

BP #1: Budget Strategy and Outlook

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- Statement 1: Budget Overview

Table 1: Major economic parameters^(a)

| | Forecasts | | | Projections | |
|-------------------|-----------|---------|---------|-------------|---------|
| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Real GDP | 0 | - 1/2 | 2 1/4 | 4 1/2 | 4 1/2 |
| Employment | - 1/4 | -1 1/2 | 1/2 | 2 1/2 | 2 1/2 |
| Unemployment rate | 6 | 8 1/4 | 8 1/2 | 7 1/2 | 6 1/2 |
| CPI | 1 3/4 | 1 3/4 | 1 1/2 | 2 | 2 1/2 |
| Nominal GDP | 5 3/4 | -1 1/2 | 3 3/4 | 6 1/4 | 6 3/4 |

(a) Real and nominal GDP parameters are year average. CPI and employment are through the year growth to the June quarter. The unemployment rate is the rate in the June quarter.

Source: Treasury.

Table 2: Budget aggregates

| | Actual | Estimates | | | Projections | |
|----------------------------------|---------|-----------|---------|---------|-------------|---------|
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Underlying cash balance (\$b)(a) | 19.7 | -32.1 | -57.6 | -57.1 | -44.5 | -28.2 |
| Per cent of GDP | 1.7 | -2.7 | -4.9 | -4.7 | -3.4 | -2.0 |
| Fiscal balance (\$b) | 21.0 | -32.9 | -53.1 | -56.0 | -41.8 | -30.3 |
| Per cent of GDP | 1.9 | -2.7 | -4.5 | -4.6 | -3.2 | -2.2 |

(a) Excludes expected Future Fund earnings.

- Statement 2: Economic Outlook

Table 1: Domestic economy forecasts^(a)

| | Outcomes(b) | Estimates | Forecasts | |
|---|-------------|-----------|-----------|---------|
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
| Panel A - Demand and output(c) | | | | |
| Household consumption | 3.7 | 1 | - 1/4 | 1 3/4 |
| Private investment | | | | |
| Dwellings | 1.6 | 2 1/2 | 0 | 11 1/2 |
| Total business investment(d) | 14.2 | 2 1/2 | -18 1/2 | 3 1/2 |
| Non-dwelling construction(d) | 11.4 | 1/2 | -26 | 3 |
| Machinery and equipment(d) | 16.0 | 3 | -16 1/2 | 4 |
| Private final demand(d) | 5.5 | 1/2 | -4 | 2 3/4 |
| Public final demand(d) | 4.6 | 5 | 7 3/4 | - 1/2 |
| Total final demand | 5.3 | 1 1/2 | -1 1/4 | 2 |
| Change in inventories(e) | 0.2 | -1 1/2 | 1/4 | 3/4 |
| Gross national expenditure | 5.5 | 1/4 | -1 1/4 | 2 1/2 |
| Exports of goods and services | 4.3 | - 1/2 | -4 | 4 1/2 |
| Imports of goods and services | 12.9 | -1 1/2 | -6 1/2 | 6 1/2 |
| Net exports(e) | -1.9 | 1/4 | 3/4 | - 1/2 |
| Gross domestic product | 3.6 | 0 | - 1/2 | 2 1/4 |
| Non-farm product | 3.6 | - 1/4 | - 1/2 | 2 1/4 |
| Farm product | 4.5 | 13 | 1 | 0 |
| Nominal gross domestic product | 8.2 | 5 3/4 | -1 1/2 | 3 3/4 |
| Panel B - Other selected economic measures | | | | |
| External accounts | | | | |
| Terms of trade | 5.2 | 8 3/4 | -13 1/4 | 0 |
| Current account balance (per cent of GDP) | -6.2 | -3 | -5 1/4 | -5 3/4 |
| Labour market | | | | |
| Employment (labour force survey basis)(f) | 2.4 | - 1/4 | -1 1/2 | 1/2 |
| Unemployment rate (per cent)(g) | 4.2 | 6 | 8 1/4 | 8 1/2 |
| Participation rate (per cent)(g) | 65.5 | 65 1/4 | 64 3/4 | 64 1/4 |
| Prices and wages | | | | |
| Consumer Price Index(f) | 4.5 | 1 3/4 | 1 3/4 | 1 1/2 |
| Gross non-farm product deflator | 4.3 | 5 3/4 | -1 | 1 1/2 |
| Wage Price Index(f) | 4.1 | 4 1/4 | 3 1/4 | 3 1/4 |

(a) Percentage change on previous year unless otherwise indicated.

(b) Calculated using original data.

