

## 6 Balance sheet and cash flows

### Features

- The Government's enhanced Debt Action Plan will facilitate the provision of an additional \$2 billion in infrastructure spend, while decreasing debt, and despite significant write-downs in royalty revenue. The State Infrastructure Fund (SIF) had an initial injection of \$500 million announced in March 2016 and is being boosted in the 2016–17 Budget by a further \$1.5 billion.
- General Government Sector debt, which incorporates the impact of the enhanced Debt Action Plan, as well as all other budget movements, is expected to fall \$5.105 billion from \$43.105 billion in 2014–15 to \$38 billion in 2017–18. This is \$1.721 billion lower than the projection for 2017–18 at the time of the 2015–16 Mid Year Fiscal and Economic Review (MYFER) and \$10.421 billion lower than in the 2014–15 Budget.
- Due to measures being implemented by the current Government refocusing the balance sheet to reduce debt, Non-financial Public (NFP) Sector debt is projected to be \$5.131 billion lower in 2017–18 than the original 2014–15 Budget projections under the previous Government.
- Over the period 2016–17 to 2019–20, General Government Sector purchases of non-financial assets (PNFA) of \$23.865 billion are planned to be funded from \$15.605 billion of net operating cash flows. In addition to this, the State is expected to enter into \$2.375 billion of finance leases (mainly Public Private Partnerships) over the same period.
- At the time of the 2015–16 MYFER, net cash inflows from operating activities were expected to cover 82% of the funding required for the 2015–16 PNFA for the General Government Sector. The estimated actual coverage is now expected to be 115%.
- Non-financial Public Sector capital expenditure totals \$38.462 billion for the period 2016–17 to 2019–20, which comprises \$35.242 billion of PNFA, and \$3.220 billion of capital grants expenses. In addition to these, acquisitions of non-financial assets under finance leases of \$2.375 billion brings the total capital program in 2016–17 to \$40.836 billion.

### 6.1 Context

The balance sheet shows the projected assets, liabilities and net worth of the General Government Sector as at 30 June each financial year. It is important for the Government to maintain a strong balance sheet to provide it with the stability, flexibility and capacity to deal with emerging financial and economic pressures, and to provide a strong foundation for future economic growth.

Following consideration of the 2015 Review of State Finances, the Government introduced revised fiscal principles in the 2015–16 Budget and the Government has retained these principles in framing the 2016–17 Budget. The principles include the targeting of an ongoing reduction in Queensland's debt burden, as measured by the General Government Sector debt to revenue ratio, and targeting net operating surpluses that ensure any new capital investment is primarily funded through recurrent revenues, rather than borrowing. The Government's enhanced Debt Action Plan will see General Government Sector debt reduce further than previously projected over the forward estimates, ensuring the Government has the capacity to respond to future challenges while supporting economic growth.

## 6.2 Balance sheet

Table 6.1 provides a summary of the key balance sheet aggregates for the General Government Sector.

**Table 6.1 General Government Sector: summary of budgeted balance sheet<sup>1</sup>**

	2015–16 Budget \$ million	2015–16 Est. Act. \$ million	2016–17 Budget \$ million	2017–18 Projection \$ million	2018–19 Projection \$ million	2019–20 Projection \$ million
Financial assets	61,798	59,841	60,462	59,883	58,150	57,172
Non-financial assets	187,058	181,851	185,686	189,218	192,572	195,385
<b>Total assets</b>	<b>248,856</b>	<b>241,691</b>	<b>246,148</b>	<b>249,101</b>	<b>250,722</b>	<b>252,557</b>
<b>Borrowings</b>	<b>38,151</b>	<b>35,698</b>	<b>37,775</b>	<b>38,000</b>	<b>38,365</b>	<b>38,662</b>
Advances and deposits	682	566	809	1,303	1,270	1,179
Superannuation liability	24,278	27,219	25,891	24,807	23,584	22,447
Other provisions and liabilities	12,044	11,124	11,946	12,113	12,411	12,609
<b>Total liabilities</b>	<b>75,155</b>	<b>74,607</b>	<b>76,421</b>	<b>76,223</b>	<b>75,630</b>	<b>74,897</b>
<b>Net worth</b>	<b>173,701</b>	<b>167,084</b>	<b>169,726</b>	<b>172,878</b>	<b>175,092</b>	<b>177,660</b>
<b>Net financial worth</b>	<b>(13,357)</b>	<b>(14,766)</b>	<b>(15,960)</b>	<b>(16,340)</b>	<b>(17,480)</b>	<b>(17,725)</b>
<b>Net financial liabilities</b>	<b>35,885</b>	<b>36,090</b>	<b>37,279</b>	<b>37,953</b>	<b>39,128</b>	<b>39,371</b>
<b>Net debt</b>	<b>3,910</b>	<b>1,590</b>	<b>3,525</b>	<b>5,072</b>	<b>7,309</b>	<b>8,641</b>
Notes:						
1. Numbers may not add due to rounding and bracketed numbers represent negative numbers.						

