedded down.

The draft ABS GFS publication (*Australian System of Government Finance Statistics: Concepts, Sources and Methods* Cat. No. 5514.0) requires that provisions for bad and doubtful debts be excluded from the balance sheet. This treatment has not been adopted because excluding such provisions would overstate the value of Commonwealth assets in the balance sheet (and would therefore be inconsistent with the market valuation principle).

The Commonwealth revenue and expenses outcomes in Parts I and III and Appendices B and C do not include goods and services tax (GST) collections and equivalent payments to the States. Under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (the IGA), all GST receipts are appropriated to the States and Territories and thus are not available for expenditure by the Commonwealth. Because the Commonwealth collects GST as an agent for the States and Territories, GST receipts are not shown as Commonwealth revenue. GST cash receipts are provided in Note 15 of Part III.

In order to ensure the reporting of reliable budget estimates and outcomes, taxation revenue is recognised the earlier of when an assessment of a tax liability is made or cash payment is received by the Australian Tax Office or the Australian Customs Service. Accordingly, for most categories of taxation revenue, there is a short lag

between when the revenue is recognised and the time at which the underlying income (or economic activity) giving rise to the tax liability occurs. Longer lags, of up to a year, occur for some elements of company and superannuation funds taxation.

Additional information on the external reporting standards and budget concepts is provided in Appendix A.

Part II: Government Finance Statistics Statements

The financial tables presented in this Part are prepared in accordance with the Australian Bureau of Statistics (ABS) accrual Government Finance Statistics (GFS) framework.

The statistical tables that are presented below include an operating statement, balance sheet and cash flow statement for the Commonwealth general government, public non-financial corporations (PNFC), total non-financial public, and public financial corporations (PFC) sectors. The 2001-02 Final Budget Outcome also includes a statement of other economic flows for the Commonwealth general government sector. This primarily outlines how 'other economic flows' (that is, those flows not accounted for in the GFS operating statement) impact on the net worth of the Commonwealth general government sector.

The Commonwealth, States and Territories have an agreed framework – the *Accrual Uniform Presentation Framework* (UPF) – for the presentation of government financial information on a basis consistent with the ABS Government Finance Statistics (GFS) publication. This Part presents Commonwealth data on an ABS GFS basis, as required by the UPF. An exception to this is the treatment of provisions for bad and doubtful debts. The draft ABS GFS publication (*Australian System of Government Finance Statistics: Concepts, Sources and Methods* Cat. No. 5514.0) requires that provisions for bad and doubtful debts be excluded from the balance sheet. This treatment has not been adopted because excluding such provisions would overstate the value of Commonwealth assets and net worth in the balance sheet (and would therefore be inconsistent with the market valuation principle).

The clear policy intent of the *Intergovernmental Agreement on Commonwealth-State Financial Arrangements* is that GST is collected by the Commonwealth, as an agent for the States and Territories, and appropriated to the States. As such, it is not shown as Commonwealth revenue in Parts I and III and Appendices B and C. However, the tables in this Part are presented on an accrual UPF reporting basis, and show GST as taxation revenue in and payments to the States as grant expenses out.

Consistent with ABS practice, transactions between the Commonwealth general government and PNFC sectors are included in the tables produced for these sectors, but are removed from the total non-financial public sector tables as they are transactions internal to that sector.

Transactions between the Commonwealth PFC sector and the general government and PNFC sectors are included in the relevant tables. These transactions include income transfers such as dividends paid to general government, net advances paid by general government to PFCs and taxes paid by PFCs.

Appendix A provides reconciliations between key GFS aggregates and their Australian Accounting Standard No. 31 (AAS31) counterparts.

Table 7: General government sector operating statement

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
GFS revenue		
Taxation revenue	178,386	177,237
Current grants and subsidies	0	0
Sales of goods and services	3,908	3,802
Interest income	1,223	1,188
Dividend income	4,760	4,766
Other	2,515	2,785
Total GFS revenue	190,791	189,777
GFS expenses		
Gross operating expenses		
Depreciation	1,759	1,667
Superannuation	1,789	1,497
Salaries and wages	10,262	10,275
Payment for supply of goods and services	34,986	34,154
Other operating expenses	1,498	1,911
<i>Total gross operating expenses</i>	<i>50,294</i>	<i>49,504</i>
Nominal superannuation interest expense	5,239	4,987
Other interest expenses	5,266	5,511
Other property expenses	0	0
Current transfers		
Grant expenses	61,884	61,443
Subsidy expenses	4,524	4,634
Personal benefit payments in cash	63,359	63,035
Other current transfers	0	0
<i>Total current transfers</i>	<i>129,767</i>	<i>129,113</i>
Capital transfers	3,640	4,291
Total GFS expenses	194,206	193,406
Net operating balance	-3,415	-3,629
Net acquisition of non-financial assets		
Gross fixed capital formation	1,532	1,172
<i>less</i> Depreciation	<i>1,759</i>	<i>1,667</i>
<i>plus</i> Change in inventories	<i>-140</i>	<i>185</i>
<i>plus</i> Other movements in non-financial assets	<i>-182</i>	<i>-59</i>
Total net acquisition of non-financial assets	-550	-369
Net lending/fiscal balance(a)(b)	-2,865	-3,260

(a) The fiscal balance and net operating balance outcomes in this table are \$466 million greater than the fiscal balance and net operating balance outcomes elsewhere in the Final Budget Outcome. Appendix A provides an explanation.

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

Table 8: General government sector balance sheet

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
GFS assets		
Financial assets		
Cash and deposits	1,780	2,231
Advances paid	19,945	19,044
Investments, loans and placements	17,075	19,649
Other non-equity assets	15,741	13,881
Equity	51,427	44,870
<i>Total financial assets</i>	<i>105,967</i>	<i>99,674</i>
Non-financial assets		
Land	3,568	4,625
Buildings	12,852	12,392
Plant, equipment and infrastructure	10,955	11,765
Inventories	3,350	3,856
Other non-financial assets	2,868	3,002
<i>Total non-financial assets</i>	<i>33,593</i>	<i>35,640</i>
Total GFS assets	139,561	135,314
GFS liabilities		
Deposits held	293	300
Advances received	0	0
Government securities	64,045	63,821
Loans	13,037	12,089
Other borrowing	268	281
Superannuation liability	81,967	81,596
Other employee entitlements and provisions	6,542	6,819
Other non-equity liabilities	15,695	16,888
Total GFS liabilities	181,848	181,794
Net worth(a)(b)	-42,288	-46,480
Net financial worth(c)	-75,881	-82,121
Net debt(d)	38,845	35,568

- (a) The net worth outcome in this table is \$505 million greater than the net worth outcomes elsewhere in the Final Budget Outcome. Appendix A provides an explanation.
- (b) Net worth is calculated as total assets minus total liabilities.
- (c) Net financial worth equals total financial assets minus total liabilities.
- (d) Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowings, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table 9: General government sector cash flow statement^(a)

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Cash receipts from operating activities		
Taxes received(b)	176,269	174,308
Receipts from sales of goods and services	3,785	3,727
Grants/subsidies received	0	0
Interest receipts	992	918
Dividends	4,760	4,770
GST input credits received by general government(c)	0	0
Other receipts	2,335	2,519
Total receipts	188,141	186,241
Cash payments for operating activities		
Payments for goods and services	-35,260	-34,258
Grants and subsidies paid	-68,579	-68,123
Interest paid	-5,204	-5,273
Personal benefit payments	-63,086	-62,873
Salaries, wages and other entitlements	-14,670	-14,169
GST payments by general government to taxation authority(c)	0	0
Other payments for operating activities	-1,187	-1,689
Total payments	-187,985	-186,385
Net cash flows from operating activities	156	-144
Cash flows from investments in non-financial assets		
Sales of non-financial assets	853	914
less Purchases of new and secondhand non-financial assets	-2,284	-2,107
Net cash flows from investments in non-financial assets	-1,431	-1,193
Net cash flows from investments in financial assets for policy purposes(d)	-626	3,422
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	6,311	3,097
Net cash flows from investments in financial assets for liquidity purposes	6,311	3,097
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-3,440	-3,903
Deposits received (net)	0	7
Other financing (net)	-303	-234
Net cash flows from financing activities	-3,743	-4,130
Net increase/decrease in cash held	666	1,052
Net cash from operating activities and investments in non-financial assets	-1,276	-1,337
plus Finance leases and similar arrangements(e)	83	78
Equals surplus(+)/deficit(-)	-1,193	-1,259

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

(b) Includes GST cash receipts on a Commonwealth tax basis, which is \$133 million less than GST cash receipts measured on a State tax basis (as shown in Part III, Note 15).

(c) Where GST is accounted for as a Commonwealth revenue, GST flows between general government entities and the taxation authority are treated as transfers within the general government sector. Therefore, the general government as a whole does not receive any GST input credit receipts or make any GST payments to taxation authorities.

(d) Includes net cash flows from loans, advances and HECS of \$1.1 billion, as shown in Table 6.

(e) The acquisition of assets under finance leases reduces the surplus/deficit. The disposal of assets previously held under finance leases improves the surplus/deficit.

**Table 10: General government sector statement of other economic flows
(reconciliation of net worth)**

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Opening net worth	-41,147	-41,147
Change in net worth from operating transactions	-3,415	-3,628
Change in net worth from other economic flows		
Net profit on sale of assets	2,416	3,521
Cost of asset sales included in net profit on sale of assets(a)	29	48
Revaluations of investments in commercial entities	2,584	-4,304
<i>Total revaluation and profit on asset sales(b)</i>	5,029	-735
Net foreign exchange gains	646	1,139
Net writedowns of assets (including bad and doubtful debts)	-4,115	-6,398
Revaluation of superannuation liability	-652	-611
Net swap interest received	673	678
Reversal of previous year's grant recognition(c)	334	392
Revaluation of defence weapon platforms including writedowns(d)	425	1,104
Asset revaluations taken to reserves	203	1,622
Assets recognised for the first time	8	1,204
Other economic revaluations(e)	-276	-98
Total other economic flows	2,275	-1,705
Closing net worth	-42,288	-46,480

- (a) This component of profit on the sale of assets impacts on net worth as an operating transaction (rather than an other economic flow) and is therefore added back to the net profit on sales of assets.
- (b) Revaluations and profit on sale of assets are derived from Australian Accounting Standards data. Revaluations reflect the difference between the GFS valuation of commercial entities at market value and the AAS valuation at historic cost.
- (c) Total grants to be paid over a multi-year health programme were previously recognised as an expense and liability in the year that the programme began. This treatment has been reversed and the grants will now be recognised as expenses in the year they are paid, leading to the removal of the previous liability, consistent with external reporting standards.
- (d) Defence weapons are treated as expenses rather than assets under the GFS framework, hence, changes in value do not contribute to net worth and are not included in other economic flows. This component represents the removal of defence weapons included in net writedowns, assets recognised for the first time and asset revaluations taken to reserves and other movements.
- (e) Includes net repurchase premia and other revaluations not recorded elsewhere.

Table 11: Supplementary table — Commonwealth general government revenue (accrual basis)

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Taxation revenue		
Income tax		
Individuals and other withholding(a)		
Gross income tax withholding(b)	80,940	79,822
Gross other individuals	16,725	17,237
<i>less</i> Refunds	10,350	10,637
Total Individuals and other withholding	87,315	86,422
Companies	27,480	27,133
Superannuation funds		
Contributions and earnings	3,460	3,341
Surcharge	820	830
Total Superannuation funds	4,280	4,171
Petroleum resource rent tax	1,360	1,306
Total income tax	120,435	119,032
Indirect tax		
Excise duty		
Petroleum products and crude oil	12,690	12,793
Other excise	6,810	6,837
Total excise duty	19,500	19,630
Customs duty	5,004	5,214
Other indirect taxes(c)	760	791
Total indirect tax	25,264	25,634
GST	27,630	27,389
Fringe benefits tax(d)	3,630	3,675
Agricultural levies and other taxes	1,426	1,506
Total tax revenue	178,386	177,237
Non-tax revenue	12,406	12,540
Total revenue	190,791	189,777

(a) Includes Medicare levy revenue of \$4,970 million.

(b) Previously reported as Pay As You Go (Withholding) and other withholding. Other withholding was previously reported under company and other income tax, and includes amounts withheld for failure to quote a Tax File Number or an Australia Business Number, interest, dividends and royalty payments to non-residents, and payments to aboriginal groups for the use of land for mineral exploration and mining.

(c) Includes the wine equalisation tax, luxury car tax and the final wholesale sales tax liability.

(d) Consistent with GFS reporting standards, excludes fringe benefits tax collected from Commonwealth government agencies (\$360 million in 2001-02).

Table 12: Supplementary table — Commonwealth general government indirect tax (accrual basis)

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Excise duty		
Petroleum products		
Petrol(a)	7,016	7,053
Diesel	5,175	5,231
Other(b)	119	116
Total petroleum products	12,310	12,400
Crude oil	380	393
Other excise		
Beer	1,650	1,651
Potable spirits	330	339
Tobacco products	4,830	4,847
Total other excise	6,810	6,837
Total excise duty revenue	19,500	19,630
Customs duty revenue(c)	5,004	5,214
Other indirect tax revenue		
Wine equalisation tax(d)	630	648
Luxury car tax	200	220
Wholesale sales tax(e)	-70	-77
Total other indirect taxes	760	791
Total	25,264	25,634

(a) Includes unleaded petrol and lead replacement petrol.

(b) Includes aviation gasoline, aviation turbine fuel, fuel oil, heating oil and kerosene.

(c) Customs duty includes duties imposed on imported petroleum products, tobacco, beer and spirits, which are analogous to excise duty on these items.

(d) Includes the offsetting revenue effects of the WET rebate for cellar door and other sales.

(e) WST was abolished on 1 July 2000; however, final liabilities, net of refunds, were recognised in 2001-02.