(c) Chain volume measures except for nominal gross domestic product which is in current prices.

(d) Excluding second-hand asset sales from the public sector to the private sector.

(e) Percentage point contribution to growth in GDP.

(f) Through the year growth rate to the June quarter.

(g) Estimate for the June quarter.

Note: The forecasts are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level — a trade-weighted index of around 59 and a United States dollar exchange rate of around 72 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to remain around US\$56 per barrel. The farm sector forecasts are based on an assumption of average seasonal conditions in the future, but account for current low water storage levels.

Source: Australian Bureau of Statistics (ABS) cat. no. 5206.0, 5302.0, 6202.0, 6345.0, 6401.0, unpublished ABS data and Treasury.

Table 2: International GDP growth forecasts^(a)

| | Actual | Forecasts | | |
|------------------------|--------|-----------|-------|-------|
| | 2008 | 2009 | 2010 | 2011 |
| United States | 1.1 | -3 | 1/4 | 1 3/4 |
| Euro area | 0.7 | -4 | 0 | 1 1/4 |
| Japan | -0.7 | -6 | 1/2 | 3/4 |
| China(b) | 9.0 | 6 1/4 | 8 | 8 1/2 |
| NIEs(c) | 1.6 | -4 3/4 | 2 3/4 | 3 1/4 |
| ASEAN-5(d) | 4.6 | -1 1/4 | 2 1/2 | 3 3/4 |
| India(b) | 7.4 | 4 | 4 3/4 | 5 3/4 |
| Major trading partners | 2.7 | -2 | 2 1/2 | 3 1/4 |
| Advanced economies(e) | 0.9 | -3 3/4 | 1/2 | 1 3/4 |
| World | 3.2 | -1 1/2 | 2 1/4 | 3 1/2 |

(a) World, euro area and advanced economies growth rates are calculated using GDP weights based on purchasing power parity (PPP), while growth rates for major trading partners, NIEs and ASEAN-5 are calculated using export trade weights.

(b) Production-based measures of GDP.

(c) The Newly Industrialised Economies (NIEs) are Hong Kong, South Korea, Singapore and Taiwan.

(d) The Association of Southeast Asian Nations group of five (ASEAN-5) comprises Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

(e) Composed of the 33 industrialised economies classified as advanced by the IMF.

Source: National statistical publications, IMF and Treasury.

- Statement 3: Fiscal Strategy and Outlook

Table 3: Australian Government general government sector budget aggregates

| | Actual | Estimates | | | Projections | |
|---|---------|-----------|---------|---------|-------------|---------|
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Revenue (\$b) | 303.7 | 295.9 | 290.6 | 294.8 | 320.8 | 349.7 |
| Per cent of GDP | 26.8 | 24.7 | 24.7 | 24.1 | 24.7 | 25.2 |
| Expenses (\$b) | 280.1 | 324.4 | 338.2 | 344.5 | 356.4 | 375.0 |
| Per cent of GDP | 24.8 | 27.1 | 28.7 | 28.2 | 27.4 | 27.0 |
| Net operating balance (\$b) | 23.6 | -28.5 | -47.6 | -49.7 | -35.6 | -25.3 |
| Net capital investment (\$b) | 2.6 | 4.3 | 5.5 | 6.3 | 6.1 | 5.0 |
| Fiscal balance (\$b) | 21.0 | -32.9 | -53.1 | -56.0 | -41.8 | -30.3 |
| Per cent of GDP | 1.9 | -2.7 | -4.5 | -4.6 | -3.2 | -2.2 |
| Underlying cash balance (\$b)(a) | 19.7 | -32.1 | -57.6 | -57.1 | -44.5 | -28.2 |
| Per cent of GDP | 1.7 | -2.7 | -4.9 | -4.7 | -3.4 | -2.0 |
| <i>Memorandum item:</i> | | | | | | |
| Headline cash balance (\$b) | 28.2 | -35.9 | -59.8 | -58.9 | -48.5 | -25.1 |

(a) Excludes expected Future Fund earnings.

