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# Uniform Presentation Framework (UPF)



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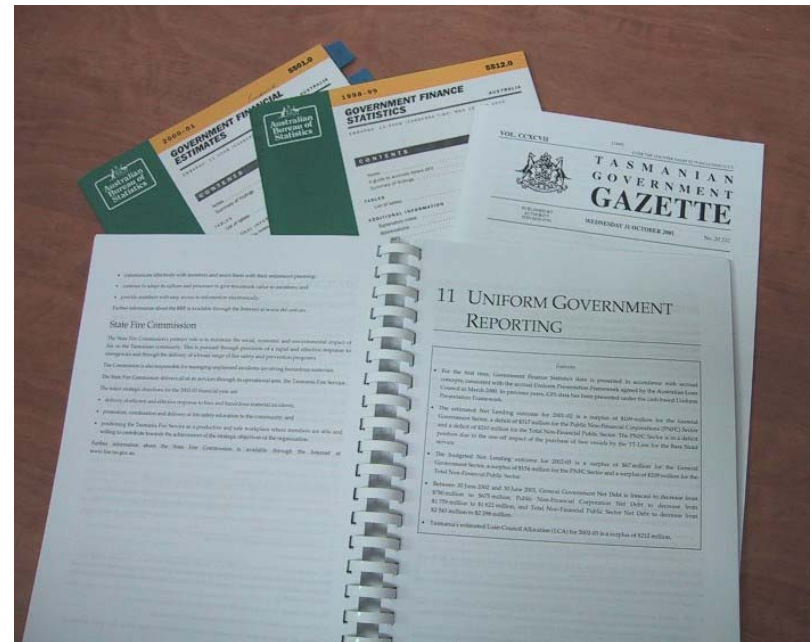
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# Objectives – Why Am I here?

- A basic overview of the Uniform Presentation Framework (UPF)
  - An understanding of the major GFS measures and how they differ to the current measures
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# UPF - Introduction

- What is the UPF
- UPF reports
- Who Uses UPF
- GFS framework
- Differences to Accounting

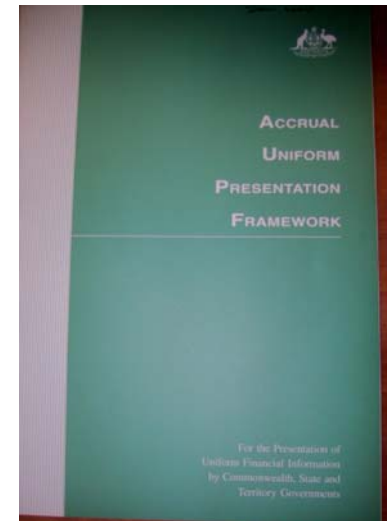


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# UPF – What is it?

- Agreement by all Governments
- Common set of financial information
- Based on GFS principles



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# UPF Reporting Requirements

- Budget Papers – Budget Information in BP1
- Mid-Year Report
- Outcomes Report



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# Who Uses UPF information

- Budget Branch – Budget to be based on UPF principles
  - Government – Fiscal Strategy Targets
  - Ratings Agencies - Standard and Poors, Moodys
  - Commonwealth Grants Commission
  - Australian Bureau of Statistics
  - National Productivity Council
  - Loan Council
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# Government Finance Statistics (GFS)



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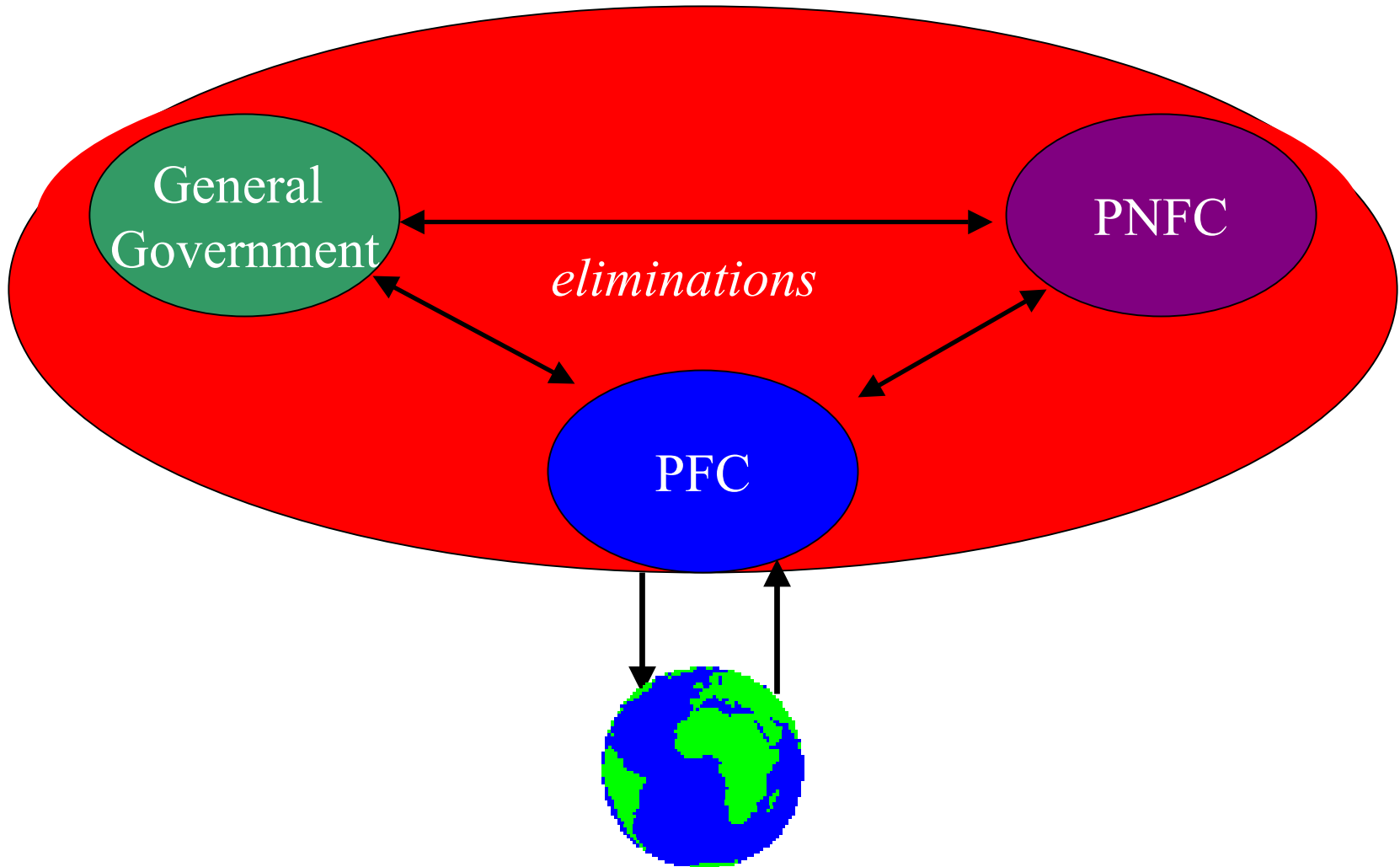
# What is GFS?