Table 13: Public non-financial corporations sector operating statement

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
GFS revenue		
Current grants and subsidies	201	342
Sales of goods and services	26,601	25,935
Interest income	184	166
Other	6	18
Total GFS revenue	26,991	26,461
GFS expenses		
Gross operating expenses		
Depreciation	3,626	3,505
Other operating expenses	14,220	15,357
<i>Total gross operating expenses</i>	<i>17,847</i>	<i>18,862</i>
Interest expenses	1,194	1,033
Other property expenses	1,889	3,292
Current transfers		
Tax expenses	1,964	1,978
Other current transfers	0	0
<i>Total current transfers</i>	<i>1,964</i>	<i>1,978</i>
Capital transfers	0	0
Total GFS expenses	22,893	25,164
Net operating balance	4,098	1,297
Net acquisition of non-financial assets		
Gross fixed capital formation	4,048	3,633
<i>less</i> Depreciation	3,626	3,505
<i>plus</i> Change in inventories	-6	300
<i>plus</i> Other movements in non-financial assets	61	76
Total net acquisition of non-financial assets	477	504
Net lending/fiscal balance(a)	3,621	793

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

Table 14: Public non-financial corporations sector balance sheet

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
GFS assets		
Financial assets		
Cash and deposits	2,076	1,195
Advances paid	0	231
Investments, loans and placements	3,187	1,488
Other non-equity assets	3,594	4,457
Equity	0	1,319
<i>Total financial assets</i>	<i>8,858</i>	<i>8,689</i>
Non-financial assets		
Land and fixed assets	30,652	31,646
Other non-financial assets	2,761	1,466
<i>Total non-financial assets</i>	<i>33,412</i>	<i>33,112</i>
Total GFS assets	42,270	41,800
GFS liabilities		
Deposits held	0	0
Advances received	55	0
Borrowing	13,587	14,595
Provisions (other than depreciation and bad debts)	6,555	10,046
Other non-equity liabilities	5,308	1,648
Total GFS liabilities	25,505	26,289
Shares and contributed capital	75,774	62,521
Net worth(a)	-59,009	-47,010
Net financial worth(b)	-92,421	-80,122
Net debt(c)	8,378	11,682

- (a) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The negative net worth recorded for the PNFC sector is caused by the different methodologies used to value these components. Assets and liabilities are valued according to entities' accounting policies and may not reflect the market valuation. In contrast, in the case of listed companies the value of shares and other contributed capital reflects the total market capitalisation, which generally exceeds the entities' book values.
- (b) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital.
- (c) Net debt equals the sum of deposits held, advances received, government securities, loans and other borrowings, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table 15: Public non-financial corporations sector cash flow statement^(a)

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Cash receipts from operating activities		
Receipts from sales of goods and services	28,495	27,288
Grants and subsidies received	201	342
Other receipts	192	145
Total receipts	28,888	27,775
Cash payments for operating activities		
Payment for goods and services	-16,723	-15,613
Interest paid	-1,194	-1,019
GST payments to taxation authority	-1,154	-1,259
Other payments for operating activities	-3,209	-1,749
Total payments	-22,279	-19,640
Net cash flows from operating activities	6,609	8,135
Cash flows from investments in non-financial assets		
Sales of non-financial assets	226	314
<i>less</i> Purchases of new and secondhand non-financial assets	-4,274	-3,947
Net cash flows from investments in non-financial assets	-4,047	-3,633
Cash flows from investments in financial assets for policy purposes		
Net advances paid	0	45
Net equity acquisitions, disposals and privatisations	0	0
Net cash flows from investments in financial assets for policy purposes	0	45
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	-18	-180
Net cash flows from investments in financial assets for liquidity purposes	-18	-180
Cash flows from financing activities		
Advances received (net)	-70	0
Borrowing (net)	-487	-481
Deposits received (net)	0	0
Distributions paid (net)	-1,413	-3,292
Other financing (net)	-441	-99
Net cash flows from financing activities	-2,411	-3,872
Net increase/decrease in cash held	133	495
Net cash from operations and investments in non-financial assets	2,562	4,502
<i>plus</i> Finance leases and similar arrangements(b)	0	0
<i>plus</i> Distributions paid	-1,413	-3,292
Equals surplus(+)/deficit(-)	1,148	1,210

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

(b) The acquisition of assets under finance leases reduces the surplus/deficit. The disposal of assets previously held under finance leases improves the surplus/deficit.

Table 16: Total non-financial public sector operating statement

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
GFS revenue		
Taxation revenue	176,422	175,259
Current grants and subsidies	0	0
Sales of goods and services	30,509	29,737
Interest income	1,357	1,299
Dividend income	2,917	2,886
Other	2,521	2,803
Total GFS revenue	213,726	211,984
GFS expenses		
Gross operating expenses		
Depreciation	5,386	5,172
Superannuation	1,791	1,497
Salaries and wages	10,262	10,275
Payment for supply of goods and services	34,986	34,154
Other operating expenses	14,298	17,268
<i>Total gross operating expenses</i>	<i>66,723</i>	<i>68,366</i>
Nominal superannuation interest expense	5,239	4,987
Other interest expenses	6,410	6,489
Other property expenses	1,464	1,412
Current transfers		
Grant expenses	61,884	61,443
Subsidy expenses	4,323	4,293
Personal benefit payments in cash	63,359	63,035
Other current transfers	0	0
<i>Total current transfers</i>	<i>129,567</i>	<i>128,772</i>
Capital transfers	3,640	4,291
Total GFS expenses	213,043	214,316
Net operating balance	683	-2,332
Net acquisition of non-financial assets		
Gross fixed capital formation	5,579	4,805
<i>less</i> Depreciation	<i>5,386</i>	<i>5,172</i>
<i>plus</i> Change in inventories	<i>-146</i>	<i>485</i>
<i>plus</i> Other movements in non-financial assets	<i>-120</i>	<i>17</i>
Total increase in net non-financial assets	-73	135
Net lending/fiscal balance(a)(b)	756	-2,467

(a) The fiscal balance and net operating balance outcomes for the total non-financial public sector in this table are \$466 million greater than the fiscal balance and net operating balance outcomes for this sector in Appendix C. Appendix A provides an explanation.

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

Table 17: Total non-financial public sector balance sheet

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
GFS assets		
Financial assets		
Cash and deposits	3,856	3,426
Advances paid	20,015	19,274
Investments, loans and placements	20,262	21,136
Other non-equity assets	19,335	18,338
Equity	12,571	14,164
<i>Total financial assets</i>	<i>76,039</i>	<i>76,338</i>
Non-financial assets		
Land and fixed assets	61,377	64,284
Other non-financial assets	5,629	4,468
<i>Total non-financial assets</i>	<i>67,006</i>	<i>68,752</i>
Total GFS assets	143,044	145,090
GFS liabilities		
Deposits held	293	300
Advances received	125	0
Government securities	64,045	63,821
Loans	13,037	12,089
Other borrowing	13,855	14,876
Superannuation liability	81,967	81,596
Other employee entitlements and provisions	13,097	16,865
Other non-equity liabilities	21,003	18,536
Total GFS liabilities	207,423	208,084
Shares and other contributed capital	36,918	30,497
Net worth(a)(b)	-101,297	-93,490
Net financial worth(c)	-168,302	-162,242
Net debt(d)	47,223	47,250

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

(b) The net worth outcome for the total non-financial public sector in this table is \$505 million greater than the net worth outcomes in Appendix C. Appendix A provides an explanation.

(c) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital.

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

Table 18: Total non-financial public sector cash flow statement^(a)

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Cash receipts from operating activities		
Taxes received	174,306	171,171
Receipts from sales of goods and services(b)	30,082	31,015
Grants and subsidies received	0	0
Interest receipts	992	863
Dividends	2,917	2,891
GST input credit receipts(b)	0	0
Other receipts	2,477	2,664
Total receipts	210,774	208,603
Cash payments for operating activities		
Payments for goods and services(b)	-50,938	-49,674
Grants and subsidies paid	-68,378	-67,781
Interest paid	-6,348	-6,237
Personal benefit payments	-63,086	-62,873
Salaries, wages and other entitlements	-14,670	-14,169
GST payments to taxation authority(b)	0	0
Other payments for operating activities	-590	-1,756
Total payments	-204,009	-202,491
Net cash flows from operating activities	6,764	6,112
Cash flows from investments in non-financial assets		
Sales of non-financial assets	1,079	1,228
less Purchases of new and secondhand non-financial assets	-6,558	-6,054
Net cash flows from investments in non-financial assets	-5,479	-4,826
Net cash flows from investments in financial assets for policy purposes	-696	3,467
Cash flows from investments in financial assets for liquidity purposes		
Increase in investments	6,293	2,917
Net cash flows from investments in financial assets for liquidity purposes	6,293	2,917
Cash flows from financing activities		
Advances received (net)	0	0
Borrowing (net)	-3,928	-4,384
Deposits received (net)	0	7
Distributions paid (net)(c)	-1,413	-1,412
Other financing (net)	-743	-332
Net cash flows from financing activities	-6,084	-6,122
Net increase/decrease in cash held	799	1,547
Net cash from operating activities and investments in non-financial assets	1,286	1,286
plus Finance leases and similar arrangements(d)	83	78
plus Distributions paid(c)	-1,413	-1,412
Equals surplus(+)/deficit(-)	-45	-49

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

(b) GST flows are excluded from these categories as they are intra-sector transactions.

(c) 'Distributions paid' comprise Non-Financial Public Sector (NFPS) dividends to external shareholders.

(d) The acquisition of assets under finance leases reduces the surplus/deficit. The disposal of assets previously held under finance leases improves the surplus/deficit.

Table 19: Public financial corporations sector operating statement

	2001-02 Outcome \$m
GFS revenue	
Current grants and subsidies	115
Sales of goods and services	2,117
Interest income	2,571
Other	15
Total GFS revenue	4,817
GFS expenses	
Gross operating expenses	
Depreciation	22
Other operating expenses	2,430
<i>Total gross operating expenses</i>	<i>2,452</i>
Interest expenses	963
Other property expenses	2,838
Current transfers	
Tax expenses	0
Other current transfers	0
<i>Total current transfers</i>	<i>0</i>
Capital transfers	0
Total GFS expenses	6,254
Net operating balance	-1,437
Net acquisition of non-financial assets	
Gross fixed capital formation	14
<i>less</i> Depreciation	<i>22</i>
<i>plus</i> Change in inventories	<i>1</i>
<i>plus</i> Other movements in non-financial assets	<i>5</i>
Total net acquisition of non-financial assets	-2
Net lending/fiscal balance(a)	-1,435

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

Table 20: Public financial corporations sector balance sheet

	2001-02 Outcome \$m
GFS assets	
Financial assets	
Cash and deposits	1,423
Advances paid	3,013
Investments, loans and placements	61,060
Other non-equity assets	144
Equity	316
<i>Total financial assets</i>	<i>65,955</i>
Non-financial assets	
Land and fixed assets	340
Other non-financial assets	594
<i>Total non-financial assets</i>	<i>935</i>
Total GFS assets	66,890
GFS liabilities	
Deposits held	45,923
Advances received	0
Borrowing	7,842
Provisions (other than depreciation and bad debts)	2,987
Other non-equity liabilities	54
Total GFS liabilities	56,806
Shares and contributed capital	10,084
Net worth(a)	0
Net financial worth(b)	-935
Net debt(c)	-11,730

- (a) Net worth is calculated as total assets minus total liabilities minus shares and other contributed capital.
- (b) Net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital.
- (c) 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 21: Public financial corporations sector cash flow statement^(a)

	2001-02 Outcome \$m
Cash receipts from operating activities	
Receipts from sales of goods and services	2,143
Grants and subsidies received	114
GST input credit receipts	0
Other receipts	2,411
Total receipts	4,667
Cash payments for operating activities	
Payment for goods and services	-476
Interest paid	-883
GST payments to taxation authority	-1
Other payments for operating activities	-1,938
Total payments	-3,297
Net cash flows from operating activities	1,371
Cash flows from investments in non-financial assets	
Sales of non-financial assets	23
<i>less</i> Purchases of new and secondhand non-financial assets	-39
Net cash flows from investments in non-financial assets	-15
Cash flows from investments in financial assets for policy purposes	
Net advances paid	265
Net equity acquisitions, disposals and privatisations	0
Net cash flows from investments in financial assets for policy purposes	265
Cash flows from investments in financial assets for liquidity purposes	
Increase in investments	180
Net cash flows from investments in financial assets for liquidity purposes	180
Cash flows from financing activities	
Advances received (net)	0
Borrowing (net)	-268
Deposits received (net)	1,890
Distributions paid (net)(b)	-2,838
Other financing (net)	27
Net cash flows from financing activities	-1,189
Net increase/decrease in cash held	610
Net cash from operations and investments in non-financial assets	1,355
<i>plus</i> Finance leases and similar arrangements(c)	0
<i>plus</i> Distributions paid	-2,838
Equals surplus(+)/deficit(-)	-1,483

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

(b) 'Distributions paid' comprise PFC dividends to external shareholders.

(c) The acquisition of assets under finance leases reduces the surplus/deficit. The disposal of assets previously held under finance leases improves the surplus/deficit.

LOAN COUNCIL ALLOCATION

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

- the estimated non-financial public sector cash deficit (made up from the general government and public non-financial corporations sector deficits);
- net cash flows from investments in financial assets for policy purposes; and
- memorandum items. These transactions, though not formally borrowings, have many of the characteristics of borrowing.

LCA nominations are considered by the Loan Council, having regard to each jurisdiction's fiscal position and reasonable infrastructure requirements, as well as the macroeconomic implications of the aggregate figure.

As set out in Table 22, the Commonwealth's 2001-02 LCA outcome is a \$2.4 billion surplus, compared with the last published estimate in the 2001-02 Mid-Year Economic and Fiscal Outlook of \$3.8 billion and the 2001-02 Budget estimate of \$7.8 billion. The LCA outcome exceeds the lower bound of the LCA Budget estimate by more than the 2 per cent tolerance limit. A tolerance limit of 2 per cent of non-financial public sector revenue applies between the LCA Budget update 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.

Table 22: Commonwealth Loan Council Allocation for 2001-02

	2001-02 Budget Estimate \$m	2001-02 MYEFO Estimate \$m	2001-02 Outcome \$m
General government sector cash deficit(+)/surplus(-)	-1,520	-502	1,259
PNFC sector cash deficit(+)/surplus(-)	-3,710	-99	-1,210
Non-financial public sector cash deficit(+)/surplus(-)	-5,231	-602	49
<i>minus</i> Net cash flows from investments			
in financial assets for policy purposes(a)	3,124	2,985	3,467
<i>plus</i> Memorandum items(b)	586	-190	1,044
Loan Council Allocation	-7,768	-3,777	-2,374

(a) Such transactions involve the transfer or exchange of a financial asset and are not included within the cash 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, memorandum items comprise the change in net present value (NPV) of operating leases (with NPV greater than \$5 million), university borrowings, overfunding of superannuation and an adjustment to exclude the net financing requirements of statutory marketing authorities and Telstra from the LCA.

Part III: AAS31 Financial Reporting by Governments Primary Financial Statements

This Part presents financial statements that have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards, including *Australian Accounting Standard No. 31 Financial Reporting by Governments* (AAS31), except where departures from the standard are identified in Note 1.

This Part also provides month of June figures consistent with monthly financial statements.

A reconciliation between the Commonwealth's general government AAS31 and Government Finance Statistics (GFS) revenue, expenses and operating result is provided in Appendix A.