Table 5: Reconciliation of 2008-09 Budget, 2008-09 MYEFO, UEFO and 2009-10 Budget underlying cash balance estimates

| | Estimates | | | Projections |
|--|----------------|----------------|----------------|----------------|
| | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m | 2011-12 \$m |
| 2008-09 Budget underlying cash balance(b) | 21,703 | 19,669 | 18,996 | 18,870 |
| Per cent of GDP | 1.8 | 1.5 | 1.4 | 1.3 |
| Changes between 2008-09 Budget and MYEFO | | | | |
| Effect of policy decisions(a) | -11,093 | -1,634 | -966 | -810 |
| Effect of parameter and other variations | -5,244 | -14,440 | -15,390 | -11,371 |
| Total variations | -16,337 | -16,074 | -16,357 | -12,181 |
| 2008-09 MYEFO underlying cash balance(b) | 5,365 | 3,595 | 2,640 | 6,689 |
| Per cent of GDP | 0.4 | 0.3 | 0.2 | 0.5 |
| Changes between MYEFO and UEFO | | | | |
| Effect of policy decisions(a) | -18,037 | -18,365 | -11,655 | -5,435 |
| Effect of parameter and other variations | -9,816 | -20,753 | -25,314 | -26,937 |
| Total variations | -27,853 | -39,118 | -36,969 | -32,372 |
| 2009 UEFO underlying cash balance(b) | -22,487 | -35,524 | -34,330 | -25,683 |
| Per cent of GDP | -1.9 | -2.9 | -2.7 | -1.9 |
| Changes from UEFO to 2009-10 Budget | | | | |
| Effect of policy decisions(a) | -4,254 | -11,961 | -5,993 | -6,952 |
| Effect of parameter and other variations | -5,373 | -10,108 | -16,727 | -11,901 |
| Total variations | -9,627 | -22,069 | -22,721 | -18,853 |
| 2009-10 Budget underlying cash balance(b) | -32,114 | -57,593 | -57,051 | -44,535 |

(a) Excludes the public debt net interest effect of policy measures, and offsets from the contingency reserve for decisions taken. Includes the revised implementation arrangements for the Carbon Pollution Reduction Scheme.

(b) Excludes expected Future Fund earnings.

Table 6: Reconciliation of 2008-09 Budget, 2008-09 MYEFO, UEFO and 2009-10 Budget fiscal balance estimates^(a)

| | Estimates | | | Projections |
|--|----------------|----------------|----------------|----------------|
| | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m | 2011-12 \$m |
| 2008-09 Budget fiscal balance | 23,122 | 22,357 | 23,316 | 22,587 |
| Per cent of GDP | 1.9 | 1.7 | 1.7 | 1.6 |
| Changes between 2008-09 Budget and MYEFO | | | | |
| Effect of policy decisions(b) | -11,514 | -1,350 | -842 | -821 |
| Effect of parameter and other variations | -5,766 | -13,884 | -15,761 | -11,682 |
| Total variations | -17,280 | -15,234 | -16,603 | -12,503 |
| 2008-09 MYEFO fiscal balance | 5,842 | 7,123 | 6,713 | 10,085 |
| Per cent of GDP | 0.5 | 0.6 | 0.5 | 0.7 |
| Changes between MYEFO and UEFO | | | | |
| Effect of policy decisions(b) | -19,643 | -19,747 | -11,459 | -5,338 |
| Effect of parameter and other variations | -3,552 | -20,675 | -26,710 | -28,666 |
| Total variations | -28,195 | -40,422 | -38,169 | -34,004 |
| 2009 UEFO fiscal balance | -22,353 | -33,299 | -31,456 | -23,920 |
| Per cent of GDP | -1.9 | -2.8 | -2.5 | -1.8 |
| Changes between UEFO and 2009-10 Budget | | | | |
| Effect of policy decisions(b) | | | | |
| Revenue | -2 | -256 | -4,990 | -631 |
| Expenses | 4,164 | 8,123 | 2,054 | 4,941 |
| Net capital investment | 246 | 438 | 70 | 52 |
| Total policy decisions impact on fiscal balance | -4,411 | -8,817 | -7,114 | -5,623 |
| Effect of parameter and other variations | | | | |
| Revenue | -3,019 | -13,133 | -19,159 | -15,214 |
| Expenses | -2,038 | -1,958 | -2,167 | -3,415 |
| Net capital investment | 105 | -146 | 393 | 409 |
| Total parameter and other variations impact on fiscal balance | -6,087 | -11,029 | -17,385 | -12,208 |
| 2009-10 Budget fiscal balance | -32,851 | -53,145 | -55,956 | -41,751 |
| Per cent of GDP | -2.7 | -4.5 | -4.6 | -3.2 |

(a) A positive number for revenue indicates an increase in the fiscal balance, while a positive number for expenses and net capital investment indicates a decrease in the fiscal balance.

(b) Excludes the public debt net interest effect of policy measures.

