

CHAPTER 5: SUPPLEMENTARY UNIFORM PRESENTATION FRAMEWORK TABLES

THE ACCRUAL GFS PRESENTATION

The Government Finance Statistics (GFS) system employed by the Australian Bureau of Statistics (ABS) is designed to provide statistics relating to all Australian public sector entities. The statistics show consolidated transactions of the various institutional sectors of government from an economic viewpoint, providing details of the revenue, expenses, payments, receipts, assets and liabilities. It includes only those transactions over which a government exercises control under its legislative or policy framework and excludes from the calculation of net operating balance both revaluations (holding gains or losses) arising from a change in market prices, and other changes in the volume of assets that result from discoveries, depletion and destruction of assets.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) /GFS HARMONISATION

In October 2007, the Australian Accounting Standards Board issued a new standard AASB 1049 *Whole of government and general government sector financial reporting*, applicable from 1 July 2008. The objective as set out by the Financial Reporting Council in December 2002 is 'to achieve an Australian accounting standard for a single set of government reports which are auditable, comparable between jurisdictions, and in which the outcome statements are directly comparable with the relevant budget statements'. This new standard incorporates the major elements of the GFS framework, including the presentation formats and key fiscal aggregates, into a standard based on GAAP.

A revised Uniform Presentation Framework (UPF) was agreed by the Australian Loan Council in March 2008, based on AASB 1049, and similarly applicable from the reporting period commencing 1 July 2008. The combined new standard and revised UPF were applied in Victoria for the first time to the general government sector estimated financial statements in the 2008-09 Budget Paper No. 4 and are now mandatory for annual financial reports. In addition to the audited Annual Financial Report presented in Chapter 4, the following statements are also required to be presented under the UPF.

Financial statements for non-financial public sector

Table 5.1: Non-financial public sector comprehensive operating statement

	(\$ million)	
	2009	2008
Revenue		
Taxation revenue	12 456.9	12 709.2
Interest	473.7	564.5
Dividends and income tax equivalent and rate equivalent revenue	163.8	553.6
Sales of goods and services	7 768.2	7 202.3
Grants	18 849.6	17 207.9
Other current revenue	2 335.5	2 109.7
Total revenue	42 047.7	40 347.1
Expenses		
Employee expenses	15 032.9	13 917.3
Superannuation interest expense	610.4	331.4
Other superannuation	1 488.8	1 383.7
Depreciation and amortisation	2 519.8	2 335.0
Interest expense	1 128.3	801.8
Other operating expenses	15 651.6	14 446.7
Grants and other transfers	5 419.3	5 212.4
Total expenses	41 851.0	38 428.3
Net result from transactions – Net operating balance	196.7	1 918.8
Other economic flows included in net result		
Net gain/(loss) on sale of non-financial assets	66.8	12.0
Net loss on financial assets or liabilities at fair value	(1 202.7)	773.9
Net actuarial losses of superannuation defined benefits	(7 572.5)	(3 398.0)
Share of net profit/(loss) from associates/joint venture entities, excluding dividends	(13.0)	7.1
Other gains/(losses) from other economic flows	(621.9)	(370.6)
Total other economic flows included in net result	(9 343.3)	(2 975.7)
Net result	(9 146.7)	(1 056.9)
Other economic flows – Other movements in equity		
Net (loss) on financial assets at fair value	(10.1)	(59.3)
Revaluations of non-financial assets	20 442.5	8 275.7
Net gain/(loss) on equity investments in other sector entities at proportional share of net assets	(2 966.4)	3 583.2
Transfers to accumulated funds/other movements in equity	19 063.2	1 085.9
Total other economic flows – Other movements in equity	36 529.2	12 885.5
Comprehensive result – Total change in net worth	27 382.5	11 828.6
FISCAL AGGREGATES		
Net operating balance	196.7	1 918.8
Net acquisition of non-financial assets		
Purchases of non-financial assets	7 372.5	5 466.3
Less: Sales of non-financial assets	(343.9)	(241.3)
Less: Depreciation and amortisation	(2 519.8)	(2 335.0)
Plus: Change in inventories	128.2	89.3
Plus: Other movements in non-financial assets	370.9	83.6
Less: Net acquisition of non-financial assets from transactions	5 008.0	3 062.9
Net lending/(borrowing)	(4 811.3)	(1 144.1)