- Consolidated Reporting for Public Sector
  - Accrual Based
    - Operating Statement
    - Balance Sheet
    - Cashflow Statement
  - ABS concepts and definitions.
  - Based on international standards (SNA93)
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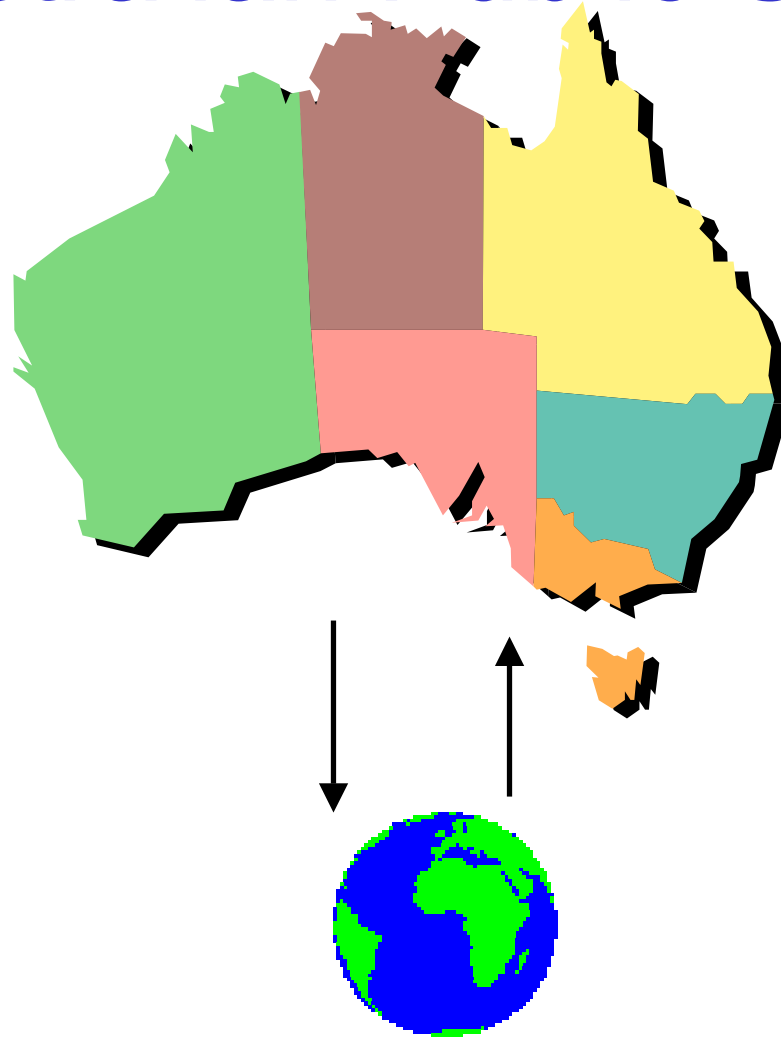
# Total State Government Sector



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# Australian Public Sector



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# General Government Sector

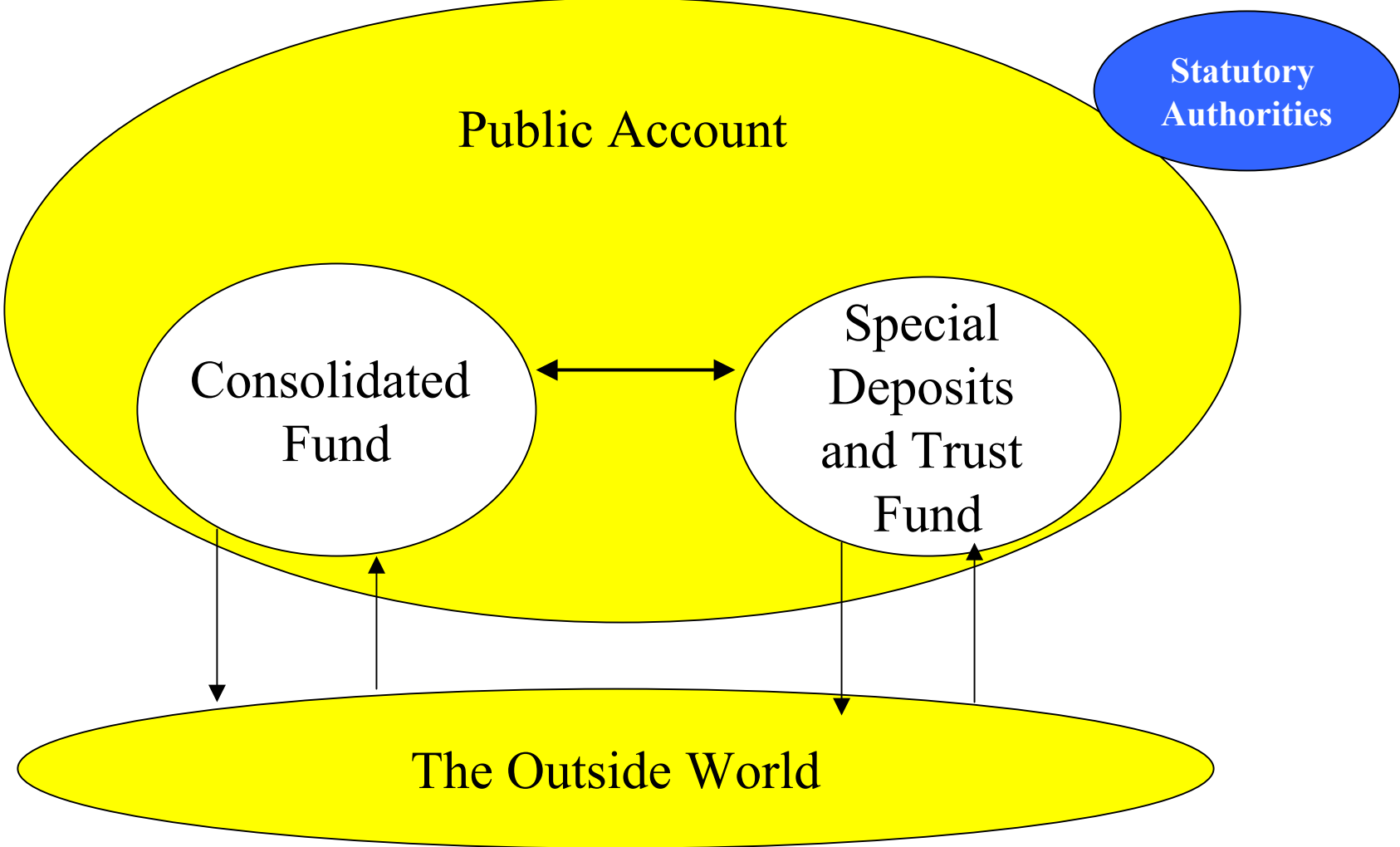
- Budget Agencies
- Statutory Authorities
  - Marine and Safety Tasmania
  - Inland Fisheries Commission
  - State Fire Commission
  - Royal Botanical Gardens
  - TAFE Tasmania