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

| | Estimates | | | Projections | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2008-09 \$b | 2009-10 \$b | 2010-11 \$b | 2011-12 \$b | 2012-13 \$b |
| Financial assets | 200.6 | 207.6 | 209.4 | 225.1 | 238.0 |
| Non-financial assets | 93.1 | 97.3 | 103.1 | 108.9 | 113.7 |
| Total assets | 293.7 | 304.9 | 312.5 | 334.0 | 351.7 |
| Total liabilities | 283.0 | 343.5 | 402.5 | 461.6 | 506.7 |
| Net worth | 10.8 | -38.7 | -90.0 | -127.6 | -155.0 |
| Net financial worth(a) | -82.3 | -136.0 | -193.1 | -236.5 | -268.7 |
| Per cent of GDP | -6.9 | -11.5 | -15.8 | -18.2 | -19.4 |
| Net debt(b) | -4.7 | 53.7 | 112.2 | 161.7 | 188.2 |
| Per cent of GDP | -0.4 | 4.6 | 9.2 | 12.4 | 13.6 |
| Net interest payments | -0.9 | 1.5 | 4.7 | 6.0 | 7.6 |
| Per cent of GDP | -0.1 | 0.1 | 0.4 | 0.5 | 0.6 |

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

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

Table A1: Illustrative impact of a permanent non-rural commodity price rise consistent with a 1 per cent rise in nominal GDP in Year 2 (per cent deviation from the baseline level)

| | Year 1 per cent | Year 2 per cent |
|-----------------------|--------------------|--------------------|
| Real GDP | 0 | ¼ |
| Non-farm GDP deflator | ¾ | ¾ |
| Employment | ¼ | ½ |
| Wages | 0 | ¼ |
| CPI | 0 | ¼ |
| Company profits | 3 | 3 |
| Consumption | ¼ | ½ |

Table A2: Illustrative sensitivity of the budget balance to a 1 per cent increase in nominal GDP due to a rise in the terms of trade

| | Year 1 \$b | Year 2 \$b |
|--|---------------|---------------|
| Receipts | | |
| Individuals and other withholding taxation | 0.5 | 1.6 |
| Superannuation taxation | 0.0 | 0.1 |
| Company tax | 1.1 | 3.0 |
| Goods and services tax | 0.1 | 0.2 |
| Excise and customs duty | 0.1 | 0.2 |
| Other taxation | 0.0 | 0.0 |
| Total receipts | 1.8 | 5.1 |
| Payments | | |
| Income support | -0.1 | -0.2 |
| Other payments | 0.0 | 0.1 |
| GST payments | 0.1 | 0.2 |
| Total payments | 0.0 | 0.1 |
| Interest change on deficit change | 0.0 | 0.2 |
| Underlying cash balance impact | 1.9 | 5.2 |

- Statement 5: Revenue

Table 1: Australian Government general government revenue

| | Actual | Estimates | | | Projections | |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Total taxation revenue (\$b) | 286.2 | 275.8 | 267.7 | 276.0 | 301.9 | 331.0 |
| Growth on | | | | | | |
| previous year (%) | 9.0 | -3.7 | -2.9 | 3.1 | 9.4 | 9.6 |
| Per cent of GDP | 25.3 | 23.1 | 22.7 | 22.6 | 23.2 | 23.9 |
| Non-taxation revenue (\$b) | 17.5 | 20.2 | 22.9 | 18.9 | 18.9 | 18.7 |
| Growth on | | | | | | |
| previous year (%) | 12.8 | 15.5 | 13.4 | -17.6 | 0.2 | -1.2 |
| Per cent of GDP | 1.5 | 1.7 | 1.9 | 1.5 | 1.5 | 1.3 |
| Total revenue (\$b) | 303.7 | 295.9 | 290.6 | 294.8 | 320.8 | 349.7 |
| Growth on | | | | | | |
| previous year (%) | 9.2 | -2.6 | -1.8 | 1.5 | 8.8 | 9.0 |
| Per cent of GDP | 26.8 | 24.7 | 24.7 | 24.1 | 24.7 | 25.2 |

Table 2: Reconciliation of Australian Government general government revenue estimates from the 2008-09 Budget