## 6.2.1 Financial assets

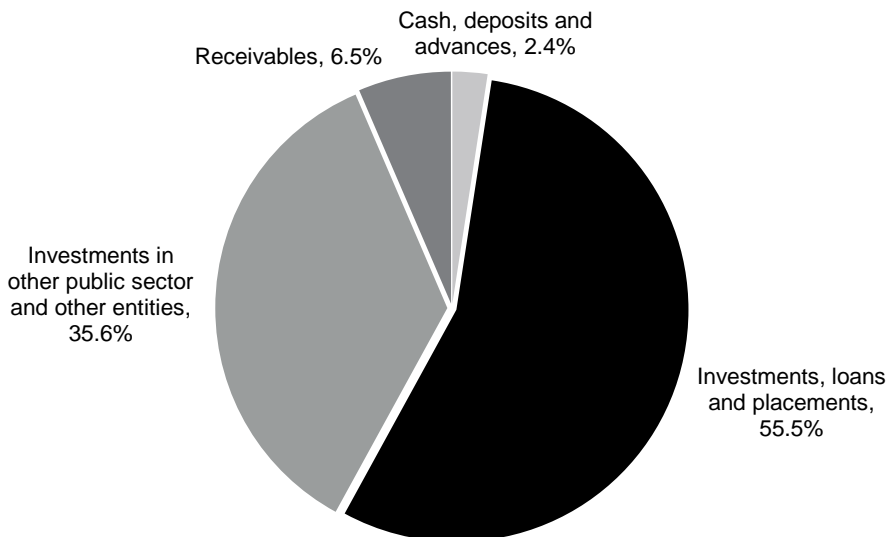
The General Government Sector holds the equity of the State's public enterprises, principally its shareholding in government-owned corporations (GOCs) but also Public Financial Corporations like Queensland Treasury Corporation (QTC), in much the same manner as the parent or holding company in a group of companies. The estimated investment in public enterprises is included in the General Government Sector's financial assets.

Financial assets of \$59.841 billion are estimated for 2015–16, \$1.957 billion lower than originally budgeted for 2015–16. This is due primarily to a decrease in the value of holdings in Public Financial Corporations, as a result of lower than average returns on financial markets following high returns in previous years.

In the year to 30 June 2017, financial assets are projected to increase slightly over the 2015–16 estimated actual, subsequently decreasing by \$3.290 billion between 2016–17 and 2019–20. The decrease occurs as investments are repatriated from the actuarially assessed defined benefit superannuation fund surplus, to fund additional priority capital projects and to reduce General Government Sector debt.

Chart 6.1 shows forecast General Government Sector financial assets by category at 30 June 2017. Investments held to meet future liabilities, including superannuation and the Queensland Government Insurance Fund, comprise the major part of the State's financial assets.

**Chart 6.1 Forecast General Government Sector financial assets by category at 30 June 2017**



## 6.2.2 Non-financial assets

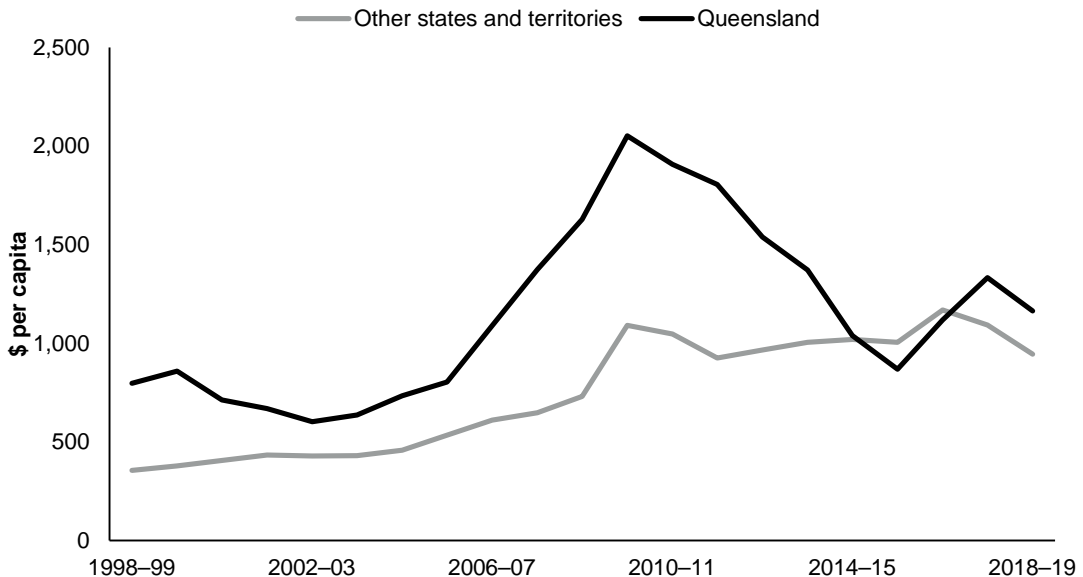
General Government Sector non-financial assets are estimated to total \$181.851 billion at 30 June 2016, \$5.207 billion lower than forecast at the 2015–16 Budget and \$1.194 billion lower than in the 2015–16 MYFER.