Table 23: Statement of financial performance for the Commonwealth general government sector — AAS31

	Note	2001-02 Estimate at 2002-03 Budget \$m	Month of June 2002 \$m	2001-02 Outcome \$m
Revenues				
Taxation				
Income tax	3	120,435	9,326	119,032
Indirect tax	4	24,864	2,355	25,431
Fringe benefits tax		3,630	104	3,675
Other taxes		1,335	261	1,426
Total taxation revenue		150,265	12,047	149,563
Non-taxation				
Sales of goods and services		3,865	484	3,808
Interest and dividends	5	8,501	322	8,131
Net foreign exchange gains		646	-46	1,234
Net gains from sales of assets		2,424	3,465	3,534
Other sources of non-tax revenue	6	2,699	1,068	4,482
Total non-tax revenue		18,135	5,293	21,190
Total revenue		168,400	17,340	170,753
Expenses				
Goods and services				
Employees	7	19,440	1,412	19,282
Suppliers	8	13,259	1,426	13,144
Depreciation and amortisation	9	3,739	671	3,473
Net write down of assets		4,395	4,669	6,859
Net foreign exchange losses		0	6	96
Net losses from the sale of assets		8	-6	13
Other goods and services expenses		5,562	371	5,610
Total goods and services		46,404	8,548	48,477
Subsidies benefits and grants				
Personal benefits		74,263	5,793	73,497
Subsidies		7,547	1,157	8,042
Grants	10	36,706	2,823	36,892
Total subsidies benefits and grants		118,517	9,773	118,432
Interest and other financing costs				
Interest		7,073	937	7,657
Other financing costs		67	-211	-163
Total interest and other financing costs		7,140	726	7,495
Total expenses		172,060	19,047	174,403
Operating result		-3,661	-1,708	-3,650
Extraordinary items		0	0	0
Operating result after extraordinary items		-3,661	-1,707	-3,650

Table 24: Statement of financial position for the Commonwealth general government sector — AAS31

		2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
	Note		
Assets			
Financial assets			
Cash		1,780	2,231
Receivables		30,785	28,211
Investments		34,370	37,141
Equity accounted investments		0	3
Accrued revenue		524	573
Other financial assets		16	38
Total financial assets		67,475	68,196
Non-financial assets			
	11		
Land and buildings		16,471	17,017
Infrastructure		42,650	42,502
Intangibles		1,136	1,144
Inventories		3,350	3,856
Other non-financial assets		1,192	1,247
Total non-financial assets		64,800	65,767
Total assets		132,275	133,963
Liabilities			
Debt			
Government securities		64,045	63,821
Loans		6,403	6,098
Leases		258	250
Deposits		293	300
Overdrafts		0	0
Other debt		3,774	3,190
Total debt		74,774	73,659
Provisions and payables			
Employees	12	88,509	88,415
Suppliers		1,193	2,082
Personal benefits payable		2,794	2,680
Subsidies payable		231	206
Grants payable	13	8,558	8,519
Other provisions and payables		6,072	6,736
Total provisions and payables		107,356	108,637
Total liabilities		182,131	182,296
Net assets	14	-49,855	-48,333
Equity			
Accumulated results		-83,685	-79,988
Reserves		33,829	31,655
Capital		0	0
Total equity		-49,855	-48,333

Table 25: Statement of cash flows for the Commonwealth general government sector — AAS31

		2001-02 Estimate at 2002-03 Budget	Month of June 2002	2001-02 Outcome
	Note	\$m	\$m	\$m
Operating activities				
Cash received				
Taxes	15	148,740	13,412	147,464
Sales of goods and services		4,038	563	3,810
Interest		3,532	546	3,459
Dividends		4,760	61	4,770
GST input credit receipts		2,145	235	2,074
Other		2,468	-157	2,593
Total operating cash received		165,683	14,661	164,169
Cash used				
Payments to employees		16,097	1,239	16,010
Payments to suppliers		15,666	2,118	15,502
Subsidies paid		7,577	242	7,519
Personal benefits		73,976	5,670	73,335
Grant payments		36,146	2,554	36,285
Interest and other financing costs		7,122	319	7,234
GST payments to taxation authority		312	17	133
Other		5,322	265	5,458
Total operating cash used		162,219	12,424	161,478
Net cash from operating activities		3,464	2,237	2,691
Investing activities				
Cash received				
Proceeds from asset sales program		567	4,233	4,477
Proceeds from sales of property, plant and equipment and intangibles		853	259	914
Net loans, advances and HECS		0	0	0
Other net investing cash received		0	3,791	3,793
Total investing cash received		1,420	8,283	9,184
Cash used				
Purchase of property, plant and equipment and intangibles		5,331	624	4,603
Net loans, advances and HECS		946	-16	808
Other net investing cash paid		-6,327	8,121	679
Total investing cash used		-50	8,729	6,090
Net cash from investing activities		1,470	-445	3,094
Financing activities				
Total financing cash received				
		0	7	7
Cash used				
Net repayments of borrowings		3,440	443	3,903
Other		827	-53	837
Total financing cash used		4,268	389	4,740
Net cash from financing activities		-4,268	-383	-4,733
Net increase/decrease in cash held	2	666	1,409	1,052

Statistics, concepts and notes to the financial statements

Note 1: External reporting standards

The *Charter of Budget Honesty Act 1998* requires that the Final Budget Outcome be based on external reporting standards and that departures from applicable external reporting standards be identified.

The financial statements included in the Final Budget Outcome have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards, including *Australian Accounting Standard No. 31 Financial Reporting by Governments* (AAS31). AAS31 is the relevant accounting standard for financial reporting by governments.

AAS31 requires adoption of the full accrual basis of accounting. This means that assets, liabilities, revenues and expenses are recorded in financial statements when they have their economic impact on the government, rather than when the cash flow associated with these transactions occurs. Consistent with AAS31, a statement of financial performance, statement of financial position and a statement of cash flows have been prepared using results for 2001-02.

The accounting policies in this section are generally consistent with the accounting policies in AAS31. While the scope for financial reporting recommended in AAS31 is the Whole of Government (that is, the Commonwealth public sector), in accordance with the *Charter of Budget Honesty Act 1998*, the presentation of financial outcomes covers the general government sector only.

In relation to taxation revenue, AAS31 suggests revenue be recognised at the time the income (or economic activity) giving rise to a tax liability occurs, where this can be measured *reliably*. At this stage, the Commonwealth does not consider its taxation revenues can be reliably measured on this basis for outcome reporting purposes. Taxation revenue in the Final Budget Outcome is therefore recognised at the time a taxpayer makes a self-assessment or when the Australian Taxation Office (ATO) or the Australian Customs Service (ACS) raises a tax assessment.

In regard to GST revenue, AAS31 and other relevant accounting standards would suggest the gross amount of GST be included in the Commonwealth's financial statements. However, the clear policy intent of the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (the IGA) is that the GST is a State tax collected by the Commonwealth in an agency capacity. Therefore, accrued GST revenues and associated payments to the States and Territories are not recorded in the financial statements.

Note 2: Reconciliation of cash

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Operating result (revenues less expenses)	-3,661	-3,650
less Revenues not providing cash		
Foreign exchange gains	646	1,234
Gains from asset sales programme	2,311	3,349
Gains from sale of assets	113	208
Other	51	1,580
Total revenues not providing cash	3,120	6,371
plus Expenses not requiring cash		
Increase/(decrease) in employee entitlements	3,343	3,242
Depreciation/amortisation expense	3,739	3,473
Provision for bad and doubtful debts	298	874
Provision for diminution in value of assets	2,860	4,454
Losses from asset sales programme	0	0
Losses from sale of assets	8	12
Foreign exchange losses	0	96
Other	0	0
Total expenses not requiring cash	10,249	12,150
plus Cash provided by working capital items		
Decrease in inventories	141	0
Decrease in receivables	0	0
Decrease in other financial assets	13	0
Decrease in other non-financial assets	25	318
Increase in benefits subsidies and grants payable	898	521
Increase in suppliers' liabilities	0	363
Increase in other provisions and payables	228	665
Total cash provided by working capital items	1,305	1,866
less Cash used by working capital items		
Increase in inventories	0	118
Increase in receivables	745	1,081
Increase in other financial assets	0	59
Increase in other non-financial assets	0	0
Decrease in benefits subsidies and grants payable	30	47
Decrease in other provisions and payables	0	0
Decrease in suppliers' liabilities	534	0
Total cash used by working capital items	1,308	1,304
equals <i>Net cash from/(to) operating activities</i>	3,464	2,691
<i>Net cash from/(to) investing activities</i>	1,470	3,094
Net cash from operating activities and investment	4,934	5,785
<i>Net cash from/(to) financing activities</i>	-4,268	-4,733
equals Net increase/(decrease) in cash	666	1,052

Note 3: Income tax — accrual AAS31

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Individuals and other withholding tax		
Gross income tax withholding	80,940	79,822
Gross other individuals	16,725	17,237
<i>less</i> Refunds	10,350	10,637
Total individuals and other withholding tax(a)	87,315	86,422
Companies	27,480	27,133
Superannuation funds		
Contributions and earnings	3,460	3,341
Surcharge	820	830
Total superannuation funds	4,280	4,171
Petroleum resource rent tax	1,360	1,306
Total income tax revenue	120,435	119,032

(a) Consistent with the treatment at Budget, the family tax benefit and private health insurance rebates are recorded as expenses.

Note 4: Indirect tax — accrual AAS31

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Excise duty		
Petroleum products	12,690	12,793
Other excise	6,810	6,837
Total excise duty revenue	19,500	19,630
Customs duty revenue	4,604	5,010
Other indirect tax revenue	760	791
GST	27,630	27,389
<i>less</i> transfers to States and Territories in relation to GST revenue	27,630	27,389
GST revenue	0	0
Mirror taxes	270	281
<i>less</i> transfers to States and Territories in relation to mirror tax revenue	270	281
Mirror tax revenue	0	0
Indirect tax revenue	24,864	25,431

Note 5: Interest and dividends

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Interest		
Interest from other governments		
State and Territory debt	59	52
Housing agreements	185	185
Total interest from other governments	243	237
Interest from other sources		
Swap interest	2,518	2,517
Advances	0	27
Deposits	8	19
Bills receivable	6	6
Bank deposits	156	462
Other	810	97
Total interest from other sources	3,498	3,129
Total interest	3,741	3,366
Dividends		
Dividends from associated entities	4,645	4,744
Other dividends	114	21
Total dividends	4,760	4,766
Total interest and dividends	8,501	8,131

Note 6: Other sources of non-taxation revenue

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Industry contributions	120	130
International Monetary Fund related revenue	52	53
Other	2,527	4,300
Total other sources of non-taxation revenue	2,699	4,482

Note 7: Employee expenses

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Salaries and wages(a)	10,262	10,275
Leave and other entitlements	1,010	911
Separations and redundancies	66	126
Workers compensation premiums	0	0
Other (including superannuation)	8,102	7,969
Total employee expenses	19,440	19,282

(a) Salaries and wages do not include superannuation.

Note 8: Suppliers expenses

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Supply of goods and services	11,976	11,514
Operating lease rental expenses	1,065	1,421
Other	218	210
Total suppliers	13,259	13,144

Note 9: Depreciation and amortisation

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Depreciation		
Specialist military equipment	1,980	1,806
Buildings	467	472
Other infrastructure, plant and equipment	1,019	889
Total depreciation	3,466	3,167
Total amortisation	273	306
Total depreciation and amortisation	3,739	3,473

Note 10: Grants

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
State and Territory governments	25,047	25,531
Non-profit organisations	1,503	1,753
Overseas	583	308
Private sector	919	1,159
Local governments	538	503
Other	8,117	7,639
Total grants	36,706	36,892

Note 11: Total non-financial assets

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Land and buildings		
Land	3,568	4,625
Buildings	12,903	12,392
Total land and buildings	16,471	17,017
Infrastructure		
Specialist military equipment	31,685	30,737
Other	10,965	11,765
Total infrastructure	42,650	42,502
Intangibles		
Computer software	1,005	1,015
Other	132	129
Total intangibles	1,136	1,144
Inventories	3,350	3,856
Total inventories	3,350	3,856
Other non-financial assets		
Prepayments	1,010	980
Other	183	267
Total other non-financial assets	1,192	1,247
Total non-financial assets	64,800	65,767

Note 12: Employee liabilities

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Superannuation	81,967	81,596
Leave and other entitlements	3,236	3,411
Accrued salaries and wages	260	337
Workers compensation claims	1,214	1,291
Separations and redundancies	27	39
Workers compensation premiums	1,263	1,342
Other	542	399
Total employee entitlements	88,509	88,415

Note 13: Grants payable

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
State and Territory governments	3,234	3,145
Non-profit organisations	6	29
Private sector	12	60
Overseas	1,256	912
Local governments	1	2
Other	4,049	4,372
Total grants payable	8,558	8,519

Note 14: Net asset movements

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Opening net assets	-46,305	-46,305
Operating result after extraordinary items	-3,661	-3,650
Asset revaluation reserve	191	1,513
Other movements	-81	109
Closing net assets	-49,855	-48,333

Note 15: Taxes — cash AAS31

	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Total tax receipts	177,045	175,206
<i>less</i> payments to States and Territories in relation to GST revenue	27,430	26,898
<i>less</i> payments to States and Territories in relation to mirror tax revenue	875	844
Tax receipts	148,740	147,464

Part IV: Federal Financial Relations

This Part provides information concerning goods and services tax (GST) revenue, general revenue assistance, general purpose assistance to local government and Specific Purpose Payments to the States and Territories (the States) in 2001-02. This information supplements material provided in *Federal Financial Relations 2002-03, Budget Paper No. 3*.

A principal component of *The New Tax System*, introduced on 1 July 2000, is the provision of all GST revenue to the States. This provides the States with access to a secure, broad-based revenue source with which to fund essential community services, such as schools, hospitals and the police.

The implementation of *The New Tax System* has also enabled the States to abolish a range of narrow and inefficient State taxes. This includes Financial Institutions Duty and stamp duty on quoted marketable securities which were abolished from 1 July 2001.

The new system of Commonwealth-State financial relations also provided for the introduction of a new First Home Owners Scheme.

In addition, the Commonwealth has made a commitment to provide assistance to the States in the transitional years to ensure that each individual State will be no worse off than it would have been had the reforms not been implemented. To meet this guarantee, the Commonwealth pays the States Budget Balancing Assistance (BBA) to cover any shortfall of GST revenue below the Guaranteed Minimum Amount (GMA), which is a calculation of the amount of funding each State would have had available to it under the previous system of financial relations.

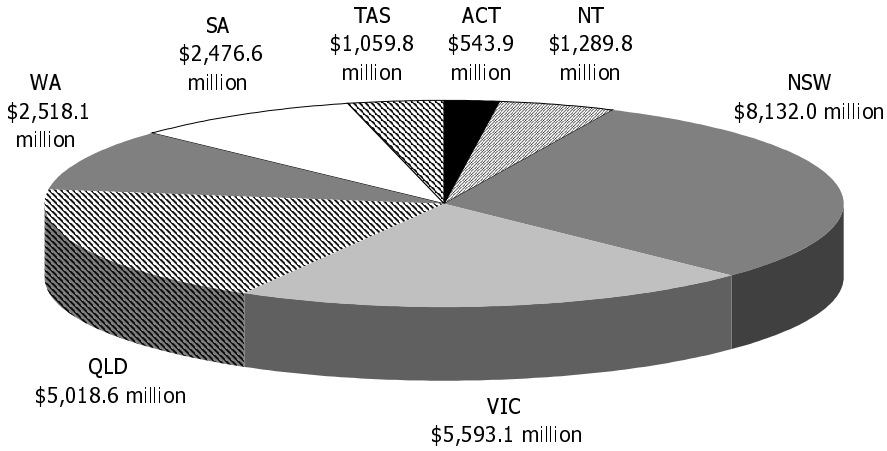
GST REVENUE PROVISION

The *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999* (the Act) provides that the States receive all GST revenue. The distribution of GST revenue among the States is based on horizontal fiscal equalisation principles which are discussed in detail in *Federal Financial Relations 2002-03, Budget Paper No. 3*.

Under the Act, the Commissioner of Taxation is required to make a determination by 15 June each year of the estimated GST revenue collections for the year. In accordance with the Commissioner of Taxation's determination of GST revenue on 11 June 2002, a total of \$26,632 million in GST revenue was provided to the States in 2001-02. This is broadly consistent with the estimate at Budget, and the final GST revenue outcome as reported in Appendix A and in Note 15 in Part III.

The final provision of GST revenue to the States in 2001-02 is illustrated in Chart 1.

Chart 1: GST revenue provision to the States and Territories



The calculation of the distribution of GST revenue to the States is shown in Table 26. The distribution differs marginally from estimates shown in *Federal Financial Relations, 2002-03, Budget Paper No. 3*, reflecting final determinations made under the Act.

The 2001-02 GST revenue was distributed, in accordance with the Act, using GST relativities recommended in the Commonwealth Grants Commission *Report on State Revenue Sharing Relativities 2001 Update*.