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# General Government




# Con Fund Reconciliation

	2001-02	2002-03
	\$m	\$m
<b>OPERATING BALANCE</b>	87	41
add back depreciation	147	149
less capital expenditure	(123)	(123)
<b>NET LENDING</b>	109	67
add back Nominal Super Interest	82	86
Super expense adjustment	(19)	(20)
Movement in debtors/creditors	1	(28)
<b>CASH SURPLUS</b>	173	105
<b>Less Transfers to SDTF</b>		
SPA	(94)	(109)
Infrastructure	(20)	...
2nd appropriation	(60)	...
Other transfers to SDTF	(16)	(6)
Infrastructure expenditure	45	32
Other Agency movements in SDTF	(24)	(13)
<b>CON FUND SURPLUS</b>	4	9



# Conceptual Differences



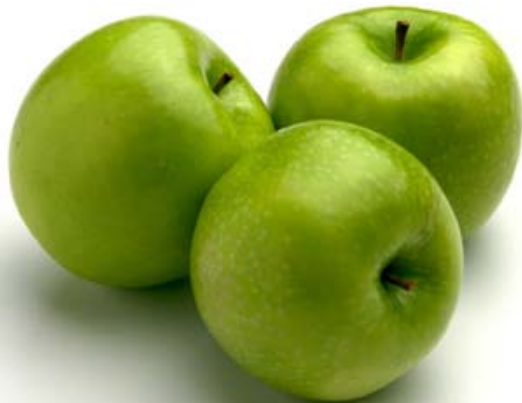
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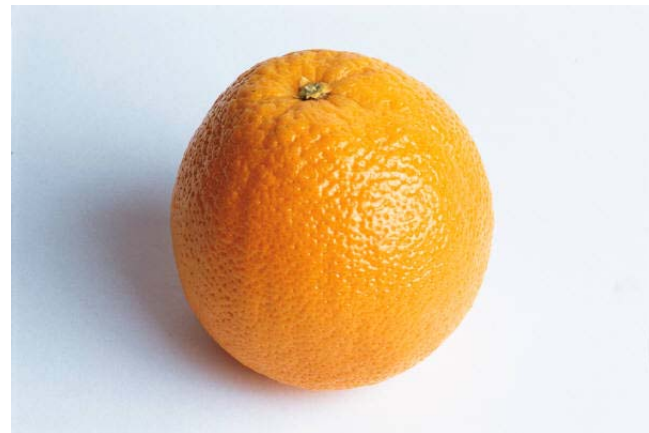
# GFS is different to AAS

- Produce Financial Statements for Public Sector under GFS and AAS frameworks

*GFS Statements – BP No 1*



*AAS Statements – BP No 2*



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# GFS Differences to AAS

- Prior Period Adjustments
  - Revaluations/Profit or loss on sale of assets
  - Borrowing costs on qualifying assets
  - Allowances for bad and doubtful debts
  - Superannuation
- 
-

# Superannuation Difference

Accounting View:	\$ million	GFS View:	\$ million
Opening Balance	2 000	Opening Balance	2 000
Add Accrued Expense	250	Add Accrued Expense	100
		(based on 8% or 11% of salary)	
		Add Nominal Interest	90
		(Based on 4.5% of opening balance)	
		Add Revaluation	60
		(Excluded from statements)	
			<u>250</u>
Less Cash Payments	<u>100</u>	Less Cash Payments	<u>100</u>
Equals Closing Balance	<u>2 150</u>	Equals Closing Balance	<u>2 150</u>



# Harmonisation

- Harmonisation is a priority
- HOTARAC Working Group
  - Considering options to amend accounting standards to align with GFS principles

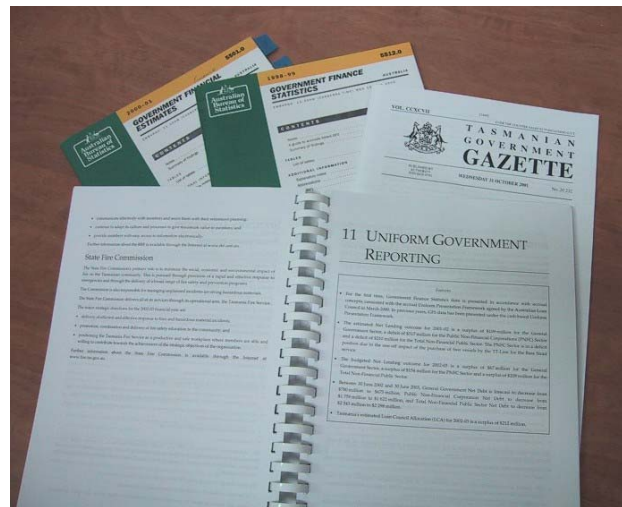


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# GFS Statements

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# GFS - Statements

- Operating Statement
- Balance Sheet
- Cashflow Statement
- Expenditure by Purpose