Source: Department of Treasury and Finance

Table 5.2: Non-financial public sector balance sheet

(\$ million)

	2009	2008
Assets		
Financial assets		
Cash and deposits	3 561.9	3 896.7
Advances paid	125.8	174.6
Investments, loans and placements	4 059.7	5 325.3
Receivables	3 544.7	3 504.3
Investments in general government sector entities using the equity method	..	648.1
Investments accounted for using equity method – other	477.1	423.1
Investments in other sector entities	780.2	3 746.6
Total financial assets	12 549.4	17 718.5
Non-financial assets		
Inventories	925.3	797.1
Non-financial assets held for sale	80.2	80.1
Land, buildings, infrastructure, plant and equipment	155 919.1	110 519.3
Other non-financial assets	1 100.8	759.7
Total non-financial assets	158 025.3	112 156.3
Total assets	170 574.7	129 874.8
Liabilities		
Deposits held	414.8	487.3
Advances received	2.2	2.8
Borrowings	18 026.8	13 412.8
Payables	4 881.0	4 324.1
Superannuation	20 755.1	12 958.8
Other employee benefits	4 510.7	4 189.3
Other provisions	2 159.5	2 065.2
Total liabilities	50 750.2	37 440.3
Net assets	119 824.5	92 434.5
Accumulated surplus/(deficit)	11 168.6	1 261.7
Other reserves	108 616.4	91 140.8
Minority interest	39.5	32.0
Net worth	119 824.5	92 434.5
FISCAL AGGREGATES		
Net financial worth	(38 200.8)	(19 721.8)
Net financial liabilities	38 981.0	23 468.3
Net debt	10 696.4	3 858.3

Source: Department of Treasury and Finance

Table 5.3: Non-financial public sector cash flow statement

(\$ million)

	2009	2008
Cash flows from operating activities		
Receipts		
Taxes received	12 281.4	13 065.6
Grants	19 389.3	17 004.3
Sales of goods and services ^(a)	8 738.0	7 630.9
Interest received	472.4	553.3
Dividends and income tax equivalent and rate equivalent receipts	210.3	987.0
Other receipts	1 658.6	1 469.2
Total receipts	42 750.0	40 710.2
Payments		
Payments for employees	(14 838.2)	(13 555.5)
Superannuation	(1 875.4)	(2 069.5)
Interest paid	(1 042.9)	(799.1)
Grants and subsidies	(5 908.6)	(4 421.5)
Goods and services ^(a)	(15 842.7)	(14 635.6)
Other payments	(406.8)	(366.6)
Total payments	(39 914.6)	(35 847.8)
Net cash flows from operating activities	2 835.4	4 862.4
Cash flows from investing activities		
Purchases of non-financial assets	(7 372.5)	(5 466.3)
Sales of non-financial assets	343.9	241.3
Cash flows from investments in non-financial assets	(7 028.7)	(5 225.0)
Net cash flows from investments in financial assets for policy purposes	11.4	178.0
Net cash flows from investments in financial assets for liquidity management purposes	(96.1)	(212.8)
Net cash flows from investing activities	(7 113.5)	(5 259.8)
Cash flows from financing activities		
Advances received (net)	(1.1)	(1.8)
Net borrowings	4 131.1	789.9
Deposits received (net)	(72.2)	(221.4)
Net cash flows from financing activities	4 057.7	566.7
Net increase/(decrease) in cash and cash equivalents	(220.3)	169.4
Cash and cash equivalents at beginning of reporting period	3 781.0	3 611.7
Cash and cash equivalents at end of reporting period	3 560.7	3 781.0
FISCAL AGGREGATES		
Net cash flows from operating activities	2 835.4	4 862.4
Net cash flows from investments in non-financial assets	(7 028.7)	(5 225.0)
Cash surplus/(deficit)	(4 193.3)	(362.6)

Source: Department of Treasury and Finance

Note:

(a) These items are inclusive of goods and services tax.