The decrease since the 2015–16 Budget reflects the flow through of a net downward revaluation at 30 June 2015 primarily for road infrastructure assets. These revaluations were incorporated into the 2015–16 MYFER.

Non-financial assets in the year ending 30 June 2017 are expected to grow by \$3.835 billion over the 2015–16 estimated actuals, to be \$185.686 billion at 30 June. These assets consist primarily of land and other fixed assets of \$178.628 billion, the majority of which are roads, schools, hospitals and other infrastructure used to provide services to Queenslanders. Other non-financial assets of \$7.058 billion held by the State include prepayments and deferred tax assets relating to income tax equivalents collected primarily from GOCs.

Queensland has historically had a higher level of General Government Sector capital spending than other jurisdictions. Reflecting the pipeline of decisions made during a period of fiscal consolidation, and increased spending in other jurisdictions, per capita PNFA in Queensland were lower than the average of other states in 2014–15 and 2015–16. Over the course of the forward estimates, the Government's enhanced infrastructure investment decisions are expected to drive Queensland back up over the average of other jurisdictions.

**Chart 6.2 General Government Sector per capita purchases of non-financial assets<sup>1</sup>**



Source: ABS 5512.0 and Queensland Treasury calculations based on various state Budgets.

General Government Sector 2016–17 capital expenditure is forecast to be \$6.822 billion, which comprises \$5.452 billion of PNFA, and \$1.370 billion of capital grants expenses. In addition to these, acquisitions of non-financial assets under finance leases are forecast to be \$1.032 billion, bringing the total General Government Sector capital program in 2016–17 to \$7.854 billion.

Over the four years to 2019–20, General Government Sector capital expenditure is forecast to be \$27.085 billion, which comprises \$23.865 billion of PNFA, and \$3.220 billion of capital grants expenses. In addition to these, acquisitions of non-financial assets under finance leases are forecast to be \$2.375 billion, bringing the total General Government Sector capital program over the period to \$29.460 billion.

Following consideration of the Review of State Finances, the Government established five fiscal principles, one of which aims to better manage the capital program to ensure a consistent flow of works to support jobs and the economy, and another that targets net operating surpluses that ensure General Government Sector PNFA are funded primarily through recurrent revenues rather than borrowing.

General Government Sector PNFA are forecast to increase from \$4.173 billion in the 2015–16 estimated actual to \$5.983 billion in 2019–20. This increase reflects the Government's commitment to fiscally responsible infrastructure investment, including the SIF, which adds \$2 billion to capital spending over the years 2016–17 to 2019–20 to deliver productivity-enhancing infrastructure, without increasing debt.

In terms of ensuring new capital purchases in the General Government Sector are primarily funded through operating revenues, forecast net operating cash flows from 2016–17 to 2019–20 of \$15.605 billion are funding PNFA of \$23.865 billion. Net cash inflows from operating activities equate to 65% of the funding required for the 2016–17 General Government Sector PNFA, with this proportion remaining relatively constant across the period 2016–17 to 2019–20. PNFA funded from net operating cash flows averages 75% across the period 2015–16 to 2019–20.

The State has also entered into a number of finance leases, mainly in relation to Public Private Partnerships, totalling \$2.375 billion over the period 2016–17 to 2019–20, including:

- \$1.016 billion for New Generation Rollingstock;
- \$430 million for the Toowoomba Second Range Crossing;
- \$180 million for the Gold Coast Light Rail – Stage 2; and
- \$460 million for the Sunshine Coast University Hospital.