# Operating Statement

- GFS Revenue

Taxation  
Grants and subsidies  
Sales of goods and services  
Interest income  
Other revenue

- GFS Expenses

Depreciation  
Employee Expenses

- Net Operating Balance

- Net Acquisition of Non-Financial Assets

- Adds back depreciation and capital expenditure

=Net Operating Balance add back depreciation subtract Net Capital Expenditure

Grants and subsidies  
Capital Expenditure

- Net Lending / Fiscal Balance

- Indicates impact of Budget on the economy

## Operating Statement General Government

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
	Actual	Revised Estimate	Budget Estimate	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
<b>GFS Revenue</b>						
Taxation revenue	547	511	483	516	522	512
Current grants and subsidies	1 555	1 678	1 757	1 790	1 835	1 934
Sales of goods and services	283	301	345	354	355	356
Interest income	30	19	21	20	17	14
Other	269	237	244	251	243	234
<b>Total</b>	<b>2 684</b>	<b>2 746</b>	<b>2 850</b>	<b>2 931</b>	<b>2 972</b>	<b>3 050</b>
<b>GFS Expenses</b>						
Depreciation	145	147	149	148	149	149
Employee expenses	1 164	1 211	1 253	1 309	1 362	1 416
Other operating expenses	697	708	772	795	807	813
Nominal superannuation interest expenses	67	82	86	89	93	96
Other interest expenses	122	100	87	84	74	65
Current grants and transfers	382	395	454	446	439	437
Capital grants and transfers	2	16	8	....	....	....
<b>Total</b>	<b>2 579</b>	<b>2 659</b>	<b>2 809</b>	<b>2 871</b>	<b>2 924</b>	<b>2 976</b>
<b>Equals NET OPERATING BALANCE</b>	<b>105</b>	<b>87</b>	<b>41</b>	<b>60</b>	<b>48</b>	<b>74</b>
<b>Less</b>						
<b>Net acquisition of non-financial assets</b>						
Gross fixed capital formation	105	124	123	119	105	83
less Depreciation	145	147	149	148	149	149
<b>Total</b>	<b>(38)</b>	<b>(22)</b>	<b>(26)</b>	<b>(29)</b>	<b>(44)</b>	<b>(66)</b>
<b>Equals NET LENDING</b>	<b>143</b>	<b>109</b>	<b>67</b>	<b>89</b>	<b>92</b>	<b>140</b>

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# Balance Sheet

- **Assets**
    - Financial Assets – Cash, Investments and Equity
    - Non-Financial Assets – Land, Buildings, Plant and Equipment
  - **Liabilities**
    - Borrowings, Superannuation, Employee Entitlements
  - **Bottom Line Measures**
    - GFS Net Worth
    - Net Financial Worth
    - Net Debt
- 
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## Balance Sheet General Government

	2000-01 Actual	2001-02 Revised Estimate	2002-03 Budget Estimate	2003-04 Forward Estimate	2004-05 Forward Estimate	2005-06 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Assets</b>						
<b>Financial assets</b>						
Cash and deposits	808	918	989	1 056	1 169	1 289
Advances paid	149	167	165	156	149	150
Investments, loans and placements	1	1	....	....	....	....
Other non-equity assets	91	93	92	110	116	123
Equity	<u>3 666</u>	<u>3 642</u>	<u>3 962</u>	<u>4 081</u>	<u>4 203</u>	<u>4 329</u>
<b>Total</b>	<b>4 715</b>	<b>4 821</b>	<b>5 208</b>	<b>5 403</b>	<b>5 637</b>	<b>5 891</b>
<b>Non-financial assets</b>						
Land and fixed assets	5 511	5 602	5 672	5 703	5 719	5 733
Other non-financial assets	5	5	5	6	6	6
<b>Total</b>	<u><b>5 516</b></u>	<u><b>5 607</b></u>	<u><b>5 677</b></u>	<u><b>5 709</b></u>	<u><b>5 725</b></u>	<u><b>5 739</b></u>
<b>Total assets</b>	<b>10 231</b>	<b>10 428</b>	<b>10 885</b>	<b>11 112</b>	<b>11 362</b>	<b>11 630</b>
<b>Liabilities</b>						
Deposits held	20	20	19	19	19	19
Advances received	360	324	318	280	270	261
Borrowing	1 540	1 522	1 492	1 495	1 475	1 461
Unfunded superannuation liability and other employee entitlements	2 014	2 179	2 280	2 352	2 439	2 519
Other non-equity liabilities	<u>98</u>	<u>105</u>	<u>125</u>	<u>75</u>	<u>70</u>	<u>65</u>
<b>Total liabilities</b>	<b>4 032</b>	<b>4 150</b>	<b>4 234</b>	<b>4 221</b>	<b>4 273</b>	<b>4 325</b>
<b>GFS NET WORTH <sup>1</sup></b>	<b>6 199</b>	<b>6 278</b>	<b>6 651</b>	<b>6 891</b>	<b>7 089</b>	<b>7 305</b>
<b>NET DEBT <sup>2</sup></b>	<b>962</b>	<b>780</b>	<b>675</b>	<b>582</b>	<b>446</b>	<b>302</b>
<b>NET FINANCIAL WORTH <sup>3</sup></b>	<b>683</b>	<b>671</b>	<b>974</b>	<b>1 182</b>	<b>1 364</b>	<b>1 566</b>

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# Cashflow Statement

- Records Cash Receipts and Payments
- Categorised into Operating, Investing, Financing activities
- Bottom line measures
  - Net increase in cash held – *sum of all cashflows*
  - Cash Surplus/Deficit – *net cashflows from operating activities less net capital payments*