| | Estimates | | | Projections |
|---|----------------|----------------|----------------|----------------|
| | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m | 2011-12 \$m |
| Revenue at 2008-09 Budget | 319,464 | 336,920 | 350,862 | 366,922 |
| Changes between 2008-09 Budget and MYEFO | | | | |
| Effect of policy decisions | -100 | -87 | -23 | 0 |
| Effect of parameter and other variations | -6,114 | -12,488 | -14,286 | -11,382 |
| Total variations | -6,214 | -12,575 | -14,309 | -11,382 |
| Revenue at 2008-09 MYEFO | 313,250 | 324,345 | 336,552 | 355,540 |
| Changes between MYEFO and UEFO | | | | |
| Effect of policy decisions | -449 | -1,102 | 5,611 | 5,437 |
| Effect of parameter and other variations | -8,840 | -19,241 | -23,172 | -24,354 |
| Total variations | -9,289 | -20,343 | -17,561 | -18,918 |
| Revenue at 2009 UEFO | 303,960 | 304,001 | 318,991 | 336,621 |
| Changes between UEFO and 2009-10 Budget | | | | |
| Effect of policy decisions | -2 | -256 | -4,990 | -631 |
| Effect of parameter and other variations | -8,019 | -13,133 | -19,159 | -15,214 |
| Total variations | -8,021 | -13,389 | -24,149 | -15,845 |
| Revenue at 2009-10 Budget | 295,939 | 290,612 | 294,841 | 320,776 |

- Statement 6: Expenses and Net Capital Investment

Table 1: Estimates of general government sector expenses

| | UEFO(a) | Revised | Estimate | | Projections | |
|--|---------|---------|----------|---------|-------------|---------|
| | 2008-09 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Total expenses (\$b) | 322.3 | 324.4 | 338.2 | 344.5 | 356.4 | 375.0 |
| Real growth on previous year (%) ^(b) | 11.5 | 12.2 | 2.4 | 0.3 | 1.5 | 2.7 |
| Per cent of GDP | 24.8 | 27.1 | 28.7 | 28.2 | 27.4 | 27.0 |

(a) As estimated at the February 2009 Updated Economic and Fiscal Outlook.

(b) Real growth is calculated using the Consumer Price Index.

Table 2: Reconciliation of expense estimates

| | Estimates | | | Projections |
|---|----------------|----------------|----------------|----------------|
| | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m | 2011-12 \$m |
| 2008-09 Budget expenses | 292,470 | 310,513 | 323,083 | 339,241 |
| Changes between 2008-09 Budget and MYEFO | | | | |
| Effect of policy decisions(a) | 11,413 | 1,172 | 743 | 842 |
| Effect of parameter and other variations | -258 | 58 | 456 | -297 |
| Total variations | 11,154 | 1,230 | 1,200 | 544 |
| 2008-09 MYEFO expenses | 303,624 | 311,742 | 324,283 | 339,785 |
| Changes between MYEFO and UEFO | | | | |
| Effect of policy decisions(a) | 19,158 | 18,618 | 17,071 | 10,775 |
| Effect of parameter and other variations | -464 | 1,688 | 3,288 | 4,303 |
| Total variations | 18,694 | 20,306 | 20,360 | 15,078 |
| 2009 UEFO expenses | 322,317 | 332,047 | 344,641 | 354,862 |
| Changes between UEFO and 2009-10 Budget | | | | |
| Effect of policy decisions(a) | 4,164 | 8,123 | 2,054 | 4,941 |
| Effect of economic parameter variations | | | | |
| Total economic parameter variations | -39 | 1,495 | 2,214 | -40 |
| <i>Unemployment benefits</i> | -285 | 1,067 | 2,551 | 1,494 |
| <i>Prices and wages</i> | 141 | 313 | -460 | -1,663 |
| <i>Interest and exchange rates</i> | 104 | 114 | 122 | 129 |
| Public debt interest | 177 | 1,038 | 1,907 | 3,205 |
| Program specific parameter variations | 3,546 | 5,708 | 3,438 | 2,333 |
| Slippage in 2008-09 Budget decisions | 0 | 1 | 1 | 1 |
| Other variations | -5,722 | -10,199 | -9,727 | -8,914 |
| Total variations | 2,126 | 6,165 | -113 | 1,525 |
| 2009-10 Budget expenses | 324,443 | 338,213 | 344,528 | 356,388 |

(a) Excludes the public debt net interest effect of policy measures.