Generally, at the commencement of finance leases, the non-financial assets and the borrowings of the State increase by an equal amount to reflect the acquisition of the asset from the proponent. There are no cash impacts on the commencement of the lease – the finance lease liabilities are subsequently repaid under the terms of the Public Private Partnership agreement.

Purchases of non-financial assets by the NFP Sector over the period 2016–17 to 2019–20 are forecast to be \$35.242 billion, which is an average of \$8.811 billion per annum. With capital grants expenses of \$3.220 billion, this brings total capital expenditure to \$38.461 billion. In addition to these, acquisitions of non-financial assets under finance leases of \$2.375 billion brings the total capital program over the period to \$40.836 billion. While its primary aim is to

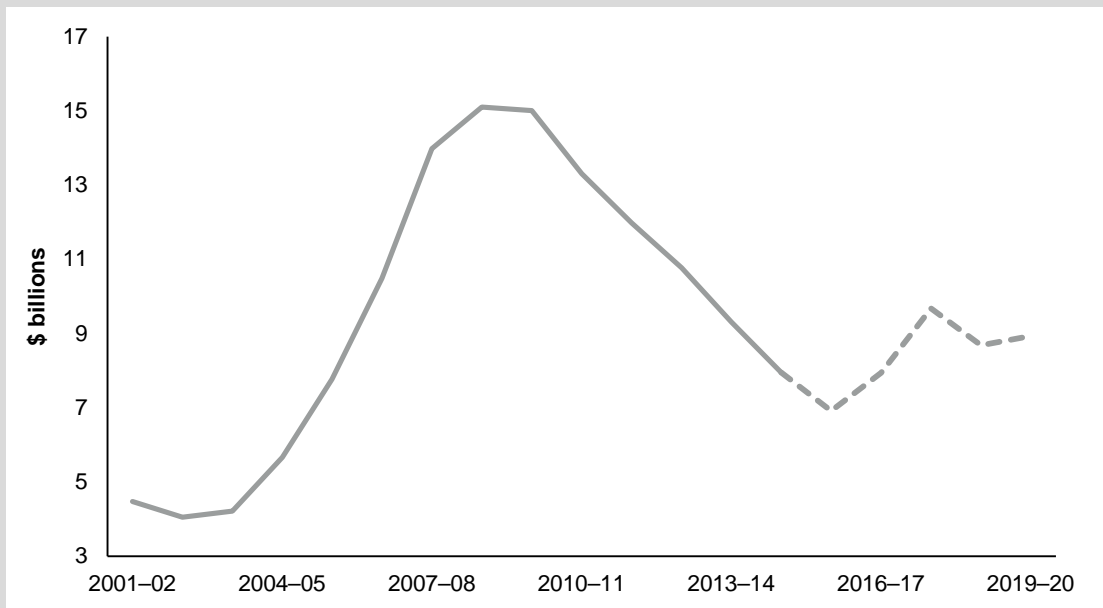
facilitate service delivery to Queenslanders, infrastructure investment makes an important contribution to the economy and is a cornerstone of the Queensland job market, particularly in the construction industry.

## Box 6.1 Purchases of non-financial assets

### History

As can be seen from Chart 6.3, purchases of non-financial assets (PNFA), across the entire Non-financial Public Sector, which includes the spending by government-owned corporations, increased significantly from 2004–05, peaking at \$15.101 billion in 2008–09.

**Chart 6.3: Purchases of non-financial assets, Non-financial Public Sector**



Source: Queensland Treasury.

A number of unique circumstances combined to result in Queensland's PNFA reaching unprecedented levels in 2008–09 and remaining high for several years. Each of these exceptional circumstances is outlined below.

### Drought responses

From 2001 to 2009, South East Queensland experienced a prolonged drought. During this time, the combined levels of the region's three chief water storages (Wivenhoe, Somerset and North Pine Dams) fell below 17%. Serious concerns were held around the security of SEQ's water supply if the drought continued.

In August 2006, the Government approved a range of measures in response to the critical depletion of regional storages, including the construction of major new supply assets.

The drought–response assets included around 20 infrastructure projects, including additional ground–water supplies, the Gold Coast Desalination Plant, the Western Corridor Recycled Water Scheme and new dams and weirs. The Government also purchased SEQ council–owned assets. Between 2006–07 and 2008–09 the State raised \$7.4 billion in debt to pay for this water infrastructure. The assets form the basis of the SEQ Water Grid.

The response significantly raised capital spending during the period, as well as significantly contributing to debt growth.