## Cashflow Statement General Government

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
		Revised	Budget	Forward	Forward	Forward
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
<b>OPERATING ACTIVITIES</b>						
Cash receipts	2 819	2 776	2 829	2 873	2 931	3 012
Cash payments	(2 566)	(2 478)	(2 601)	(2 662)	(2 690)	(2 785)
Net cash flows from operating activities (A)	253	298	228	211	241	227
<b>INVESTING ACTIVITIES</b>						
Sales of non-financial assets	46	33	31	45	59	74
Purchases of new non-financial assets	(149)	(158)	(154)	(164)	(164)	(157)
Total (B)	(103)	(125)	(123)	(119)	(105)	(83)
Net cash flows from investments in financial assets for policy purposes (C)	30	(18)	(2)	(9)	(7)	....
Net cash flows from investments in financial assets for liquidity purposes (D)	(3)	....	(1)	....	....	....
<b>FINANCING ACTIVITIES</b>						
Advances received (net)	(116)	(36)	(6)	(39)	(10)	(10)
Borrowing (net)	88	(11)	(30)	(3)	(21)	(14)
Deposits received (net)	....	....	....	....	....	....
Other financing (net)	14	(1)	4	26	14	(2)
Total (E)	(14)	(48)	(32)	(16)	(17)	(26)
Net Increase/(Decrease) in Cash Held	163	107	70	67	112	118
<b>SURPLUS/(DEFICIT) <sup>2</sup></b>	<b>150</b>	<b>173</b>	<b>105</b>	<b>92</b>	<b>136</b>	<b>144</b>

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# Expenditure by Purpose

- Presents expenditure by Government Purpose Classification
- Used by Commonwealth Grants Commission



# Expenditure by Purpose

	2000-01	2001-02	2002-03
	Actual	Revised	Budget
		Estimate	Estimate
	\$m	\$m	\$m
General public services	148	157	150
Public order and safety	217	247	249
Education	690	705	759
Health	552	564	598
Social security and welfare	162	156	176
Housing and community amenities	135	171	146
Recreation and culture	108	76	91
Fuel and energy	4	1	1
Agriculture, forestry, fishing and hunting	50	64	70
Mining and mineral resources other than fuels, manufacturing and construction	8	7	7
Transport and communications	161	179	220
Other economic affairs	125	110	135
Nominal interest on unfunded superannuation	67	82	86
Other purposes	150	139	120
<b>Total General Government Expenses</b>	<b>2 579</b>	<b>2 658</b>	<b>2 808</b>

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# GFS relationship to ASNA

- GFS is a major source of input data for the Australian System National Accounts (ASNA)
  - GFS and ASNA are harmonised
    - Assists understanding of impact of “Budget” on Economy
  - Some measurement differences
    - Consumption of fixed capital
    - Intangible fixed assets
    - Defence timing adjustment
    - Financial Intermediary Services Indirectly Measured (FISIM)
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# UPF – where do we get it

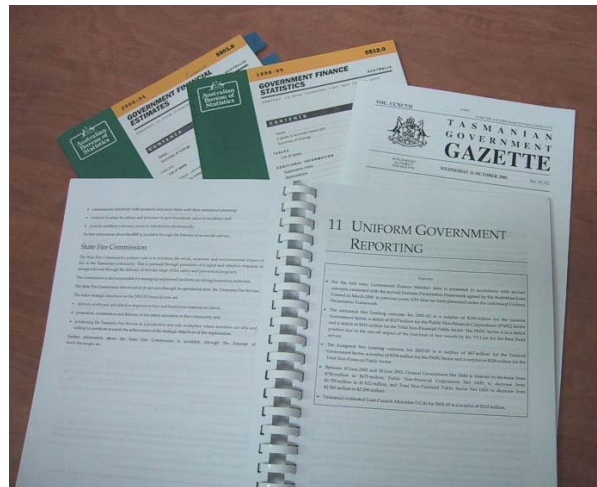
- Budget
    - Agencies - BMFRS (BMS)
    - Statutory Authorities, GBEs, SOCs - Survey
  - Actuals
    - Agencies - BMFRS (PARs)?
    - Statutory Authorities, GBEs, SOCs – Survey
  - BMFRS
    - BMFRS Chart used to classify transactions – *Transaction Type*
    - *Important that coding is accurate – Chart presentation to follow*
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# GFS Trends