Table 26 shows the per capita relativities applied to the States' populations (as at 31 December each year) in order to arrive at a weighted population share for each State. A State's share of GST revenue is equal to its weighted population share of the combined GST revenue and unquarantined Health Care Grants (HCGs), less the unquarantined HCGs it receives.

Table 26: GST revenue provision to the States and Territories

Population as at 31 December 2001	Per capita relativities (a)	Weighted population (1) x (2) (b) (%)	Share of Weighted population (%)	GST revenue/HCGs pool according to (4) (\$m)	Unquarantined HCGs (\$m)	Distribution of GST revenue (5) - (6) (\$m)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
NSW	6,642,879	0.92032	31.2	10,364.1	2,232.1	8,132.0
VIC	4,854,133	0.87539	21.7	7,203.6	1,610.6	5,593.1
QLD	3,670,459	1.00269	18.8	6,239.1	1,220.5	5,018.6
WA	1,918,805	0.97516	9.6	3,172.1	654.0	2,518.1
SA	1,518,874	1.17941	9.1	3,036.9	560.2	2,476.6
TAS	473,252	1.50095	3.6	1,204.2	144.4	1,059.8
ACT	322,638	1.14633	1.9	627.0	83.1	543.9
NT	199,868	4.02166	4.1	1,362.7	72.8	1,289.8
Total	19,600,908	na	100.0	33,209.7	6,577.7	26,632.0

(a) Per capita relativity factors are based on recommendations of the Commonwealth Grants Commission (CGC) and take account of a technical issue raised by Western Australia in respect of the data supplied for stamp duties paid on corporate reconstructions.

(b) Total weighted population differs from the total population in column 1 as the per capita relativities are calculated by the CGC using population numbers for the period 1995-96 to 1999-2000 and are then rounded.

GENERAL REVENUE ASSISTANCE

In 2001-02, general revenue assistance to the States comprised Budget Balancing Assistance (BBA), National Competition Policy Payments (NCPPs) and Special Revenue Assistance (SRA).

Budget Balancing Assistance

As previously noted, the Commonwealth has guaranteed that in each of the transitional years following the introduction of tax reform, each State's budgetary position will be no worse off than had reforms not been implemented. This is given effect by the payment of transitional assistance in the form of BBA.

In 2001-02, a total of \$4,093.8 million of BBA was paid to the States. The calculation and distribution of BBA is shown in Table 27, and is broadly consistent with estimates at Budget.

Table 27: Guaranteed Minimum Amount components, GST revenue provision and Budget Balancing Assistance to the States and Territories

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
State Revenues Forgone									
Financial Assistance Grants	5,399.0	3,729.4	3,645.4	1,653.7	1,956.2	894.5	416.2	1,210.3	18,904.8
Revenue Replacement Payments	2,388.4	1,598.6	1,451.2	1,005.7	622.0	211.3	106.1	135.3	7,518.5
Financial Institutions Duty	587.6	342.2	na	129.3	85.5	21.1	17.4	12.9	1,195.9
Marketable Securities Duty	388.1	201.7	24.9	23.9	13.2	0.7	21.6	0.9	675.1
Marketable Securities Duty Needs	-12.7	3.2	9.5	0.0	1.5	1.8	-4.0	0.7	0.0
Accommodation Taxes	72.0	na	na	na	na	na	na	8.1	80.1
plus Reduced Revenues									
Gambling Taxes	558.4	413.2	206.9	58.8	86.1	21.4	21.1	14.5	1,380.4
plus Interest Costs									
Interest costs	2.9	3.4	4.3	0.9	1.1	0.5	0.4	0.7	14.2
plus Additional Expenditures									
First Home Owners Scheme	440.0	329.2	316.2	157.9	105.0	37.1	25.9	11.8	1,423.1
GST Administration Costs	175.3	128.1	96.8	50.6	40.1	12.5	8.5	5.3	517.2
plus Other Items									
WST Payments	38.0	5.0	18.0	19.0	12.7	13.0	4.0	3.0	112.7
minus Reduced Expenditures									
Off-road Diesel Subsidies	138.3	57.2	130.1	171.7	37.0	2.2	0.0	4.0	540.5
Savings from Tax Reform	157.1	107.4	89.2	53.4	38.8	13.0	9.0	13.2	481.0
minus Growth Dividend									
Remaining State Taxes	56.9	36.7	19.2	11.5	9.2	2.3	1.8	1.3	139.0
plus Adjustments									
2000-01 BBA Adjustment	24.6	17.4	8.2	6.5	2.8	1.5	0.6	2.7	64.3
Total Guaranteed Minimum Amount (1)	9,709.2	6,570.2	5,543.0	2,869.8	2,841.2	1,197.7	607.0	1,387.7	30,725.8
GST Revenue Provision (2)	8,132.0	5,593.1	5,018.6	2,518.1	2,476.6	1,059.8	543.9	1,289.8	26,632.0
Budget Balancing Assistance (1)-(2)	1,577.2	977.1	524.4	351.7	364.6	137.9	63.1	97.8	4,093.8

National Competition Policy Payments

National Competition Policy Payments are distributed between the States on an equal per capita basis. Payment is subject to States achieving satisfactory progress in implementing specified reforms under the *Agreement to Implement the National Competition Policy and Related Reforms*. Details of NCPPs are shown in Table 28.

Table 28: National Competition Policy Payments

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
2001-02	242.5	179.6	147.9	71.1	55.7	17.4	11.6	7.6	733.3

Special Revenue Assistance

In 2001-02, in accordance with the recommendations of the Commonwealth Grants Commission, SRA of \$14.2 million was paid to the Australian Capital Territory.

LOCAL GOVERNMENT GENERAL PURPOSE ASSISTANCE

Table 29 provides details of the Commonwealth payments to local government authorities in 2001-02 for each of the six States and the Northern Territory, and an analogous payment made to the Australian Capital Territory.

In 2001-02, local government general purpose assistance was increased on the basis of an annual escalation factor determined by the Treasurer. The payments made to the States and shown in *Federal Financial Relations 2002-03, Budget Paper No. 3* were based on an estimated escalation factor of 1.0353, estimated in June 2001, and take into account an underpayment of \$7.2 million in 2000-01.

On 27 June 2002 the Treasurer determined the final 2001-02 escalation factor to be 1.0500 on the basis of the Australian Statistician's determination of population and Treasury's estimate of the ongoing CPI (which excludes the estimated impact of the tax reform measures in *The New Tax System*). The difference between the estimate and the final escalation factor for 2001-02 has resulted in an underpayment of \$19.5 million in 2001-02 for which there will be an adjustment in 2002-03, as provided for under the *Local Government (Financial Assistance) Act 1995*.

Table 29: Financial Assistance Grants to local government, 2001-02

	NSW \$m	VIC \$m	QLD \$m	WA \$m	SA \$m	TAS \$m	ACT \$m	NT \$m	Total \$m
General purpose assistance	322.6	238.4	178.8	94.2	74.7	23.4	15.5	9.8	957.3
Untied local road funding	123.2	87.6	79.6	65.0	23.3	22.5	13.6	10.0	424.8
Total Financial Assistance Grants(a)	445.8	326.0	258.4	159.2	98.0	45.9	29.1	19.7	1,382.1

(a) Total Financial Assistance Grants are the cash payments that the State receives on behalf of local government. It is equal to the estimated entitlement for a given year adjusted for an over or under payment from the previous year.

SPECIFIC PURPOSE PAYMENTS

Tables 30 and 31 provide information on Commonwealth Specific Purpose Payments (SPPs) to the States and local government together with details of repayments and interest on advances (loans) to the States. The majority of these advances were funded from borrowings made on behalf of the States.

The payments are classified as follows:

- SPPs
 - current;
 - capital;
- repayments of advances;
- details of new advances made; and
- interest on Commonwealth advances.

SPP information is presented on a functional basis and divided into those paid 'to' the States (by far the larger group by number) and those judged to be paid 'through' the States to other groups. Payments in the latter group are indicated within the table by (*) and separate totals for 'to' and 'through' are provided in the summary at the end of the table.

Table 30: Specific Purpose Payments to the States, repayments of advances and interest payments (\$'000)

Function Payment title	SPECIFIC PURPOSE PAYMENTS - CURRENT PURPOSES										Total
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT			
Public Order and Safety											
Legal aid	38,141	674	717	9,951	12,115	3,995	3,145	2,256			70,994
Film and literature classifications	85	84	84	84	84	83	83	82			669
Commonwealth Heads of Government meeting - payment to Queensland Police	0	0	10,000	0	0	0	0	0			10,000
Public Order and Safety - total	38,226	758	10,801	10,035	12,199	4,078	3,228	2,338			81,663
Education											
Government schools	454,639	326,522	272,643	138,047	103,909	38,554	20,840	16,425			1,371,579
* Non-government schools	1,128,114	886,278	623,745	334,381	255,298	68,746	71,934	28,471			3,396,967
Vocational Education and Training Funding Act	344,533	253,761	173,329	92,674	74,290	27,565	19,105	11,275			996,532
Targeted programmes aimed at both Government and Non-Government schools	116,430	76,031	54,325	30,097	27,424	9,062	3,637	6,124			323,130
* Targeted Programmes Non-government Schools	60,345	49,462	22,240	13,101	13,566	2,740	2,466	1,746			165,666
Indigenous Education Strategic Initiatives Programme - Government	23,380	8,076	36,345	20,984	6,589	2,767	1,794	26,538			126,473
* Indigenous Education Strategic Initiatives Programme - Non-Government	16,262	2,922	10,238	13,387	2,760	1,157	1,240	11,725			59,691
Education - total	2,143,703	1,603,052	1,192,865	642,671	483,836	150,591	121,016	102,304			6,440,038
Health											
Blood transfusion services	22,808	19,064	12,157	8,345	6,523	1,681	1,420	762			72,760
Health Programme Grants	0	244	0	4,786	0	0	0	217			5,247
Health Care Grants	2,241,139	1,617,499	1,243,376	659,439	565,418	145,709	84,186	73,950			6,630,716
National Health Development Fund	18,830	0	9,962	0	14,429	0	5,282	0			48,503
Highly Specialised Drugs	108,184	82,142	51,184	24,750	23,970	5,262	5,492	2,739			303,723
Youth health services	735	619	328	197	180	56	50	50			2,215
National public health	54,843	40,763	27,931	15,391	16,614	5,974	4,593	3,878			169,987
Essential vaccines	29,901	20,256	13,141	9,150	6,418	2,783	1,159	2,282			85,090
Repatriation general hospitals	2,110	2,425	0	0	545	75	0	0			5,155
Fringe Benefit Tax transitional grants for public and not-for-profit hospitals	0	46,105	2,596	11,823	10,742	1	599	267			72,133
Health - total	2,478,550	1,829,117	1,360,675	733,881	644,839	161,541	102,781	84,145			7,395,529

**Table 30: Specific Purpose Payments to the States, repayments of advances and interest payments (\$'000)
(continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Social Security and Welfare									
Aged care assessment	13,531	10,319	6,632	3,718	3,560	1,120	410	637	39,927
Home and community care	190,262	164,485	115,802	60,007	54,023	15,831	7,039	4,069	611,518
Disabilities services	167,665	113,062	96,466	39,851	56,589	17,669	6,907	5,171	503,380
Children's services	984	2,213	1,328	338	5,922	323	92	887	12,087
Supported Accommodation Assistance	52,271	34,742	26,826	16,070	15,386	6,890	5,488	4,583	162,256
Unaccompanied humanitarian minors	37	123	36	42	68	0	11	0	317
Exceptional circumstances (EC) administration	0	0	0	0	0	0	0	0	0
Extension of fringe benefits	59,421	42,480	29,661	14,936	16,899	5,427	1,206	827	170,857
National Illicit Drugs Strategy	1,241	0	0	0	0	0	-14	0	1,227
Native Title	0	0	0	0	0	0	0	0	0
Transition to Independent Living Allowance	0	0	0	0	0	0	0	0	0
Concessions for Commonwealth Seniors Health	0	0	0	0	0	0	0	0	0
Card Holders	0	0	0	0	0	0	0	0	0
State Senior's Card Reciprocal Transport Concessions	0	0	0	0	0	0	0	0	0
Social Security and Welfare - total	485,412	367,424	276,751	134,962	152,447	47,260	21,139	16,174	1,501,569
Housing and Community Amenities									
Assistance for housing	924	674	212	314	470	157	0	0	2,751
Assistance for water and sewerage	0	0	0	0	0	0	8,477	0	8,477
Natural Heritage Trust - Bushcare(a)	9,358	8,233	13,071	7,834	6,498	9,844	433	2,755	58,026
Natural Heritage Trust of Australia - Coasts and Clean Seas Initiative(a)	3,856	2,736	2,718	2,718	3,300	3,020	103	660	19,111
Natural Heritage Trust of Australia - National Rivercare Programme(a)	436	50	148	74	717	0	6	335	1,766
Natural Heritage Trust of Australia - Endangered Species Programme(a)	384	831	804	1,033	496	922	4	157	4,631
Natural Heritage Trust of Australia - National Feral Animal Control Programme(a)	376	216	158	56	429	333	0	93	1,661
Natural Heritage Trust of Australia - Air Pollution in Major Cities(a)	25	25	25	1,550	25	25	25	50	1,750
Oceans Policy	890	168	619	365	1,131	1	20	0	3,194
Housing and Community Amenities - total	16,249	12,933	17,755	13,944	13,066	14,302	9,068	4,050	101,367

**Table 30: Specific Purpose Payments to the States, repayments of advances and interest payments (\$'000)
(continued)**

Function Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Recreation and Culture									
Natural Heritage Trust of Australia - National Wetlands Programme(a)	251	240	121	73	76	103	5	16	885
Natural Heritage Trust of Australia - National Reserve System Programme(a)	47	0	498	78	511	269	0	70	1,473
Natural Heritage Trust of Australia - World Heritage Area Management and Upkeep(a)	851	0	4,866	1,201	194	1,160	0	0	8,272
Management of World Heritage Properties Melbourne Commonwealth Games 2006	0	0	0	0	0	5,300	0	0	5,300
	0	0	0	0	0	0	0	0	0
Recreation and Culture - total	1,149	240	5,485	1,352	781	6,832	5	86	15,930
Agriculture, Forestry and Fishing									
Natural Heritage Trust of Australia - National Weeds Programme(a)	326	35	2,189	208	21	62	0	1,561	4,402
Natural Heritage Trust of Australia - National Landcare Programme(a)	5,332	186	3,216	1,516	1,391	1,394	19	702	13,756
Natural Heritage Trust of Australia - Farm Forestry Programme(a)	1,750	1,077	1,282	777	542	878	50	110	6,466
Natural Heritage Trust of Australia - Murray Darling 2001(a)	6,016	6,906	2,113	0	2,668	0	353	0	18,056
Tasmanian Wheat Freight - shipping Exotic Disease Preparedness	0	0	0	0	0	1,200	0	0	1,200
	18	8	38	0	8	13	250	0	335
National Landcare Programme (NLP) Rural Adjustment Scheme	8,627	9,786	6,221	7,324	6,677	1,969	228	1,549	42,381
	5,742	1,225	7,641	1,879	743	0	0	0	17,230
Natural Heritage Trust of Australia - National River Health Programme(a)	2,056	1,458	2,389	3,632	789	3,259	0	336	13,919
Natural Heritage Trust of Australia - Waterwatch Australia(a)	393	422	404	337	310	441	103	166	2,576
Natural Heritage Trust of Australia - Waste Management Awareness(a)	141	75	0	0	0	0	0	203	419
Natural Heritage Trust of Australia - Fisheries Action Programme(a)	0	0	0	0	0	0	0	0	0