Table 5.4: Non-financial public sector statement of changes in equity

	(\$ million)			
	Equity at 1 July	Total comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June
2007-08				
Accumulated surplus/(deficit)	46 045.8	(1 056.9)	..	44 988.9
Other movements in equity	..	950.9	..	950.9
Adjustment for change in accounting policy	..	..	..	..
Minority interest	..	..	32.0	32.0
Physical asset revaluation reserve	32 933.3	8 275.7	..	41 209.0
Net movements in other reserves	1 594.8	75.6	..	1 670.4
Accumulated net gain (loss) on equity investments in other sector entities	..	3 583.2	..	3 583.2
Total equity at end of the period	80 573.9	11 828.6	32.0	92 434.5
2008-09				
Accumulated surplus/(deficit)	45 939.9	(9 146.7)	..	36 793.2
First time recognition of land under roads ^(a)	..	18 682.5	..	18 682.5
Other movements in equity	..	371.1	..	371.1
Adjustment for change in accounting policy	..	..	..	..
Minority interest	32.0	..	7.5	39.5
Physical asset revaluation reserve	41 209.0	20 442.5	..	61 651.5
Net movements in other reserves	1 670.4	(0.6)	..	1 669.9
Accumulated net gain (loss) on equity investments in other sector entities	3 583.2	(2 966.4)	..	616.8
Total equity at end of the period	92 434.5	27 382.5	7.5	119 824.5

Source: Department of Treasury and Finance

Note:

(a) Comprises recognition of land under roads for the first time in 2008-09.

Table 5.5: Non-financial public sector: Derivation of GFS cash surplus/(deficit)

	(\$ million)	
	2009	2008
Cash surplus/(deficit)	(4 193.3)	(362.6)
Less: Acquisitions under finance leases and similar arrangements	(581.5)	(253.9)
GFS Cash surplus/(deficit) ^(a)	(4 774.8)	(616.4)

Source: Department of Treasury and Finance

Note:

(a) Determined in accordance with ABS GFS manual.

Table 5.6: General government sector detail expenses by function

	(\$ million)	
	2008-09	2007-08
General public services	708.9	729.6
Other general public services	708.9	729.6
Public order and safety	4 252.7	3 734.2
Police and fire protection services	2 636.8	2 228.9
Police services	1 628.1	1 532.2
Fire protection services	1 008.7	696.7
Law courts and legal services	834.8	749.8
Prisons and corrective services	541.8	499.8
Other public order and safety	239.4	255.6
Education	10 443.7	9 499.8
Primary and secondary education	7 811.0	7 037.3
Primary education	3 829.5	3 626.8
Secondary education	3 972.1	3 400.7
Primary and secondary education NEC ^(a)	9.5	9.7
Tertiary education	1 719.0	1 592.4
Technical and further education	1 719.0	1 592.4
Pre-school education and education not definable by level	591.5	567.1
Pre-school education	170.8	147.3
Special education	420.6	419.9
Transportation of students	282.6	266.7
Transportation of non-urban school children	205.9	197.0
Transportation of other students	76.7	69.8
Education NEC ^(a)	39.6	36.3
Health	10 577.5	9 727.4
Acute care institutions	8 062.9	7 374.8
Admitted patient services in acute care institutions	6 678.7	6 105.1
Non-admitted patient services in acute care institutions	1 384.2	1 269.7
Mental health institutions	45.5	45.1
Nursing homes for the aged	296.1	272.4
Community health services	1 549.8	1 432.8
Community health services (excluding community mental health)	552.0	507.4
Community mental health	506.0	466.9
Patient transport	491.8	458.6
Public health services	390.0	408.6
Pharmaceuticals, medical aids and appliances	118.4	108.6
Health research	112.2	82.5
Health administration NEC ^(a)	2.6	2.6
Social security and welfare	3 015.4	2 817.0
Welfare services	3 015.4	2 817.0
Family and child services	650.2	587.1
Welfare services for the aged	698.7	657.4
Welfare services for people with a disability	1 183.8	1 133.4
Welfare services NEC ^(a)	482.7	439.0
Housing and community amenities	2 927.4	2 782.4
Housing and community development	1 645.1	1 460.6
Housing	956.9	839.0
Community development	688.2	621.6
Water supply	218.6	225.6
Sanitation and protection of the environment	366.1	334.4
Other community amenities	697.6	761.7