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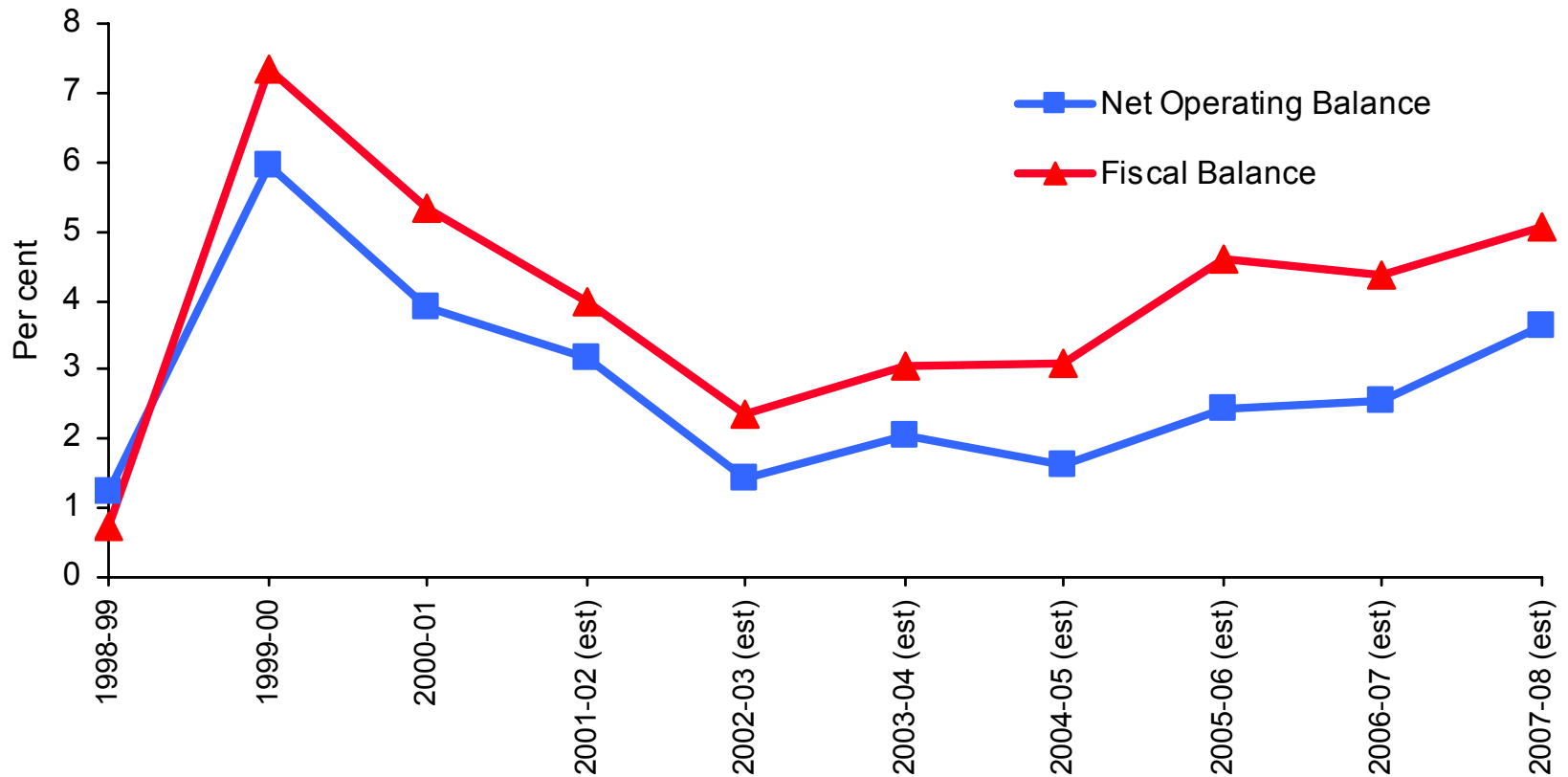
# New Fiscal Strategy

- Key budgetary indicators
    - Net Operating Balance and Fiscal Balance
    - Cash Surplus
  - Debt and Liabilities
    - Net Debt and Debt Servicing Costs
    - Gross Debt
    - Net Financial Liabilities
  - Comparison with other States and Territories
- 
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# Operating Results



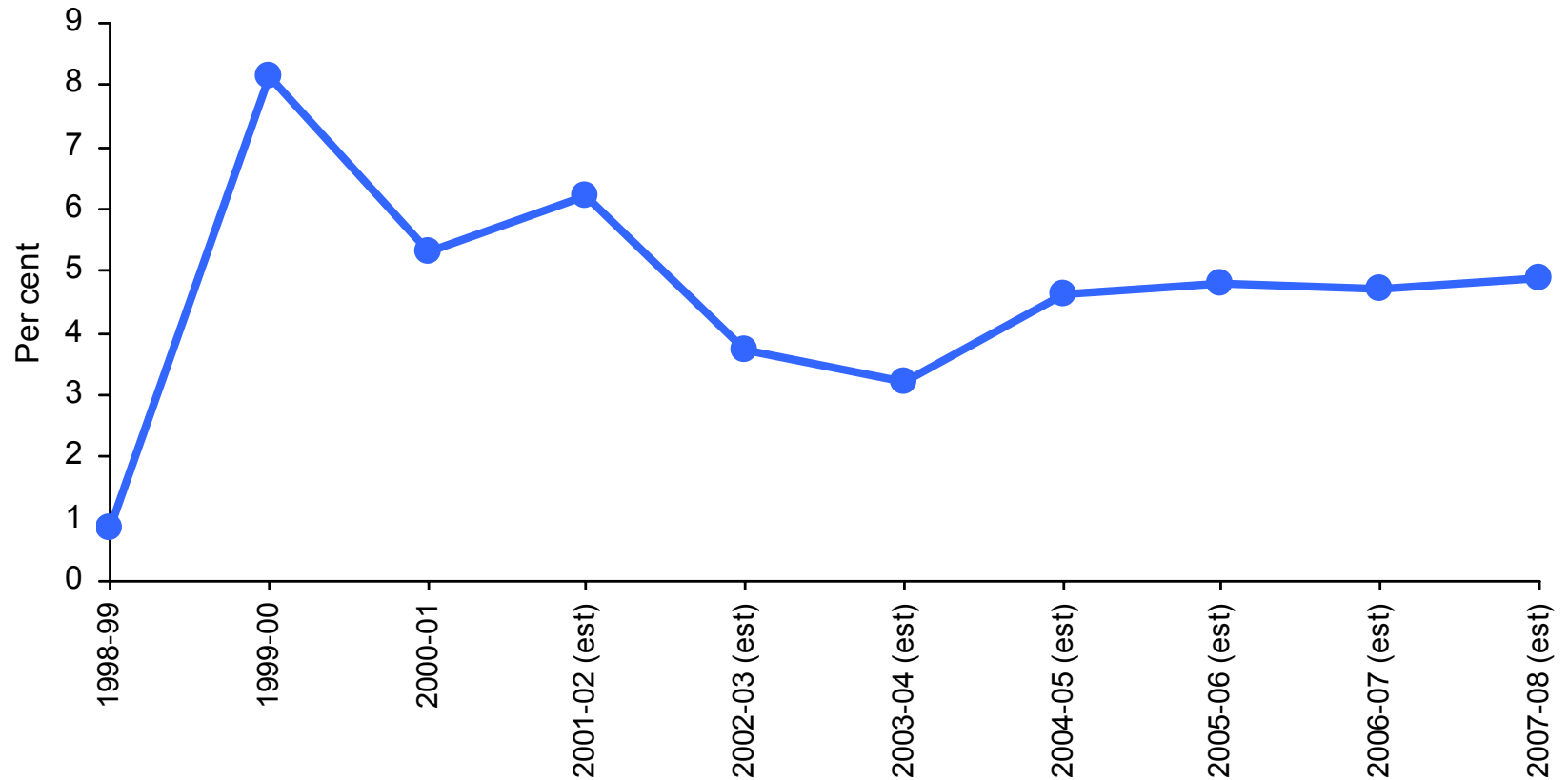
General Government Net Operating Balance and Fiscal Balance as a percentage of revenue