**Table 30: Specific Purpose Payments to the States, repayments of advances and interest payments (\$'000)
(continued)**

<i>Function</i>	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payment title									
<i>Agriculture, Forestry and Fishing (continued)</i>									
Natural Heritage Trust of Australia -									
Riverworks Tasmania(a)	0	0	0	0	0	410	0	0	410
Great Artesian Basin Sustainability Initiative	0	0	0	0	0	0	0	0	0
Forest Industry Structural/Adjustment Package	6,256	7,845	0	0	0	0	0	0	14,101
Skilling farmers for the future	8,321	1,568	2,553	1,585	1,481	207	0	187	15,902
War Service Land Settlement Scheme	0	-3	0	0	2,599	0	0	0	2,596
Eradication of Red Imported Fire Ant	0	0	15,500	0	0	0	0	0	15,500
Farm Assistance	0	0	0	0	1,000	0	0	0	1,000
Farm Business Improvement Programme (FarmBis)	0	0	0	0	0	0	0	-24	-24
West 2000 Plus	833	0	0	0	0	0	0	0	833
Plant Disease and Eradication	0	287	4,372	0	961	0	0	0	5,620
Agriculture, Forestry and Fishing - total	45,811	30,875	47,918	17,258	19,190	9,833	1,003	4,790	176,578
<i>Mining and Mineral Resources (other than Fuels), Manufacturing and Construction</i>									
National Business Information Service (NBIS)	0	0	0	5	0	0	0	0	5
<i>Mining and Mineral Resources (other than Fuels), Manufacturing and Construction - total</i>	0	0	0	5	0	0	0	0	5
<i>Transport and Communication</i>									
Interstate road transport	15,627	9,093	3,220	1,346	4,147	169	169	169	33,940
Petroleum Products Freight Subsidy Scheme	252	0	1,585	89	273	0	0	1,416	3,615
Roads to Recovery - Unincorporated Areas	950	50	0	0	999	0	0	0	1,999
Gold Coast light rail	0	0	0	0	0	0	0	0	0
Transport and Communication - total	16,829	9,143	4,805	1,435	5,419	169	169	1,585	39,554
<i>Other Purposes</i>									
Debt Redemption Assistance	9,931	5,243	4,853	3,335	5,176	4,090	0	1,752	34,380
* Financial Assistance Grants for local government									
<i>General Purpose Assistance Grants</i>	327,747	239,054	179,769	94,473	75,399	23,565	15,931	9,903	965,841
<i>United Local Roads Grants</i>	124,342	88,356	80,299	65,530	23,553	22,711	13,743	10,039	428,573
Compensation - companies regulation	49,055	43,805	24,151	14,865	10,135	3,425	0	2,185	147,621
Natural Disaster Relief	10,253	0	23,919	331	0	0	0	48	34,551
*Natural Disaster Risk Management studies	955	176	751	73	252	63	0	0	2,270

**Table 30: Specific Purpose Payments to the States, repayments of advances and interest payments (\$'000)
(continued)**

<i>Function</i>	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payment title									
Royalties	0	0	0	415,936	0	0	0	2,560	418,496
ACT National Capital influences	0	0	0	0	0	0	21,086	0	21,086
Other Purposes - total	522,283	376,634	313,742	594,543	114,515	53,854	50,760	26,487	2,052,818
TOTAL CURRENT	5,748,212	4,230,176	3,230,797	2,150,086	1,446,292	448,460	309,169	241,959	17,805,151
SPECIFIC PURPOSE PAYMENTS - CAPITAL PURPOSES									
Education									
Government schools	78,429	54,530	44,423	23,310	17,986	6,484	3,966	2,985	232,113
* Non-government schools	29,894	25,277	15,741	9,087	6,862	2,066	775	2,010	91,712
Indigenous Education Strategic Initiatives Programme	660	50	145	200	0	0	0	2,692	3,747
Education - total	108,983	79,857	60,309	32,597	24,848	8,550	4,741	7,687	327,572
Health									
Blood transfusion services	2,902	1,676	990	990	1,013	181	90	45	7,887
Federation Fund - Qld Institute of Medical Research	0	0	10,000	0	0	0	0	0	10,000
Health - total	2,902	1,676	10,990	990	1,013	181	90	45	17,887
Social Security and Welfare									
Home and community care	0	2,845	1,188	0	0	28	0	0	4,061
Crisis accommodation assistance	13,379	9,870	7,401	3,904	3,087	967	643	404	39,655
Social Security and Welfare- total	13,379	12,715	8,589	3,904	3,087	995	643	404	43,716
Housing and Community Amenities									
Housing assistance for indigenous people	17,777	3,638	25,227	15,862	8,342	696	0	19,458	91,000
Community housing	21,589	15,927	11,943	6,299	4,982	1,561	1,037	652	63,990
Commonwealth-State Housing Agreement (CSHA)									
Block Assistance/Base Funding	268,830	196,364	155,841	80,263	66,242	24,501	22,891	18,640	833,572
Social Housing Subsidy Programme	1,929	0	0	0	0	0	122	0	2,051
Federation Fund - Centennial Moore Park Trust	135	0	0	0	0	0	0	0	135
* Federal flood mitigation	2,481	129	2,917	857	206	171	0	244	7,005
* Additional First Home Owners Scheme	80,072	89,274	82,035	52,047	23,250	3,838	4,049	2,892	337,457
* Lismore levee programme	4,000	0	0	0	0	0	0	0	4,000
Housing and Community Amenities - total	396,813	305,332	277,963	155,328	103,022	30,767	28,099	41,886	1,339,210

**Table 30: Specific Purpose Payments to the States, repayments of advances and interest payments (\$'000)
(continued)**

<i>Function</i>	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payment title									
Recreation and Culture									
Natural Heritage Trust of Australia - National Reserve System Programme(a)	6,879	553	2,286	2,068	2,630	0	0	0	14,416
Recreation and Culture - total	6,879	553	2,286	2,068	2,630	0	0	0	14,416
Fuel and Energy									
* Photovoltaic Rebate Programme (PVRP)	1,807	1,272	1,242	88	447	191	42	70	5,159
Renewable Remote Power Generation	227	0	2,300	2,475	3,103	0	0	1,455	9,560
Fuel and Energy - total	2,034	1,272	3,542	2,563	3,550	191	42	1,525	14,719
Agriculture, Forestry and Fishing									
Natural Heritage Trust of Australia - Murray Darling 2001(a)	5,560	5,746	207	0	0	0	0	0	11,513
Natural Heritage Trust of Australia - National Landcare Programme(a)	1,401	2,700	462	0	3,349	1,946	0	0	9,858
Sugar	0	0	0	0	0	0	0	0	0
Great Artesian Basin Sustainability Initiative	5,375	0	10	0	0	0	0	0	5,385
Warner Creek Dam and Northern Midlands Water Project	0	0	0	0	0	0	0	0	0
Agriculture, Forestry and Fishing - total	12,336	8,446	679	0	3,349	1,946	0	0	26,756
Transport and Communication									
Building IT Strengths - Tas 'Intelligent Island'	0	0	0	0	0	20,000	0	0	20,000
Alice Springs Darwin Railway	0	0	0	0	0	0	0	65,000	65,000
Road programmes	353,561	260,617	255,153	97,594	56,329	21,837	15,936	29,794	1,090,821
Road safety blackspots - States	17,957	9,525	9,648	4,789	3,765	1,504	865	664	48,717
Federation Fund Projects - Northern Territory	0	0	0	0	0	0	0	100,000	100,000
Federation Fund Projects - Tasmania	0	0	0	0	0	780	0	0	780
Federation Fund Projects - Queensland	0	0	2,968	0	0	0	0	0	2,968
Federation Fund Projects - New South Wales/Victoria	0	0	0	0	0	0	0	0	0
Transport and Communication - total	371,518	270,142	267,769	102,383	60,094	44,121	16,801	195,458	1,328,286
Other Purposes									
Sinking Fund on State Debt	445	131	730	68	296	234	0	28	1,932
Natural Disaster Relief	8,605	0	24,293	0	0	0	0	2,657	35,555
Other Purposes - total	9,050	131	25,023	68	296	234	0	2,685	37,487
TOTAL CAPITAL	923,894	680,124	657,150	299,901	201,889	86,985	50,416	249,690	3,150,049

**Table 30: Specific Purpose Payments to the States, repayments of advances and interest payments (\$'000)
(continued)**

Function Payment title	REPAYMENTS										Total
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT			
Supplementary contributions	0	0	46,132	15,997	40,822	30,374	0	9,800			143,125
Payments to Debt Sinking Funds	1,794	528	2,947	276	1,196	943	0	112			7,796
Total	1,794	528	49,079	16,273	42,018	31,317	0	9,912			150,921
Repayments of Commonwealth Government											
Loans											
ACT debt repayments	0	0	0	0	0	0	4,647	0			4,647
Loan Council - housing nominations	4,842	0	1,781	3,088	2,899	1,298	0	1,612			15,520
Repayments of Commonwealth Government	4,842	0	1,781	3,088	2,899	1,298	4,647	1,612			20,167
Defence											
Housing for servicemen	650	0	399	132	0	0	0	0			1,181
Defence - total	650	0	399	132	0	0	0	0			1,181
Housing and Community Amenities											
CSHA loans	29,915	0	8,079	7,708	8,796	3,356	0	447			58,301
Other housing	0	0	0	0	0	0	5,641	2,325			7,966
Urban water supply and treatment	0	0	0	0	317	0	0	0			317
NT - water and sewerage assistance	0	0	0	0	0	0	0	136			136
Growth centres	251	0	0	0	0	0	0	0			251
Urban rehabilitation	0	205	0	0	0	0	0	0			205
Community facilities - Townsville	0	0	33	0	0	0	0	0			33
Captains Flat (Abatement of Pollution) Agreement	6	0	0	0	0	0	0	0			6
Sewerage	2,243	0	560	4	0	0	0	0			2,807
Housing and Community Amenities - total	32,415	205	8,672	7,712	9,113	3,356	5,641	2,908			70,022
Agriculture, Forestry and Fishing											
Bovine Brucellosis and Tuberculosis	0	0	0	0	0	0	0	5			5
Rural Adjustment Scheme	1,826	0	0	0	0	0	0	190			2,016
War Service Land Settlement Scheme	413	43	0	0	0	7	0	0			463
Agriculture, Forestry and Fishing - total	2,239	43	0	0	0	7	0	195			2,484

**Table 30: Specific Purpose Payments to the States, repayments of advances and interest payments (\$'000)
(continued)**

<i>Function</i>	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payment title									
<i>Transport and Communication</i>									
Railway projects	96	96	0	377	0	0	0	0	569
<i>Transport and Communication - total</i>	96	96	0	377	0	0	0	0	569
<i>Other Purposes</i>									
Natural Disaster Relief	331	0	24,724	0	0	0	0	443	25,498
<i>Other Purposes - total</i>	331	0	24,724	0	0	0	0	443	25,498
TOTAL REPAYMENTS	42,367	872	84,655	27,582	54,030	35,978	10,288	15,070	270,842
	ADVANCES								
<i>Other Purposes</i>									
Natural Disaster Relief	436	0	457	0	0	0	0	0	893
<i>Other Purposes - total</i>	436	0	457	0	0	0	0	0	893
TOTAL ADVANCES	436	0	457	0	0	0	0	0	893
	INTEREST								
Interest on Loan Council and NT Government Borrowings	9,073	2,446	7,530	1,165	4,399	6,017	0	449	31,079
Total	9,073	2,446	7,530	1,165	4,399	6,017	0	449	31,079
<i>Interest on Commonwealth Government Loans</i>									
ACT Government debt	0	0	0	0	0	0	5,743	0	5,743
Housing nominations	21,870	0	7,885	13,501	13,221	5,809	0	7,591	69,877
<i>Interest on Commonwealth Government Loans - total</i>	21,870	0	7,885	13,501	13,221	5,809	5,743	7,591	75,620
Defence									
Housing for servicemen	2,515	0	1,433	304	104	0	0	0	4,356
Defence - total	2,515	0	1,433	304	104	0	0	0	4,356
<i>Housing and Community Amenities</i>									
CSHA loans	46,651	0	12,938	12,385	19,229	6,265	0	1,536	99,004
Other housing	0	0	0	0	0	0	10,928	4,256	15,184
Urban water supply and treatment	0	0	0	0	1,173	0	0	0	1,173
NT - water and sewerage assistance	0	0	0	0	0	0	0	644	644
Growth centres	111	0	0	0	0	0	0	0	111
Urban rehabilitation	0	38	0	0	0	0	0	0	38

**Table 30: Specific Purpose Payments to the States, repayments of advances and interest payments (\$'000)
(continued)**

<i>Function</i>	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Payment title</i>									
<i>Housing and Community Amenities (continued)</i>									
Sewerage	6,112	0	1,575	10	0	0	0	0	7,697
Community facilities - Townsville	0	0	13	0	0	0	0	0	13
Captains Flat (Abatement of Pollution) Agreement	8	0	0	0	0	0	0	0	8
<i>Housing and Community Amenities - total</i>	52,882	38	14,526	12,395	20,402	6,265	10,928	6,436	123,872
<i>Agriculture, Forestry and Fishing</i>									
Bovine Bruellosis and Tuberculosis	0	0	0	0	0	0	0	0	0
Rural Adjustment Scheme	382	0	0	0	0	0	0	15	397
War Service Land Settlement Scheme	179	189	0	0	8	0	0	0	376
<i>Agriculture, Forestry and Fishing - total</i>	561	189	0	0	8	0	0	15	773
<i>Transport and Communication</i>									
Railway projects	49	49	0	353	0	0	0	0	451
<i>Transport and Communication - total</i>	49	49	0	353	0	0	0	0	451
<i>Other Purposes</i>									
Natural Disaster Relief	80	0	406	0	0	0	0	61	547
<i>Other Purposes - total</i>	80	0	406	0	0	0	0	61	547
TOTAL INTEREST	87,030	2,722	31,780	27,718	38,134	18,091	16,671	14,552	236,698
SUMMARY OF SPECIFIC PURPOSE PAYMENTS									
Total Specific Purpose Payments	6,672,106	4,910,300	3,887,947	2,449,987	1,648,181	535,445	359,585	491,649	20,955,200
Total 'To'	4,901,042	3,528,276	2,869,721	1,867,036	1,246,840	410,260	249,405	424,549	15,490,859
Total 'Through'	1,771,064	1,382,024	1,018,226	582,951	401,341	125,185	110,180	67,100	5,464,341

* Items so marked are classified as payments 'through' the States.

(a) These programs were funded under NHT Phase 1 which finishes in 2001-02. Future programs will be funded under NHT Phase 2 which commences in 2002-03.