- Statement 9: Budget Financial Statements

Table 1: Australian Government general government sector operating statement

| | Note | Estimates | | | Projections | |
|---|------|----------------|----------------|----------------|----------------|----------------|
| | | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m | 2011-12 \$m | 2012-13 \$m |
| Revenue | | | | | | |
| Taxation revenue | 3 | 275,751 | 267,727 | 275,981 | 301,876 | 331,002 |
| Sales of goods and services | 4 | 6,373 | 7,483 | 7,746 | 7,918 | 7,706 |
| Interest income | 5 | 5,454 | 4,697 | 4,586 | 4,512 | 4,484 |
| Dividend income | 5 | 3,194 | 6,413 | 2,562 | 2,566 | 2,406 |
| Other | 6 | 5,166 | 4,292 | 3,967 | 3,905 | 4,085 |
| Total revenue | | 295,939 | 290,612 | 294,841 | 320,776 | 349,684 |
| Expenses | | | | | | |
| Gross operating expenses | | | | | | |
| Wages and salaries(a) | 7 | 15,691 | 17,069 | 16,993 | 17,023 | 17,085 |
| Superannuation | 7 | 2,945 | 3,384 | 3,490 | 3,556 | 3,631 |
| Depreciation and amortisation | 8 | 5,520 | 5,634 | 5,570 | 5,343 | 5,430 |
| Payment for supply of goods and services | 9 | 57,925 | 63,229 | 63,155 | 65,855 | 67,177 |
| Other operating expenses(a) | 7 | 4,694 | 4,571 | 4,806 | 4,995 | 5,177 |
| <i>Total gross operating expenses</i> | | <i>86,774</i> | <i>93,887</i> | <i>94,013</i> | <i>96,772</i> | <i>98,500</i> |
| Superannuation interest expense | 7 | 6,432 | 6,792 | 7,016 | 7,245 | 7,489 |
| Interest expenses | 10 | 5,358 | 7,556 | 9,664 | 12,036 | 13,864 |
| Current transfers | | | | | | |
| Current grants | 11 | 94,804 | 102,185 | 105,371 | 110,451 | 113,529 |
| Subsidy expenses | | 8,088 | 8,121 | 8,569 | 10,072 | 13,727 |
| Personal benefits | 12 | 111,556 | 99,579 | 106,406 | 111,960 | 120,085 |
| <i>Total current transfers</i> | | <i>214,448</i> | <i>209,885</i> | <i>220,345</i> | <i>232,483</i> | <i>247,342</i> |
| Capital transfers | | | | | | |
| Mutually agreed write-downs | | 1,717 | 1,657 | 1,738 | 1,846 | 1,932 |
| Other capital grants | | 9,712 | 18,434 | 11,752 | 6,006 | 5,865 |
| <i>Total capital transfers</i> | | <i>11,430</i> | <i>20,091</i> | <i>13,490</i> | <i>7,852</i> | <i>7,796</i> |
| Total expenses | | 324,443 | 338,213 | 344,528 | 356,388 | 374,990 |
| Net operating balance | | -28,504 | -47,601 | -49,687 | -35,612 | -25,306 |
| Other economic flows | | | | | | |
| Revaluation of equity(b) | | -8,490 | 2,044 | 2,012 | 2,481 | 2,887 |
| Net write-downs of assets (including bad and doubtful debts) | | -4,089 | -3,903 | -4,069 | -4,268 | -4,608 |
| Assets recognised for the first time | | 316 | 293 | 272 | 228 | 218 |
| Actuarial revaluations | | -1,866 | -1 | 0 | 0 | 0 |
| Net foreign exchange gains | | -143 | -5 | 0 | 0 | 0 |
| Net swap interest received | | -25 | 187 | 93 | 48 | 39 |
| Market valuation of debt | | -3,245 | 147 | -56 | -372 | -447 |
| Other economic revaluations(c) | | -112 | -595 | 110 | -98 | -173 |
| Total other economic flows | | -17,653 | -1,832 | -1,638 | -1,981 | -2,084 |
| Comprehensive result - | | | | | | |
| Total change in net worth | 13 | -46,157 | -49,432 | -51,325 | -37,593 | -27,391 |
| Net operating balance | | -28,504 | -47,601 | -49,687 | -35,612 | -25,306 |
| Net acquisition of non-financial assets | | | | | | |
| Purchases of non-financial assets | | 9,910 | 11,305 | 11,639 | 11,300 | 10,163 |
| less Sales of non-financial assets | | 516 | 619 | 258 | 154 | 161 |
| less Depreciation | | 5,520 | 5,634 | 5,570 | 5,343 | 5,430 |
| plus Change in inventories | | 417 | 425 | 216 | 171 | 468 |
| plus Other movements in non-financial assets | | 56 | 68 | 241 | 165 | -24 |
| Total net acquisition of non-financial assets | | 4,347 | 5,545 | 6,269 | 6,139 | 5,016 |
| Fiscal balance (Net lending/borrowing)(d) | | -32,851 | -53,145 | -55,956 | -41,751 | -30,323 |