# Cash Surplus



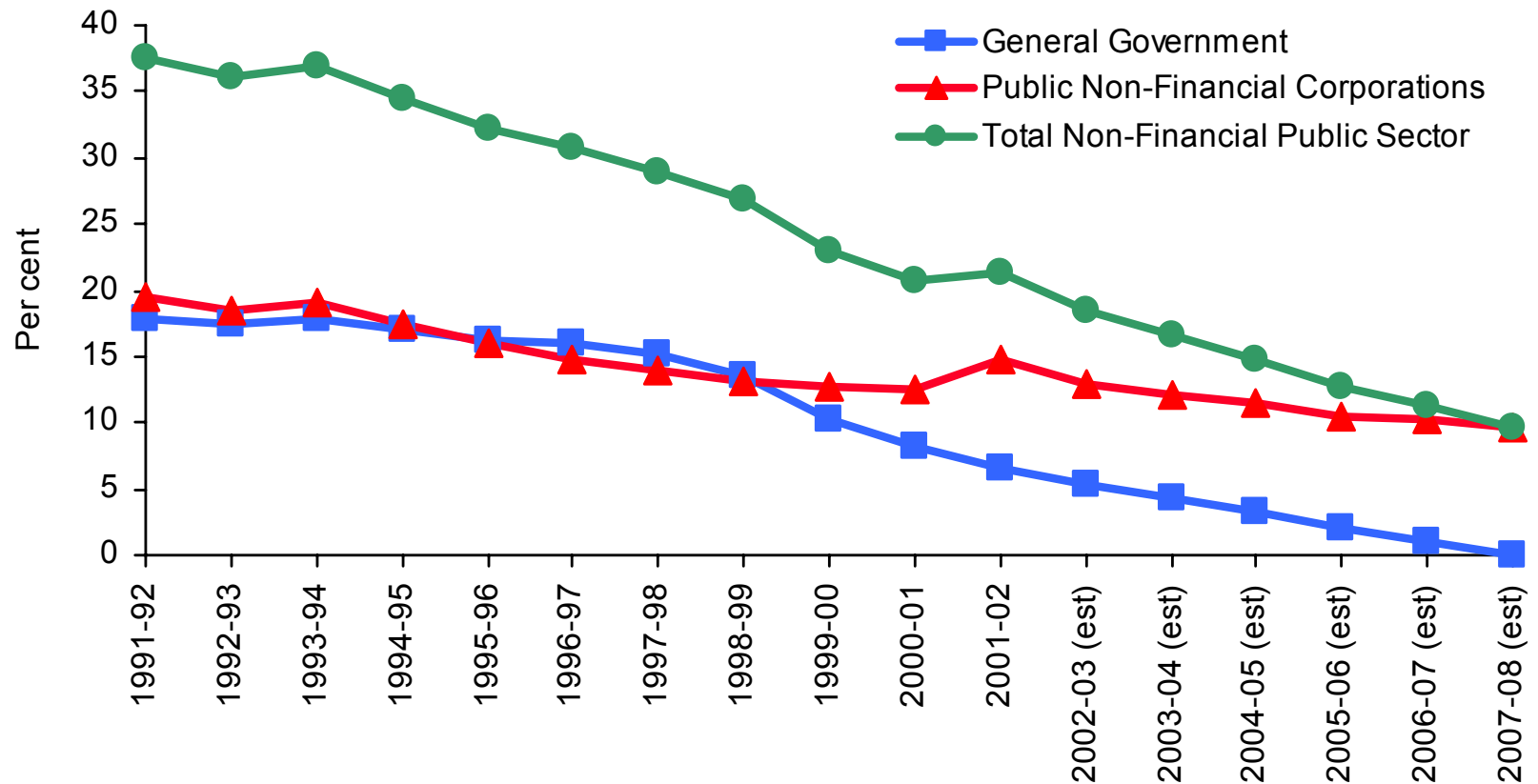
General Government Cash Surplus as a percentage of revenue 1998-99 to 2007-08