### *Health infrastructure*

Several large health–related infrastructure projects also contributed significantly to PNFA from 2007–08 onwards. This included the construction of Lady Cilento Children’s Hospital; the Sunshine Coast University Hospital; and the Gold Coast University Hospital. This resulted in a large pipeline of health projects that supported elevated levels of health capital spending for several years, peaking in 2011–12.

### *Rail infrastructure*

From 2006–07, investment in rail infrastructure ramped up significantly. However, with the privatisation of QR National Limited (now Aurizon Limited) in November 2010, the requirement for the Government to invest in rail freight infrastructure declined significantly.

### *Electricity infrastructure*

From 2004–05, investment in electricity infrastructure ramped up in Queensland to meet the strong growth in demand and ensured Queenslanders could enjoy improved reliability and safety of supply. In more recent years, growth in electricity demand has slowed considerably, and Queensland’s network is more reliable and resilient than ever before. The Australian Energy Regulator (AER) has approved significantly reduced capital expenditure allowances for Energex and Ergon Energy Corporation Limited over the next 5 years – consumers have already started to see the benefits of this reduction, with network charges for typical residential customers reducing in 2015–16 and in 2016–17.

### *Queensland Motorways Limited (QML) and Ports*

The divestment of QML, which had averaged almost \$0.5 billion per year in PNFA in the four years to 2010–11, reduced the required amount of public spending on roadway infrastructure from 2011–12 onwards.

Similarly, the Port of Brisbane averaged over \$100 million per annum of PNFA in the four years to 2009–10, before it was leased. Prior to lease, Abbot Point Coal Terminal had undergone the X50 expansion, at a cost of around \$800 million. The significant expansion of the RG Tanna Coal Terminal by Gladstone Ports Corporations Limited (previously Central Queensland Ports Authority) in 2010–11 also contributed to increased levels of capital expenditure.

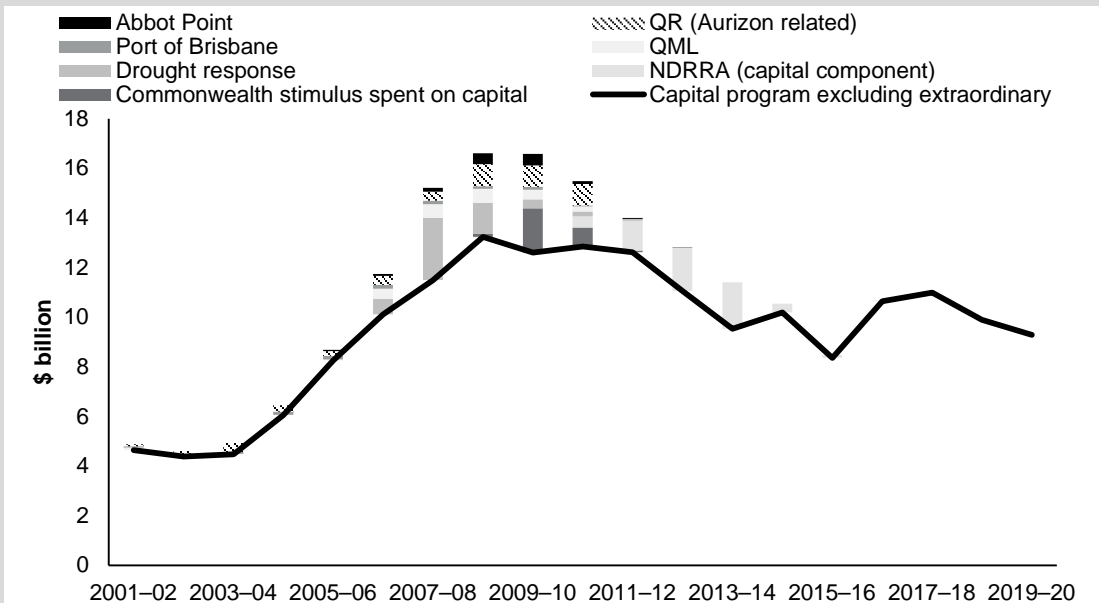
### Natural disaster spending and Commonwealth stimulus

Natural disasters have contributed significantly to capital costs over the past decade. The Australian federation has supportive risk sharing arrangements for such events. Under these arrangements, and with certain thresholds and exclusions, the Australian Government contributes up to 75% towards the cost of repair and recovery from natural disasters. With a varying proportion of this funding going towards capital replacement, it also resulted in increased levels of capital expenditure.