Table 5.6: General government sector detail expenses by function (continued)

	(\$ million)	
	2008-09	2007-08
Recreation and culture	804.4	713.0
Recreation facilities and services	324.9	318.2
National parks and wildlife	75.5	64.0
Recreation facilities and services NEC ^(a)	249.3	254.2
Cultural facilities and services	479.6	394.8
Fuel and energy	19.0	18.7
Fuel affairs and services	3.3	3.0
Gas	3.3	3.0
Electricity and other energy	15.7	15.7
Agriculture, forestry, fishing and hunting	506.7	581.8
Agriculture	347.6	423.0
Forestry, fishing and hunting	159.1	158.8
Mining and mineral resources other than fuels; manufacturing; and construction	20.4	26.6
Mining and mineral resources other than fuels	20.4	19.7
Manufacturing	..	6.8
Transport and communications	4 060.3	3 878.4
Road transport	1 903.9	1 742.3
Road maintenance	430.0	416.0
Road Construction	519.7	480.0
Road transport NEC ^(a)	954.2	846.3
Water transport	15.7	15.3
Urban water transport services	15.7	15.3
Rail transport	1 965.5	1 915.5
Urban rail transport services	1 392.6	1 343.9
Non-urban rail transport freight services	25.8	42.4
Non-urban rail transport passenger services	547.2	529.1
Other transport	175.1	132.3
Multi-mode urban transport	17.0	16.2
Other transport NEC ^(a)	158.1	116.1
Communication	..	73.0
Other economic affairs	471.1	392.8
Storage, sale yards and markets	..	..
Tourism and area promotion	114.1	67.2
Labour and employment affairs	83.2	23.4
Vocational training	..	2.0
Other labour and employment affairs	83.2	21.4
Other economic affairs	273.7	302.2
Other purposes	1 226.1	792.2
Public debt transactions	1 194.3	760.6
Natural disaster relief ^(b)	..	..
Other purposes NEC ^(a)	31.8	31.5
Total	39 033.7	35 693.8

Source: Department of Treasury and Finance

Notes:

(a) NEC: Not Elsewhere Classified.

(b) Expense relating to natural disaster relief has been allocated across various functions, including 'General public services', 'Public order and safety', 'Health', 'Social security' and 'Transport and communications'.

VICTORIA'S 2008-09 LOAN COUNCIL ALLOCATION

As required under the Uniform Presentation Framework, Victoria is required to publish the Loan Council Allocation (LCA) estimates. The LCA is a measure of each government's net call on financial markets in a given financial year to meet its budget obligations. The method of public release is the responsibility of each individual jurisdiction. Victoria discloses its LCA information through the Financial Report for the State of Victoria, Budget Paper No. 4, *Statement of Finances* and Budget Update.

Table 5.7 compares Victoria's 2008-09 LCA as published in the *2008-09 Budget* with the 2008-09 outcome.