# Net Debt



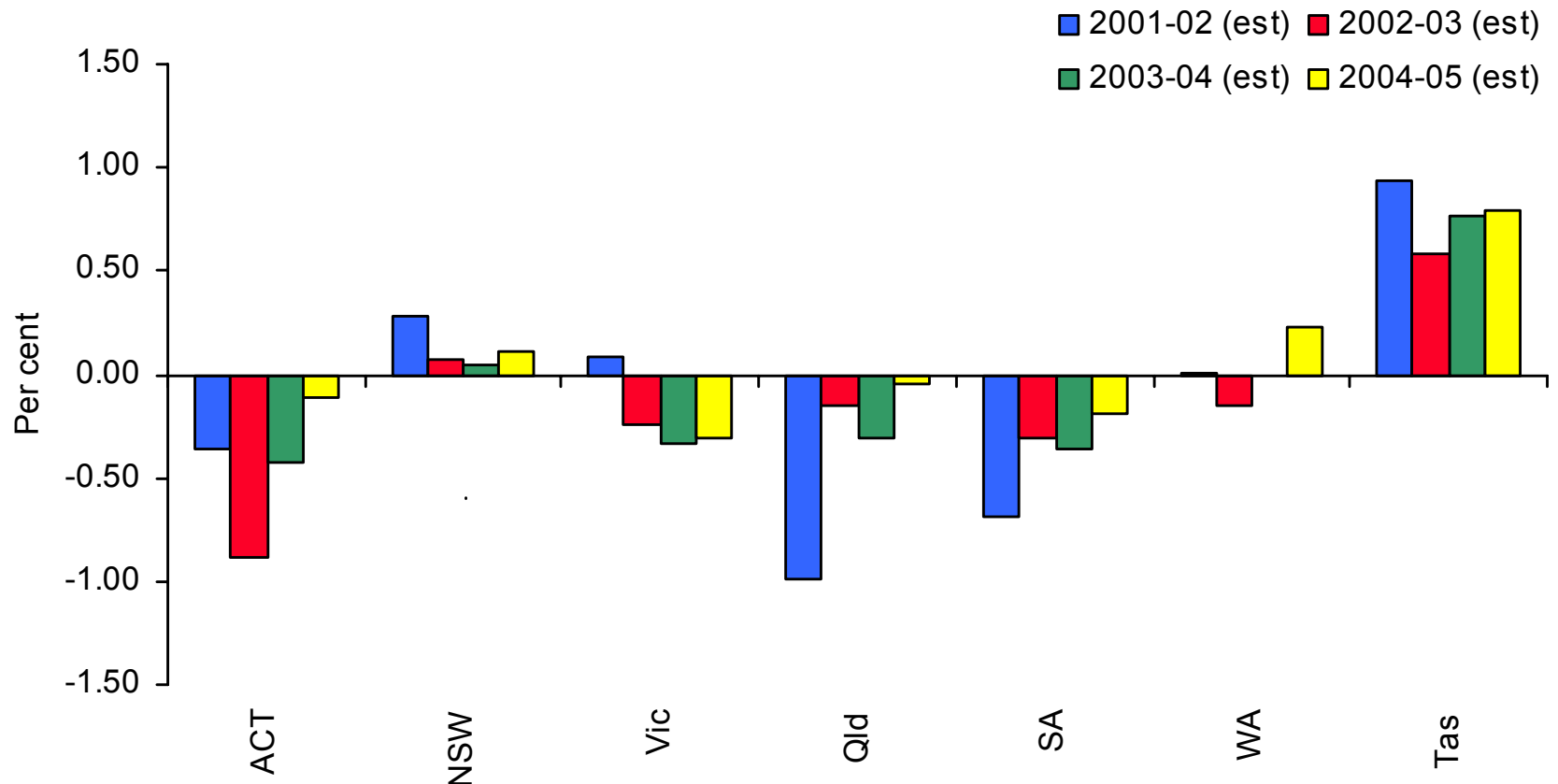
Total Non-Financial Public Sector Net Debt as a percentage of Gross State Product  
1991-92 to 2007-08



# Fiscal Balance

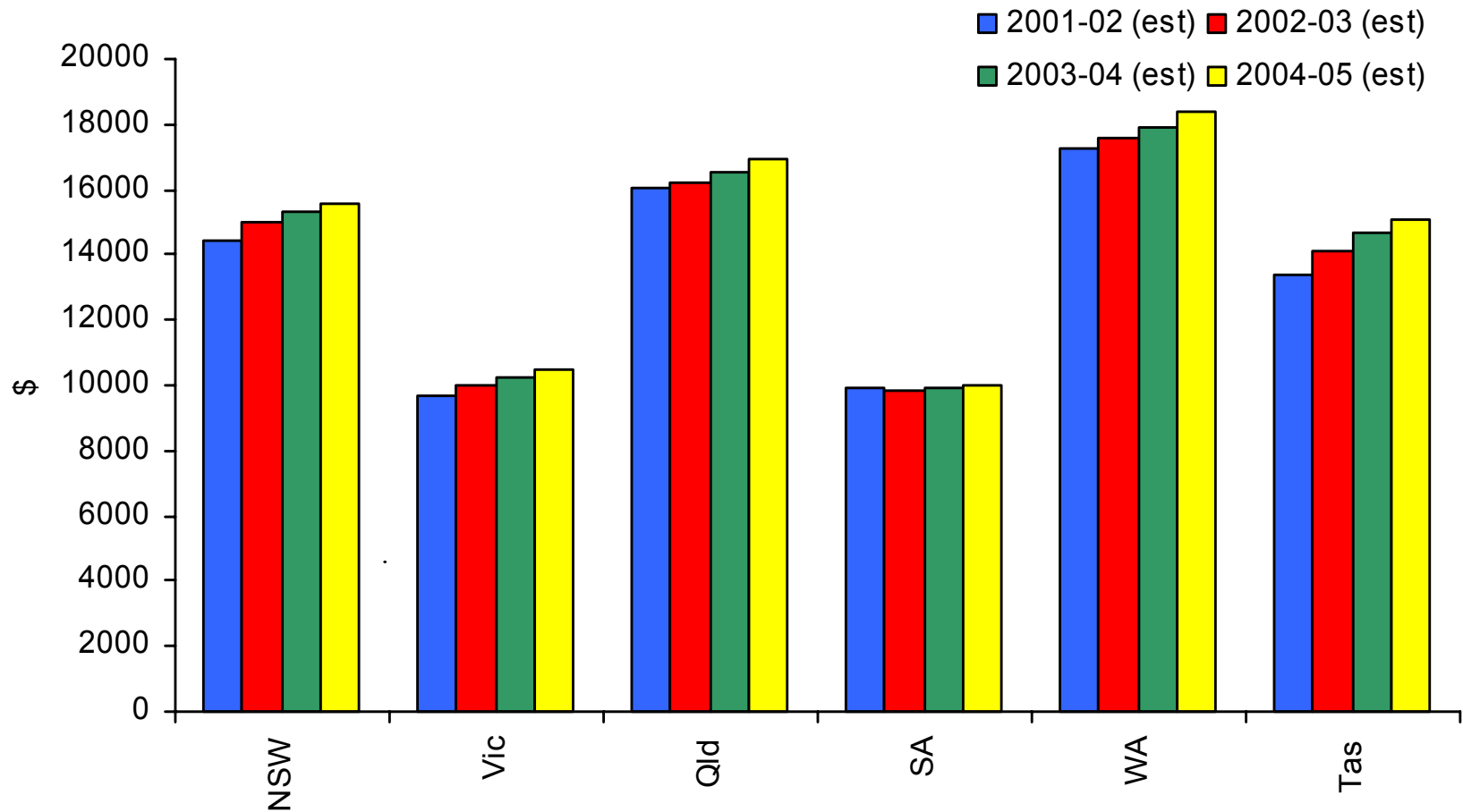


Projected General Government Fiscal Balance as a percentage of Gross State Product



# Net Worth

Projected Net Worth per capita





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# The End