Similarly, Commonwealth stimulus in response to the Global Financial Crisis, such as the Nation Building and Jobs Plan (which included funding programs such as Social Housing; Black Spots, Boom Gates and Community Infrastructure; and the Building the Education Revolution program), added to Queensland Government's expenditure on capital.

Chart 6.4 below attempts to separate out capital expenditure that was due to unique and exceptional reasons, along with entities that are no longer in the public sector. As can be seen, the exceptional spending can make the capital program profile more variable. For example, on an unadjusted basis, the capital program (including PNFA, capital grants expenses and acquisitions of non-financial assets under finance leases) peaked at \$16.601 billion in 2008–09. In contrast, the underlying or business as usual capital expenditure (after adjusting for extraordinary items) was \$13.232 billion in 2008–09.

**Chart 6.4 Capital program, Non-financial Public Sector<sup>1</sup>**



Note:

1. Figures for separately identified items based on budgeted and estimated actual amounts.

Source: Queensland Treasury.



*Purchases of non-financial assets going forward*

Going forward, the Government is increasingly funding its capital program through methods other than direct PNFA. For example, public private partnerships (PPPs) and finance leases provide alternative funding approaches for the development of new infrastructure or other capital.

Clearly, the magnitude of spending on PNFA that occurred from the mid-to-late 2000s was brought about by a range of exceptional and unique circumstances. The same level of expenditure on capital is not required through the forward estimates. However, even though it does not return to previous highs, the capital program is forecast to increase from its 2015–16 level.

## **6.2.3 Liabilities**

### **General Government Sector**

Estimated General Government Sector liabilities of \$74.607 billion in 2015–16 are \$548 million lower than the 2015–16 Budget, mainly due to the timing of expected flows from the merger of government-owned electricity network businesses and lower than expected capital outlays estimated for 2015–16. Offsetting this is the impact of lower yields and projected beneficiary payments increasing the superannuation liability.

Due to the Government's commitment to sustainable fiscal management, General Government Sector borrowing is expected to fall \$7.407 billion from \$43.105 billion in 2014–15 to \$35.698 billion in 2015–16.

Total liabilities in the General Government Sector in 2016–17 are budgeted to increase by \$1.814 billion from the 2015–16 estimated actual.

General Government Sector borrowings of \$37.775 billion are budgeted for 2016–17, \$10.441 billion lower than the projection in the 2014–15 Budget and \$786 million lower than projected at the time of the 2015–16 MYFER. The increase of \$2.077 billion between 2015–16 estimated actual and the 2016–17 forecast supports PNFA of \$5.452 billion.

By 30 June 2019, borrowing is expected to be \$38.365 billion, \$2.359 billion lower than anticipated at the 2015–16 Budget and \$2.556 billion lower than the projection at the time of the 2015–16 MYFER as the Government implements the next stages of the Debt Action Plan.

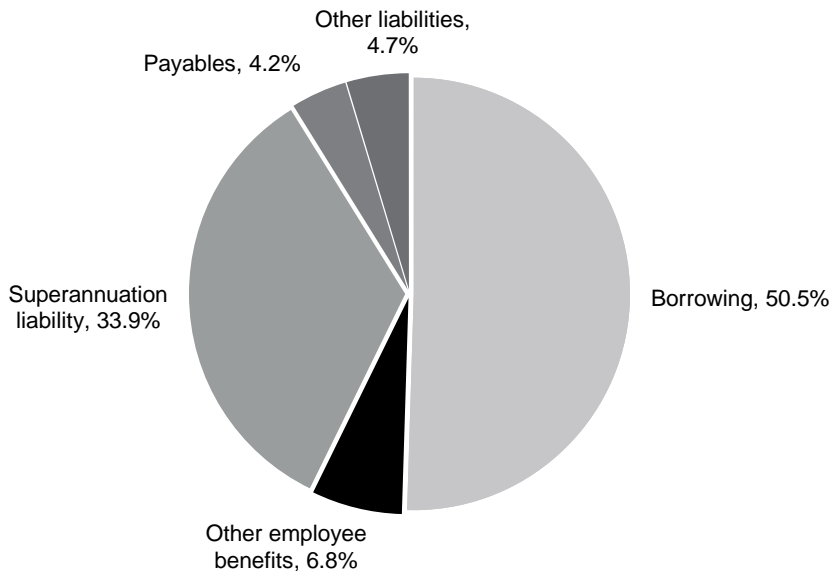
Liabilities relating to employee entitlements (principally superannuation and long service leave) are projected to total \$31.070 billion at 30 June 2017, a 3.6% decrease on the 2015–16 estimated actual. The State's defined benefit fund has been closed to new entrants from 2008. Given the age profile of those employees still in that fund, retirements are also increasing. Accordingly, the State's superannuation liability is now declining over the forward estimates. In addition, as anticipated bond rates slowly recover across the forward estimates, it is expected that superannuation liabilities will decline.