Table 31: Specific Purpose Payments direct to Local Government Authorities (\$'000)

Payment title	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
DIRECT PAYMENTS - CURRENT									
Aged care services	7,195	11,354	1,663	3,787	1,288	1,720	169	663	27,839
Disability services	522	113	349	0	0	0	0	0	984
Children's services	16,475	18,208	4,858	3,451	894	2,450	288	996	47,620
Local Government Incentive Programme	472	552	526	308	443	227	491	266	3,285
Roads to Recovery Programme	107,789	82,874	99,249	59,669	35,871	14,216	5,465	11,206	416,339
TOTAL CURRENT	132,453	113,101	106,645	67,215	38,496	18,613	6,413	13,131	496,067
DIRECT PAYMENTS - CAPITAL									
Aged care services	1276	127	0	0	0	0	0	20	1423
Children's services	328	362	97	69	18	49	6	20	949
Natural Heritage and Water Park, Goondiwindi	0	0	4,150	0	0	0	0	0	4,150
Bert Hinkler Hall of Aviation	0	0	0	0	0	0	0	0	0
Development of Sewerage Schemes for Boat Harbour Beach and Sisters Beach	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL	1,604	489	4,247	69	18	49	6	40	6,522
TOTAL DIRECT PAYMENTS	134,057	113,590	110,892	67,284	38,514	18,662	6,419	13,171	502,589

Appendix A: External Reporting Standards and Budget Concepts

EXTERNAL REPORTING STANDARDS

The Commonwealth *Charter of Budget Honesty Act 1998* requires that the Final Budget Outcome be based on external reporting standards. In accordance with the Charter, the major external standards used in the Final Budget Outcome are the Australian Bureau of Statistics (ABS) accrual Government Finance Statistics (GFS) framework and Australian Accounting Standards, including *Australian Accounting Standard No. 31 Financial Reporting by Governments* (AAS31). The Charter also requires that departures from applicable external reporting standards be identified.

The major fiscal aggregates (including the fiscal and underlying cash balances) are based on the accrual GFS framework. The next section provides a brief overview of the GFS framework, including the major fiscal aggregates, and the AAS reporting framework. Further information can be found in *Budget Strategy and Outlook 2002-03, Statement 10: External Reporting Standards and Budget Concepts*.

ACCRUAL GFS FRAMEWORK

The GFS reporting framework is a specialised statistical system designed to support economic analysis of the public sector. It allows comprehensive assessments to be made of the economic impact of government and is consistent with international statistical standards (the *System of National Accounts 1993* (SNA93) and the International Monetary Fund's (IMF) *Government Finance Statistics Manual 2001*). Additional information on the Australian accrual GFS framework is available in the ABS publication *Information Paper: Accruals-based Government Finance Statistics, 2000* (Cat. No. 5517.0).

The GFS conceptual framework is divided into a number of separate statements. The GFS statements reported in the Final Budget Outcome are the operating statement, balance sheet, cash flow statement and a statement of other economic flows. Each of these statements is designed to draw out analytical aggregates or balances of particular economic significance. Taken together, these aggregates provide for a thorough understanding of the financial position of the public sector entities. A discussion of each of these statements follows.

GFS operating statement

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

GFS revenues are defined as transactions that increase net worth and GFS expenses as transactions that decrease net worth – general government net worth is the difference between the stock of assets and liabilities and is further defined in the balance sheet section below.

GFS revenues less GFS expenses gives the GFS **net operating balance**. Conceptually, the net operating balance measures government saving plus capital transfers.

The net acquisition of non-financial assets (**net capital investment**) measures the change in the stock of non-financial assets owned by the government due 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.

Fiscal balance

The fiscal balance (or GFS net lending/borrowing) is the net operating balance *minus* net capital investment.

The fiscal balance measures the Commonwealth's investment-saving balance. That is, 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 Commonwealth general government sector to the balance on the current account in the balance of payments.

Balance sheet

The balance sheet shows stocks of assets, liabilities and GFS net worth. Net debt is also reported in the balance sheet.

Net debt

Net debt is defined as the sum of selected financial liabilities (deposits held; advances received; government securities; loans; and other borrowing) *minus* the sum of selected financial assets (cash and deposits; advances paid; and investments, loans and placements). 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.

Net worth

The **net worth** of the general government sector is defined as assets less liabilities. For the public financial corporations and public non-financial corporations sectors, the formula becomes assets *less* liabilities *less* shares and other contributed capital. Net worth is an economic measure of wealth. It reflects the contribution of the Commonwealth to the wealth of Australia.

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 the information has been 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 (GFS surplus/deficit) is the cash counterpart of the fiscal balance, reflecting the Commonwealth's cash investment-saving balance. The underlying cash balance measure is conceptually equivalent under the current accrual framework and the previous cash framework. For the general government sector, the underlying cash balance is calculated as shown below.

Net cash flows from operating activities

plus

Net cash flows from investments in non-financial assets

less

Net acquisitions of assets acquired under finance leases and similar arrangements¹

equals

Underlying cash balance

1 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.

Headline cash balance

The headline cash balance is calculated by adding ‘cash flows from investments in financial assets for policy purposes’ to the underlying cash balance. Cash flows from investments in financial assets for policy purposes include equity transactions and net advances.² Examples of 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 Contribution Scheme (HECS), and contributions to international organisations that increase the Commonwealth’s financial assets.

Statement of other economic flows (reconciliation of net worth)

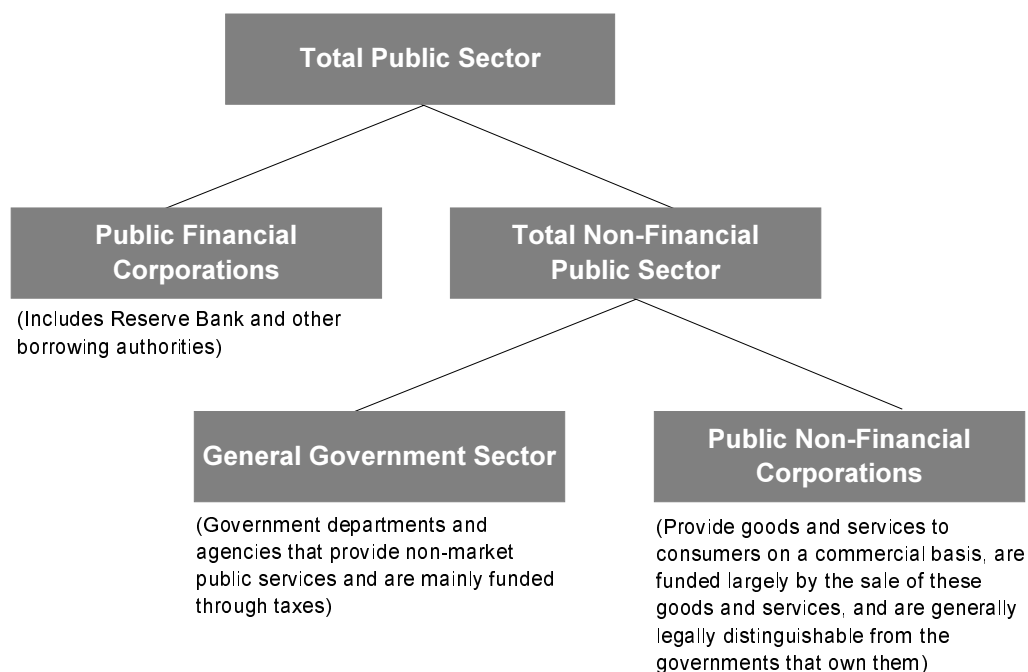
The statement of other economic flows outlines changes in net worth driven by economic flows other than GFS revenues and GFS expenses. GFS revenues, GFS expenses and other economic flows sum to the total change in net worth during a period. The majority of other economic flows for the Commonwealth general government sector arise from price movements in its assets and liabilities.

Sectoral classifications

To assist in analysing the public sector, GFS data are presented by institutional sector. GFS distinguishes between the general government sector, the public non-financial corporations sector and the public financial corporations sector, as shown in Figure A1.

2 Cash flows from investments in financial assets for policy purposes used to be known as *net advances* under the cash budgeting framework.

Figure A1: Institutional structure of the Public Sector



Budget reporting focuses on the **general government sector**. The general government sector 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, although user charging and external funding have increased in recent years. This sector comprises all government departments, offices and some other bodies.

AUSTRALIAN ACCOUNTING STANDARD NO. 31 (AAS31) REPORTING FRAMEWORK

Australian Accounting Standard No.31 Financial Reporting by Governments (AAS31) requires governments to prepare accrual-based general purpose financial reports, including in relation to the assets they control and any liabilities incurred, their revenues and expenses, and cash flows. Reporting under this framework is intended to provide a consolidated overview of the financial performance and position of government, including in the area of financing and investing activities.

There are three main general purpose statements that must be prepared in accordance with the AAS31 framework. These are:

- a statement of financial performance, which includes an operating result;
- a statements of financial position, which shows net assets; and

- a statement of cash flows, which includes net increase/decrease in cash held.

In addition to these general purpose statements, the standard requires notes to the financial statements to be prepared which report disaggregated information in relation to the financial performance and financial position of the government. The notes should also include other information seen as relevant to users.

While AAS31 provides a general framework for accrual budgeting and financial reporting by governments, compliance with all other applicable accounting standards is required. Exceptions to this rule are explicitly stated in AAS31.

A full set of AAS31 financial statements and accompanying notes prepared for the general government sector can be found in Part III. These statements are derived from audited financial statements with the exception of the Department of Defence, where an audit opinion is pending.

RECONCILIATION OF GFS AND AAS31 AGGREGATES

There is a general consistency of treatment of the elements of financial statements between GFS and accounting standards. Both frameworks are based on the concept of economic events that give rise to stocks and flows. As a result, the definitions of stocks are broadly similar under the two frameworks and relate to the control of economic benefits, while flows are defined with reference to changes in stocks.

The GFS and AAS31 definitions of the scope of the public sector agree in almost all cases, with AAS31 recommending the same segmentation of the public sector into general government, public non-financial corporations and public financial corporations sectors.

Transactions are generally treated in a similar manner by GFS and accounting standards; however, where GFS is a framework designed to facilitate macro-economic analysis, AAS31 is designed as a standard for general purpose financial reporting. The different objectives of the two systems lead to some variation in the treatment of certain items. This differing treatment relates predominantly to the definitions of revenues and expenses under the two frameworks.

In particular, revaluations of assets and liabilities are classified differently under the AAS31 and GFS standards. Major revaluations include: writedowns of bad and doubtful debts (excluding those that are mutually agreed); changes in the valuation of superannuation liabilities; and gains and losses due to changes in foreign exchange rates and interest rates.

Under AAS31 reporting, valuation changes may affect revenues or expenses and therefore the operating result. However, under GFS reporting, revaluations are not considered to be transactions (that is, they are considered to be other economic flows) and accordingly do not form part of revenues or expenses. Therefore, most

revaluations are not taken into account in the calculation of the GFS net operating balance or fiscal balance. However, revaluations still impact on GFS assets and liabilities, as can be seen in the statement of other economic flows.

Some of the major differences between the GFS and AAS31 treatments of transactions are outlined in Table A1. Further information on the differences between the two systems is provided in the ABS publication *Information Paper: Accruals-based Government Finance Statistics, 2000* (Cat. No. 5517.0).

Table A1: Selected differences between AAS31 and GFS reporting standards

Issue	AAS31 Treatment	GFS Treatment
Asset writedowns	Treated as part of operating expenses.	Treated as revaluations (other economic flows), except for mutually agreed writedowns, and therefore removed from expenses.
Gains and losses on assets	Treated as part of operating revenues/expenses.	Treated as revaluations (other economic flows) and therefore removed from revenues/expenses.
Provisions for bad and doubtful debts	Treated as part of operating expenses and included in the balance sheet as an offset to assets.	Act of creating provisions is not considered an economic event and is therefore not considered an expense or included in the balance sheet. * Commonwealth does not comply with this latter requirement (see Part II).
Interest flows related to swaps and other financial derivatives	Treated as operating revenues and expenses.	Treated as financing transactions and so not included in revenues and expenses.
Acquisition of defence weapons platforms	Treated as capital expenditure. Defence weapons platforms appear as an asset on the balance sheet. Depreciation expense on assets is recorded in the operating statement.	Treated as an expense. Defence weapons platforms do not appear as an asset on the balance sheet and no depreciation is recorded in the operating statement.
Commonwealth general government sector investments in public corporations	Investments in public corporations are valued at historic cost in the balance sheet.	Investments in public corporations are valued at current market value. For publicly listed corporations, the share price is used to calculate market value. For non-listed corporations, the current value of net assets is used.
Public debt net interest	Premiums and discounts on the repurchase of debt are included in public debt net interest expenses at the time of repurchase, regardless of whether the stock is cancelled at that time. Issue premiums and discounts are amortised over the life of the stock.	Repurchase premiums and discounts are treated as economic revaluations at the time the debt is repurchased (provided it is valued at historical cost). The GFS cash flow statement includes repurchase premiums or discounts in the year that the repurchased stock is cancelled or matures.
Finance leases	Treats finance leases as if an asset were purchased from borrowings. That is, the lease payment is split into an interest component (which is shown as an operating expense) and a principal component. The asset and the liability are recorded on the balance sheet. This convention does not apply to the cash flow statement, which does not record the acquisition of the asset or the liability.	As per the accounting standard, except that the GFS cash flow statement includes the acquisition of the asset as a supplementary item for the calculation of the surplus/deficit (underlying cash balance).

Table A2 reconciles GFS revenue and expenses with their AAS31 counterparts.

Table A2: Reconciliation of GFS and AAS31 revenue and expenses

	2001-02 Outcome \$m
GFS revenue (Part II)	189,777
<i>less</i> GST revenue for States and Territories	27,389
GFS revenue (Part I)	162,388
<i>plus</i> defence asset revenue recognised first time	1,204
<i>plus</i> foreign exchange gains	1,234
<i>plus</i> other economic revaluations	-125
<i>plus</i> profit on the sale of assets	3,534
<i>plus</i> swap interest received	2,517
AAS31 revenue (Part III)	170,753
GFS expenses (Part II)	193,406
<i>less</i> GST Grants to States and Territories	26,898
<i>less</i> interest on GST overpayments	10
<i>less</i> GST mutually agreed writedowns	16
GFS expenses (Part I)	166,482
<i>plus</i> revaluations/writedowns from superannuation	611
<i>plus</i> net writedown of assets/bad and doubtful debts	6,398
<i>plus</i> foreign exchange losses	96
<i>plus</i> other economic revaluations	-238
<i>plus</i> loss on the sale of assets	13
<i>less</i> costs of asset sales	48
<i>less</i> other property expenses	0
<i>plus</i> swap interest paid	1,840
<i>plus</i> defence weapons platforms depreciation	1,806
<i>less</i> defence weapons platforms investment	2,558
<i>plus</i> AusAid IDA/ADF expenses	0
<i>less</i> reversal of interest capitalisation	0
AAS31 expenses (Part III)	174,403

Table A3 reconciles the accounting operating result to the GFS net operating balance and the fiscal balance (GFS net lending).

AAS31 revenues less expenses calculate the AAS31 net operating result. Similarly, GFS revenues less expenses calculate the GFS net operating balance.

Consequently, the reconciliation between the AAS31 operating result before extraordinary items and the GFS net operating balance relates directly to differences in the definitions of revenues and expenses, as shown in Table A2 above.

The second part of the reconciliation shows the adjustment for net capital investment required to derive the fiscal balance from the GFS net operating balance.

As discussed previously, fiscal balance is calculated as the net operating balance less net capital investment. This is a useful economic indicator as it represents the gap

between government saving (less capital transfers) and investment, and so is included at the end of the GFS operating statement. In AAS31 there is no equivalent measure to the fiscal balance. That is, the AAS31 statement of financial performance stops at the operating result and includes no information on net capital investment. Under the accounting standards framework, the equivalent indicator to the fiscal balance would show whether profits (that is, the net operating result) are sufficient to fund net capital investment.