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

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

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

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

Table 2: Australian Government general government sector balance sheet

| | Note | Estimates | | | Projections | |
|---|-------|----------------|-----------------|-----------------|-----------------|-----------------|
| | | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m | 2011-12 \$m | 2012-13 \$m |
| Assets | | | | | | |
| Financial assets | | | | | | |
| Cash and deposits | 20(a) | 1,538 | 1,282 | 1,769 | 2,353 | 2,679 |
| Advances paid | 14 | 21,948 | 23,873 | 25,538 | 25,818 | 25,148 |
| Investments, loans and placements | 15 | 102,506 | 100,415 | 92,308 | 92,496 | 93,927 |
| Other receivables | 14 | 32,708 | 36,626 | 38,975 | 45,944 | 56,747 |
| Equity investments | | | | | | |
| Investments in other public sector entities | | 18,870 | 20,177 | 23,848 | 30,073 | 30,098 |
| Equity accounted investments | | 224 | 224 | 224 | 224 | 224 |
| Investments - shares | | 22,856 | 24,976 | 26,753 | 28,206 | 29,138 |
| Total financial assets | | 200,650 | 207,572 | 209,414 | 225,113 | 237,961 |
| Non-financial assets | | | | | | |
| Land | 16 | 7,994 | 7,568 | 7,579 | 7,624 | 7,570 |
| Buildings | | 18,967 | 20,227 | 21,139 | 22,375 | 22,791 |
| Plant, equipment and infrastructure | | 44,465 | 47,856 | 52,175 | 56,475 | 60,084 |
| Inventories | | 6,523 | 6,921 | 7,108 | 7,213 | 7,614 |
| Intangibles | | 3,101 | 3,752 | 4,179 | 4,561 | 4,885 |
| Investment property | | 168 | 143 | 125 | 109 | 422 |
| Biological assets | | 29 | 30 | 31 | 32 | 32 |
| Heritage and cultural assets | | 8,286 | 8,376 | 8,419 | 8,460 | 8,500 |
| Assets held for sale | | 552 | 545 | 530 | 522 | 513 |
| Other non-financial assets | | 3,003 | 1,874 | 1,804 | 1,485 | 1,304 |
| Total non-financial assets | | 93,088 | 97,292 | 103,090 | 108,857 | 113,716 |
| Total assets | | 293,738 | 304,864 | 312,504 | 333,970 | 351,677 |
| Liabilities | | | | | | |
| Interest bearing liabilities | | | | | | |
| Deposits held | | 339 | 339 | 339 | 339 | 339 |
| Advances received | | 0 | 0 | 0 | 0 | 0 |
| Government securities | | 111,867 | 169,907 | 222,487 | 273,318 | 300,814 |
| Loans | 17 | 8,170 | 8,173 | 8,243 | 7,956 | 8,071 |
| Other borrowing | | 919 | 851 | 791 | 754 | 706 |
| Total interest bearing liabilities | | 121,296 | 179,270 | 231,860 | 282,366 | 309,929 |
| Provisions and payables | | | | | | |
| Superannuation liability | 18 | 118,401 | 122,423 | 126,499 | 130,575 | 134,672 |
| Other employee liabilities | 18 | 9,419 | 9,725 | 10,127 | 10,580 | 11,085 |
| Suppliers payable | 19 | 3,658 | 3,639 | 3,736 | 3,819 | 3,861 |
| Personal benefits payable | 19 | 14,222 | 12,490 | 12,995 | 13,900 | 14,977 |
| Subsidies payable | 19 | 1,586 | 1,659 | 1,937 | 1,991 | 2,076 |
| Grants payable | 19 | 6,746 | 6,511 | 6,481 | 6,377 | 6,384 |
| Other provisions and payables | 19 | 7,653 | 7,824 | 8,870 | 11,955 | 23,679 |
| Total provisions and payables | | 161,686 | 164,271 | 170,646 | 179,198 | 196,733 |
| Total liabilities | | 282,981 | 343,541 | 402,505 | 461,564 | 506,662 |
| Net worth(a) | | 10,756 | -38,676 | -90,001 | -127,594 | -154,985 |
| <i>Net financial worth(b)</i> | | <i>-82,331</i> | <i>-135,968</i> | <i>-193,091</i> | <i>-236,451</i> | <i>-268,701</i> |
| <i>Net financial liabilities(c)</i> | | <i>101,201</i> | <i>156,145</i> | <i>216,939</i> | <i>266,524</i> | <i>298,799</i> |
| <i>Net debt(d)</i> | | <i>-4,697</i> | <i>53,700</i> | <i>112,245</i> | <i>161,699</i> | <i>188,175</i> |