The remainder of the liabilities consist of payables and other liabilities such as unearned revenue and provisions.

The composition of the General Government Sector's forecast liabilities at 30 June 2017 is illustrated in Chart 6.5.

The Government considers the General Government Sector debt to revenue ratio to be an important indicator, consistent with its fiscal principle of targeting ongoing reductions in Queensland's relative debt burden (refer Chart 3.5 in Chapter 3).

**Chart 6.5 Forecast General Government Sector liabilities by category, at 30 June 2017<sup>1</sup>**



Note:

1. Percentages may not add to 100% due to rounding.

### **Non-financial Public Sector borrowings**

Non-financial Public Sector borrowings of \$72.715 billion are expected for 2015–16, \$1.398 billion lower than expected at the 2015–16 Budget, \$1.163 billion lower than 2015–16 MYFER and \$7.904 billion lower than forecast in the 2014–15 Budget.

Due to the Debt Action Plan measures being implemented by the Government refocusing the balance sheet to lower debt, by 30 June 2018, NFP Sector debt is projected to be \$5.131 billion lower than the original 2014–15 Budget projections.

Non-financial Public Sector borrowings of \$77.976 billion are now expected for 2018–19, \$1.691 billion lower than expected at the 2015–16 MYFER. This largely reflects the Government's commitment to fiscally responsible infrastructure investment, without increasing debt.

### **6.2.4 Net financial worth**

The net financial worth measure is an indicator of financial strength. Net financial worth is defined as financial assets less all existing and accruing liabilities. Financial assets include cash and deposits, advances, financial investments, loans, receivables and equity in public enterprises.

The net financial worth measure is broader than the alternative measure – net debt – which measures only cash, advances and investments on the assets side and borrowings and advances on the liabilities side.

The net financial worth of the General Government Sector for 2015–16 is estimated at negative \$14.766 billion, \$1.409 billion lower than expected at the 2015–16 Budget mainly due to the impact of the decrease in the value of holdings in Public Financial Corporations.

### **6.2.5 Net financial liabilities**

Net financial liabilities are total liabilities less financial assets, other than equity investments in other public sector entities. This measure is broader than net debt as it includes other significant liabilities, rather than just borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements).

The net financial liabilities of the General Government Sector for 2015–16 are estimated to be \$36.090 billion, \$205 million higher than 2015–16 Budget.

Net financial liabilities remain relatively stable in 2016–17, then increase from 2017–18 mainly as investments are repatriated from the actuarially assessed defined benefit superannuation fund surplus to fund priority infrastructure projects.

### **6.2.6 Net worth**

The net worth, or equity, of the State is the amount by which the State's assets exceed its liabilities. This is the value of the investment held on behalf of the people of Queensland by public sector instrumentalities.

Changes in the State's net worth occur for a number of reasons including:

- operating surpluses (deficits) that increase (decrease) the Government's equity;
- revaluation of assets and liabilities as required by accounting standards. For example, the Government's accruing liabilities for employee superannuation and long service leave are determined by actuarial assessments;
- movements in the net worth of the State's investments in the Public Non-financial Corporations and Public Financial Corporations sectors; and

- gains or losses on disposal of assets. Where the selling price of an asset is greater (less) than its value in an agency's accounts, the resultant profit (loss) affects net worth.

The net worth of the General Government Sector in 2015–16 is estimated to be \$167.084 billion. This is \$6.617 billion lower than forecast in the 2015–16 Budget primarily due to downward revaluations of land and infrastructure assets at 30 June 2015, a decrease in the value of holdings in Public Financial Corporations and higher superannuation liabilities offset by lower stocks of borrowings.

From 2016–17, net worth is projected to steadily increase mainly as a result of the growth in non-financial assets.

### **6.2.7 Net debt**

Net debt is the sum of advances received and borrowings less cash and deposits, advances paid and investments, loans and placements.

Net debt for the General Government Sector in 2015–16 is estimated to be \$1.590 billion, \$2.320 billion less than the 2015–16 Budget mainly as a result of deferrals of PNFA and changes to the timing of cash associated with dividend revenues. Net debt is forecast to increase across the forward estimates to fund priority infrastructure projects.