Table A3: Reconciliation of AAS31 net operating result and fiscal balance

	2001-02 Outcome \$m
AAS31 operating result before extraordinary items (Part III)	-3,650
Net classification differences	21
GFS net operating balance (Part II)	-3,629
<i>less</i> purchase of property, plant and equipment and intangibles (accruals)	4,548
<i>less</i> assets acquired under finance leases	-78
<i>less</i> other non-financial assets	49
<i>less</i> increase in inventories	185
<i>plus</i> defence weapons platforms investment	2,558
<i>plus</i> proceeds from sales of property, plant and equipment and intangibles (accruals)	849
<i>plus</i> depreciation and amortisation	3,473
<i>less</i> weapons depreciation	1,806
<i>plus</i> reversal of interest capitalisation	0
Fiscal balance (GFS net lending)(Part II)(a)	-3,260

(a) The fiscal balance in Part II is \$466 million higher than the fiscal balance presented elsewhere in the Final Budget Outcome, as explained on page 71.

ACCOUNTING FOR GST AND BUDGET ASSISTANCE TO STATES

Under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (the IGA), all GST receipts are appropriated to the States and Territories and thus are not available for expenditure by the Commonwealth. As such, the GST is a State tax, with the Commonwealth acting as the States' agent in the collection of the tax. Consequently, collections of GST from taxpayers and payments of the GST revenue to the States are not recorded as revenues and expenses of the Commonwealth in Part I.

Under the IGA, the Commonwealth has guaranteed that the budgetary position of each individual State and Territory will be no worse off than it would have been had the GST reforms not been implemented (referred to as the Guaranteed Minimum Amount (GMA)). Grants to the States to meet this no worse off funding benchmark are given the notional accounting title of 'general budget assistance to the States' (GBA) and are recorded as expenses of the Commonwealth.³ GBA comprises Budget Balancing Assistance (BBA) grants paid in accordance with the provisions of the IGA (based on mid-June estimates) and adjustments to account for any divergence between this amount and the amount required to meet the GMA (given actual GST cash collections).⁴

General budget assistance to the States in 2001-02 was \$549 million greater than the 2002-03 Budget estimate, reducing both the fiscal and underlying cash balances. This was predominantly due to actual cash GST collections falling below the Budget estimate.

In Part II the accounts are presented including GST as Commonwealth revenue.

The two different accounting approaches (applied in Part I and Part II respectively) result in different net impacts on the fiscal balance in 2001-02. In Part I, the total net impact on the fiscal balance equals general budget assistance to the States. In Part II, the fiscal balance impact is the difference between GST revenue and the Guaranteed Minimum Amount (GMA) paid to the States in 2000-01 (comprising BBA grants and GST grants made under the Commissioner of Taxation's mid-June determination of cash GST receipts). This results in the fiscal balance outcome shown in the Government Finance Statistics (GFS) general government operating statement in Part II being \$466 million greater than the fiscal balance reported in Part I and elsewhere in the Final

3 The term 'general budget assistance to the States' explains aggregate changes in Commonwealth expenses under a States' agent accounting arrangement and does not appear in the IGA, which governs the actual payments from the Commonwealth to the States. GBA is calculated as the GMA less actual GST cash collections.

4 The Commonwealth finalises payment of the annual GST revenue and BBA grants to the States in mid-June. As a result, if the final outcome for GST collections for the year differs from the Commissioner of Taxation's mid-June determination then GBA will not equal BBA grants paid.

Budget Outcome. A reconciliation of GFS revenue and GFS expenses in Part I and Part II is presented in Table A2.

The two different accounting approaches also flow through to differences in GFS net worth, resulting in GFS net worth in Part II being \$505 million greater than GFS net worth reported in Part I and elsewhere. This difference results from the inclusion of GST receivables and payables in the GFS balance sheet in Part II.

The different accounting approaches have the same net impact on cash flows. Therefore the underlying cash balance is the same whether it is calculated using the State tax or Commonwealth tax approach.

Further information on accounting for GST and budget assistance to the States can be found on page 10 of the *Final Budget Outcome 2000-01*.

Appendix B: Expenses by Function and Sub-function

Table B1 sets out Commonwealth general government expenses by function and sub-function for 2001-02. This table has been prepared in accordance with the GFS accounting framework.

Table B1: Commonwealth general government expenses by function and sub-function

	2000-01 Outcome \$m	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
General public services			
Legislative and executive affairs	691	846	778
Financial and fiscal affairs	3,980	3,101	3,567
Foreign affairs and economic aid	1,978	2,093	2,151
General research	1,523	1,674	1,698
General services	739	399	550
Government superannuation benefits	1,453	1,789	1,497
Total general public services	10,364	9,902	10,241
Defence	11,360	12,232	12,017
Public order and safety			
Courts and legal services	469	579	545
Other public order and safety	1,090	1,280	1,311
Total public order and safety	1,559	1,859	1,856
Education			
Higher education	3,844	3,921	4,004
Vocational and other education	1,103	1,251	1,217
Non-government schools	3,405	3,710	3,737
Government schools	1,893	2,089	2,058
<i>Schools</i>	<i>5,297</i>	<i>5,800</i>	<i>5,795</i>
Student assistance	568	560	567
General administration	42	42	44
School education - specific funding	111	119	134
Total education	10,966	11,692	11,761
Health			
Medical services and benefits	10,465	11,156	11,107
Hospital services	1,158	1,405	1,408
Health care agreements	6,299	6,778	6,709
<i>Hospital services and health care agreements</i>	<i>7,457</i>	<i>8,183</i>	<i>8,117</i>
Pharmaceutical services and benefits	5,050	5,285	5,078
Aboriginal and Torres Strait Islander health	160	202	202
Health services	493	606	578
Other health services	557	879	1,343
<i>Other health services</i>	<i>1,049</i>	<i>1,485</i>	<i>1,920</i>
General administration	999	1,087	1,126
Health assistance to the aged	61	63	65
Total health	25,242	27,461	27,614
Social security and welfare			
Assistance to the aged	25,051	23,342	23,218
Assistance to veterans and dependents	5,415	5,463	5,499
Assistance to people with disabilities	7,351	8,946	8,915
Assistance to families with children	17,969	19,951	19,774
Assistance to the unemployed	5,575	5,920	5,808
Assistance to the sick	96	96	94

Table B1: Commonwealth general government expenses by function and sub-function (continued)

	2000-01 Outcome \$m	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Social security and welfare (continued)			
<i>Assistance to the unemployed and the sick</i>	5,671	6,016	5,902
Common youth allowance	2,102	2,227	2,214
Other welfare programmes	297	325	313
Aboriginal advancement nec	1,157	1,262	1,268
General administration	1,887	2,106	1,979
Total social security and welfare	66,898	69,637	69,081
Housing and community amenities			
Housing	1,323	1,628	1,619
Urban and regional development	50	213	188
Environment protection	390	364	403
Total housing and community amenities	1,763	2,206	2,210
Recreation and culture			
Broadcasting	1,008	967	1,004
Arts and cultural heritage	700	719	704
Sport and recreation	187	143	137
National estate and parks	147	213	190
Total recreation and culture	2,043	2,042	2,036
Fuel and energy	2,614	3,193	3,052
Agriculture, forestry and fishing			
Wool industry	189	80	80
Grains industry	117	120	111
Dairy industry	237	271	266
Cattle, sheep and pig industry	93	119	135
Fishing, horticulture and other agriculture	115	163	150
General assistance not allocated to specific industries	296	318	295
Rural assistance	269	238	219
Natural resources development	297	367	318
General administration	104	122	117
Total agriculture, forestry and fishing	1,718	1,797	1,691
Mining and mineral resources (other than fuels), manufacturing and construction	821	1,505	1,686
Transport and communication			
Communication	270	548	443
Rail transport	61	206	174
Air transport	149	219	163
Road transport	947	1,602	1,596
Sea transport	169	209	193
Other transport and communication	129	89	78
Total transport and communication	1,724	2,872	2,647

Table B1: Commonwealth general government expenses by function and sub-function (continued)

	2000-01 Outcome \$m	2001-02 Estimate at 2002-03 Budget \$m	2001-02 Outcome \$m
Other economic affairs			
Tourism and area promotion	125	159	142
Vocational and industry training	400	439	440
Labour market assistance to job seekers and industry	1,391	1,512	1,445
Industrial relations	141	720	621
Immigration	594	770	738
<i>Total labour and employment affairs</i>	<i>2,527</i>	<i>3,441</i>	<i>3,243</i>
Other economic affairs nec	411	529	513
Total other economic affairs	3,063	4,128	3,899
Other purposes			
Interest on Commonwealth behalf	5,784	4,947	4,964
Interest on behalf of States and Territories	52	38	31
Interest received on Commonwealth stock	0	0	0
<i>Public debt interest</i>	<i>5,836</i>	<i>4,984</i>	<i>4,995</i>
Nominal superannuation interest	4,878	5,239	4,987
General revenue assistance - States and Territories	3,847	4,027	4,576
General capital assistance - States and Territories	0	0	0
Debt assistance	0	0	0
Local government assistance	1,328	1,386	1,394
Revenue assistance to the States and Territories	139	148	148
Assistance to other governments	495	431	443
<i>General purpose inter-government transactions</i>	<i>5,809</i>	<i>5,993</i>	<i>6,561</i>
Natural disaster relief	92	108	87
Contingency reserve	0	-141	0
Asset sales	31	48	64
Total other purposes	16,646	16,230	16,693
Total expenses	156,783	166,756	166,482

Appendix C: Historical Fiscal Data

This appendix provides historical data for Commonwealth fiscal aggregates.

Estimates up to, and including, 1998-99 are on cash terms, while those for 1999-2000 are cash proxies derived from an accrual framework. Due to methodological and data-source changes associated with the move to an accrual accounting framework, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

There are other structural breaks within the data set, prior to the shift to accrual reporting. Classification differences and revisions, as well as changes to the structure of the budget, can impact on comparisons over such an extended period.

Following changes to the Australian National Accounts standards, the general government surplus measures in this appendix, from 1998-99 onwards, incorporate payments by the Commonwealth general government sector in respect of accumulated PNFC superannuation liabilities. Figures for the years prior to 1998-99 do not incorporate these payments.

Other factors that affect the comparability of data between years include:

- 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);
- 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 PFC sector in 1998-99, and subsequent backcasting to account for this change;
- transfers of taxing powers between the Commonwealth and the States;
- other changes in financial arrangements between the Commonwealth and the State/local government sector; and
- changes in arrangements for transfer payments, where tax concessions or rebates are replaced by payments through the social security system. This has the effect of increasing both cash revenues and outlays, as compared with earlier periods, but not changing cash balances. Changes in the opposite direction (tax expenditures replacing outlays) reduce both cash outlays and revenue.

While approximate adjustments can be made to identify trends in budget aggregates on a generally consistent basis, the further back the analysis is taken, the less manageable the task becomes.

Table C1: Commonwealth general government sector receipts, payments and surplus^(a)

	Receipts			Payments			Cash surplus(b)	
	Per cent		Per cent of GDP	Per cent		Per cent of GDP	\$m	Per cent of GDP
	\$m	real growth		\$m	real growth			
1970-71	8,000	5.8	20.9	7,176	9.9	18.7	824	2.2
1971-72	8,827	3.3	20.9	7,987	4.2	18.9	840	2.0
1972-73	9,414	0.6	19.9	9,120	7.7	19.2	294	0.6
1973-74	11,890	10.3	20.7	10,829	3.7	18.9	1,061	1.9
1974-75	15,325	6.2	22.7	15,275	16.2	22.6	50	0.1
1975-76	18,316	3.4	23.1	19,876	12.6	25.0	-1,560	-2.0
1976-77	21,418	4.1	23.4	22,657	1.5	24.7	-1,239	-1.4
1977-78	23,491	0.8	23.5	25,489	3.4	25.5	-1,998	-2.0
1978-79	25,666	3.5	22.7	27,753	3.2	24.6	-2,087	-1.8
1979-80	29,780	5.4	23.1	31,041	1.6	24.1	-1,261	-1.0
1980-81	35,148	7.0	24.1	35,260	3.0	24.2	-112	-0.1
1981-82	40,831	3.1	24.4	40,394	1.7	24.1	437	0.3
1982-83	44,675	-2.0	24.7	47,907	6.3	26.5	-3,232	-1.8
1983-84	49,102	3.2	24.1	55,966	9.7	27.5	-6,864	-3.4
1984-85	57,758	11.8	25.7	63,639	8.1	28.3	-5,881	-2.6
1985-86	64,845	5.5	26.1	69,838	3.1	28.1	-4,993	-2.0
1986-87	73,145	5.4	26.9	75,392	0.9	27.7	-2,247	-0.8
1987-88	81,217	3.2	26.1	79,440	-2.0	25.6	1,777	0.6
1988-89	88,369	0.5	25.1	82,202	-4.4	23.4	6,167	1.8
1989-90	95,517	1.4	24.8	88,882	1.5	23.1	6,635	1.7
1990-91	97,705	-2.1	24.5	97,333	4.8	24.5	372	0.1
1991-92	92,966	-6.7	22.9	104,551	5.4	25.7	-11,585	-2.8
1992-93	94,448	0.3	22.2	111,484	5.3	26.1	-17,036	-4.0
1993-94	100,142	5.0	22.4	117,252	4.2	26.2	-17,110	-3.8
1994-95	109,720	9.0	23.3	122,901	4.2	26.1	-13,181	-2.8
1995-96	121,105	7.3	24.1	131,182	3.7	26.1	-10,077	-2.0
1996-97	129,845	5.0	24.5	135,126	0.9	25.5	-5,281	-1.0
1997-98	135,779	3.0	24.2	134,608	-1.8	24.0	1,171	0.2
1998-99	146,521	7.5	24.8	142,331	5.3	24.1	4,190	0.7
1999-00	165,828	na	26.4	153,157	na	24.3	12,671	2.0
2000-01	160,847	-7.2	23.9	155,221	-3.0	23.1	5,625	0.8
2001-02	162,542	-1.3	22.7	163,801	3.1	22.9	-1,259	-0.2

(a) There is a break in the series between 1998-99 and 1999-2000. Data for the years up to and including 1998-99 are consistent with the cash ABS Government Finance Statistics (GFS) reporting requirements. From 1999-2000 onwards, data are derived from an accrual ABS GFS reporting framework, with receipts proxied by receipts from operating activities and sales of non-financial assets, and payments proxied by payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases. Due to associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

(b) Following recent changes to the Australian National Accounts standards, the surplus measures in this table, from 1998-99 onwards, incorporate payments by the general government sector in respect of accumulated public non-financial corporations (PNFC) superannuation liabilities. These payments are not incorporated prior to 1998-99.

na Not applicable, due to a structural break in the series.