Table 5.7: Loan Council Allocation 2008-09

	(\$ million)	
	2008-09 Budget	2008-09 Actual
General government cash deficit (+)/surplus(-)	564.9	897.9
Public non-financial corporations sector cash deficit (+)/surplus(-)	3 732.1	3 289.9
Non-financial public sector cash deficit (+)/surplus(-) ^(a)	4 297.0	4 193.3
Acquisitions under finance leases and similar arrangements	231.4	581.5
ABS GFS cash deficit(+)/surplus(-)	4 528.4	4 774.8
Net cash flows from investments in financial assets for policy purposes	25.7	11.4
Memorandum items ^(b)	196.0	277.1
Loan Council Allocation	4 698.7	5 040.5
Tolerance limit (2 per cent of non-financial public sector cash receipts from operating activities) ^(c)	792.3	792.3

Source: Department of Treasury and Finance

Notes:

- (a) The sum of the surplus/deficit of the general government and public non-financial corporation sector does not directly equal the non-financial public sector due to intersectoral transfers, which are netted out in the calculation of the non-financial public sector figures.
- (b) Memorandum items are used to adjust the ABS deficit to include in LCAs certain transactions, such as operating leases, that have many of the characteristics of public sector borrowings but do not constitute formal borrowings. They are also used, where appropriate, to deduct from the ABS deficit certain transactions that Loan Council has agreed should not be included in LCAs (e.g. the over/under funding of employers' emerging costs under public sector superannuation schemes, or borrowings by entities such as statutory marketing authorities).
- (c) A tolerance limit equal to 2 per cent of 'total non-financial public sector cash receipts from operating activities' (2007-08 Budget Update) applies to jurisdictions' LCA nomination and revised LCA at budget time, and between the budget time LCA and LCA outcome. The tolerance limit applying to Victoria in 2008-09 is \$792 million (2 per cent of \$39 613 million – sourced from 2007-08 Budget Update).

As part of the Loan Council arrangements, the Loan Council has agreed that if at any time a jurisdiction finds that it is likely due to prevailing circumstances or developments to exceed its tolerance limit, in either direction, it is required to advise the Loan Council accordingly and in line with the emphasis of the increased transparency, to make the explanation public. Victoria's 2008-09 LCA outcome (a deficit of \$5 041 million) remained within the tolerance limit.

The change of \$342 million in the LCA between 2008-09 budget and 2008-09 actual is mainly due to an increase in assets acquired under finance leases and other arrangements. This includes the impact of the acquisition of the new Melbourne Convention and Exhibition Centre. This asset is funded in the PNFC sector using a different mixture of debt and equity to that budgeted.

Consistent with the LCA arrangements, Victoria advises the Loan Council of these circumstances through this publication. The State is required to disclose the details of infrastructure projects with private sector involvement and to report full contingent exposure, if any. Exposure is to be measured by the Government's termination liabilities in a case of private sector default and disclosed as a footnote to, rather than a component of LCAs. The amount payable will not exceed the fair market value of the net present value of the project (which is usually calculated by an independent valuer) less any costs incurred by government as a result of the default.

Detailed below are the *Partnerships Victoria* projects contracted during the 2008-09 financial year.

Partnerships Victoria in Schools Project

As a part of the \$1.9 billion *Victorian Schools Plan*, 11 new schools will be built in Melbourne's growth corridors through a public private partnership under the *Partnerships Victoria* policy – with the first schools to be completed by 2010. Construction of five of the schools commenced in 2009.

The contract was executed with the Axiom Education Victoria consortium to design, build, finance and maintain the new schools on 5 December 2008 and financial close was achieved on 9 December 2008. The term of the contract is 25 years from the date for commercial acceptance.

Biosciences Research Centre (BRC) Project

The BRC project will deliver a state of the art agricultural research facility to improve productivity, fight disease and reduce environmental impact.

A joint initiative of the Victorian Government, through the Department of Primary Industries (DPI), and La Trobe University (La Trobe), the BRC will help to protect Victoria's \$8.7 billion agricultural sector by allowing the rapid detection and eradication of plant and animal pest and disease outbreaks.

To be built at La Trobe's Bundoora campus, the facility will be delivered as a public private partnership project under the *Partnerships Victoria* policy. The contract was executed with the Plenary Research consortium on 30 April 2009 and financial close was achieved on 14 May 2009. The contract term is 25 years from the date for commercial acceptance.