In the NFP Sector, net debt is estimated at \$36.964 billion in 2015–16, \$1.237 billion less than the 2015–16 Budget. Net debt is expected to increase to \$39.903 billion in 2016–17 and then grow in line with borrowings and investment redraws through to 2019–20.

## **6.3 Cash flows**

The cash flow statement provides information on the Government's estimated cash flows from its operating, financing and investing activities.

The cash flow statement records estimated cash payments and cash receipts and hence differs from accrued revenue and expenditure recorded in the operating statement. In particular, the operating statement records certain revenues and expenses that do not have an associated cash flow (for example, depreciation expense). The timing of recognition of accrued revenues or expenses in the operating statement may differ from the actual cash disbursement or receipt (for example, tax equivalents). A reconciliation between the cash flows from operations and the operating statement is provided in Table 6.2.

The cash flow statement also records cash flows associated with investing and financing activities that are otherwise reflected in the balance sheet. For example, purchases of capital equipment are recorded in the cash flow statement and impact on the balance sheet through an increase in physical assets.

The cash flow statement provides the cash surplus (deficit) measure which is comprised of the net cash flow from operating activities plus the net cash flow from investment in non-financial assets (or physical capital).

The Australian Bureau of Statistics Government Finance Statistics (GFS) surplus (deficit) is derived by including the initial increase in liability at the commencement of finance leases in the cash surplus (deficit). This measure is also used to derive the Loan Council Allocation nomination, provided in Chapter 9.

The estimated General Government Sector cash surplus of \$821 million in 2015–16 is \$1.405 billion higher than that forecast at the time of the 2015–16 Budget. This is largely due to the lower than expected PNFA.

After taking into account PNFA of \$5.452 billion, a cash deficit of \$1.550 billion is forecast for 2016–17, \$798 million higher than at MYFER due to a change in the timing of dividend flows from electricity distributors.

Net cash flows from investments in financial assets for policy purposes include net cash flows from disposal or return of equity, and net equity injections into government-owned corporations. Cash flows from the return of equity in the energy network businesses and select non-network businesses as a result of the enhanced Debt Action Plan are expected to total almost \$5 billion over the period 2015–16 to 2019–20.

Net cash flows from investments in financial assets for liquidity purposes represent net investment in financial assets to cover liabilities such as superannuation, other employee entitlements and insurance. The drawdown of long service leave assets and the repatriation of the actuarially assessed defined benefit superannuation fund surplus as a result of the enhanced Debt Action Plan, flow through this line in the Statement of Cash Flows.

Total General Government Sector PNFA of \$5.452 billion are budgeted for 2016–17 and, over the period 2016–17 to 2019–20, PNFA are expected to total \$23.865 billion in the General Government Sector. As discussed in 6.2.2, these PNFA are funded to the extent of around 65% by operating cash flows.

## **6.4 Reconciliation of operating cash flows to the operating statement**

Table 6.2 provides a reconciliation of the cash flows from operating activities to the operating result for the General Government Sector.

**Table 6.2 General Government Sector: reconciliation of cash flows from operating activities to accrual operating activities<sup>1</sup>**

	2015–16 Est. Act. \$ million	2016–17 Budget \$ million
<b>Revenue from transactions</b>	<b>49,976</b>	<b>53,449</b>
Plus/(less) movement in tax equivalent and dividend receivables	1,291	(665)
Plus GST receipts	1,731	1,736
Plus/(less) movement in other receivables	(470)	(378)
<b>Equals cash receipts from operating activities</b>	<b>52,528</b>	<b>54,142</b>
<b>Expenses from transactions</b>	<b>49,824</b>	<b>52,582</b>
(Less) non–cash items		
Depreciation and amortisation expense	(3,367)	(3,501)
Accrued superannuation expense	(1,723)	(1,691)
Accrued employee entitlements	(480)	(485)
Other accrued costs	(78)	(73)
Plus superannuation benefits paid – defined benefit	1,622	1,923
Plus/(less) movement in employee entitlement provisions	170	250
Plus/(less) GST paid	1,685	1,719
Plus/(less) movement in other provisions and payables	97	(143)
<b>Equals cash payments for operating activities</b>	<b>47,749</b>	<b>50,581</b>
Note:		
1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.		

The main difference between the accrual operating statement and the cash flow relates to the timing of cash payments and receipts and their recognition in accrual terms and the inclusion of non–cash expenses and revenues. The largest differences between accrual accounting and cash flows are in relation to depreciation and superannuation. Differences due to the timing of receipt or payment of amounts are recorded as either a receivable or payable in the balance sheet.