Table C2: Commonwealth general government sector taxation receipts, non-taxation receipts and total receipts^(a)

	Taxation receipts			Non-taxation receipts			Total receipts		
	Per cent		Per cent of GDP	Per cent		Per cent of GDP	Per cent		Per cent of GDP
	real \$m	growth		real \$m	growth		real \$m	growth	
1970-71	7,148	5.8	18.7	852	5.8	2.2	8,000	5.8	20.9
1971-72	7,887	3.3	18.7	940	3.3	2.2	8,827	3.3	20.9
1972-73	8,411	0.6	17.7	1,003	0.6	2.1	9,414	0.6	19.9
1973-74	10,832	12.4	18.9	1,058	-7.9	1.8	11,890	10.3	20.7
1974-75	14,141	7.5	20.9	1,184	-7.8	1.8	15,325	6.2	22.7
1975-76	16,920	3.5	21.3	1,396	2.0	1.8	18,316	3.4	23.1
1976-77	19,714	3.7	21.5	1,704	8.6	1.9	21,418	4.1	23.4
1977-78	21,428	-0.1	21.4	2,063	11.2	2.1	23,491	0.8	23.5
1978-79	23,409	3.5	20.7	2,257	3.7	2.0	25,666	3.5	22.7
1979-80	27,473	6.6	21.4	2,307	-7.2	1.8	29,780	5.4	23.1
1980-81	32,641	7.7	22.4	2,507	-1.5	1.7	35,148	7.0	24.1
1981-82	37,880	3.0	22.6	2,951	4.5	1.8	40,831	3.1	24.4
1982-83	41,025	-2.9	22.7	3,650	10.8	2.0	44,675	-2.0	24.7
1983-84	44,849	2.7	22.0	4,253	9.4	2.1	49,102	3.2	24.1
1984-85	52,970	12.3	23.5	4,788	7.0	2.1	57,758	11.8	25.7
1985-86	58,841	4.4	23.7	6,004	17.9	2.4	64,845	5.5	26.1
1986-87	66,467	5.6	24.4	6,678	4.0	2.5	73,145	5.4	26.9
1987-88	75,076	5.0	24.2	6,141	-14.5	2.0	81,217	3.2	26.1
1988-89	83,452	2.7	23.7	4,917	-26.0	1.4	88,369	0.5	25.1
1989-90	90,773	2.1	23.6	4,744	-9.4	1.2	95,517	1.4	24.8
1990-91	92,739	-2.2	23.3	4,966	0.2	1.2	97,705	-2.1	24.5
1991-92	87,364	-7.6	21.5	5,602	10.6	1.4	92,966	-6.7	22.9
1992-93	88,760	0.3	20.8	5,688	0.3	1.3	94,448	0.3	22.2
1993-94	93,362	4.2	20.9	6,780	18.1	1.5	100,142	5.0	22.4
1994-95	104,921	11.8	22.3	4,799	-29.6	1.0	109,720	9.0	23.3
1995-96	115,700	7.2	23.0	5,405	9.5	1.1	121,105	7.3	24.1
1996-97	124,559	5.5	23.5	5,286	-4.2	1.0	129,845	5.0	24.5
1997-98	130,984	3.6	23.3	4,795	-10.6	0.9	135,779	3.0	24.2
1998-99	141,105	7.3	23.9	5,416	12.5	0.9	146,521	7.5	24.8
1999-00	150,695	na	23.9	15,133	na	2.4	165,828	na	26.4
2000-01	146,056	-7.3	21.7	14,791	-6.5	2.2	160,847	-7.2	23.9
2001-02	147,544	-1.3	20.6	14,998	-0.9	2.1	162,542	-1.3	22.7

(a) There is a break in the series between 1998-99 and 1999-2000. Data for the years up to and including 1998-99 are consistent with the cash ABS GFS reporting requirements. From 1999-2000 onwards, data are derived from an accrual ABS GFS reporting framework. From 1999-2000, the category 'Non-taxation receipts' includes many large items that were netted off payments in outcomes prior to this time, namely 'receipts from sales of goods and services', 'receipts from sales of non-financial assets' and 'other receipts'. From 2000-01, the category 'non-taxation receipts' also includes 'GST input credit receipts'. Due to associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

na Not applicable, due to a structural break in the series.

Table C3: Commonwealth receipts (cash basis)

	2000-01 \$m	2001-02 \$m
Taxation receipts		
Income tax		
Individuals and other withholding(a)		
Gross income tax withholding(b)	75,009	78,983
Gross other individuals	13,226	16,290
less: Refunds	10,989	10,637
Total Individuals and other withholding	77,246	84,636
Companies	31,582	27,230
Superannuation funds		
Contributions and earnings	4,110	3,550
Surcharge	690	824
Total Superannuation funds	4,800	4,373
Petroleum resource rent tax	2,379	1,361
Total income tax	116,006	117,601
Indirect tax		
Excise duty		
Crude oil and LPG	526	393
Petroleum products	11,919	12,386
Other excise	6,572	6,837
Total excise duty	19,017	19,616
Customs duty	4,584	4,625
Other indirect taxes(c)	1,929	785
Total indirect tax	25,530	25,026
Fringe benefits tax(d)	3,207	3,272
Agricultural levies and other taxes	1,312	1,645
Total tax receipts	146,056	147,544
Non-tax receipts	14,791	14,998
Total receipts	160,847	162,542

(a) Includes Medicare levy receipts (\$4,745 million in 2000-01 and \$4,970 million in 2001-02).

(b) Previously reported as Pay As You Go (Withholding) and other withholding. Other withholding was previously reported under company and other income tax, and includes amounts withheld for failure to quote a Tax File Number or an Australian Business Number, interest, dividends and royalty payments to non-residents, and payments to aboriginal groups for the use of land for mineral exploration and mining.

(c) Includes the wine equalisation tax, luxury car tax and the final wholesale sales tax liability.

(d) Consistent with GFS reporting standards, excludes fringe benefits tax collected from Commonwealth government agencies (\$285 million in 2000-01 and \$360 million in 2001-02).

Table C4: Commonwealth general government sector net debt and net interest payments^(a)

	Net debt		Net interest payments	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1974-75	-1,901	-2.8	-267	-0.4
1975-76	-341	-0.4	-389	-0.5
1976-77	898	1.0	-161	-0.2
1977-78	2,896	2.9	-106	-0.1
1978-79	4,983	4.4	126	0.1
1979-80	6,244	4.9	290	0.2
1980-81	6,356	4.4	444	0.3
1981-82	5,919	3.5	475	0.3
1982-83	9,151	5.1	654	0.4
1983-84	16,015	7.9	1,327	0.7
1984-85	21,896	9.7	2,462	1.1
1985-86	26,889	10.8	3,626	1.5
1986-87	29,136	10.7	4,387	1.6
1987-88	27,359	8.8	4,019	1.3
1988-89	21,982	6.2	3,722	1.1
1989-90	16,121	4.2	3,848	1.0
1990-91	16,936	4.3	2,834	0.7
1991-92	31,132	7.7	2,739	0.7
1992-93	55,218	13.0	2,912	0.7
1993-94	70,223	15.7	4,549	1.0
1994-95	83,492	17.7	6,310	1.3
1995-96	95,831	19.1	7,812	1.6
1996-97	96,281	18.2	8,449	1.6
1997-98	82,935	14.8	7,381	1.3
1998-99	70,402	11.9	6,901	1.2
1999-00	53,106	8.4	6,326	1.0
2000-01	39,258	5.8	5,082	0.8
2001-02	35,568	5.0	4,355	0.6

(a) Source: ABS Cat. No. 5513.0, 5501.0, Commonwealth Final Budget Outcomes and Treasury estimates.

Table C5: Commonwealth general government sector revenue, expenses, net capital investment, fiscal balance and net worth^(a)

	GFS revenue		GFS expenses		Net capital investment		Fiscal balance		Net worth(b)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1996-97	141,688	26.7	145,809	27.5	90	0.0	-4,211	-0.8	-74,354	-14.0
1997-98	146,820	26.2	148,646	26.5	147	0.0	-1,973	-0.4	-68,544	-12.2
1998-99	151,922	25.7	146,620	24.8	1,433	0.2	3,869	0.7	-76,150	-12.9
1999-00	166,617	26.5	154,373	24.5	-1,225	-0.2	13,469	2.1	-36,130	-5.7
2000-01	161,526	24.0	156,782	23.3	-1,168	-0.2	5,911	0.9	-41,210	-6.1
2001-02	162,388	22.7	166,482	23.3	-369	-0.1	-3,726	-0.5	-46,985	-6.6

(a) The fiscal balance is equal to revenue less expenses less net capital investment. Net worth is calculated as assets minus liabilities minus shares and other contributed capital.

(b) There is a break in the net worth series between 1998-99 and 1999-2000. Data up to 1998-99 are sourced from the Commonwealth's Consolidated Financial Statements based on Australian accounting standards. Data beginning in 1999-2000 are based on the GFS framework. For the general government sector, the major change across the break in the series is an improvement in net worth. This is primarily due to the move from valuing investments in public corporations at historic cost to current market value (which is calculated using the share price for listed corporations). This is partly offset by defence weapons platforms no longer being recorded as assets.

Table C6: Commonwealth general government sector accrual taxation revenue, non-taxation revenue and total revenue

	Taxation revenue			Non-taxation revenue			Total revenue		
	\$m	Per cent real growth	Per cent of GDP	\$m	Per cent real growth	Per cent of GDP	\$m	Per cent real growth	Per cent of GDP
1999-00	152,576	na	24.2	14,041	na	2.2	166,617	na	26.5
2000-01	151,156	-5.2	22.5	10,369	-29.3	1.5	161,526	-7.2	24.0
2001-02	149,848	-3.1	20.9	12,540	18.2	1.8	162,388	-1.8	22.7

na Data not available.

Table C7: Commonwealth revenue (accrual basis)

	2000-01 \$m	2001-02 \$m
Taxation revenue		
Income tax		
Individuals and other withholding(a)		
Gross income tax withholding(b)	75,614	79,822
Gross other individuals	13,426	17,237
less Refunds	10,989	10,637
Total Individuals and other withholding	78,051	86,422
Companies	35,136	27,133
Superannuation funds		
Contributions and earnings	4,652	3,341
Surcharge	634	830
Total Superannuation funds	5,286	4,171
Petroleum resource rent tax	2,388	1,306
Total income tax	120,861	119,032
Indirect tax		
Excise duty		
Crude oil and LPG	526	393
Petroleum products	11,921	12,400
Other excise	6,572	6,837
Total excise duty	19,019	19,630
Customs duty	4,606	5,214
Other indirect taxes(c)	1,976	791
Total indirect tax	25,601	25,634
Fringe benefits tax(d)	3,456	3,675
Agricultural levies and other taxes	1,238	1,506
Total tax revenue	151,156	149,848
Non-tax revenue	10,369	12,540
Total revenue	161,526	162,388

(a) Includes Medicare levy revenue (\$4,745 million in 2000-01 and \$4,970 million in 2001-02).

(b) Previously reported as Pay As You Go (Withholding) and other withholding. Other withholding was previously reported under company and other income tax, and includes amounts withheld for failure to quote a Tax File Number or an Australian Business Number, interest, dividends and royalty payments to non-residents, and payments to aboriginal groups for the use of land for mineral exploration and mining.

(c) Includes the wine equalisation tax, luxury car tax and the final wholesale sales tax liability.

(d) Consistent with GFS reporting standards, excludes fringe benefits tax from Commonwealth government agencies (\$285 million in 2000-01 and \$360 million in 2001-02).

Table C8: Commonwealth cash receipts, payments and cash surplus by institutional sector (\$m)^(a)

	General government(b)			Public non-financial corporations			Non-financial public sector		
	Receipts	Payments	Cash surplus	Receipts	Payments	Cash surplus	Receipts	Payments	Cash surplus
1987-88	81,217	79,440	1,777	4,129	5,006	944	84,333	83,439	2,721
1988-89	88,369	82,202	6,167	4,177	6,035	257	91,544	87,188	6,424
1989-90	95,517	88,882	6,635	3,926	11,322	-5,261	98,387	99,081	1,374
1990-91	97,705	97,333	372	4,804	9,351	-2,139	101,315	105,476	-1,767
1991-92	92,966	104,551	-11,585	3,899	7,713	101	95,063	110,448	-11,484
1992-93	94,448	111,484	-17,036	4,385	7,819	-196	97,327	117,775	-17,232
1993-94	100,142	117,252	-17,110	5,178	6,476	1,482	103,065	121,457	-15,628
1994-95	109,720	122,901	-13,181	5,262	7,318	1,956	113,013	128,247	-11,225
1995-96	121,105	131,182	-10,077	4,927	8,190	-527	123,269	136,607	-10,604
1996-97	129,845	135,126	-5,281	4,782	7,373	473	131,512	139,385	-4,808
1997-98	135,779	134,608	1,171	6,238	7,923	1,119	139,560	140,006	2,290
1998-99	146,521	142,331	4,190	na	na	-353	na	na	3,837
1999-00	165,828	153,157	12,671	na	na	-2,594	na	na	10,077
2000-01	160,847	155,221	5,625	na	na	391	na	na	6,017
2001-02	162,542	163,801	-1,259	na	na	1,210	na	na	-49

(a) There is a break in the series between 1998-99 and 1999-2000. Data for the years up to and including 1998-99 are consistent with the cash ABS GFS reporting requirements. From 1999-2000 onwards, data are derived from an accrual ABS GFS reporting framework, with receipts proxied by receipts from operating activities and sales of non-financial assets, and payments proxied by payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases. Due to associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

(b) Following recent changes to the Australian National Accounts standards, the surplus measures in this table, from 1998-99 onwards, incorporate payments by the general government sector in respect of accumulated PNFC superannuation liabilities. These payments are not incorporated prior to 1998-99.
na Data not available.

Table C9: Commonwealth accrual revenue, expenses and fiscal balance by institutional sector (\$m)^(a)

	General government			Public non-financial corporations			Non-financial public sector		
	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance	Revenue	Expenses	Fiscal balance
1996-97	141,688	145,809	-4,211	27,431	26,015	-331	na	na	-4,542
1997-98	146,820	148,646	-1,973	29,618	26,999	2,360	na	na	387
1998-99	151,922	146,620	3,869	27,687	26,088	-816	175,707	168,806	3,053
1999-00	166,617	154,373	13,469	25,270	23,327	1,062	188,368	173,026	14,530
2000-01	161,526	156,782	5,911	25,640	24,533	-826	183,017	177,167	5,086
2001-02	162,388	166,482	-3,726	26,461	25,164	793	194,595	187,392	-2,933

(a) The 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.

Acronyms

AAS31	Australian Accounting Standard No. 31
ABC	Australian Broadcasting Corporation
ABN	Australian Business Number
ABS	Australian Bureau of Statistics
ACS	Australian Customs Service
AEMP	Advanced English For Migrants Programme
ANTA	Australian National Training Authority
ATO	Australian Taxation Office
BBA	Budget Balancing Assistance
CSHA	Commonwealth State Housing Authority
CSS	Commonwealth Superannuation Scheme
DFR	diesel fuel rebate
EC	Exceptional circumstances
FAGs	Financial Assistance Grants
FarmBis	Farm Business Improvement Programme
FBT	Fringe Benefits Tax
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GMA	Guaranteed Minimum Amount
GST	goods and services tax
HCGs	Health Care Grants
IBNR	incurred but not yet reported liabilities
IGA	Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations
LCA	Loan Council Allocation

Acronyms (continued)

NCPs	National Competition Policy Payments
NFPS	non-financial public sector
NLP	National Landcare Programme
NPV	net present value
PFC	public financial corporations
PNFC	public non-financial corporations
PRP	Photovoltaic Rebate Programme
PSS	Public Sector Superannuation Scheme
RRPs	Revenue Replacement Payments
SPPs	Specific Purpose Payments
SRA	Special Revenue Assistance
TFN	Tax File Number
UN	United Nations
UPF	The Accrual Uniform Presentation Framework
WET	wine equalisation tax
WST	wholesale sales tax