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

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

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

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

Table 3: Australian Government general government sector cash flow statement^(a)

| | Estimates | | | Projections | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m | 2011-12 \$m | 2012-13 \$m |
| Cash receipts from operating activities | | | | | |
| Taxes received | 269,377 | 259,436 | 268,600 | 291,329 | 321,374 |
| Receipts from sales of goods and services | 6,356 | 7,480 | 7,723 | 7,898 | 7,668 |
| Interest receipts | 5,014 | 4,426 | 4,345 | 4,291 | 4,341 |
| Dividends and income tax equivalents | 3,152 | 5,663 | 3,362 | 2,616 | 2,456 |
| Other receipts | 5,328 | 4,360 | 3,979 | 3,937 | 4,094 |
| Total operating receipts | 289,228 | 281,364 | 288,008 | 310,071 | 339,932 |
| Cash payments for operating activities | | | | | |
| Payments for employees | -21,412 | -23,127 | -23,457 | -23,778 | -24,140 |
| Payments for goods and services | -56,813 | -62,201 | -61,828 | -64,487 | -66,303 |
| Grants and subsidies paid | -111,812 | -127,722 | -125,240 | -125,660 | -128,485 |
| Interest paid | -4,078 | -5,890 | -9,061 | -10,257 | -11,975 |
| Personal benefit payments | -110,393 | -102,368 | -107,059 | -112,216 | -120,230 |
| Other payments | -3,810 | -4,305 | -4,268 | -4,416 | -4,469 |
| Total operating payments | -308,319 | -325,613 | -330,914 | -340,813 | -355,601 |
| Net cash flows from operating activities | -19,090 | -44,249 | -42,906 | -30,743 | -15,668 |
| Cash flows from investments in non-financial assets | | | | | |
| Sales of non-financial assets | 555 | 619 | 258 | 154 | 161 |
| Purchases of non-financial assets | -9,469 | -11,030 | -11,503 | -11,138 | -9,860 |
| Net cash flows from investments in non-financial assets | -8,914 | -10,411 | -11,245 | -10,984 | -9,699 |
| Net cash flows from investments in financial assets for policy purposes | -7,428 | -5,089 | -4,761 | -6,762 | 300 |
| Cash flows from investments in financial assets for liquidity purposes | | | | | |
| Increase in investments | -12,483 | 1,761 | 6,645 | -442 | -604 |
| Net cash flows from investments in financial assets for liquidity purposes | -12,483 | 1,761 | 6,645 | -442 | -604 |
| Cash receipts from financing activities | | | | | |
| Borrowing | 48,124 | 58,424 | 54,199 | 51,601 | 28,341 |
| Other financing | 1,127 | 411 | 203 | 104 | 82 |
| Total cash receipts from financing activities | 49,250 | 58,835 | 54,402 | 51,705 | 28,423 |
| Cash payments for financing activities | | | | | |
| Borrowing | 0 | 0 | 0 | 0 | 0 |
| Other financing | -1,836 | -1,104 | -1,648 | -2,190 | -2,426 |
| Total cash payments for financing activities | -1,836 | -1,104 | -1,648 | -2,190 | -2,426 |
| Net cash flows from financing activities | 47,414 | 57,731 | 52,754 | 49,515 | 25,997 |
| Net increase/(decrease) in cash held | -501 | -257 | 487 | 584 | 326 |

Table 3: Australian Government general government sector cash flow statement (continued)^(a)

| | Estimates | | | Projections | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2008-09 \$m | 2009-10 \$m | 2010-11 \$m | 2011-12 \$m | 2012-13 \$m |
| Net cash flows from operating activities and investments in non-financial assets (Surplus(+)/deficit(-)) | -28,004 | -54,660 | -54,150 | -41,727 | -25,368 |
| Finance leases and similar arrangements(b) | -507 | -1 | -31 | -31 | -20 |
| GFS cash surplus(+)/deficit(-) | -28,511 | -54,661 | -54,182 | -41,758 | -25,387 |
| <i>less</i> Future Fund earnings | 3,603 | 2,931 | 2,869 | 2,777 | 2,763 |
| Equals underlying cash balance(c) | -32,114 | -57,593 | -57,051 | -44,535 | -28,150 |
| <i>plus</i> Net cash flows from investments in financial assets for policy purposes | -7,428 | -5,089 | -4,761 | -6,762 | 300 |
| <i>plus</i> Future Fund earnings | 3,603 | 2,931 | 2,869 | 2,777 | 2,763 |
| Equals headline cash balance | -35,939 | -59,751 | -58,943 | -48,520 | -25,087 |

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

(b) The acquisition of assets under finance leases decreases the underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash balance.

(c) The term underlying cash balance is not used by the ABS.